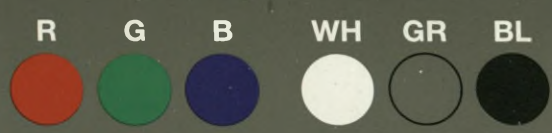


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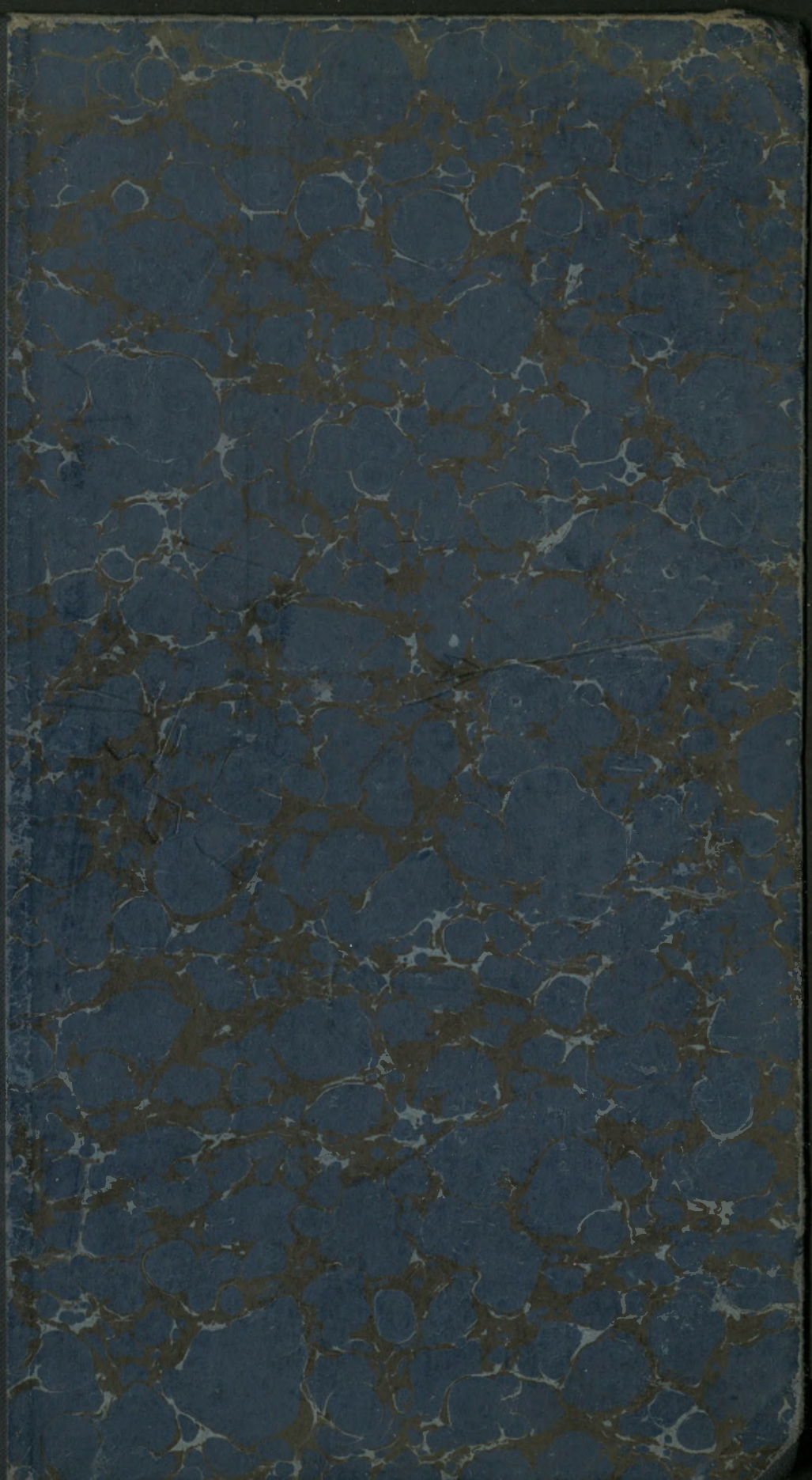
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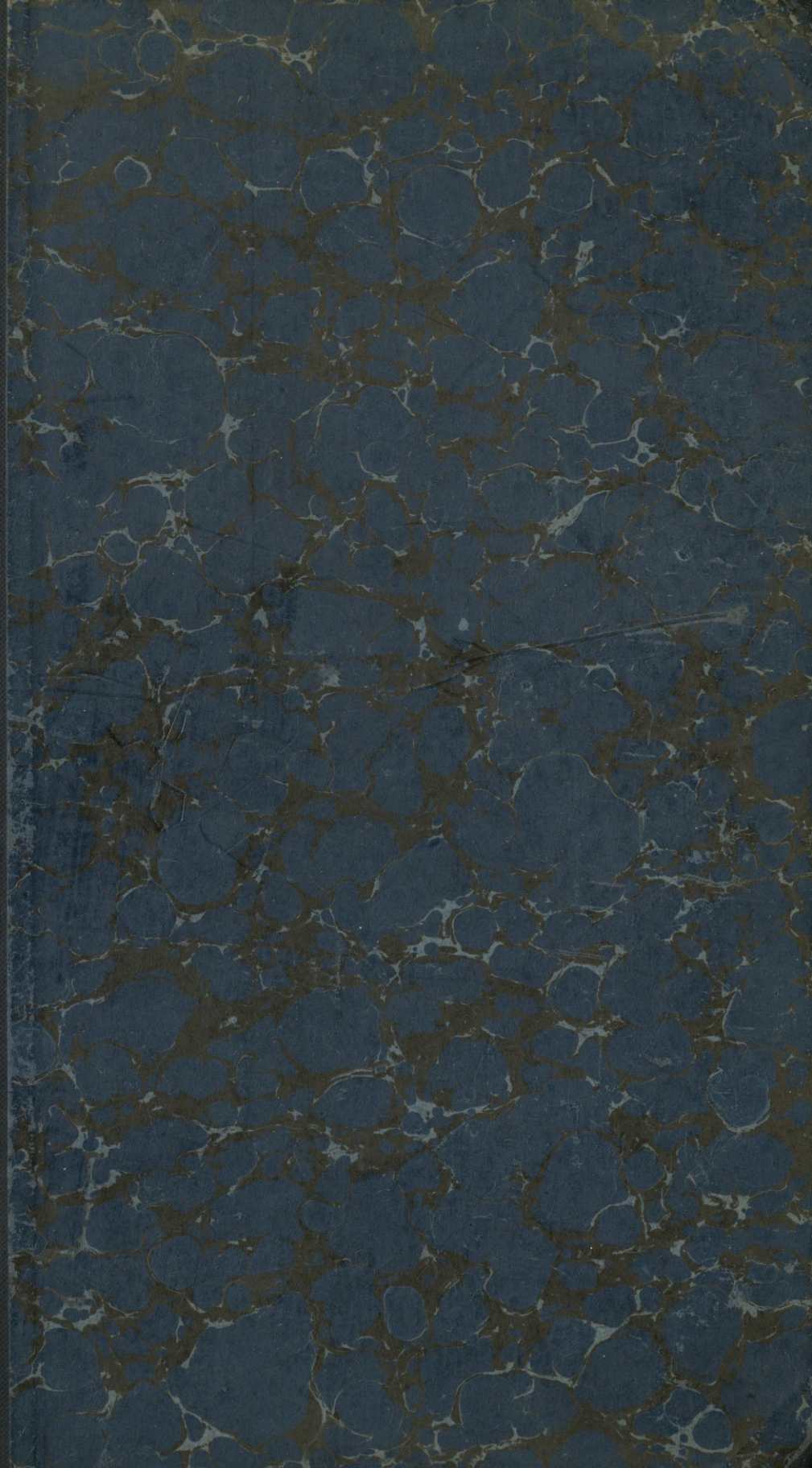


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STUDIES AND REPORTS

Series B (Economic Conditions) No 14 ✓

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INDUSTRIAL LIFE  
IN  
SOVIET RUSSIA

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1917-1923

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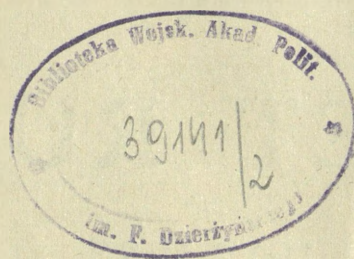
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Die Deutsche Arbeitsfront  
Zentralbüro  
Arbeitswissenschaftliches Institut  
Zentralbücherei der DAF.

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## PREFACE

In 1922 the International Labour Office published a report on the organisation of industry and conditions of work in Soviet Russia,<sup>1</sup> in which an attempt was for the first time made to give a systematic survey of Soviet legislation since the introduction of the new economic policy. This report was distributed to the sub-committees of the International Conference held at The Hague in June-July 1922, and both the President and rapporteurs of the Conference were kind enough publicly to acknowledge the valuable assistance they had thus been given by the Office. The report was also favourably received by the Press and the public, and in response to many requests a German edition was issued shortly after the French and English editions.

The success of this volume bears witness to a lively interest in the economic and social changes which are taking place in Soviet Russia. Far from waning, this interest continues to grow, and now that Russia is taking a greater part in international economic and political affairs it seems opportune to give an account of Soviet legislation and policy and outline the economic and social evolution of Russia.

The study published by the International Labour Office in July 1922 was prepared in April and May, and consequently covered only a relatively short period of the application of the new economic policy of the Soviets, which was adopted at the end of March 1921 and did not actually come into force until the end of 1921. Soviet legislation carrying into effect the new economic principles was at that time still in process of drafting; the new system was based solely on the general rules drawn up by the tenth congress of the Communist Party and the ninth Soviet Congress and certain legislation which merely laid down guiding principles. From the beginning of 1921 until the middle of 1922 no labour legislation was enacted. Alterations in conditions of work were due to the economic and social changes effected by the new economic policy. The economic and legal development of

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<sup>1</sup> INTERNATIONAL LABOUR OFFICE: *Organisation of Industry and Labour Conditions in Soviet Russia*. Studies and Reports, Series B. (Economic Conditions), No. 3. Geneva, July 1922. 3s. ; 40 cents.

Soviet Russia was not yet clear. The changes in legislation were not systematic, and former provisions were often maintained side by side with new ones.

It was not possible to weigh up the results of the new policy until the end of 1922 and to issue legislation in accordance with the new systems. The Labour Code of 1922 which replaced that of 1919 was dated 15 November.<sup>1</sup> About that time also the Civil, Penal, Criminal Procedure and Agrarian Codes were published for the first time. In industry and labour considerable progress had been made in the direction of carrying the new economic policy into effect.

During 1923 this policy was further developed and strengthened. It is thus possible now to give a general survey of its effects both in legislation and in actual conditions of work in Soviet Russia. The present study is, however, not merely a chronological continuation of the 1922 volume. A description of the new Soviet legislation necessitates a survey not only of the legislative measures already referred to in the earlier volume but also of the policy in force during the Communist period, i. e. before 1921. If this policy is left out of account it is impossible to realise the fundamental differences between present conditions of work and those prevailing before 1921, and to understand the hesitation and groping with which the new policy was applied.

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It may be pointed out that during the three years of the application of this policy it has developed considerably, and the changes which took place between the beginning of 1922 and the end of 1923 were even more profound than those from 1920 to the beginning of 1922. It has not been possible, however, to examine this development with equal thoroughness in all its aspects since 1921. While the process of development of certain organisations may be clearly defined, it has been necessary for certain institutions of recent origin to give merely a sketch of present tendencies. It must not be forgotten that the development of the new policy cannot be considered as complete. It is steadily continuing under the influence of the social and economic changes in general conditions in Soviet Russia.

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<sup>1</sup>This code has been published in French, English, and German in the *Legislative Series* of the International Labour Office (1922, Russia I).

The difficulty of understanding the whole complexity of this development must be recognised. To keep always to the actual text of new legislation would mean running the risk of giving a false idea of the situation, because it often happens that in industrial and labour matters the state is faced with accomplished facts and that legislation falls behind actual events. It is therefore necessary also to refer to the reports of congresses and conferences, of official institutions, and to the literature published by the press and other Soviet sources.

As was stated in the first report, the conception of law in Soviet Russia differs essentially from that prevailing in other countries. Soviet legislation is often lacking in clearness and precision, and it has always been uncertain and variable. When studying the period 1922-1923 it is impossible to discover which laws are still in force and which have been replaced by other legislation and new codes. Finally, it often happens that certain conditions of work are determined on principles which have never been incorporated in legislative texts, but which nevertheless have inspired several administrative measures.

It is therefore difficult to define the present state of legislation, to determine whether any given measure is in accordance with legislation or is a merely arbitrary measure, to settle whether any given decision or institution is permanent or simply temporary in character. In this respect the same difficulties have been met with as those which hampered the compilation of the 1922 brochure.

It is also difficult, if not impossible, to discover exactly the practical results of the various legislative measures. The only literature in Russia available for consultation is official, except in a few cases where semi-official information exists.

All the information reproduced — laws, government Decrees, statistics — has been taken from Soviet sources. It relates to the period ending 1 July or in some cases 1 October 1923. The present survey therefore covers the whole of 1922 and the first half of 1923, and for certain matters it even relates to the whole of the financial year 1922-1923, i. e. the period from 1 October 1922 to 30 September 1923.

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# INDUSTRIAL LIFE IN SOVIET RUSSIA

## 1917-1923

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### I.

#### **Position and Functions of the Commissariat of Labour**

The profound changes which have taken place in the social policy of the Soviet Government are most clearly brought out by an examination of the functions of the Commissariat of Labour. A survey of the evolution of the powers of the Commissariat of Labour at the same time describes the various phases through which the labour policy of the Soviet Government has passed. This evolution will be considered in detail.

Until 1920 the Commissariat of Labour was the supreme state authority in questions of labour policy, but the duty of applying this policy, which formed an integral part of Communist policy, lay primarily with the trade unions. In practice the latter became state bodies and played an increasing part in the economic administration of the country and the regulation of labour matters.

After 1920, which may be described as the year of complete Communism, the functions of the Commissariat were entirely changed. One of the most important measures introduced by Communism was compulsory labour service, under which any citizen could be mobilised at any time for work of general interest, except in the few cases of age or obvious physical disability. The free engagement of labour was thereby abolished and the duties of the Commissariat connected with the distribution of labour disappeared. The Commissariat was even deprived of the management of compulsory labour service, a new authority being created : the Principal Committee for Compulsory Labour Service. By a second measure social insurance for the workers was included in the scheme of social insurance for the population as a whole, and the corresponding department of the Commissariat of Labour was transferred to the Commissariat of Social Welfare. Finally, the regulation of wage agreements was withdrawn from the

Commissariat of Labour. The trade unions themselves managed and, in certain cases, actually owned the undertakings, and adopted their own wage policy, drawing up their wage agreements themselves. It was their duty to supervise the productivity of labour and to check the allocation of production bonuses and the remuneration of labour in general. The All-Russian Central Council of Trade Unions set up its own Wages Department, which overlapped with the Wages Department of the Commissariat of Labour, and refused to allow the latter any initiative in wage questions.

Thus the Commissariat of Labour, deprived of power over the labour market, social insurance, and the determination of wages, only remained competent to deal with the protection of labour. Even here factory inspection was closely bound up with the trade unions, so that this work was not solely in the hands of the Commissariat. Under such conditions the functions and importance of the Commissariat of Labour, which were continually being discussed at all conferences and congresses, disappeared altogether. Many considered the Commissariat useless. "The Commissariat of Labour has always worked in close touch with the All-Russian Central Council of Trade Unions — in such close touch that it was difficult to draw the line between their respective powers".<sup>1</sup> This became so obvious that at the third Trade Union Congress, held in April 1920, it was proposed to abolish the Commissariat of Labour and to distribute its work between the Principal Committee for Compulsory Labour Service, the Commissariat of Social Welfare and the All-Russian Central Council of Trade Unions.<sup>2</sup>

The question was still under consideration when the new economic policy was adopted. After the change there was no longer any question of abolishing the Commissariat of Labour, but rather of increasing its competence and importance. Difficulty was experienced in finding the right method of procedure, and there were lengthy discussions between the supporters and opponents of the new policy.

In pursuance of the resolutions adopted at the tenth congress of the Communist Party in March 1921, a Decree abolishing the Principal Committee of Compulsory Labour Service was issued on 24 March 1921 by the Council of the People's Commissaries.

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<sup>1</sup> *Viestnik Trooda* (The Labour Messenger), monthly organ of the All-Russian Central Council of Trade Unions, No. 12, 1922, p. 171.

<sup>2</sup> *Voprosy Trooda* (Labour Questions), monthly organ of the Commissariat of Labour, No. 5, 1922.

The Commissariat of Labour was instructed to assume all the functions of the Committee and to be responsible for the mobilisation and distribution of labour.<sup>1</sup> Subsequent Decrees of the Council of the People's Commissaries reduced the powers of the Commissariat in connection with compulsory labour service, and made it compulsory for the trade unions to take a greater part in estimating and distributing the labour supply throughout the country. Although the Commissariat was responsible for supervising compulsory service and the *troodgoozhnalog*<sup>2</sup>, the work of seeing that the service was actually performed was largely done by the trade unions. On the other hand, the duties of the Commissariat relating to labour protection were limited by the Decree of the Council of the People's Commissaries of 12 May 1921,<sup>3</sup> by which the management and administration of labour protection were restored in full to the All-Russian Central Council of Trade Unions and the provincial inter-trade union councils.

No further measures for altering the work of the Commissariat were adopted before the end of 1921, but with the development of the social and economic consequences of the new economic policy the functions and importance of the Commissariat grew by force of circumstances. At the second session of the All-Russian Central Council of Trade Unions (elected at the Fourth Congress of May 1921) in February 1922, the logical conclusion from this state of affairs was drawn, and it was admitted that the policy which had been followed since 1920 would have to be modified and the Commissariat restored to the position it occupied in 1920 before the introduction of "war Communism".

The new conditions demand that labour questions of national importance should be withdrawn from the control of trade unions and come within the sphere of the Commissariat of Labour. Such questions include the drafting of legislation of national importance concerning labour and the protection of labour. The orders of the trade unions will not be binding on the management of undertakings unless they have been approved by the Commissariat of Labour.<sup>4</sup>

By Decree of 13 April 1922 the Central Executive Committee and the Council of People's Commissaries accordingly restored the

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<sup>1</sup> *Izvestia*, 26 Mar. 1921.

<sup>2</sup> Certain fiscal obligations, under which the peasants must do a certain amount of transport work for the state.

<sup>3</sup> Legislative Series, No. 48, 1921.

<sup>4</sup> Resolutions of the Second Plenary Assembly of the All-Russian Central Council of Trade Unions, 16-19 Feb. 1922, Moscow, 1922.

powers of the Commissariat of Labour in connection with labour protection. Under the Decree: (1) the Commissariat became competent instead of the trade unions to deal with all government measures for the protection of labour, particularly factory, sanitary, and technical inspection; (2) expenditure on state departments for the protection of labour was to be met by the Commissariat of Labour; (3) opposition between the Commissariat and the All-Russian Central Council of Trade Unions was avoided by decreeing that decisions of the latter and its subordinate bodies concerning labour protection issued after 10 May 1921 (i. e. after the transference of labour protection to the Central Council) should remain in force in all undertakings and institutions, whether private or official.

An agreement was subsequently reached between the All-Russian Central Council of Trade Unions and the Commissariat of Labour defining their respective functions in this connection. The Trade Union Council remained responsible for the immediate enforcement of protective measures, but trade union bodies could only issue instructions to factory inspectors with the approval of the Commissariat of Labour.<sup>1</sup>

Thus, on the advice of the Trade Union Council, the Commissariat of Labour was once more given the functions in connection with labour protection which it had always enjoyed up to 1921. But the Central Council at its session in February 1922 allowed the Commissariat even wider powers. In so doing it acted in pursuance of the policy adopted by the fourth Trade Union Congress in its resolution of 20 May 1921, which laid down that "under the new economic conditions the work of the departments of the Commissariat of Labour should become more important, partly as intermediaries between the trade unions and private employers and leased undertakings in the settlement of disputes, and partly as a means of avoiding unemployment and making a rational use of free labour".<sup>2</sup> In particular the Central Trade Union Council, at its meeting in February 1922, maintained that it was the function of the state, i. e. of the labour departments (local branches of the Commissariat of Labour), to mediate in labour disputes.

The position of the Commissariat was thus stabilised. A Disputes Department was opened and immediately had to study

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<sup>1</sup> Bulletin of the All-Russian Central Council of Trade Unions, N° 11. July 1922.

<sup>2</sup> *Voprosy Trooda*. No. 2, 1922, p. 118.

the problem of conciliation, issue legislation on conciliation chambers and arbitration courts, improve the work of the disputes committees attached to the labour departments, supervise the activities of all authorities in disputes, the Central Disputes Committee, and the Central Conciliation Chamber, and, finally, take an increasing part in conciliating disputes in the arbitration courts. The competence of the Commissariat of Labour in the settlement of disputes was therefore considerable.

A similar process took place in connection with the labour market. When the engagement and dismissal of workers again became free, the labour departments were at first the only bodies responsible for estimating and distributing the supply of labour. They proved, however, little suited to carry out the work imposed on them under the new economic conditions arising out of the restoration of private capital. The Commissariat of Labour was therefore compelled to re-open the employment exchanges. Although the trade unions take an active part in the work of the exchanges, the latter are still state organisations working on the instructions of the Commissariat of Labour.

The functions of the Commissariat were also extended in the matter of wages. During 1922 it assumed the direction of all wage policy. At the beginning of the year, when the system of collective supplies was first introduced, followed by the system known as the "wages budget fund", most of the work fell to the trade unions. The part played by the Commissariat of Labour began to increase with the establishment of the Superior Wages Council on 1 June 1922. The Central Trade Union Council was no longer solely responsible for determining wage scales and minimum wages and classifying workers according to industry and district; all these questions were also dealt with by the Commissariat of Labour, a representative of which presided over the Superior Wages Council. When the Central Wages Fund Commission attached to the Commissariat of Supply was abolished and agreements for the payment of wages in cash alone were established, the importance of the Commissariat of Labour in wage questions was further increased. Finally it became the sole authority, when the Superior Wages Chamber was set up in the Commissariat as the highest state department for regulating wages.

It may finally be mentioned that the registration of collective agreements and the supervision of the observance of legislation relating to such agreements are also centred in the Commissariat, and that it has gradually resumed the management of workers'

social insurance, which had been transferred in 1920 to the Commissariat of Social Welfare. It began by taking over unemployment insurance, which was closely related with administrative measures against unemployment, for which the Commissariat of Labour was responsible. Finally, a Decree was issued on 21 December 1922 restoring to the Commissariat the work of administering all branches of workers' social insurance.

Thus during 1922 the Commissariat of Labour was not only restored to its former position but also given additional important powers. It is now the supreme state authority on labour matters and directs labour policy. All the bodies responsible for the administration of social legislation are subordinate to the Commissariat, as also those supervising the administration of regulations on labour supply and demand, conducting relations between employers and workers, administering social relief, etc. An important place is given to the Commissariat of Labour in the new Labour Code (1922 edition), which defines it as the sole and supreme authority in matters of social legislation.

The development of the work of the Commissariat of Labour shows clearly the separation of the functions of the Government and the trade unions. The latter are more and more concentrating on the organisation of the workers and the protection of their interests as against the state. The Commissariat of Labour is no longer simply a branch of the All-Russian Council of Trade Unions; it is a branch of the executive of the state, and as such is gradually rising above class organisations and increasingly asserting itself, both in fact and law, as distinct from the industrial organisations of the working classes.

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## II

### Wage Policy<sup>1</sup>

#### *Legislation in Force*

- (1) Labour Code (1922 edition), Parts VIII and IX.
- (2) Decree of the Council of the People's Commissaries of 1 June 1922 on the organisation of the Superior Wages Council.
- (3) Decree of the Council of the People's Commissaries of 1 August 1922 on the regulation of wages.
- (4) Decree of the Council of Labour and Defence of 25 August 1922 on the Wage Reserve Fund.
- (5) Decrees of the Council of Labour and Defence of 8 and 15 September 1922 on supplies for the workers.
- (6) Circular of the President of the Wages Fund Commission of 22 September 1922 concerning supplies for the workers.
- (7) Decree of the Council of the People's Commissaries of 29 September 1922 on the abolition of the Central Wages Fund Commission attached to the Commissariat of Supply.
- (8) Decree of the Superior Wages Council of 1 October 1922 on the employment of the Food Supply Fund for the payment of wages.
- (9) Decree of the Council of the People's Commissaries of 19 October 1922 on the exclusive right of the Superior Wages Council to establish minimum wages.
- (10) Decree of the Council of the People's Commissaries of 24 October 1922 on the abolition of the Superior Wages Council
- (11) Circular of the Supreme Economic Council of 31 October 1922 on the determination of wages in different branches of industry.
- (12) Decree of the Council of the People's Commissaries of 28 November 1922 on the organisation of the Wages Chamber attached to the Commissariat of Labour.
- (13) Decree of the Council of the People's Commissaries of 6 February 1923 on wages funds.

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<sup>1</sup> See also Appendix II : *Wages*.



- (14) Circular of the All-Russian Central Council of Trade Unions and the Supreme Economic Council of 24 February 1923 on the methods of determining wages by collective agreement.
- (15) Decree of the Council of the People's Commissaries of 6 March 1923 on the distribution of wages funds.
- (16) Circular of the Supreme Economic Council of 21 April 1923 on increases in wages.
- (17) Decree of the Commissariat of Labour of 28 April 1923 on committees for estimating the cost of the minimum budget.
- (18) Decrees of the Commissariat of Labour and the Supreme Economic Council of 15 May 1923 on the above committees.
- (19) Regulation of 21 May 1923 concerning the creation of wages committees in the Supreme Economic Council.
- (20) Instructions of the Supreme Economic Council of 14 August 1923 concerning the equalisation of wages of workers in the same locality.
- (21) Order of the Supreme Economic Council of 15 September 1923 for the payment of salaries in "chervonetz".
- (22) Decrees on minimum wage rates issued monthly since August 1922 and on maximum wage rates issued monthly since November 1922.

#### WAGE POLICY PREVIOUS TO THE NEW ECONOMIC POLICY

During the second half of 1922 wage policy underwent far-reaching changes relating partly to the methods adopted for their calculation and the bodies responsible for their regulation, and partly to the actual wage rates. These changes were so marked and the principles underlying present wage policy are so different from those embodied in former Soviet legislation that it is desirable to give a brief survey of their development.

After the Revolution of 12 March (27 February) 1917 the system of collective agreements between the employer and the corresponding trade union was that most widely adopted for fixing wage rates. During the whole of 1917 the policy of the trade unions was to improve working conditions by means of collective agreements. After the Revolution of 7 November this process was at first extended, but the nature of the agreements was altered in two important respects: first, the agreements, which became

more and more numerous, often covered several undertakings and sometimes even a whole branch of industry and, secondly, "at this time the trade unions began to make use of state power to compel employers who refused to yield willingly".<sup>1</sup> Collective agreements thus ceased to be free agreements, and in addition the state endeavoured to an increasing extent to regulate wages by "compulsory wage scales established by Decree."

When industry, commerce, and transport had been nationalised and the state had recourse to requisitioning supplies from the peasants in order to meet the requirements of the population, and finally when labour became compulsory, it was useless to fix wages by agreement between two parties one of which was always the state. Collective agreements therefore disappeared and were replaced by "wage scales" published by Decree and compulsory in character. The first of these was issued in June 1918 for the municipality of Moscow and was adopted in several other localities. In September 1918 the Soviet Government issued a Decree establishing a scale of wages for the whole country. In February 1919 a new All-Russian scale was drafted, and since then there have been no local agreements. Thus the central authorities, having centralised the economic administration of the whole of Russia, also centralised the wage system. Until the middle of 1919 wages were fixed by the Commissariat of Labour, but by degrees, under the growing influence of the trade unions in industrial matters and their transformation into executive organs of the Soviet Government, the determination of wages became the function of the unions and especially of the inter-trade union organisations under the direction of the All-Russian Central Council of Trade Unions. "This dictatorship of the All-Russian Central Council of Trade Unions in wage questions"<sup>2</sup>, obtained legal sanction in the Decree of 8 June 1920. The principles observed at that time may be summarised as follows.<sup>3</sup> Wage policy was determined by the executive authorities, which instructed

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<sup>1</sup> J. REZNIKOV : "The Results of the Wage Policy of the Trade Unions", in *Economicheskaja Zhizn*, 2 July, 1922.

<sup>2</sup> *Economicheskaja Zhizn*, 2 July 1922.

<sup>3</sup> Cf. report of Mr. SCHMIDT, People's Commissary of Labour, to the Plenary Session of the All-Russian Central Council of Trade Unions in February 1922 (Bulletin of the Plenary Session of the All-Russian Central Council of Trade Unions); S. ROBINSON on the question of wages and the decisions of the Plenary Session of February (*Viestnik Trooda*, Nos. 3-4, 1922); and J. REVZIN : "The Evolution of the Wage System of Soviet Russia" (Moscow, 1923).

the All-Russian Central Council of Trade Unions to establish scales of wage rates on the same principle of equality which at that time underlay the Soviet Government's policy on supplies. Wages were fixed irrespective of the individual skill and output of the worker or the special circumstances of the undertaking. Soviet policy was at that time directed towards the abolition of money, the destruction of the economic system based on money, and the establishment of the state budget in kind. It was therefore natural that wages should become part of state supplies, and that supplies in kind were substituted for wages in cash, becoming the only form of remuneration.

The trade unions were not only to fix wages, they were also to distribute them, in this respect becoming simply part of the machinery of supply. They distributed articles of prime necessity as well as foodstuffs. All workers obtained supplies from the state irrespective of the work they had actually done, the activity of the undertaking, and the period during which they had been employed in the undertaking or institution. Wages as a return for labour no longer existed, and the workers received a daily ration on holidays as much as on working days.

At the beginning of 1920 this attempt at extreme equalisation suffered a certain setback. From January onwards the normal rations were increased by guaranteed rations of 1 lb. of bread and  $\frac{1}{2}$  lb. of vegetables for an 8-hour day. This was a first attempt on the one hand to increase the output of labour and on the other to place the workers in large undertakings in a more favourable position. Nothing came of it, for the rations, which numbered 750,357 in January 1920, had increased to 2,738,686 by December of the same year. A fresh attempt was made at the end of the year; special rations were introduced including a larger quantity of foodstuffs (1  $\frac{1}{4}$  lb. of bread,  $\frac{1}{2}$  lb. of salt, 3  $\frac{1}{2}$  lb. of meat,  $\frac{1}{4}$  lb. of fat,  $\frac{1}{4}$  lb. of coffee, 20 lb. of vegetables, and 3  $\frac{1}{4}$  lb. of groats a month) for workers in certain undertakings (large-scale metal industry, the Donetz coal basin, railways). During the same year special premiums in cash and in kind in addition to the normal ration were paid to the most productive workers.<sup>1</sup>

By the middle of 1921 the defect of this system had become more and more apparent, and trade union criticism increased in

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<sup>1</sup> WUNDERLICH: "The Principles of the Wage Policy of the Commissariat of Labour", in *Voprosy Trooda*, No. 3, 1923.

violence. It was argued that the policy of centralising rationing in the hands of the state had never taken account of the individual output of the worker, the conditions of the undertaking, or the economic situation of the country. The object was not to establish normal wages but to prevent the working classes from dispersing during the civil war. No one knew exactly what wages or working conditions would be, and the system of equalisation had led to a heavy fall in individual output and in the production of most undertakings. The trade unions had had to adapt the scales fixed by the central authorities to special circumstances, so that the Government was not in a position to know the exact situation of each undertaking. Moreover, the system necessitated close observation of each worker, and was therefore very complicated; it was frequently necessary to pay special remuneration in addition to the wages fixed by Decree in order to encourage output, e.g. piece rates for exceptional work, etc. The close connection between the state wage policy and its policy of supply made the payment of wages dependent on all operations of supply. The payment of wages was consequently always irregular, and the amount paid frequently inadequate.<sup>1</sup>

#### WAGE POLICY SUBSEQUENT TO THE NEW ECONOMIC POLICY

After the end of March 1921, when the new economic policy was inaugurated, the negative features of the wage system described above became increasingly marked. When compulsory requisitioning of foodstuffs had been replaced by the tax in kind the importance of state supplies decreased. With the restored freedom of trade, especially of the food trade, undertakings could obtain the articles needed for their workers on the open market. On the other hand, the return to an economic system based on exchange in money made it impossible to continue paying wages in kind alone. Finally, the trade unions took no further part in the management of undertakings and were consequently no longer responsible to the workers in the matter of wages, this question coming within the competence of the administration and the state economic authorities.<sup>2</sup> Wage policy therefore had to be completely revised.

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<sup>1</sup> Reports of the Commissary of Labour to the Plenary Session of the All-Russian Central Council of Trade Unions, February 1922.

<sup>2</sup> HOLTZMAN: "Wage Policy under Free Trade Conditions" in *Viestnik Trooda*, Nos. 3-4, 1921.

The fourth All-Russian Trade Union Congress, held in May 1921, recommended collective agreements as the best system of fixing wages. It considered, however, that the fundamental principles of the former wage policy should be maintained for political and economic reasons, owing to the fact that the economic conditions created by the new policy were not yet clearly defined. This recommendation was taken into account and wage policy was altered by various measures which were subsequently approved by the central authorities. All the alterations aimed at increasing the productivity of labour by proportioning wages to individual output.

*Piece-Rates and Bonuses in Kind.*

The Decree of the Council of the People's Commissaries of 7 April 1921 on the regulation of wages had already confirmed the transition from the system of fixed wage rates increased by certain premiums to the system of piece-rates.<sup>1</sup> It abolished as from 1 May 1921 all restrictions preventing the workers from increasing their wages by special work, overtime, etc., and permitted "all workers to increase their wages by higher output and careful work, irrespective of the ratio of their actual earnings to basic wage rates" (Section 1). The local authorities responsible for the management of industry were authorised to introduce the system of individual piece-rates or to give a specified piece of work to certain groups of workers in accordance with special agreements (Section 4).

It was further clear that "the system of supplying foodstuffs and of rationing on food cards scarcely helped to increase output among the workers", and other methods were adopted. "In order to allow the workers to increase their resources and to take an active part in the exchange of commodities in the open market," the principle was adopted of "allocating to the workers a certain percentage of output."

A further Decree of 7 April concerning distribution to the workers of bonuses in kind<sup>2</sup>, added that the workers would receive bonuses in kind in addition to their bonuses in cash, the various undertakings being required to set apart a certain proportion of their output for constituting a special fund for the purpose. The

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<sup>1</sup> Legislative Series. No. 27, 1921.

<sup>2</sup> *Ibid.* N° 45, 1921.

size of the fund would be fixed for each individual undertaking in proportion to its productivity and the quantity of goods it delivered to the state (Section 1). The Decree went even further and stipulated that in undertakings which could not exchange their products on the open market the workers should be empowered to produce articles of prime necessity out of working hours with the machinery not in use in certain workshops (Section 4).

Undertakings were not allowed to set apart a proportion of their proceeds for the distribution of bonuses in kind unless they carried out at least 60 per cent. of their production programme. The amount of the goods in question was to be not less than 5 per cent. of the total output and was to be in proportion to the cost of production, the nature and importance of the undertaking, etc. (Section 2). This proportion was handed over to the co-operative society of the undertaking, which was responsible for its distribution among the workers according to individual output (Sections 5 and 6).

This measure was enforced as an experiment from 15 May to 30 August 1921 in tobacco, match, china, boot and shoe, clothing, soap, confectionery, and starch factories, in textile and metallurgical undertakings, salt mines, and oil fields.<sup>1</sup>

### *Collective Supplies.*

Yet another system of fixing wages was adopted. One of the chief defects of the old system had been that wages were paid by different institutions, money being payable by the undertaking, articles in kind by the Commissariat of Supply, and housing, fuel, etc., being supplied by the local authorities, etc. Thus wages, although fixed in advance, had no precise value at any given moment. The stock of produce or cash in hand of the undertaking being limited, the amounts distributed regularly were reduced accordingly, and, since such stocks were always inadequate, no account was taken of individual output or the total production of the undertaking. In order to prevent these discrepancies in the distribution of wages and to relate wages more closely with output, the Decree of 18 July 1921<sup>2</sup> introduced the system of

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<sup>1</sup> Decree of 17 May 1921 concerning the establishment of funds for bonuses in kind.

<sup>2</sup> Legislative Series, N° 55, 1921.

“collective supplies” (in cash and in kind) for the payment of wages to manual and non-manual workers. The main features of this system were as follows.<sup>1</sup>

The state created a special wages fund for supplies to persons employed in large industrial undertakings, the fund being composed of the sums deducted from the tax in kind collected by the state, and of exchangeable commodities supplied by each undertaking. Each undertaking or institution covered by the scheme received in advance the wages fund in cash and in kind allocated to it for the month (Section 2). The amount of the fund due to an undertaking was calculated on the average individual ration, which was obtained by dividing the state wages fund by the average number of workers in the branch of industry concerned. The number of individual rations received by the undertaking was equal to the number of persons employed on 15 June 1921 (Section 5).

With a view to increasing output, only undertakings which reduced their staff by at least 50 per cent. were entitled to benefit by the scheme (Section 4). It was, moreover, understood that, if the undertaking succeeded in still further reducing the number of its workers without decreasing production, it would continue to receive the same wages fund (Section 2). All bonuses on output, piece wages, and overtime pay were paid out of the general wages fund (Section 7).

The system of collective supplies was first adopted in Moscow and Petrograd as an experiment at the same time as the other measures under the Decree of 7 April mentioned above. The consequence was that the system of payment in different branches of an industry, in different localities, and even for different groups of workers was not the same, leading to marked inequalities in the regulation of wages by the state.

It should, however, be pointed out that the system of collective supplies established wage principles which, although scarcely applicable at the time, differed entirely from previous principles. They concentrated in one hand all the resources for the payment of wages to manual and non-manual workers, laid down that the wages of each worker should be in proportion to his output, and guaranteed to the undertakings a special wages fund for a given period fixed in advance in proportion to the resources of the state,

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<sup>1</sup> A. HOLTZMAN : “Collective Supplies”. Moscow, 1921, 102 pp.

thus making it possible to fix wages in advance. Further, under this system the supplies received by a worker were again considered as remuneration for work done; and the principle of wages was re-established. Everything received by the worker (food, cash, articles of immediate necessity) constituted his wages and he was entitled to nothing in addition. Finally, the fact that the state had to constitute a wages fund in advance helped to turn wage policy in a new direction which found expression in the so-called "wages fund budget system."

### *The Wages Fund Budget System.*

The wage fund budget system and the organisation of central and local wages fund commissions were established by the Decrees of 10 November 1921, 23 January, 15 February, and 15 March 1922. The following were the underlying principles of the system.<sup>1</sup>

(1) Wage rates for the whole country were fixed by government Decree.

(2) The rates were fixed by district and constituted standard minimum rates.

(3) The state guaranteed these wages by opening wages funds (central and local) in advance.

(4) The wages funds were made up of, (a) manufactured goods, calculated on the probable output of nationalised industry managed by the Supreme Economic Council; (b) foodstuffs drawn from the resources of the Commissariat of Supply after the collection of the tax in kind; (c) cash derived from the issues of the Commissariat of Finance.

(5) After the amount of the wages fund had thus been calculated by the state, its administration was handed over to the central and local wages fund commissions, which distributed the amount according to scales fixed in advance.

This system based on the creation of special funds for wages undoubtedly had great advantages, but it also involved certain difficulties which were pointed out in many publications on the subject and in the resolutions adopted by the All-Russian Council of Trade Unions and the various trade union congresses.

Since the wages fund was composed of three different parts, the remuneration of labour depended wholly on the proportion between

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<sup>1</sup> For further information see INTERNATIONAL LABOUR OFFICE : *Organisation of Industry and Labour Conditions in Soviet Russia*. Geneva, 1922.

these various resources. If the output of nationalised industry fell below the estimated amount of production, or if the yield of the tax in kind was lower than expected, it became very difficult to maintain the average rates of wages. According to a statement made by the Commissary of Labour at the plenary session of the Central Trade Union Council in February 1922, there was a deficit of 60 million poods in the grain reserve intended for the wages fund, a deficit which it was impossible to meet throughout the year. Similarly, the programme of production of the Supreme Economic Council could not be carried out in full because the output of nationalised industry fell below the estimates made.<sup>1</sup>

The results of the attempt to distribute wages to each undertaking out of a centralised fund was that in December 1921 only 60 per cent. of the minimum wages fund could be distributed, in January 1922 48 per cent., and in February only 33 per cent.<sup>2</sup>

Every undertaking and institution tried by all possible means to be classified among the undertakings entitled to standard minimum rates.<sup>3</sup> The result was a certain levelling of wages. Average wages being fixed by the central authorities, there were very few undertakings to be taken into account (according to the Commissary of Labour) for the distribution of wages based on output or in connection with any other provision of the Decrees. The number of persons obtaining supplies from the state consequently rose from  $3\frac{1}{2}$  millions at the end of 1921 to  $4\frac{1}{2}$  millions at the beginning of 1922, leading at the same time to a reduction in the individual ration. Since standard minimum rates were fixed for the whole of Russia irrespective of the skill of the worker, his output, and the proportion of overtime or piece work, there was no connection between the fixed rates and an effective and fair remuneration of labour in each undertaking or institution.

All these criticisms were summarised at the session of the All-Russian Trade Union Congress held in February 1922, which decided that certain changes in wage policy should be introduced. A state economic planning institution (*Gosplan*) was to fix minimum wage rates once a month, and these, after approval by the

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<sup>1</sup> RABINOVICH : "Six Months of State Regulation of Wages", *Economicheskaja Zhizn*, 6 Sept. 1922.

<sup>2</sup> "The Outlook in Wage Policy", *Economicheskaja Zhizn*, 16 Sept. 1922 ; "Wages in July", *ibid.*, 9 July 1922.

<sup>3</sup> "State Regulation of Wages", Report of the Commissariat of Labour to the Plenary Session of the Council of Labour and Defence, *Economicheskaja Zhizn*, 19 Aug. 1922.

Council of the People's Commissaries, would be published in the press. The economic authorities responsible for the management of state supplied undertakings would enter into collective agreements with the trade unions for determining wages, taking into account the minimum rates fixed by legislation.<sup>1</sup> The Central Council further decided to abolish the numerous authorities (central and local wages fund commissions subordinate to the Commissariat of Labour) in order to simplify the administrative regulation of wages and to concentrate the work in the hands of one authority, the Superior Wages Council.

The proposals of the Council were taken into consideration, and a special Committee appointed to supervise the work of the Central Wages Fund Commission decided to transform this Commission into a Superior Wages Council. Legal effect was given to this decision in a Decree of the Council of the People's Commissaries on 1 June 1922.

#### THE SUPERIOR WAGES COUNCIL

The Superior Wages Council was set up under the Council of Labour and Defence. The Commissariats of Labour, Supply, Finance, and Ways and Communication, and the Supreme Economic Council were each represented by one member; the All-Russian Central Council of Trade Unions had two representatives. All the members had to be approved by the Council of Labour and Defence. The representative of the Commissariat of Labour presided over the Council (Section 1 of the Decree of 1 June 1922).<sup>2</sup> The functions of the Council were :

- (1) to fix minimum wage rates compulsory for all undertakings or institutions, whether private or official ;
- (2) to establish wage zones for the whole territory of Russia and adapt the minimum wage rates in each zone to the different grades of workers and branches of industry ;
- (3) to determine the amount of the wages fund to be allocated to each undertaking and the proportion in which this amount was to be made up of manufactured goods, foodstuffs, and cash ;
- (4) to supervise the use made of the sums intended for the payment of wages in state undertakings and institutions. The

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<sup>1</sup> Bulletin of the All-Russian Council of Trade Unions, 1922.

<sup>2</sup> Legislative Series, N° 39, 1922.

Council had the power to prosecute any person before the revolutionary courts for abuse of privilege if they had devoted the sums intended for wages to other purposes or were in arrears with payment (Section 2).

All the economic authorities were under obligation to account to the Superior Wages Council, on request, for the use made of the sums intended for the payment of wages. Regional councils were set up subordinate to the Superior Wages Council to replace the local wages fund commissions. If occasion arose, the Superior Wages Council could by special decision appoint provincial wages councils. The provincial wages fund commissions were abolished (Section 3).

These provisions were supplemented by a Decree of 4 July on the procedure of appeal against decisions of the Superior Wages Council.<sup>1</sup> An appeal against the decisions of the Council could be made to the Council of the People's Commissaries or the Council of Labour and Defence. The Commissariats and chief administrative authorities could appeal against all decisions fixing or modifying minimum wage rates and the date and method of payment of wages in state undertakings and institutions. Such appeals must be accompanied by precise statistics from which if the appeals were approved, the Council of the People's Commissaries and the Council of Labour and Defence could determine the supplementary credits to be granted to the Superior Wages Council, in addition to the wages funds already allocated, for the purpose of meeting the expenditure of the Commissariats or chief administrative authorities. The Superior Wages Council must submit its views on such appeals within eight days.

In practice the Superior Wages Council fixed the amount of the wages funds in agreement with the Commissariats of Finance and Supply as shown above. It determined the rate of the rouble in accordance with the cost of living index number (normal ration). It next estimated the number of workers to whom wages were due, and on these data determined minimum wages, classified by zones and occupations. The number of wage earners and the total amount paid in wages (in cash and in kind) were fixed for each commissariat and each chief administrative area separately. The total wages thus calculated constituted the monthly budget. The Commissariats of Finance and Supply were prohibited from furnishing undertakings with sums for the payment of wages in

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<sup>1</sup> Legislative Series, N° 43, 1922.

excess of this budget. The provinces obtained telegraphic communication of the minimum rates and cost of the normal ration for each region from the Superior Wages Council<sup>1</sup>.

On the basis of the budget so determined the Commissariat of Finance opened credits in respect of the part of wages payable in cash. These credits were allocated to the undertakings and institutions by the provincial finance departments (except in the Crimea, the Ukraine, White Russia, Turkestan, Bashkiria, Khirgizia, the Tartar Republic, Moscow, and Petrograd, where the credits were paid by the local soviets). No deductions from the part of wages paid in cash were allowed. They were paid on the spot by the economic authorities and the Commissariats concerned.

In brief, it was the chief duty of the Superior Wages Council to establish wages funds and fix the different wage rates and minimum rates.

#### *Determination of Wages Funds and Minimum Rates.*

The wages fund was fixed by the Superior Wages Council on the lines followed by the former Central Wages Fund Commission. Until May 1922 this fund was still made up of three parts — manufactured goods, foodstuffs, and cash — and fixed once a month. From May 1922 onwards the part made up of manufactured goods was abolished.

The wages fund was fixed in proportion to the number of workers in receipt of supplies from the state and to the average rate of wages. The workers in question included those employed by the commissariats under the state budget and workers in industry and transport covered by the state supply scheme. Their number in November 1921 was four millions and was reduced to three millions in March 1922 and 2,900,000 in August 1922.

The nominal sums allocated in soviet roubles increased steadily. In April 1922 the amount was seven times that of February, in May nine, in June ten, in July twelve, and in August sixteen times.<sup>2</sup> Nevertheless, owing to the depreciation of the rouble, the wages funds fixed for each month were not sufficient to meet the requirements of industrial and transport undertakings, for the average rates fixed by the Superior Wages Council took no account

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<sup>1</sup> *Economicheskaja Zhizn*, 16 June 1922.

<sup>2</sup> *Economicheskaja Zhizn*, 19 Aug. 1922 (Cf. Appendix II.)

of the individual skill of the workers nor of payments for overtime or piece work etc., although express provision for such payment was contained in the collective agreements entered into between the economic authorities and their workers.<sup>1</sup> Moreover, the Superior Wages Council fixed wage rates in paper roubles by adding together the sums to be furnished in cash and the value of the foodstuffs to be distributed. The collective agreements, on the other hand, took only real values into account in calculating wages, i. e. manufactured goods and foodstuffs. The first calculation included an unstable factor, that of the proportion of the various funds allocated by the central authorities for the payment of wages.<sup>2</sup>

There was another reason for the difference between the wages fixed by the Superior Wages Council and the wages actually paid. The Council fixed minimum rates once a month, but the undertakings paid wages in accordance with collective agreements which fixed rates considerably above the official ones. This was not illegal, as the economic authorities and state undertakings and institutions were entitled to dispose of their output on the open market; they were unable to do this, however, in proportions sufficient to realise the profits expected, and had to apply to the Superior Wages Council for supplementary credits.

According to an enquiry undertaken by the Council into undertakings in receipt of state supplies and managed on commercial lines, when collective agreements were concluded the economic authorities assumed an obligation to pay wages at rates considerably exceeding those guaranteed by the Superior Wages Council, although they often did not possess the necessary resources to meet the additional expenditure involved.<sup>3</sup> In consequence the sums allocated by the central authorities to the undertakings were insufficient; the Government was constantly in debt to the undertakings and was compelled to allocate additional sums at intervals to cancel these debts, which nevertheless steadily increased. Owing to the continued fall in the value of the paper rouble the delays in the payment of wages led to a heavy reduction in the value of the wages actually paid and brought them below those fixed by previous agreement and even below the rates fixed by the central government. Several measures were adopted by the Superior Wages Council to deal with these difficulties.

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<sup>1</sup> *Economicheskaja Zhizn*, 22 Aug. 1922. (Cf. also Appendix II.)

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*, 29 July 1923.

By the Decree of 15 August 1922 the Council allocated to industry and transport undertakings, in addition to the credits calculated on the fixed minimum rates, the sums needed for payment of overtime. These were fixed at 20 per cent. of the general wages fund and the bodies responsible for their distribution were indicated (Section 7). The Council further laid down that "state undertakings and institutions should not be allowed to grant wages above the minimum rates in collective agreements unless they could guarantee the payment of the difference out of their own resources or by reducing staff." The economic authorities party to the agreements were made responsible for the payment of wages, and no subsidies were allowed to undertakings or institutions which had assumed obligations in excess of those stipulated in the rates of the Superior Wages Council.

In a Decree of 1 September the Council made the increase in minimum rates conditional not only on the existence of a collective agreement and supplementary resources in the hands of the institution or undertaking but also on a reduction in the number of workers<sup>1</sup>. Finally, by a Decree of 1 October, the staff of all administrative departments had to be reduced during October to the figure fixed in the budget, and all expenditure in excess of the budget allocations was prohibited.<sup>2</sup>

#### *Wage Rates and the Standardisation of Wages.*

Three factors were taken into account in the determination of wage rates: the grade of the worker, the territorial zone, and the branch of industry.

*Classification by Grades.* — Each wage scale comprised seventeen grades corresponding to the seventeen grades of workers adopted for the classification of occupations.

*Classification by Zones.* — This took into account the economic conditions of each district. The republic was divided into zones, each of which had a certain geographical and economic unity. Until February 1922 the division was based on harvest conditions, that is to say, the price of wheat. At present it is based on the cost of the minimum budget in the different districts.

In February 1922 there were six zones, but the number was

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<sup>1</sup> Decree of the Superior Wages Council on minimum wages in September 1922 (*Economicheskaiia Zhizn*, 3 Sept. 1922).

<sup>2</sup> Decree of the Superior Wages Council on minimum wages for October 1922 (*Economicheskaiia Zhizn*, 5 Oct. 1922).

reduced with the growth in internal trade, which brought the different parts of the country into touch and equalised prices and general economic conditions. By August 1922 there were only three and in September only two. In October 1922 the Soviet republics were again divided into three zones.<sup>1</sup>

*Classification by Branches of Industry.* — This was amended according to the condition of the workers in different branches of national industry at any given time and the actual importance of the different branches of industry (those which were at the moment of greatest importance were described as “attack” branches). In February 1922 there were five branches, but after August there were only three<sup>2</sup>. In January 1923 these groups were reduced to two, one for industry and one for administration, and in March 1923 the division was abolished altogether.

When the classification of zones and economic groups had been effected, an average minimum wage rate had to be adopted as a basis for the scale of seventeen grades corresponding to various degrees of skill. Until August 1922 this average rate was fixed for what was considered the average degree of skill, the sixth grade in the scale, the first being the lowest. After a time it appeared that grade No. 6 did not correspond sufficiently closely with the average skill and in August the minimum rate for grade No. 1 was adopted as basis.<sup>3</sup>

From that time it was understood that “the wages of each worker were calculated in proportion to his skill”<sup>4</sup>. At the same time, owing to the reduction in the number of zones and grades, a uniform basis for wages was arrived at and they were distributed in a similar way. An attempt was next made to bring the average rates thus established into relation with the wages actually paid. Until October 1922 wages were paid partly in cash and partly

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<sup>1</sup> *First zone* : Moscow, Petrograd, Murmansk, Irkutsk (from Jan. 1923), Archangel (from Mar. 1923).

*Second zone* : Ukraine, Ural, Crimea, White Russia, Turkestan, Khirgizia, Chuvash territory, provinces of Briansk, Ivanovo-Voznessensk, Vladimir, Riazan, Novgorod, Kostroma, Nijni-Novgorod, Ribinsk.

*Third zone* : All the rest of the territory of the Federation of Soviet Republics.

<sup>2</sup> (1) The whole of industry, transport, the postal and telegraph service, the public health service.

(2) The state political administrative authorities (safety) and the police.

(3) All departments of the people's commissariats.

<sup>3</sup> For further information see the appendix on wages.

<sup>4</sup> *Izvestia N. K. T.*, 7-16, 1922.

in kind, but even at that date workers were frequently paid only in cash. The total wage was always estimated in cash, and the undertaking deducted from the sum paid to the wage earner the value in cash of the ration in kind.

The Superior Wages Council could adopt two methods of increasing the real value of wages; it could either increase wages as compared with the existing rates, or reduce the proportion of wages to be deducted in respect of the normal ration in kind. The second method was generally adopted, and the Council fixed the price of the ration 45 per cent. below its real value on the market.

The Decrees on wage scales for August and September 1922 included clauses dealing with cases in which compensation in cash would be paid to the workers owing to a shortage in the supply of rations in kind. Thus, under the Decree of September, the workers were entitled to compensation if the Commissariat of Supply failed to distribute the full ration according to the September standard or if the real cost of the foodstuffs distributed fell below the price fixed for the ration by the Superior Wages Council. In this way the Superior Wages Council steadily reduced the proportion of wages corresponding to the food ration and thereby increased the proportion paid in cash.

*Introduction of Wages Paid Solely in Cash.*

With the development of cash transactions under the new economic policy and the closer contact of state undertakings, since they had been managed on commercial lines, with the open market, together with the payment of wages almost entirely in cash, the Superior Wages Council was finally compelled to introduce the system of money wages. At certain congresses and conferences the trade unions had emphasised the view that the system of money wages would have to be introduced without compulsory rations in kind.<sup>1</sup> The fifth All-Russian Congress of Trade Unions, held in 1922, for instance, adopted a resolution in favour of cash wages.

In view of the fact that combined wages (in cash and in kind) no longer correspond to present economic conditions, the Congress considers that, in order to prevent confusion in the payment of wages and difficulties in the calculation of the real value of wages due to fluctuations in the purchasing power of the rouble, wages policy should be directed towards the system of wages paid solely in cash.<sup>2</sup>

<sup>1</sup> *Economicheskaja Zhizn*, 19 Sept. 1922.

<sup>2</sup> *Ibid.*, 17 Sept. 1922.

In effect the resolution demanded a complete revision of the system of state supply.

In view of these opinions and of the fact that the system was actually applied in various districts by certain trade unions, the Council of Labour and Defence requested the competent authorities to draw up a programme for a gradual transition to a system of money wages.<sup>1</sup> The new system of supply as laid down by the Decrees of the Council of Labour and Defence of 8 and 15 September 1922 and certain subsequent Decrees may be summarised as follows:<sup>2</sup>

(1) The system of issuing supplies in *paioks* (normal rations) was abolished for industry, transport, and other branches of national economic activity.

(2) No foodstuffs were to be distributed after 1 October 1922 to persons not covered by the supply scheme drawn up for 1922-1923.

(3) The Central Wages Fund Commission attached to the Commissariat of Supply was abolished as from 1 October 1922.<sup>3</sup>

(4) A special food supply fund was established for the more important branches of industry and transport in order to guarantee the payment of wages in case of need.

(5) This fund was distributed in accordance with the special scheme drawn up by the Superior Wages Council, the Commissariats of Supply and Finance, and the economic authorities concerned. The fund was to be distributed at the same time as working capital when the programmes of production had been approved, taking into account the number of workers or probable output.

(6) Compulsory standards for supply were abolished.

(7) The food supply fund was allocated solely to the Supreme Economic Council and the Commissariats of Ways and Communication and of Posts and Telegraphs.

(8) As from October 1922 minimum wage rates were fixed solely in cash. The subdivision of wages into cash and kind was

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<sup>1</sup> "State Regulation of Wages"; report to a session of the Council of Labour and Defence at which representatives of the economic conferences were present (*Economicheskaiia Zhizn*, 19 Aug. 1922).

<sup>2</sup> Circular of the Central Wages Fund Commission to all the Commissariats, Central Committees of Trade Unions, Regional and Provincial Economic Conferences (*Economicheskaiia Zhizn*, 22-23 Sept. 1922). See also several articles in *Trood*, No. 205, 1922 and Appendix II to this odhune.

<sup>3</sup> Decree of the Council of the People's Commissaries, 29 Sept. 1922 (*Izvestia*, 5 Oct. 1922).

abolished (Section 1 of the Decree of the Superior Wages Council concerning minimum wages in October 1922).

(9) The three above-mentioned bodies (the Supreme Economic Council and the Commissariats of Ways and Communication and Posts and Telegraphs) were to receive food and flour out of the fund to distribute under the head of wages in such a manner that workers in industry financed by the state could obtain these articles at prices lower than those on the open market (Section 2).

(10) The bread thus supplied to the workers was not to cost more than 80 per cent. of the market price (Section 3).

(11) In principle the delivery of foodstuffs as wages was to be optional.<sup>1</sup>

(12) Foodstuffs were to be sold on account as advances on the wages to be paid later.

(13) If the collective agreement provided for the compulsory distribution of foodstuffs, they must be distributed as part of wages.

(14) If the workers refused to accept foodstuffs, the economic authorities could sell them or return them to the Commissariat of Supply.

(15) All questions relating to the payment of wages out of the food supply fund were to be within the competence of the Superior Wages Council.

The Superior Wages Council and the Council of the People's Commissaries decided that for the wage scales decreed by the former Council the minimum rates should be compulsory for all undertakings and institutions, both private and official, and that no undertaking would be entitled to pay lower rates of wages.<sup>2</sup> The state declined all responsibility for wages fixed in excess of the established minima. In no case would the difference be met by the state, but only out of the special resources at the disposal of the state undertaking or administrative office and on condition that such resources were not due to the state under existing legislation. Before wage rates were increased it must be ascertained that the resources in question were available, otherwise no increases were allowed. Where collective agreements were in force the

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<sup>1</sup> Decree of the Superior Wages Council (*Economicheskaja Zhizn*, 20 Oct. 1923).

<sup>2</sup> Decrees of the Superior Wages Council of 1 Sept. and 1 Oct. 1922 (*Economicheskaja Zhizn*, 3 Sept. and 6 Oct. 1922).

departments and administrative offices incurred full responsibility by the fact of having signed the agreement.

The Superior Wages Council also drew attention to the fact that it alone was competent to fix minimum wages. Minimum rates fixed by other bodies than the Superior Wages Council and the Council of the People's Commissaries were to be considered illegal, and all increases in rates not complying with the above mentioned regulations were prohibited.<sup>1</sup>

#### THE WAGES CHAMBER OF THE COMMISSARIAT OF LABOUR

The foregoing will have shown that there was in practice no fundamental difference between the Wages Fund Commission and the Superior Wages Council which took its place. Both were mainly engaged in fixing the sums which were to be paid out by the state for the payment of wages and determining their distribution. The establishment of minimum rates was of altogether secondary importance. The difference between the minimum rates used by the Superior Wages Council and actual wages as fixed by collective agreement became more and more marked, so that the minimum fixed by the Council ceased to have any real importance. It served rather as a unit for calculating the funds to be assigned to the different branches of industry out of the central wages fund.<sup>2</sup> The compulsory minimum wages published by the Superior Wages Council were calculated solely on the basis of the wages funds allocated by the state and not on material and economic conditions in general. As the state had almost entirely ceased to be responsible for the workers' supplies, and the introduction practically throughout industry of commercial principles had made it possible to cover expenditure on wages out of working capital, the work of the Superior Wages Council was limited to supervising the observance of the minimum rates it had fixed.

If the minimum rates were to have any real value they should have been adapted to the wages actually paid, and this would have required detailed information on collective agreements. It therefore became necessary to set up a body more suited to this kind of work. The Commissariat of Labour had recently been made responsible again for labour protection, and it was thought

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<sup>1</sup> Decree of the Council of the People's Commissaries, 19 Oct. 1922 (*Izvestia*, 21 Oct. 1922).

<sup>2</sup> "The Reorganisation of the Superior Wages Council", in *Ekonomicheskaja Zhizn*, 9 Nov. 1922.

advisable to entrust it also with the regulation of wages. By a Decree of 24 October 1922 the Council of the People's Commissaries abolished the Superior Wages Council.<sup>1</sup>

The question of wage standards is now within the competence of the Commissariat of Labour, which submits Bills on the subject for the approval of the Council of the People's Commissaries, together with the recommendations of the Commissariat of Finance and the *Gosplan*. With a view to preliminary study of wage questions the Council of the People's Commissaries set up a Wages Chamber in the Commissariat of Labour by Decree of 28 November 1922.<sup>2</sup> The functions of this Chamber are :

(1) to delimit wages zones for the whole territory of the Russian Soviet Republic and allied Republics ;

(2) to fix a minimum wage rate compulsory for the whole of Russia ;

(3) to establish grades of skill for the workers employed by the various Commissariats, in industry, and in transport ;

(4) to fix the periods within which wages must be paid.

The Wages Chamber is a joint body composed of representatives of the trade unions on the one hand and of the state economic authorities and industry on the other. It included representatives of the Supreme Economic Council, the Central Office for the Metallurgical Industry, the Central Coal Office, the Textile Trust, the Commissariat of Means of Communication, the Commissariat of Labour, the All-Russian Central Council of Trade Unions, the Central Committees of the Metal Workers', Miners', Textile Workers', Transport Workers', and Soviet Employees' Unions. Representatives of the Commissariat of Finance, the Commissariat of Supply, and the factory inspectorate are advisory members (Section 4 of the Decree of 28 November 1922). The representative of the Commissariat of Labour or his substitute presides over the Chamber.

The Wages Chamber is an advisory body and all its decisions on questions within its competence must be approved by legislation (Section 2 of the Decree). They are submitted by the Commissariat of Labour to the Council of the People's Commissaries for approval. If the Commissary of Labour does not agree with the opinion of the Wages Chamber he refers the proposal of the Chamber to the Council of the People's Commissaries with a

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<sup>1</sup> *Izvestia*, 29 Oct. 1922.

<sup>2</sup> *Trood*, 3 Dec. 1922 ; *Economicheskaja Zhizn*, 2 Dec. 1922.

reasoned statement of his own opinion (Section 3). The decision of the Wages Chamber submitted to the Council of the People's Commissaries must be accompanied by the recommendations of the *Gosplan* and the Commissariat of Finance.

The Commissariat of Labour is responsible for the general supervision of the payment of wages. All contraventions of wages legislation are dealt with by the factory inspectorate and the Commissariat of Justice (Note to Section 3).

#### PRESENT WAGE POLICY

The policy pursued by the Superior Wages Council has had two results : the disappearance of the system of state supply and the abolition of wages in kind which were the last remnants of "war Communism". By the beginning of 1923 it had become possible to return to a normal wage policy. The work of the Wages Chamber was limited to fixing minimum rates, actual wage rates being determined by free agreement between employer and employed.

At present the state establishes by Decree minimum wage rates which are compulsory for both private and state undertakings, either by collective agreements or by individual labour agreements<sup>1</sup>. In exceptional cases state undertakings may amend the fixed rates on condition that the amendment is based on the collective agreement. In state undertakings where there are no collective agreements the fixed wage rates are also considered as maximum rates but may be exceeded in special cases. Wages may no longer be paid in kind and the system of state supplies for manual and non-manual workers is abolished. The Wages Chamber must limit its activities to fixing wage rates by zones and has no competence to determine or distribute the wages funds.

As a matter of fact the payment of wages established by collective agreement is the same in nationalised and private industry, being effected out of the proceeds of sales in the open market. In nationalised industry the state supplies working capital either directly by opening state bank credits or by ordering goods for which it is now required to pay.

These new methods led to a rapid rise in wages. An active campaign was conducted by the trade unions, and the number of collective agreements began to increase in the second half of 1922.

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<sup>1</sup> Cf. Appendix II.

The workers succeeded, by such collective agreements or by individual labour agreements, in obtaining wages markedly above the minimum rates fixed by the state. The rise in wages occurred first in private undertakings or those which had been leased to private individuals, then in all small industrial undertakings,<sup>1</sup> whether nationalised or not, since they were in closer touch with the market and could more easily dispose of their produce and increase their working capital and thereby pay higher wages. Nationalised undertakings in large industry, on the other hand, obtained orders only from the state and, as they had little connection with the open market, their working capital was more limited and it was difficult for them to increase wages.<sup>2</sup> In consequence workers of the same grade received very different rates of pay in the different branches of industry and even in different undertakings in the same industry.

The Soviet Government found itself in a difficult position. It was to be feared that if wage conditions in nationalised industry became too unfavourable there would be an exodus of workers to private or leased undertakings. On the other hand, since nationalised undertakings were financed by the state alone, an increase of wages would have led to further issues of currency. The central authorities and, in particular, the Supreme Economic Council therefore devoted their attention to stopping the rise in wages, but most of the many measures adopted for this purpose failed to achieve their object. At first an attempt was made to distribute the sums assigned by the state to industry in such a manner as to encourage large industry, and for this purpose a decision of the Superior Economic Council of 31 October 1922 instructed the industrial offices and provincial economic councils to supervise the collective agreements entered into by the economic authorities.

One of the chief duties of the state is to supply its industries with larger sums, but it would be impossible to increase the resources of large-scale industry now running at a loss if small-scale undertakings which earn profits use all their working capital to increase their workers' wages. While opposing the simple reduction of wages the Superior Economic Council considers it essential that, when any kind of increase in wages is proposed, careful consideration should be given to the national importance of the undertaking or industry concerned.

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<sup>1</sup> i. e. supplying articles of current consumption.

<sup>2</sup> See Appendix II.

<sup>3</sup> *Economicheskaja Zhizn*, 3 Nov. 1923.

Owing to the increasing use of bank credit for financing industry, this policy lost its value. It was followed by a new tendency in the Soviet Government to have collective agreements approved in advance by the Supreme Economic Council. The system was inaugurated in November 1922, but met with opposition from the trade unions, which considered that, if the state itself proceeded to distribute the resources derived from industry and available for wages, the old system of the state wages fund would be restored. Once the state had approved a collective agreement it would be obliged to guarantee the payment of the wages fixed in the agreement, and in view of the general financial situation the state was not in a position to fulfil such obligations.<sup>1</sup> On 14 November 1922 the All-Russian Central Council of Trade Unions decided that the system of having collective agreements approved in advance by the Supreme Economic Council could not be accepted, and this decision was ratified in the Decree of 14 Decembre 1922.<sup>2</sup>

Nevertheless, by a Decree of 9 November 1922 the Council of the People's Commissaries established maximum wage rates in state undertakings and institutions with a view to stopping the rise in wages. These maxima included all payments for overtime and piece work, and no state undertaking was allowed to pay higher rates. Contraventions were dealt with under Sections 128 and 188 of the Penal Code.<sup>3</sup> At present these maximum rates are revised once a month and established by the Council of Labour and Defence.

The measure failed, however, to prevent the increase in wages, first, because the increase was made unavoidable by the rise in the cost of living, and, secondly, because the maxima fixed by the state were lower than the rates the workers succeeded in obtaining in private industry<sup>4</sup>. The Supreme Economic Council argued with the trade unions and economic authorities with

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<sup>1</sup> *Trood*, 31 Oct. and 9 Nov. 1922 ; *Economicheskaja Zhizn*, 23 Nov. 1922.

<sup>2</sup> Circular of the All-Russian Central Council of Trade Unions, 16 Dec. 1922.

<sup>3</sup> *Trood*, 10 Nov. 1922. The Sections of the Penal Code in question run as follows, the first applying to administrative officials, the second to workers :

“(128) The managers of state undertakings whose unsatisfactory management has led to a reduction in the quantity or quality of output or who have dilapidated the resources of the undertaking shall be liable to imprisonment or penal servitude for a period of not less than one year.”

“(188) Any fraudulent action resulting in losses to the state or a public service shall be punishable by imprisonment for not less than one year”.

<sup>4</sup> Cf. Appendix II.

increasing force to demonstrate the impossibility of still further raising wages. One of the many circulars published in this connection draws the attention of the economic authorities to the fact :

That when examining the possibility of satisfying the demands of the trade unions on the occasion of concluding collective agreements they should in no way count on supplementary credits. The economic authorities may only count on their working capital or sums assigned to them under the state budget... The economic condition of the country makes it essential to bring down the cost of production as much as possible during the next few months in order to increase the sale of produce and to capture the market.

Wages must be maintained at their present level in most industries, especially small industries, and increases should only be allowed in branches of industry or undertakings in which wages are considerably below the general average... The policy to be followed by the economic authorities in the matter of wages during the next few months must be that of not increasing wages except in certain special cases.<sup>1</sup>

In order to compel the economic authorities to adopt a uniform wage policy the Supreme Economic Council by a Decree of 21 May 1923 set up a special office for studying wage questions.

The duties of this Office included those of establishing a uniform policy and generally co-ordinating work on wages and material obligations, with a view to the conclusion or renewal of collective agreements.<sup>2</sup> The various departments of the Supreme Economic Council are represented in the office, which also includes representatives of the Council of Congresses of Industry, Transport, and Commerce, and the Council of the commercial trusts in various branches of industry. The decisions of the Office when confirmed by the Supreme Economic Council had the force of compulsory Decrees.

In their turn representatives of the economic authorities, meeting at the Congress of Industrial Offices in June 1923, decided to stop the rise in wages, to allow further increases only in cases of increased productivity of labour, and to reduce to a minimum all expenditure other than the payment of wages (payment by undertakings for welfare institutions, etc.).<sup>3</sup>

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<sup>1</sup> Circular of the Supreme Economic Council of 21 Apr. 1923 (*Torgovo-Promyshlennaia Gazetta*, 24 Apr. 1923).

<sup>2</sup> *Torgovo-Promyshlennaia Gazetta*, 30 May 1923.

<sup>3</sup> *Trood*, 27 June 1923.

The question of wage policy is at present a matter of dispute between the trade unions and the Soviet economic authorities. The state, which had at first given the contracting parties full liberty to fix wages, now tends to limit their liberty and to prevent increases. There has recently been an accentuation of this return to state interference, and to judge from the trade union press there have been many cases in which the local authorities of the government have modified the part of collective agreements signed by their representatives which deals with wages, drawing up arbitrary scales of their own or even simply prohibiting the economic authorities from entering into such agreements. This policy is tending to become general. In thirty provinces "it has given rise to numerous and very unfortunate disputes. It weakens the position of the trade unions, which from being contracting parties become simply the executants of the Decrees".<sup>1</sup> Under such conditions the minimum wage rates established by the state have lost their importance and exist only on paper. The wages actually paid under collective agreements or even under individual labour agreements increase much more rapidly than the minima fixed by the central Government.

A movement in favour of establishing minimum rates for each locality is growing. If it succeeds it will annul the policy of minimum rates established by the state and compulsory for all undertakings. The opposition of the authorities and the trade unions has still to be overcome, but it is generally held that the state will find some difficulty in maintaining its position, owing partly to the critical financial and economic situation of state institutions and partly to the considerable development of free labour agreements and especially collective agreements.<sup>2</sup>

Those concerned in these matters now realise that the intervention of the state in the determination of wages is purely theoretical from the point of view of the state; in practice it is merely a hindrance to the policy of the trade unions.

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<sup>1</sup> *Trood*, 3 May and 10 June 1923.

<sup>2</sup> A. RABINOVICH : "Wages and State Regulation", in "Commerce, Industry and Transport Review", May-June 1923. GOUREVITCH : "The Policy of Wage Regulation", in *Viestnik Trooda*, May 1923.

## Collective Agreements<sup>1</sup>

### *Legislation in Force.*

- (1) Labour Code (1922 edition), Part IV, Sections 5 to 26.
- (2) Decree of the Council of the People's Commissaries of 23 August 1922 on collective agreements.
- (3) Instructions of the Commissariat of Labour of 4 September 1922 on the system of registering collective agreements.
- (4) Decree of the Supreme Economic Council of 22 September 1922 on the right to conclude collective agreements.
- (5) Special Order of the Supreme Economic Council of 29 September 1922 on the obligation of the state economic authorities to carry out the provisions of collective agreements.
- (6) Circular of the Commissariat of Labour of 7 October 1922 on the registration of collective agreements.
- (7) Decree of the Commissariat of Labour of 9 October 1922 on the responsibility of the contracting parties for violation of the clauses of collective agreements.
- (8) Resolution of the Central Disputes Committees of 9 December 1922 on the validity of agreements.
- (9) Decree of the Supreme Economic Council of 16 December 1922 on the conclusion of collective agreements.
- (10) Decrees of the Commissariat of Labour of 2 February and 25 April 1923 on the registration of collective agreements.
- (11) Circular of the Commissariat of Labour of 7 and 8 June 1923 on the registration of collective agreements.

### THE NEW ECONOMIC POLICY AND COLLECTIVE AGREEMENTS

The changes in wage policy led to important alterations both in the form and matter of contracts of engagement. As was shown in the previous chapter, when the state ceased to fix wage rates the latter were established by collective agreements, which

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<sup>1</sup> Cf. also Appendix III : *Collective Agreements*.

became one of the legal forms of contracts of engagement and covered all conditions of work.

This development was inevitable, because the trade unions, instead of establishing compulsory wage rates, as formerly, by Decree (a power conferred on them as state organisations), became party to the determination of wages both in private and in state industry. In September 1922 the fifth Trade Union Congress stated that the development of private industry side by side with state industry and the management of nationalised undertakings 'on commercial lines' left only one method of determining conditions of work not dealt with in the Labour Code, namely that of free contracts of engagement. The most satisfactory kind of contract was the collective agreement, as it could be adapted to the particular conditions of various branches of industry and different undertakings.<sup>1</sup>

Collective agreements had been used since April 1922 and, owing to the trade union campaign in their favour, they were rapidly and widely extended. The Soviet Government was compelled to issue several compulsory Decrees regulating the conditions under which collective agreements were to be concluded and enforced, but legislation on the subject is still very undeveloped. Several legal problems connected with the enforcement of collective agreements have not yet been settled, owing to the fact that neither the Government nor the trade unions have a precise conception of the collective agreement or its legal character. Although legislation on the subject is recent, it is subject to continual alteration. The main features of Soviet policy in this matter are touched on below.

#### CONCLUSION OF COLLECTIVE AGREEMENTS

The growing use of collective agreements raised a question of capital importance for the trade unions— whether the conclusion of agreements should be made compulsory or not. This in turn raised the further question of the limits to be placed on state regulation of wages. If the use of collective agreements were made compulsory there would be a return to the former policy, which had become impracticable for the many reasons, mainly economic in character, dealt with in the previous chapter.

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<sup>1</sup>Verbatim report of the fifth All-Russian Congress of Trade Unions, 17 to 22 Sept. 1922, p. 526. Moscow, 1922.

At first the attitude of the trade unions was uncertain, but the leaders of the movement were altogether opposed to the idea of compulsory agreements. According to the reporter on the subject to the fifth Trade Union Congress :

Legal standards in this country are established in the Labour Code. If we were to fix wages scales by Decree we would return to the regulation of wages by the state. Nor can we fix the duration of the agreement, owing to the incessant fluctuations in the value of the rouble. If the conclusion of an agreement were made compulsory for a whole industrial branch, this would reintroduce the former system of state regulation. On the other hand to demand that the adoption of collective agreements should be compulsory for private capitalists would argue a lack of faith in our own powers, and that at a time when we have no real capitalists but only shopkeepers.<sup>1</sup>

The fifth Trade Union Congress considered it undesirable to make the use of collective agreements compulsory.

While considering that collective agreements are the only practical and useful means of regulating wages, the Congress holds that their conclusion should not be made compulsory. Since the trade unions are recognised by Soviet legislation as the legal representatives of the workers, it would be useless to make collective agreements compulsory, because it is impossible to regulate by Decree the contents of such agreements unless a return to state regulation of wages is desired.<sup>2</sup>

Certain trade unions, however, had adopted a contrary attitude from the beginning, and many conferences carried resolutions in favour of compulsion,<sup>3</sup> not only for private undertakings but also for nationalised undertakings and various state economic authorities, although the latter were not in favour of the system of collective agreements.

As has already been explained, when the state economic authorities concluded collective agreements they had to grant wage rates considerably above those fixed as maxima by the state. This increase in expenditure placed industry in a very difficult position. When undertakings were reorganised "on commercial lines" and

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<sup>1</sup> Report of the president of the All-Russian Central Council of Trade Unions to the fifth Congress of Trade Unions. Verbatim Report of the fifth Congress, pp. 111-113.

<sup>2</sup> *Ibid*, p. 528.

<sup>3</sup> *Izvestia*, 17 Sept. 1922, *Trood*, 24 Sept. 1922, and *Economicheskaja Zhizn*, 24 Sept. and 4 Oct. 1922.

had themselves to pay wages which were formerly allocated to them by the state, they became much more cautious than before when questions of increasing wages arose.

At first the Council of the People's Commissaries and the Supreme Economic Council also considered that collective agreements should be compulsory, and a model agreement was even drafted. The pressure of the Central Council of Trade Unions however, induced the Soviet Government to reject the principle of compulsion. Nevertheless there is acute opposition between the trade unions and the state economic authorities on this question, for the latter not merely regard collective agreements as optional, but in practice frequently fail to take into account agreements which have already been concluded.

#### THE LEGAL ASPECT OF COLLECTIVE AGREEMENTS

The legal nature of collective agreements is defined by Sections 1 and 2 of the Decree of the Council of the People's Commissaries of 23 August 1922 and Sections 15, 16, 19, and 20 of the Labour Code which came into force on 15 November 1922.<sup>1</sup> Collective agreements are not contracts of engagement but merely "free agreements between trade unions and employers for defining the contents of individual contracts of engagement to be entered into subsequently" (Section 1 of the Decree). The collective agreement therefore established only general conditions of work which are to be determined more exactly in each individual labour agreement (Section 15 of the Labour Code of 1922). The Decree of 23 August 1922 and Section 15 of the Labour Code prescribe that the contracting parties shall be the employer (individual or collective) and the manual and non-manual workers, represented by the trade union, the latter alone being entitled to conclude collective agreements. This is followed by a very important provision to the effect that the joint committees appointed in each undertaking to fix wages and settle disputes, while taking an active part in drafting and discussing collective agreements, have no power to sign an agreement as contracting parties.

The Decree of 23 August 1922 and the new Labour Code bring out the legal character of collective agreements by stipulating that "the provisions of the collective agreement shall apply to all

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<sup>1</sup> *Izvestia N. K. T.*, Nos. 7-16, 23 Sept. 1922. The Labour Code 1922 ; see INTERNATIONAL LABOUR OFFICE: *Legislative Series*, 1922, Russ. 1 (in French, English, and German).

persons employed in the undertaking whether they are members of the trade union or not (Section 2 of the Decree and Section 16 of the Code). Thus collective agreements are compulsory not only for the persons who have signed them or who have accepted their enforcement, but also for third parties who have not assented. The conditions of work established by collective agreement must be included in all individual agreements entered into in the undertakings in question.<sup>1</sup> At the same time clauses of collective agreements which establish conditions of work inferior to those laid down by existing legislation are null and void (Section 19 of the Code and Section 6 of the Decree).

Moreover, the economic authorities (i. e. the managements of state undertakings and institutions and their groups) must not confine themselves to repeating in collective agreements standards and conditions of work established by legislation. While taking into account the possibility of carrying out the obligations they assume, they must prescribe detailed measures for the protection of labour and the periods within which these must be carried out (Order of the Supreme Economic Council No. 427 of 29 September 1922).

#### TYPES OF AGREEMENT

Collective agreements may be general or local. General agreements cover the whole of Russia, while local agreements apply to a specified undertaking, a district (*uyezd*), one or more provinces, or a region. The existence of a general agreement does not exclude the possibility of local agreements if clauses to that effect are contained in the general agreement (Section 17 of the Code and Section 3 of the Decree).

The methods of concluding general and local agreements differ. A general agreement is entered into between the central committee of a trade union and the central management of the union of undertakings (trust, syndicate) or a central state institution. Local

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<sup>1</sup> The Soviet Act of 23 August 1922 differs in this respect from the German Act of 23 December 1918 and the French Act of 25 March 1919. Cf. Prof. G. PIROU: "The Theory of the Collective Labour Contract in France", in *International Labour Review*, Vol. V, No. 1, Jan. 1922, pp. 35-50; and Dr. Fritz SITZLER: "The Law of Collective Bargaining in Germany"; *ibid.*, Vol. VI, No. 4, Oct. 1922, pp. 511-526. See also VOITINSKY: "Collective Agreements under the Labour Code", in *Voprosy Trooda*, Nos. 5-6, 1923.

agreements are entered into between local branches of the trade union and the local economic authorities or the management of the undertaking.

Collective agreements are signed on behalf of the trade union by its officers (*Presidium*) and on behalf of the employer either by the chairman or secretary of the economic group, if the contracting party is a group of undertakings, or by the responsible head of the undertaking in the case of an individual undertaking (Section 4 of the Decree).

#### DURATION AND VALIDITY OF AGREEMENTS

The maximum duration of a collective agreement is fixed for the various branches of industry by the Commissariat of Labour in agreement with the All-Russian Central Council of Trade Unions (Section 18 of the Labour Code).

Agreements are not valid unless they are signed by the parties and registered with the Commissariat of Labour (or its departments) within three days of their conclusion<sup>1</sup> (Section 21 of the Code and Section 8 of the Decree). According to a circular of the Commissariat of Labour the registration of collective agreements does not necessarily involve their ratification, that question not arising for collective agreements. Certain Soviet jurists, however, consider that the object of the Code in making the registration of agreements compulsory was to give the Commissariat of Labour power to check the legality of the conditions laid down in collective agreements. They base their contention on Sections 22 and 25 of the Code, which make the validity of an agreement dependent on its registration.

The question has not yet been completely settled either by legislation or in contracts, and according to the *Voprosy Trooda* there is a certain contradiction between Section 21 of the Code, which makes the validity of the contract dependent on its registration, and Section 18, which empowers the bodies responsible for registering the agreement to register only those parts which are in conformity with existing legislation. Agreements containing clauses on conditions of work in contradiction with the Labour Code may not be registered. When such agreements are concluded, the labour department must adopt a decision within 48 hours recording its refusal to register the agreement, stating the reasons

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<sup>1</sup> Decree of the Commissariat of Labour, 2 Feb. 1923.

for such refusal, and indicating the changes which must be adopted before the agreement can be registered. Copies of the decision are sent to the contracting parties. If within three days of receiving such copies the latter have formulated no objections, the changes proposed by the labour department are considered to be accepted. If the parties are agreed on the point, they introduce the proposed alterations in the text of the agreement and submit it again to the labour department for registration. If the parties so demand, the labour department may register only that part of the agreement which is in conformity with labour legislation.<sup>1</sup>

Registered agreements remain in force for the whole of the period of their validity. They may not be cancelled on account of a change in the management of the undertaking (the legal person party to the agreement), reorganisation of the undertaking, or its transference to another proprietor (Section 19 of the Decree).

Registration is also compulsory for all renewed agreements, even though no changes are introduced, and for all amendments to an agreement (Section 23 of the Code and Section 11 of the Decree).

Registered agreements come into force on the date of signature by the contracting parties or at the time fixed in the agreement (Section 22 of the Code).

#### RESPONSIBILITY FOR CONTRAVENTION

Section 20 of the Labour Code lays down that trade unions are not pecuniarily responsible for contraventions of agreements by the workers. According to regulations issued by the Commissariat of Labour on responsibility for contraventions of collective agreements, undertakings or institutions contravening clauses of a collective agreement are liable before the civil courts to the full

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<sup>1</sup> The agreements must be presented for registration in triplicate, together with a registration card duly filled in. They are registered in a special book known as the Collective Agreement Record, which must contain the following information: (a) serial number, (b) date of registration, (c) date of signature of the agreement, (d) the parties to the agreement, (e) duration of the agreement, (f) signatures of the persons who have received copies of the agreement, (g) the number of workers covered by the agreement.

When the agreement is registered, the original document is marked with the date of registration, the serial number in the Record, and the name of the labour department registering. The parties to the agreement receive officially certified copies with a note of registration.

extent of their assets. If the offenders are workers, the management of the undertaking (institution) may dismiss them without paying compensation. If a dispute arises out of the violation of the terms of an agreement (total or partial strike) the body responsible for enquiring into the cause of the violation itself decides whether or not wages for the strike period are to be paid.<sup>1</sup>

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<sup>1</sup> *Trood*, 10 Oct. 1922.

## Settlement of Disputes <sup>1</sup>

### *Legislation in Force*

- (1) Labour Code (1922 edition) Part XVI : "Organisations for the Settlement of Disputes and Investigation of Complaints Respecting the Contravention of Labor Laws", Sections 168 to 174.
- (2) Penal Code (1922 edition), Sections 132 and 133.
- (3) Criminal Procedure Code (1922 edition), Sections 403 to 405.
- (4) Regulation of 18 January 1922 on organisations for the settlement of disputes.
- (5) Circular of the Central Disputes Committee of 4 May 1922 on the competence of the disputes committees attached to the local branches of the Commissariat of Labour.
- (6) Decree of the Council of the People's Commissaries of 18 July 1922 containing regulations on conciliation chambers and arbitration courts.
- (7) Circular of the Commissariat of Labour on the competence of the disputes committees (undated).
- (8) Circular of the All-Russian Central Council of Trade Unions of 21 August 1922 on joint committees.
- (9) Instruction of the Commissariat of Labour of 29 August 1922 on the enforcement of the Regulations of 18 July 1922.
- (10) Special Order of the Supreme Economic Council of 2 September 1922 on methods of conciliation in disputes.
- (11) Decree of the Commissariat of Labour of 7 September 1922 on arbitration courts.
- (12) Circular of the Commissariat of Labour of 13 September 1922 on arbitration courts.
- (13) Circular of the Commissariat of Labour of 20 September 1922 on the organisation of bodies for the settlement of disputes outside the local branches of the Commissariat of Labour.

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<sup>1</sup> Cf. also Appendix IV : *Industrial Disputes*.

- (14) Circular of the Commissariat of Labour of 28 September 1922 on methods of conciliation in disputes.
- (15) Decree of the Council of the People's Commissaries of 4 October 1922 on disputes authorities in transport undertakings.
- (16) Decree of the Commissariat of Labour of 13 October 1922 on joint committees.
- (17) Decree of the Commissariat of Labour of 14 October 1922 on the procedure to be followed in the settlement of disputes.
- (18) Decree of the Commissariat of Labour of 13 November 1922 containing regulations on joint committees.
- (19) Decree of the Commissariat of Labour and the Commissariat of Justice of 23 November 1922 on the disputes committees attached to the Commissariat of Labour.
- (20) Decree of the Commissariat of Labour of 21 January 1923 on the investigation of complaints respecting contraventions of labour legislation.
- (21) Decree of the Commissariat of Labour of 11 February 1923 on the competence of the disputes committees in criminal cases.
- (22) Circular of the Commissariat of Labour of 21 March 1923 on appeals against decisions of conciliation chambers and arbitration courts.
- (23) Decree of the Commissariat of Labour of 23 March 1923 on conciliation chambers and arbitration courts.
- (24) Decree of the Council of the People's Commissaries of 31 March 1923 on the abolition of the disputes committees.
- (25) Circular of the Commissariat of Labour and the Commissariat of Justice of 15 May 1923 on the organisation of special sittings of the People's courts for labour questions.
- (26) Decree of the Council of the People's Commissaries of 21 August 1923 on disputes in transport undertakings.
- (27) Instruction of the Commissariat of Labour of 5 September 1923 on conciliation chambers and arbitration courts.
- (28) Instruction of the Commissariat of Labour of 28 September 1923 on the organisation of conciliation chambers and arbitration courts in transport undertakings.

METHODS OF SETTLEMENT IN THE PERIOD OF COMMUNISM

Until the adoption of the new economic policy the conception of industrial disputes in Soviet Russia did not exist, for in theory disputes were impossible under a Communist system. Compulsory labour had abolished the free engagement of workers based on mutual agreement between the parties. Since wages were fixed by the state, there could be no question of free agreement on this point. The state, by providing supplies for the workers, was responsible for their wages. This responsibility was neither formal nor legal, but solely material. Not only was the state the only employer, owing to the nationalisation and the administration of nationalised industry, but it was also the only authority in a position to determine the conditions of work in its own undertakings. Contravention of such conditions was not considered to be a contravention of a freely concluded agreement, but of labour legislation, which therefore could not lead to dispute between the parties, but simply to administrative proceedings.

When the trade unions took part in the management of undertakings as government bodies, any contravention of the laws established by the government was considered simply as a disciplinary offence and punished accordingly.<sup>1</sup> With the continued development of state control the trade unions had to consider the relations between trade unionism and the Soviet Government. The latter had become the proprietor of almost all undertakings, in which it employed members of trade unions whose interests ought to be defended by the unions. The question was settled on the principle that while the Government pursued a Communist policy and state undertakings were no longer run on capitalist lines, there could be no disputes or misunderstandings between the executive authority and the workers, and it would therefore be useless to adopt legislation in the matter.<sup>2</sup>

Workers who violated the provisions concerning conditions of work established by the Labour Code were liable to disciplinary punishment. As early as 1919 the trade unions had set up courts to deal with all such violations, and in 1920 a special Penal Code

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<sup>1</sup> MAISELS : "Disputes in Moscow at the Beginning of 1922", in *Viestnik Trooda*, May 1922.

<sup>2</sup> LIFSCHITZ : "Former Labour Legislation and the New Labour Code", in *Viestnik Trooda*, Nov.-Dec. 1922.

for breaches of discipline was drawn up. The creation of the Principal Committee for Compulsory Labour Service increased the importance of the trade unions on all bodies appointed to deal with breaches of labour discipline. These were taken to include not only refusal to work (desertion) but also illegal absence, unsatisfactory work, etc.<sup>1</sup>

This theory of the trade unions, that in nationalised industry there could be no dispute between the state, which owned and managed undertakings, and the workers, was, however, contradicted by experience. Owing to the diversity of conditions of work, the application of Communist policy led to misunderstanding and frequent collision. With a view to settling questions concerning both the workers and the management of undertakings, the trade unions organised conciliation committees, which were not set up by legislation. They were started in 1918, and subsequently became of considerable importance. As a matter of fact, before the introduction of the new economic policy the trade unions, through their conciliation committees, were the only bodies which dealt with disputes between the management and the workers. These committees based their activities on the principle that there could be no divergence of interest in an undertaking between the workers representing the management and those representing labour, since both belonged to the working classes, the interests of which were defended by the trade unions. Consequently cases brought before the union were not disputes between employers and workers, but simply required a pronouncement on the application of legislation.

The work of the conciliation committees was thus entirely one-sided, the committees, which consisted of delegates of the unionist workers, explained or interpreted any given legislative provision, after hearing the respective statements of the management and the workers. The explanation given by the trade union conciliation committee by no means always satisfied one or other party. When it was impossible to reach an agreement between employers and workers, the trade union applied for explanations to the local labour department, a branch of the Commissariat of Labour; the decision of this body was considered final and irrevocable. Owing to the increase in such applications, the labour departments decided to organise their own disputes committees, which acted as higher

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<sup>1</sup> Report of the All-Russian Central Council of Trade Unions, March 1920 to April 1921. Moscow, 1921.

authorities for the settlement of disputes between management and workers.

#### DEVELOPMENTS UNDER THE NEW ECONOMIC POLICY

After the introduction of the new economic policy and the restoration of the free engagement of labour based on labour agreements, the attitude to be adopted by the state towards contraventions of such agreements had to be defined. When agreements, whether individual or collective, between employers and employed were concluded voluntarily by mutual consent, the question was no longer one of securing the enjoyment of their rights by either party under labour legislation alone, but also under the clauses of the collective agreement. Under such conditions the rights and interests of the parties could not be protected by the state supervisory authorities (factory inspectorate), nor by the disputes committees set up by the trade unions, nor by the factory committees.

The trade union leaders expected that as soon as capitalist methods of working were adopted in state undertakings disputes would arise, and that the method of settling them must be considered.

It would be sheer nonsense on the part of the trade unions to deny the possibility of labour disputes now. Formerly the unions themselves determined the conditions of work, the executive authorities confining themselves to confirming such regulations, a merely formal measure. Today conditions of work in both nationalised and private undertakings are regulated by agreements between the parties, and where there is agreement there may also be disagreement, that is to say dispute.<sup>1</sup>

The possibility of a dispute between the management and the workers of an undertaking had become so obvious that everyone felt the need for the creation of special authorities to mediate in future disputes. Before setting up such bodies, a question of principle had to be settled: whether the bodies intended to mediate in disputes arising out of the interpretation of freely concluded contracts of engagement should be set up voluntarily by mutual agreement, and if not, whether this work should, as before, be entrusted to the trade unions and state authorities.

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<sup>1</sup> *Viestnik Trooda*, Nov.-Dec. 1922. Cf. article quoted above.

Before accepting the former alternative, the Soviet Government had to alter its policy considerably; the methods which were at first adopted for the settlement of disputes were still so widely used throughout 1922 that they must be discussed in detail.

After the introduction of the new economic policy a certain proportion of the trade unions leaders considered that the one-sided system of conciliation adopted before 1921 could no longer be accepted by employers. Under this system the trade union or even an inter-trade union organisation would be at once party to the case and judge in questions of interpreting or enforcing the clauses of a collective agreement. The supporters of this view maintained that since the trade unions were to give up their exclusive right to regulate conditions of work and wages in private industry, a right which they then enjoyed in nationalised industry, they could no longer undertake the settlement of disputes.

This attitude was opposed by others, who urged that the legal existence of capitalism in the Soviet State was only a temporary concession. It was clear that this fundamental economic concession would lead to many others in order to give private capital the guarantees without which private initiative could hardly develop. Nevertheless, the Soviet Government ought not to encourage the development and strengthening of private capital and employers' organisations; if the trade unions were no longer to regulate wages and conditions of work they would be placed at a disadvantage as compared with the employers. The decisions putting an end to a dispute formed an integral part of the policy of labour regulation, and therefore the trade unions should not be deprived of the right to pronounce such decisions. To apply the joint system to the settlement of all questions arising out of labour agreements, and to make them subject to the legal sanction of the Commissariat of Labour, "would be in the first place a premature concession to the renascent bourgeoisie, and in the second a precipitate concession which was not justified by circumstances. Such a measure would create an atmosphere favourable to an organisation of private employers".<sup>1</sup>

The supporters of this second view therefore concluded that the joint system should be introduced only in the disputes committees set up in the actual undertaking. Disputes which could

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<sup>1</sup> J. RIEZNIKOV: "The New Tendency and Labour Policy", in *Viestnik Trooda*, July-Aug. 1921.

not be settled amicably in the undertaking itself should be dealt with by the trade union.

This was the view at first adopted. On 18 January 1922 a Decree was issued on "committees for the settlement of disputes and determination of wages", generally known as "joint committees" owing to their composition on the joint principle. On account of its unsatisfactory drafting, this Decree was never published in an official government journal, but it served as a basis for the creation of joint committees, which were in 1922 and still are of considerable importance. The conciliation committees established by the trade unions and in the branches of the Commissariat of Labour were maintained side by side with the joint committees. No fixed procedure was laid down for the examination of disputes by these various institutions nor was their internal organisation defined. In brief, while the authorities before which disputes were first brought for conciliation worked on the joint principle, the other bodies retained their one-sided character.

With the increasing use of collective agreements, it became impossible for the joint committees to deal with all complaints. The need for other conciliation authorities on a joint system became more and more pressing, and was met by the regulations of 18 July 1922 concerning conciliation chambers and arbitration courts. The creation of these new joint authorities, however, merely complicated the situation still more.

A further matter to be settled was the order in which disputes were to be submitted to the various authorities. In practice the procedure varied considerably. In certain cases in which agreement had not been reached in the joint committee the dispute was referred to the conciliation chamber, but in most cases it was first submitted to the trade union conciliation committee, which decided whether it was to be referred to the disputes committee of the labour department or to a conciliation chamber. In accordance with the new Decree the Central Council of Trade Unions issued instructions on the procedure to be adopted. The Council decided that the existence of the trade union conciliation committees was no longer justified, and that disputes which were not settled by the joint committee should be submitted directly to the conciliation chamber.

This opinion of the Central Council of Trade Unions gave rise to violent discussion, the question being whether the trade union

conciliation committees should be maintained or not. Those who supported their maintenance under the conditions created by the new economic policy asserted that in practice the procedure of conciliation was much more rapid in these committees, that the work of the committees increased the prestige of the trade unions, and that, if conciliation in all disputes were to be transferred to the disputes committees of the Commissariat of Labour or the conciliation chambers, the trade unions in general would be weakened, procedure would be complicated and delayed, and there would be an incentive to the workers to strike in order to hasten the settlement of the dispute.<sup>1</sup> At many trade union meetings the maintenance of the trade union conciliation committees as the compulsory authorities of second instance was demanded. Certain collective agreements entered into by the unions even contained clauses stipulating that disputes should be referred to the trade union conciliation committee before being submitted to the conciliation chamber or the disputes committees of the Commissariat of Labour.<sup>2</sup>

This controversy, which gave rise to much agitation in certain trade unionist quarters, was brought before the fifth All-Russian Congress of Trade Unions (17 to 22 September 1922), the majority of which proved opposed to the maintenance of the trade union conciliation committees.<sup>3</sup> The Congress adopted a resolution approving the policy of the All-Russian Central Council of Trade Unions in the matter of conciliation, and "vigorously condemning tactics which aimed at making the trade unions alone responsible for the conciliation of disputes and were incompatible with the tenor of the agreement." This resolution further laid down the order of procedure.

In future, disputes should be brought before the joint committees. If an agreement is not reached, they must then be brought before the official disputes authorities (conciliation chambers and arbitration courts). In general a dispute should not be submitted to a higher authority until the trade union has exhausted all other means of reaching direct agreement with the local economic authorities.

It is inadmissible that the trade unions should alone be competent

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<sup>1</sup> MELNICHANSKY : " Conciliation in Disputes ", in *Trood*, 9 Aug. 1922. SAFONOF : " Is it Necessary to create Disputes Committees in the Trade Unions ? ", in *Trood*, 12 Aug. 1922.

<sup>2</sup> *Trood*, 10 and 18 Aug. 1922.

<sup>3</sup> Verbatim report of the fifth All-Russian Congress of Trade Unions, pp. 371-403. Moscow, 1922.

to conciliate in disputes ; this would simply lead to bureaucratic procedure. In order to strengthen the bonds between the working masses and the trade unions, and to increase the authority of the decisions of the trade union in the eyes of the workers, it is essential that the first examination of the dispute should take place in the undertaking itself.

In addition to the difficulties as to the relative competence of the different authorities, the creation of conciliation chambers and arbitration courts led to the fear among the higher economic authorities that the trade unions would lose their authority because they would no longer be the only bodies to settle disputes. An attempt was even made to avert this danger by a special Order of the Supreme Economic Council of 2 September 1922.

Disputes between the management of an undertaking and the factory committee concerning the application of the collective agreement or the observance of conditions of work which have not been settled by the joint committees and might give rise to a serious dispute, must be examined by the management and the factory committee in the presence of a delegate of the trade union concerned. If no agreement is reached, the question shall be submitted to a higher economic authority and the provincial branch of the trade union concerned. If again there is no agreement, the dispute shall be brought before the institutions of the Commissariat of Labour in the order laid down by law.<sup>1</sup>

This Order, which in fact restored the former one-sided method of conciliating disputes mainly through the medium of the trade unions, was in such contradiction with the tendencies of new legislation on disputes that the Commissariat of Labour found itself compelled to issue supplementary instructions on the method of conciliation in disputes.

The Disputes Department of the Commissariat of Labour states that the system of conciliation in disputes described in the Order of the Supreme Economic Council of 2 September 1922 has not the force of law. It is merely a recommendation of the Council to the economic authorities on the tactics to be adopted by them in disputes with the trade unions. The whole conciliation procedure described in the Order of the Council is in the nature of preliminary negotiations with a view to amicable solution. It must not be regarded as new procedure in the matter of disputes. The opposite party is entitled to stop such negotiations, should he so desire, by appealing to the institutions for which provision is made in the law on the settlement of disputes.<sup>2</sup>

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<sup>1</sup> *Economicheskaja Zhizn*, 5 Sept. 1922.

<sup>2</sup> *Izvestia N. K. T.*, Nos. 8-17, 1 Oct. 1922.

The new Labour Code which came into force on 15 November 1922 complied with the last resolution of the fifth Trade Union Congress and the policy adopted by the Commissariat of Labour, and mentioned the joint committees, the conciliation chambers, and arbitration courts only as conciliation authorities. On 22 November 1922 another Decree was issued to take the place of the defective Decree of January 1922 and to supplement the decisions of the Congress and the corresponding Sections of the Labour Code. In this Decree the joint committees were for the first time definitely included in the general scheme of conciliation authorities.

There was still a point on which the whole system was obscure and incomplete, leading to a certain degree of instability. The question arose as to the future of the disputes committees of the Commissariat of Labour and its local branches. These committees, as shown above, had gradually become authorities of second instance, to which the trade unions submitted on their own initiative all disputes which could not be settled by the trade union conciliation committees. When the conciliation chambers and arbitration courts were created, the work of these disputes committees became quite indefinite, but in practice the trade unions often had recourse to them. Since disputes arising out of collective agreements were generally referred to the conciliation chambers, the disputes committees mainly dealt with those arising out of individual labour agreements. The Labour Code, however, created special authorities for examining disputes arising out of the interpretation or application of individual labour agreements, namely the labour courts.

The trade unions and the Commissariat of Labour considered that the disputes committees should be maintained to supervise the enforcement of labour legislation. It was thought that the committees would have sufficient power satisfactorily to conduct government policy with respect to private employers. While certain trade unions considered that disputes which were not settled by the joint committees should not be submitted directly for decision to the disputes committees of the Commissariat of Labour,<sup>1</sup> others maintained, in agreement with Mr. Rudzutak, general secretary of the All-Russian Central Council of Trade Unions, that the disputes committees should be the authorities of first instance after the joint committees, and that disputes which

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<sup>1</sup> *Izvestia*, 26 June 1922.

were not settled there should then be sent direct to the conciliation chambers and arbitration courts.<sup>1</sup>

It has already been stated that the new Labour Code made no reference to the disputes committees attached to the Commissariat of Labour. They were not even mentioned in the regulations on conciliation chambers and arbitration courts published on 18 July 1922. The resulting state of uncertainty led to much recrimination on the part of the trade unions. A press controversy followed, and to put an end to the matter the Commissariat of Labour and the Commissariat of Justice issued a special Decree on 23 November 1922. "Until further order, the disputes committees of the Commissariat of Labour and the corresponding local authorities shall continue to work in accordance with the Decree of 18 January 1922 and subsequent decisions of the Commissariat of Labour."<sup>2</sup>

The disputes committees were thus maintained, but their powers had already been reduced. The circular of the Commissariat of Labour of 14 November 1922 on conciliation procedure, which was addressed to the provincial labour departments, described the functions of the committees. Similarly, in a note of 30 August 1922, the Commissariat of Labour decided that disputes which had not been settled in the joint committees should be referred to the conciliation chambers and arbitration courts. This note supplemented and confirmed one of 15 August 1922, stating that "the disputes committees should examine disputes by applying and interpreting the rules laid down by proletarian legislation in the matter of private law, together with individual disputes between employers and employed arising out of the application of labour agreements or collective agreements."<sup>3</sup>

In practice the disputes committees dealt with cases arising in undertakings in which there were no collective agreements and in state institutions and undertakings. Thus of the total number of disputes dealt with by the disputes committees 91.9 per cent. arose in undertakings in which there were no collective agreements; 60.9 per cent. of the total had been referred by the joint committees; while 53.4 per cent. of the total occurred in state institutions and undertakings.<sup>4</sup>

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<sup>1</sup> *Economicheskaiia Zhizn*, 23 and 29 Sept. 1922.

<sup>2</sup> *Trood*, 25 Nov. 1922.

<sup>3</sup> *Ibid*, 16 Aug. 1922.

<sup>4</sup> *Ibid*, 24 Oct. 1922.

The committees were maintained provisionally only until the labour courts had been set up under the 1922 Labour Code. On 22 March 1923 the All-Russian Central Executive Committee decided to abolish all the committees and to transfer their duties and current business to the people's courts. The abolition, however, was to take place by degrees, step by step with the organisation of the special sittings of the people's courts for dealing with labour disputes. This organisation is still in its early stages, and the disputes committees continue to act, playing a considerable part in the whole system of conciliation in disputes.

In addition to all these questions of organisation was that whether the intervention of the conciliation authorities should be compulsory or voluntary, i. e. based on previous agreement between the parties. Opinion on this matter was divided. At first many trade union leaders demanded compulsory state arbitration, fearing that otherwise "the working classes would not be in a position to fight against the growing influence of private and foreign capitalists"<sup>1</sup>.

The second plenary session of the All-Russian Council of Trade Unions, held in February 1922, rejected the principle of compulsory arbitration, first, because it was necessary to attract private capital, and, secondly, because it might be dangerous to make the state responsible for the outcome of each dispute.<sup>2</sup>

When we came into power the common policy of the trade unions, the Commissariat of Labour, and the state legislature was to place capitalists in a position which would make all their economic activity useless and unprofitable. Conditions have now changed; the extreme reduction of our economic resources has compelled us to make use of private capital. It is now our duty to create conditions which, while respecting the character of the Soviet State, will make the work of private capital possible. For these reasons we must, on principle, reject compulsory state arbitration.

The conclusions of the report were accepted, and the Central Council of Trade Unions adopted the following resolution:

The Workers' and Peasants' State, while endeavouring to defend by legislation the interests of the workers, and to support and protect their organisations in general and the trade unions in particular, should

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<sup>1</sup> Bulletin of the Second Plenary Session of the All-Russian Central Council of Trade Unions (16 to 19 February 1922), No. 3, 21 Feb. 1922, p. 2.

<sup>2</sup> *Ibid*, No. 2, 18 Feb. 1922, pp. 8 and 9.

not intervene in disputes arising either in private or in state undertakings. The principle of compulsory state arbitration in disputes should be rejected. The state authorities, i.e. in this case the labour departments, should retain the right to settle disputes in small undertakings where there is no collective agreement signed by the trade unions.<sup>1</sup>

This resolution was confirmed by the fifth All-Russian Trade Union Congress (17 to 22 September 1922), which adopted the conclusions contained in the report of the Commissary of Labour, running as follows :

The alteration in the duties and general work of the Commissariat of Labour in the matter of conciliation of disputes are described as follows: it should assist the trade unions to form conciliation chambers and organise arbitration institutions, but should abstain from intervening in disputes in its capacity as a state authority and from imposing a specified conciliation procedure.<sup>2</sup>

Nevertheless, this refusal to accept compulsory intervention in disputes allowed of certain exceptions. For instance, the report submitted to the second plenary session of the Trade Union Council in February 1922 instances the following cases :

(1) when in a state undertakings the trade union and the management fail to agree on a referee ;

(2) when disputes take place in small industrial undertakings or home industries and there is no collective agreement ;

(3) when the nature of the dispute is serious enough to injure the economic interest of the state.<sup>3</sup>

At the fifth All-Russian Trade Union Congress in September 1922 these rules were slightly modified.

If there is no collective agreement, or if the dispute directly affects labour legislation, state conciliation is compulsory. On the other hand, if a dispute arises out of the application of a collective agreement, the Commissariat of Labour may in no case compel the parties to accept conciliation. It is the duty of the trade union to discover the best method of procedure. If the trade union refers the matter directly to the

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<sup>1</sup> Bulletin of the Second Plenary Session of the All-Russian Central Council of Trade Unions, Feb. 1922.

<sup>2</sup> Verbatim Report of the Fifth All-Russian Congress of Trade Unions, p. 87.

<sup>3</sup> Bulletin of the Second Plenary Session of the All-Russian Central Council of Trade Unions, Feb. 1922.

Commissariat of Labour, the latter should assist it in every possible way to discover a method of conciliation, but its work should go no further.<sup>1</sup>

#### ORGANISATIONS FOR THE SETTLEMENT OF DISPUTES

Under the legislation now in force<sup>2</sup> "all disputes arising out of the free employment of labour in state, public, or private undertakings or institutions shall be classified under two main heads": (1) individual disputes between employers and employed "arising out of the application of a contract of engagement"; (2) disputes arising out of the conclusion, carrying out, interpretation, or application of collective agreements or wage agreements in public or private undertakings or institutions. The first type of dispute may be described as one of law, the second as one of interests.

Disputes in the first group are settled by the application or interpretation of the legislation in force on conditions of work. The examination of disputes in the second group is dependent on previous decisions on conditions of work.<sup>3</sup> The new Labour Code (Sections 168-170), the regulations of 18 July 1922 concerning conciliation chambers and arbitration courts (and the new regulations of 23 March 1923), the Decree of the Council of the People's Commissaries of 23 August 1922 concerning collective agreements, and the instruction of the Commissariat of Labour of August 1922 establish two different kinds of procedure for conciliation. Disputes of the first type are subject to compulsory arbitration, while those of the second type are settled by conciliation. Disputes in state undertakings and institutions may be settled only by conciliation.<sup>4</sup>

Corresponding to the different types of disputes and different procedure adopted for their settlement, there are differences in the kinds of decision adopted by the conciliation authorities. Under compulsory arbitration for disputes arising out of free contracts

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<sup>1</sup> Report of the Fifth Congress, p. 87.

<sup>2</sup> Labour Code (1922 edition) Part XVI: "Organisations for the settlement of disputes and investigation of complaints respecting contraventions of labour law", Sections 168-169.

<sup>3</sup> A similar distinction is made in the German legislation of 23 December 1918. Cf. Professor KASSEL: *Das neue Arbeitsrecht*, Berlin, 1920: *International Labour Review*, Vol. V, No. 1, Jan. 1922: "Methods of Adjustment of Labour Disputes in Germany".

<sup>4</sup> Clause 2 of the instruction, clause 9 of the regulations of 13 July, and Section 7 of the Decree of 23 August.

of engagement, categorical and final decisions are reached to put an end to the dispute. Consequently the bodies dealing with disputes of this nature are at the same time judicial or administrative institutions and bodies for supervising the enforcement of criminal law. The procedure applied to disputes arising out of the application or interpretation of collective agreements or taking place in state undertakings or institutions aims at conciliation.

The authorities dealing with disputes, therefore, form two systems : the compulsory judicial system, on the one hand, and the conciliation system (Labour Code, Section 168), on the other. The first of these comprises the people's courts (special sittings) and the disputes committees attached to the Commissariat of Labour (Sections 168-169 of the Labour Code and Decrees of the Commissariat of Labour of 14 October and 23 November 1922 on disputes committees). The second system includes the joint committees (for fixing wages and settling disputes), the conciliation chambers and arbitration courts (Sections 168, 170-172 of the Labour Code, Regulations of 3 November 1923 on joint committees, and Regulations of 18 July 1922 and 23 March 1923 on conciliation chambers and arbitration courts).

The following are the authorities at present in existence :

- (1) the local disputes committees attached to the labour departments ;
- (2) the Central Disputes Committee of the Commissariat of Labour ;
- (3) people's courts in special sittings (labour courts) ;
- (4) joint committees (for fixing wages and settling disputes) in undertakings ;
- (5) conciliation chambers attached to the labour departments ;
- (6) arbitration courts attached to the Commissariat of Labour.

The system may be represented as follows :<sup>1</sup>

*Authority of first instance : Joint committee.*

COMPULSORY ARBITRATION

CONCILIATION

Special sittings of the people's courts.

Disputes committees attached to the local branch of the Commissariat of Labour.

Conciliation chamber attached to the local branch of the Commissariat of Labour.

Central Disputes Committee of the Commissariat of Labour.

Arbitration Court attached to the Commissariat of Labour.

<sup>1</sup> See appendix for detailed schedule showing the matters assigned to each of these authorities, etc.

BODIES FOR THE INVESTIGATION OF COMPLAINTS OF CONTRAVENTIONS  
OF LABOUR LEGISLATION

*Disputes Committees*<sup>1</sup>.

The competence of the disputes committees was defined as follows in the circular of 14 October 1922.<sup>2</sup>

All disputes arising out of the application of labour agreements and based on individual or collective complaints of manual or non-manual workers are subject to the jurisdiction of the disputes committees as soon as preliminary discussion between the trade union and the employer has failed to settle them.

Violations of the clauses of collective agreements are dealt with by the disputes committee if the trade union so demands. Cases involving action against the employer under the Penal Code (Section 133) come under the jurisdiction of the people's courts. The latter are also competent to decide cases of contravention of the Labour Code and social insurance legislation. If the general decision on a case cannot be affected by the result of criminal proceedings under the Penal Code, the case is submitted to the disputes committee without awaiting such result.

If the disputes committee, when dealing with a complaint made by manual or non-manual workers, discovers that the employer has been guilty of contravening the Labour Code or social insurance legislation, it refers the case to the competent authorities, while continuing to examine the original point at issue between employer and employed<sup>3</sup>, whether the employer is the state or a private individual.

According to a circular of the Disputes Department of the Commissariat of Labour the disputes committees are competent only in civil and not in criminal cases; they have no right to issue subpoenas or to impose fines.<sup>4</sup> The people's court is alone entitled to take proceedings against or arrest persons who contravene the decisions of the disputes committees, or to impose fines.<sup>5</sup> The

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<sup>1</sup> Cf. Appendix IV.

<sup>2</sup> *Trood*, 24 Oct. 1922.

<sup>3</sup> Cf. the Circular of the Central Disputes Committee of 4 May 1922, in *Izvestia N. K. T.*, Nos. 1-10, 15 June 1922, and the circular of the Commissariat of Labour of 1 October 1922.

<sup>4</sup> *Trood*, 16 Aug. 1922. At a Conference of "responsible workers" of the Commissariat of Labour, which took place after the fifth All-Russian Trade Union Congress, it was, however, decided that it was desirable to empower the disputes committees to impose fines and to take administrative proceedings.

<sup>5</sup> *Trood*, 16 Aug. 1922.

disputes committees must comply with the general rules of procedure in force for the people's courts.<sup>1</sup> The people's court sanctions the decision of the disputes committee without considering the case in detail (Section 2 of the Decree of the Commissariat of Labour of 23 November 1922).

The local authorities to which the joint committees (and until 1923 the trade union conciliation committees) may refer their cases are the disputes committees in the provincial labour departments (provincial branches of the Commissariat of Labour). The decisions of the provincial disputes committees concerning the discharge of manual and non-manual workers are final and must be carried out irrespective of any appeal to the Central Disputes Committee in the Commissariat of Labour (Section 3 of the Decree of the Commissariat of Labour, 23 November 1922). An appeal against the decision of a provincial committee on any other question within its competence made within seven days of the award suspends its execution. The disputes committees are, however, entitled in exceptional cases to make express provision for the provisional execution of their decisions. Such decision must be approved by the people's courts (Section 4 of the Decree of the Commissariat of Labour of 23 November 1922).

Appeals against a decision of a provincial disputes committee may be made within fifteen days to the Central Disputes Committees at the Commissariat of Labour. The procedure is as follows:<sup>2</sup> (1) The appeal addressed to the Central Committee must be handed to the provincial committee concerned, which issues a receipt. (2) The provincial committee transmits the appeal to the Central Committee within fifteen days. (3) As soon as the appeal has been lodged execution of the decisions of the provincial committee is suspended. If the appeal is rejected by the Central Committee the employer must refund to the worker or workers any losses the latter may have sustained owing to the suspension of the execution of the decisions of the provincial committee if such decision was in favour of the worker or workers.<sup>3</sup>

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<sup>1</sup> Circular of the Central Disputes Committee of 4 May 1922, *Izvestia N. K. T.*, Nos. 1-10, 15 June 1922.

<sup>2</sup> Minutes of the sitting of 24 June 1922 of the Central Disputes Committee at the Commissariat of Labour (*Izvestia N. K. T.*, Nos. 7-16, 1922).

<sup>3</sup> The conference of "responsible members" of the Commissariat of Labour considered that, in order to prevent the abuse of appeals, employers lodging an appeal should be compelled to pay a deposit when doing so, and to deposit the sums which the committee of first instance had sentenced them to pay (*Economicheskaja Zhizn*, 27 Sept. 1922).

*Labour Courts*<sup>1</sup>.

The complexity of the present conciliation system has already been described, and it has been shown that there are two sets of institutions working side by side without sufficient delimitation of their functions. It is generally thought that the organisation of the disputes committees leaves much to be desired. Their competence is limited but indeterminate, and they act both in a judicial and supervisory capacity. This was the origin of the idea of transferring to a judicial authority the settlement of disputes between employers and employed, the protection of the interests of the workers, and the investigation of contraventions of labour legislation. This judicial authority, while acting as a court, was at the same time to be competent in matters of social legislation. The principle was embodied in the Act on labour courts.

Two kinds of disputes are dealt with by the labour courts :

(1) disputes under civil law, i. e. all disputes between employers and employed arising out of the violation of clauses of a contract of engagement which the conciliation chamber was unable to settle ;

(2) all disputes under common law, i. e. all disputes arising out of a contraventions of labour legislation (contained in the Labour Code or subsequent Decrees of the Commissariat of Labour), for which provision is made in Sections 126, 132, 133, 134 and 156 of the Penal Code.<sup>2</sup>

Under Sections 92-93 of the Code of Judicial Procedure the people's courts are required to hold special sittings when they are known as "labour courts". The labour court is composed of a president (an ordinary judge appointed by the provincial court) and two permanent members representing respectively the Commissariat of Labour (appointed by the provincial labour department) and the trade unions (appointed by the provincial inter-trade union council).

The procedure of these labour courts is in accordance with the general provisions for judicial procedure.<sup>3</sup> Appeals against the decisions of the labour courts must be addressed through the usual channels to the provincial court. The Commissariat of Labour is entitled to request the Supreme Court (Appeal Court) in its cap-

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<sup>1</sup> Cf. Appendix IV.

<sup>2</sup> Legislative Series, 1922, No. 69.

<sup>3</sup> Circular of the Commissariat of Justice, 2 Dec. 1922 and 4 Mar. 1923, and Decree of the All-Russian Central Executive Committee, 22 Mar. 1923.

acity as the supreme judicial authority to cancel decisions of the labour courts which have already been carried into effect.

Labour courts must be organised in all provincial towns and important industrial centres.

## CONCILIATION AUTHORITIES

### *Joint Committees*<sup>1</sup>

The committees for fixing wages and settling disputes, or, more simply, the "joint committees", are the authorities of first instance for the settlement of disputes; they are appointed in each undertaking.<sup>2</sup> Under Sections 169 and 172 of the Labour Code it is the duty of the joint committees above all to endeavour to find an amicable solution of disputes arising out of the application of collective agreements and labour agreements. The functions and organisation of these joint committees were defined in the Decree of 3 November 1922.<sup>3</sup>

The joint committees are competent to mediate in disputes arising in an undertaking or institution out of the interpretation or application of a collective agreement or labour agreement (Section 3). They are not competent in: (1) disputes concerning the matter of agreements, the cancellation of certain provisions of agreements, or the addition of fresh provisions; (2) disputes arising out of contraventions of the Labour Code and social insurance legislation.<sup>4</sup> If the committee, when investigating a dispute, discovers evidence of a criminal offence, criminal proceedings must immediately be taken by the people's court.

The joint committees are composed of an equal number of representatives of the trade union (factory committee or local trade union committee) and the management of the undertaking or institu-

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<sup>1</sup> Literally: "assessment and dispute committees". An outline of the working of these joint committees was given in INTERNATIONAL LABOUR OFFICE: *Organisation of Industry and Labour Conditions in Soviet Russia*; Geneva, 1922. Owing to the new conditions introduced by the Decree of 3 November 1922, the question must again be referred to here.

<sup>2</sup> Circular of the All-Russian Central Council of Trade Unions, No. 519, 1922, which states in effect that the authority of first instance for the settlement of disputes is the joint committee for fixing wages and settling disputes (*Trood*, No. 186, Aug. 1922).

<sup>3</sup> Legislative Series, No. 74, 1922.

<sup>4</sup> Note to clause 3 of the Regulations, note to Section 172 of the Code, and Circular of the All-Russian Central Council of Trade Unions of 13 October 1922 on the duties of joint committees.

tion. The number of representatives is fixed for each undertaking by mutual agreement unless it is stipulated in the collective agreement (clause 5 of the Regulations). In undertakings employing not more than 30 persons the workers are represented on the joint committee by their trade union delegate (Note to clause 5).

The parties each choose a chairman and secretary; these offices are held alternately by representatives of either party, but at any one sitting they may not both be representatives of one of the parties (clause 6). The parties are entitled to invite experts or advisers to attend the sitting even though they are not employed in the undertaking. Such persons act in an advisory capacity (Note to clause 7).

The members of the joint committees perform their duties during working hours and must be paid by the undertaking or institution. Their remuneration may not be less than their average wage (clause 15).

All the questions brought before the committee are examined at sittings of the committee. The decisions adopted are recorded in minutes which are signed by the chairman and secretary and must be prominently posted within two days for general information (clause 8). The sittings of the committee are public, but the committee may decide to meet in private in any particular case (clause 7). The committee must meet at least once a week, but any matter in the nature of a dispute must be examined within 24 hours of application to the committee (clause 9).

The questions mentioned in clauses 3 and 4 may only be settled by amicable arrangement (clause 11). Questions on which the committee fails to reach a decision are considered as cases of dispute and are submitted by the trade union for decision in accordance with the law (clause 12).

The decisions of the committee which have been reached by amicable arrangement are final and binding on both parties and are subject to no appeal (clause 13).<sup>1</sup>

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<sup>1</sup> See also the Decree of the Commissariat of Labour of 18 January 1922 (*Trood*, No. 83, 1922). This Decree has been supplemented by numerous notes issued both by the Commissariat of Labour and by the Central Trade Union Council. Circular No. 519 of the Council states: "Disputes must be settled in the joint committees by amicable agreement. If there is agreement the dispute is considered as finally closed and the decision of the joint committee is compulsory for both parties. No appeal can be made against this decision" (*Trood*, No. 186, 1922). "The decision of the joint committees need not be approved and cannot be cancelled" (Cir-

If agreement is not reached, and the existence of a dispute has been officially declared, one of two courses may be followed. In cases arising out of collective agreements the procedure is that laid down by the Regulations on conciliation chambers and arbitration courts, i. e. both parties or the trade union alone apply to the local labour department to convene a conciliation chamber or arbitration court. If, on the other hand, the dispute arises out of an individual contract of engagement, the matter is referred to the disputes committee of the labour department or to the people's court.<sup>1</sup>

Decisions of the joint committees in contradiction to the law are inoperative. The committee is informed in writing by the local branch of the Commissariat of Labour of such contraventions and is invited to revise its decision (Note to clause 13).

#### *Conciliation Chambers and Arbitration Courts*<sup>2</sup>.

In addition to the joint committees the Labour Code establishes other authorities for conciliation in disputes, namely, the conciliation chambers and arbitration courts. These bodies are competent in all disputes arising out of the interpretation, execution, or amendment of collective agreements or wage agreements, and all disputes arising out of the interpretation of labour agreements, with the exception of those due to the contravention of labour legislation, which are dealt with by the people's courts (Sections 168, 169, par. 2, and 170 of the Code; clause 1 of the Regulations of 23 March 1923; and circular of the Commissariat of Labour of 5 September 1923).

Special instructions and regulations are issued concerning the working of the conciliation chambers and arbitration courts. They deal with all disputes in which the state is required to intervene

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cular of the All-Russian Central Council of Trade Unions, *Trood*, No. 165, 1922). A further circular of 30 August 1922 repeats that "the decisions of the joint committees are final and no appeal can be allowed against them". (Circular and Decrees of the Commissariat of Labour, Appendix to *Izvestia N. K. T.*, Nos. 7-16, 1922).

<sup>1</sup> Any revision of the decision of the joint committee by other disputes authorities is illegal (circular of the Commissariat of Labour of 30 August 1922; circular and Decrees of the Commissariat of Labour; appendix to *Izvestia N. K. T.*, Nos. 7-16, 1922). "In the event of negotiations between the management of an undertaking and the workers conducted through the joint committee failing to lead to an agreement, the dispute must be referred to the authorities of second instance, i. e. the disputes committee of the labour department" (Report of Mr. RUDZUTAK to the Fifth All-Russian Congress of Trade Unions; *Economicheskaja Zhizn*, 24 Sept. 1922).

<sup>2</sup> See Appendix IV.

(clause 1 of the Regulations of 23 March 1923), i. e. those arising in state undertakings and institutions which are to be settled by conciliation (clause 9 of the Regulations of 18 July 1922; clause 2 of the instructions of the Commissariat of Labour of 29 August 1922). The fundamental principle adopted for the procedure of the conciliation chambers and arbitration courts is that the parties must arrive at an amicable agreement in each individual case (clause 11 of the regulations of 23 March 1923).

According to an instruction of the Commissariat of Labour: "There can be no other permanent or temporary conciliation courts or chambers" than the branches of the Commissariat of Labour which are required to comply with the regulations on conciliation chambers and arbitration courts and the appended instructions.<sup>1</sup>

Section 174 of the Labour Code lays down that no appeal can be made against the decisions of the conciliation chambers and arbitration courts and that therefore such decisions cannot be modified. They may be revoked only on the ground of illegality admitted by the supervisory authorities of the Commissariat of Labour. If a conciliation chamber or arbitration court has not been organised in accordance with the law or if its decisions are contrary to existing legislation, application must be made to the local branch of the Commissariat of Labour for the repeal of the decision. If the latter body rejects the application, an appeal may be lodged with the Commissariat of Labour.<sup>2</sup>

#### *Conciliation Chambers.*

The conciliation chambers deal with disputes arising out of collective agreements which have already been submitted without success to the joint committees or other conciliation authorities provided for in the agreements (Section 171 of the Labour Code). To judge by the Decree of 18 July 1922 the tendency was at first to submit to the conciliation chambers only disputes arising out of the interpretation and application of collective agreements, but in practice they also dealt with disputes arising out of the interpretation of individual labour agreements in cases not involving violation of the Labour Code.<sup>3</sup>

Further regulations of 23 March 1923 empowered the parties to

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<sup>1</sup> *Trood*, 21 Sept. 1922.

<sup>2</sup> Circular of the Commissariat of Labour of 21 March 1923.

<sup>3</sup> Cf. A. STOPANI (chief of the Disputes Department in the Commissariat of Labour): "Labour Disputes", in *Voprosy Trooda*, No. 3, 1923.

refer all disputes arising out of individual agreements to the conciliation chambers, which, however, deal only with cases in which the interests of the workers are defended by the trade union concerned (clause 1, par. 2, of the Regulations of 23 March 1923). Cases are only brought before the conciliation chambers by agreement between the parties (Section 171 of the Code).

Conciliation chambers are set up in the Commissariat of Labour and its local branches (clause 5 of the Instructions of the Commissariat of Labour of 5 September 1923) as follows :

(1) District conciliation chambers attached to the district labour departments deal with disputes confined to a single district.

(2) Provincial conciliation chambers attached to the provincial labour departments deal with disputes covering several districts or a whole province.

(3) Regional conciliation chambers attached to the regional departments of the Commissariat of Labour examine all disputes covering several provinces or a whole region.

(4) The Conciliation Chamber attached to the Commissariat of Labour examines all disputes covering several provinces which do not all belong to one region or covering the whole territory of the Russian Federation, if such disputes are of national importance. If the parties agree, a permanent conciliation chamber may be appointed for them to handle any disputes that may arise. The procedure of such chambers is settled by mutual agreement (clause 8 of the Instructions of 29 August 1922).

When the parties have agreed to submit a dispute to the conciliation chamber, they notify the Commissariat of Labour or its local branches (clause 3 of the Regulations of 23 March 1923).

The chamber is composed of an equal number of representatives of the two parties to the case (clause 4 of the same Regulations). The chairman of the conciliation chamber is appointed by the labour department from among its officials (clause 5 of the Instructions of 5 September 1923). The chairman, who has no vote, conducts the proceedings and endeavours to find a formula for settlement (clause 4 of the Regulations of 23 March 1923). He must see that the disputes are settled in accordance with labour legislation, taking into account the finances and productivity of the undertaking (clause 6 of the Instruction).

All members of a conciliation chamber must be duly authorised by their organisations to enable them to take part in its sittings. Their statements are binding on their organisations (clause 8 of

the Instructions). The parties are liable for all contraventions of decisions of the chamber as if they were contraventions of agreements.

The decisions of a conciliation chamber are of the nature of an agreement and no appeal is allowed. They must be carried out directly by the signatories, under pain of the penalties laid down in Section 133 of the Criminal Code (1922 edition; clause 11 of the Regulations of 23 March 1923). Nevertheless, if a decision of the chamber contains clauses in contradiction to existing legislation such clauses are deemed null and void (clause 13 of the Instructions of 5 September 1923).

If the conciliation chamber on investigating the case finds evidence of criminal action, criminal proceedings must immediately be instituted by the people's court (clause 2 of the Regulations of 23 March 1923). If such criminal action does not affect the fundamental nature of the case the proceedings in the conciliation chamber are continued. In the opposite event the whole case is referred to the people's court (clause 9 of the Instruction).

All cases examined by a conciliation chamber must be registered with the corresponding labour department. The decision of the chamber must be drawn up in writing and all minutes, documents, etc. transmitted to the labour department (clause 11 of the Instruction). The expenditure arising out of the investigation (clerical expenses, attendance records, etc.) must be met by the undertaking or institution concerned (clause 19 of the Instruction of 29 August 1922). The cost of the technical organisation of the conciliation chamber is met out of the budget of the Commissariat of Labour (clause 18 of the Regulation of 23 March 1923).

### *Arbitration Courts.*

Disputes are referred to the arbitration courts in the following cases.<sup>1</sup>

(1) When the parties, before having consulted the conciliation chamber, or having done so unsuccessfully, agree to submit their dispute to the arbitration court (Section 171 of the Labour Code). This provision applies in the case of state undertakings to disputes arising out of (a) the conclusion or amendment of collective agreements; (b) the interpretation of collective agreements (there having

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<sup>1</sup> Appendix to the Decree of the Commissariat of Labour of. 14 October 1922; see *Voprosy Trooda*, No. 3, 1923.

been no violation of the agreement); (c) the violation of collective agreements if the interests of the whole undertaking are involved. It also applies when there is no collective agreement and the dispute affects the whole undertaking or necessitates state intervention. In the case of private undertakings the provision applies to the three cases under heads (a), (b), and (c) above.

(2) In state undertakings disputes must be referred to the arbitration courts if the trade union so demands, whether an appeal has been made to the conciliation chamber or not (Section 171 of the Code), in disputes arising out of : (a) the conclusion or amendment of collective agreements; (b) the interpretation of collective agreements (there having been no violation of the agreement); (c) the violation of collective agreements if the interests of the undertaking are involved; (d) the provision also applies if there is no collective agreement and a dispute arises necessitating state intervention or affecting the interests of all undertakings.

In serious disputes menacing the safety of the state an arbitration court may be appointed by the All-Russian Central Executive Committee, the Council of the People's Commissaries, or the Council of Labour and Defence (Section 171 of the Code).

A dispute cannot be referred to an arbitration court unless the parties have signed a statement undertaking to do so and to abide by the decision of the court (clause 6 of the Regulations of 23 March 1923). Arbitration courts which have been organised by the parties at issue without drawing up such a statement and submitting it to the competent branch of the Commissariat of Labour have no legal authority and their decisions are not binding (Instructions of the Commissariat of Labour of 13 September 1922).<sup>1</sup>

If it is decided to re-investigate the case, such second investigation must cover the whole case (Instruction of the Commissariat of Labour of 8 September 1922).<sup>2</sup>

If the parties do not voluntarily submit to the decision of the arbitration court in accordance with the statement they have signed the decision is submitted to the judges of the people's court for signature. Such signature, which must be given within 24 hours, makes the decision binding (clause 12 of the Regulations of 23 March 1923; clause 12 of the Instructions, and Section 174 of the Code).

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<sup>1</sup> *Izvestia N. K. T.*, Nos. 7-16, 23 Sept. 1922.

<sup>2</sup> *Trood*, 13 Sept. 1922.

The president of the arbitration court is appointed by the parties by mutual agreement. If in disputes between state undertakings and institutions and a trade union the parties fail to agree on the appointment of the chairman, the latter is appointed by the Commissariat of Labour (clause 8 of the Regulations of 23 March 1923). As far as possible the judges of an arbitration court may not be members of a conciliation chamber (article 12 of the Instruction).

If either party fails to appear before the arbitration court without cause shown, the court continues to investigate the matter in their absence. When arbitration is compulsory, the absence of the representative of the trade union ends the dispute. A referee decides whether the reasons given for absence are valid or not (clause 14 of the Instruction).

The organisation, composition, and procedure of the arbitration courts are subject to the same regulations as those laid down for the conciliation chambers.

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**Regulation of the Labour Market<sup>1</sup>***Legislation in Force.*

- (1) Labour Code (1922 edition), Parts II and III ; Sections 5-14.
- (2) Decree of the Council of the People's Commissaries of 3 October 1921 on unemployment relief.
- (3) Decree of the Council of the People's Commissaries of 9 February 1922 on engagement and discharge.
- (4) Decree of the Commissariat of Labour of 6 April 1922 on the need for obtaining the consent of the unemployed worker when referring him to an employment.
- (5) Circular No. 56 of the Commissariat of Labour of 12 April 1922 on fresh designations of the Distribution Department of the Commissariat of Labour and the local distribution branches.
- (6) Instruction No. 77 of the Commissariat of Labour of 17 May 1922 on applications for labour.
- (7) Circular No. 86 of the Commissariat of Labour of 3 June 1922 on offices for juveniles.
- (8) Circular No. 90 of the Commissariat of Labour of 3 June 1922 on the functions of the labour sections.
- (9) Instruction No. 89 of the Commissariat of Labour on the assignment of work to unemployed workers by the employment exchanges.
- (10) Circular of the Commissariat of Labour of 15 June 1922 on measures to prevent irregular engagement.
- (11) Circular No. 91 of the Commissariat of Labour and the All-Russian Central Council of Trade Unions of 15 June 1922 on the relations between the trade unions and labour departments in respect of the distribution of labour.

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<sup>1</sup> Cf. also Appendix V : *The Labour Market*.

- (12) Decree of the Commissariat of Labour of 22 August 1922 on refusal on the part of employers to engage the labour sent them by the employment exchanges.
- (13) Decree of the Council of the People's Commissaries of 1 September 1922 on payment for the services of the Commissariat of Labour in connection with the engagement of workers.
- (14) Decree of the Commissariat of Labour and the All-Russian Central Council of Trade Unions of 12 September 1922 on the organisation of technical departments in the employment exchanges.
- (15) Circulars No. 145-147 of the Commissariat of Labour of 28 November 1922 on the revision of unemployment registers.
- (16) Regulations of the Commissariat of Labour of 2 December 1922 on employment exchange committees.
- (17) Circular of the Commissariat of Labour of 1 December 1922 on the assignment of work to trade unionists.
- (18) Decree of the Commissariat of Labour of 27 January 1923 on the assignment of work to the unemployed.
- (19) Decree of the Council of the People's Commissaries and the All-Russian Central Council of Trade Unions of 19 February 1923 on the engagement of skilled workers.
- (20) Circular of the Commissariat of Labour of 28 March 1923 on unemployment insurance of postal, telegraph, and telephone employees.
- (21) Circular of the Commissariat of Labour of 26 April 1923 on the registration of the unemployed by employment exchanges.
- (22) Order of the Supreme Economic Council of 13 August 1923 on the engagement of manual and non-manual workers through the employment exchanges.
- (23) Instructions of the Commissariat of Labour of 13 August 1923 concerning : (1) employment exchange committees, (2) the organisation of technical departments in the employment exchanges, (3) the organisation and rules of the employment exchanges, (4) engagement and discharge through the employment exchanges, (5) registration of the unemployed, (6) assignment of work to the unemployed.

- (24) Circular of the Commissariat of Labour of 20 September 1923 on the right of employers to engage workers without recourse to the employment exchanges.

#### REGULATION OF THE LABOUR MARKET BEFORE THE NEW ECONOMIC POLICY

The need for a more rational distribution of the labour supply had led to the creation and development of employment exchanges during the period of war, both before the Revolution of February 1917 and during the first revolutionary period from March to November 1917. After March 1917 there was a rapid development in the system of employment exchanges, which became the chief organisations for the engagement of workers and for combating unemployment. They were organised on a joint basis, their managing committees being composed of representatives of employers and wage earners.

After the Revolution of 7 November 1917 the employment exchanges were not immediately dissolved; on the contrary, they were maintained by law and continued to develop during the first few months. In January 1918, however, the second conference of representatives of the employment exchanges adopted a resolution maintaining that the regulation of the labour market, the relief of unemployment, and the placing of labour should be solely in the hands of the trade unions. The proposed regulations on employment exchanges drawn up by this conference handed over to the trade unions the management of the whole existing system of placing labour, and consequently laid down that the exchange committees should no longer be on a joint basis. The central authorities did not entirely agree with the views of the representatives of the employment exchanges. While accepting the principle that the trade unions should alone be responsible for the placing of labour, they held that under the Soviet system the labour market should not be regulated merely by registering and placing the unemployed, but that the problem should be dealt with in a general manner based on the regular and general registration and rational distribution of all the labour in the country.

By the Decree of 31 January 1918 the employment exchanges were renamed "labour distribution departments". With the development of Communist policy the problem of contracts of engagement disappeared. Free engagement was replaced by "the

nationalisation of labour which, being state property, must carry out its orders and directions". At that time the Soviet leaders were of opinion that "since labour should be nationalised, it was the duty of the Government to standardise and to direct the process, as it might be considered the shortest way to Communist organisation of the economic system".<sup>1</sup>

The first Constitution of the Soviet Republic of 1918 introduced the principle of compulsory labour which was regarded as a legal obligation incumbent on all able-bodied citizens. Section 3 of the Constitution ran as follows: "With a view to the extermination of the parasitic strata of society and the organisation of the national economic system, every member of the population may be called on to perform compulsory labour service". Under Section 18 the Russian Socialist Federative Soviet Republic recognised that labour was an obligation incumbent on every citizen, and adopted the motto: "If a man will not work, neither shall he eat". The same principle of compulsory labour was embodied in the first Labour Code (Section 1) drawn up in 1918.

It was not long before these principles ceased to be strictly observed. On 5 October 1918 the Council of the People's Commissaries issued a Decree establishing side by side with general compulsory labour a form of compulsory service for "non-working" elements (persons not dependent on their work or without fixed occupation, and unemployed workers not registered at the employment exchanges). The Commissariat of Labour explained in a circular that the introduction of compulsory labour service was necessary to make use of all available labour. In October 1919 a special Decree instituted compulsory labour in the form of ordinary manual work and transport duty. The Commissariat of the Interior was made responsible for carrying into effect this measure, which was necessitated by the acute economic depression.

After it was decided to apply Communist methods in their full rigour in the economic sphere and the economic crisis became increasingly severe, more and more frequent use was made of the workers for supplementary work to fulfil the requirements and the duty of the state, "in order to make rational use of all the labour in the country". Moreover, it became more and more difficult to enforce the performance of statutory labour and transport duties,

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<sup>1</sup> ANIKST: "The Organisation of Labour in 1920", pp. 5, 6, 7, 63, 73. Moscow, 1920.

owing on the one hand to the exodus of urban workers to the country, which led to a shortage of labour in industry and transport, and on the other hand to the growing number of disputes between the executive authorities and the peasants.

The Council of the People's Commissaries was compelled by circumstances to introduce "compulsory labour for all", as the permanent system of organising labour, by the Decree of 29 January 1920. The preamble to the Decree states that, "on the basis of the fundamental laws of the Russian Socialist Federative Soviet Republic and the Labour Code, which demand that all able-bodied citizens should be compelled to perform work of public utility in the interest of the Socialist community, and with a view to providing industry, agriculture, and all other branches of the national economic system with the necessary labour as speedily as possible in conformity with the general economic scheme", the Council of the People's Commissaries decides to compel the whole able-bodied population periodically to perform certain compulsory services, and to oblige "all persons who are not engaged in useful occupations to perform work of public utility".<sup>1</sup>

The Decree abolished free labour agreements and, in theory at least, made it useless to attempt to place labour and prevent unemployment. All the labour of the country was at the disposal of the state and was distributed by it and assigned its task and conditions of work. Mobilisation for compulsory labour, which took skilled workers from their usual employment and compelled them to serve the state for long periods, the organisation of the labour armies, the utilisation of certain sections of the Red Army for agricultural and other work: all these forms of compulsory labour abolished free labour agreements. They prevented the individual from changing his residence in order to look for work and deprived him of all freedom to dispose of his labour. "The Commissariat of Labour distributed labour in an entirely arbitrary fashion; the workers' preferences were not consulted. The Commissariat distributed labour on a fixed plan without taking into account individual capacities or skill or the desire of the worker for a particular employment. On the contrary, the worker was compelled to work in the undertaking or institution to which he was sent".<sup>2</sup>

<sup>1</sup> Legislative Series, No. 8, 1920.

<sup>2</sup> Report of the Commissary of Labour to the Fifth Trade Union Congress (September 1922); Verbatim Report, p. 63.

In practice the system of compulsory labour was not carried out in full; it was not organised but was mainly sporadic. The Decree of 29 January 1920 was largely political; it introduced unskilled compulsory labour for all citizens without distinction, placing manual and intellectual workers, skilled and unskilled workers, on the same footing. The political nature of the system was emphasised by the fact that persons employed in state undertakings and institutions were taken from their usual work and forced to perform compulsory service, although they did not possess the necessary qualifications, combined with the legal nature of the compulsion — which was strictly individual — to perform this kind of work. For the same reasons the economic value of these measures was much reduced.

The extension of the system of compulsory service only emphasised its defects. It was intended very largely to take the place of free individual labour, but proved unproductive and very costly to the state. These negative features of the system were most marked in their application to the peasants. Here there were no regulations. The periods during which the peasants could be taken away from their homes were not fixed, nor the amount of work they were to perform, nor the area to be covered by the labour armies, nor the remuneration for compulsory service, nor the possibility for the mobilised workers to return to their homes during the agricultural season. In certain districts peasants were compelled to work for 100 or 120 days in the year, regardless of the needs of agriculture, and that without previous notice. They were sent long distances, and even transferred to other provinces; they were often not provided with foodstuffs, forage, money, or the necessary machinery, through the fault of the economic authorities, and their labour was not systematically utilised.<sup>1</sup> Such action exasperated the peasants and was one of the causes compelling the Soviet Government to introduce its new economic policy in March 1921, which led incidentally to the abolition of compulsory labour.

#### ABOLITION OF COMPULSORY LABOUR SERVICE

By the Decrees of the Council of the People's Commissaries of 12 and 14 July 1921, a tax in the form of manual labour or transport duty was substituted for the compulsory labour service

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<sup>1</sup> E. DANILOVA : "Compulsory Labour and Redemption Duty", in *Voprosy Trooda*, 1922, No. 2

of the peasants. During 1922 and 1923 this tax in kind was gradually transformed into a money tax.

In principle, the new economic policy allowed the establishment of private undertakings, and from that time private commerce and industry were considered to be of public utility. It seemed impossible to maintain the system of compulsory labour, once the establishment of private undertakings and the freedom of commercial transactions had been admitted. Moreover, since the state was unable to distribute all labour through a single organisation, it became impossible in practice to enforce compulsory labour service. The Decree of 3 November 1921 exempted all persons employed in state undertakings and institutions from all compulsory employment in addition to their normal work except in cases of natural calamity.

Although the measures adopted on the introduction of the new policy tended to limit the extent of compulsory labour, this limitation was only temporary, being dictated solely by economic and political considerations. The actual principle of compulsory labour was not abated. The Commissariat of Labour had not defined its views on the matter and did not in principle reject the possibility of maintaining compulsory labour service as the basis of the organisation of labour. It was feared that if complete liberty was restored there would be an exodus of the workers from state to private undertakings.

The Commissariat of Labour aimed, first of all, at satisfying in full the demand of state undertakings for skilled labour and then at distributing labour among private undertakings in the most rational manner, taking into account the relative importance of these undertakings as "auxiliary factors in the nationalised economic system". It was thought that this work could best be accomplished through the Commissariat's own organisation, which would facilitate systematic regulation of the labour market in a way favourable to state undertakings. The latter would be entitled to certain privileges in obtaining labour and their workers would also enjoy special privileges. In general, the branches of the Commissariat would take steps to secure advantages for the state in its competition with private capital. The Commissariat of Labour considered that all the workers in the country might be divided into two groups : (1) a fixed group comprising all persons employed in state undertakings and institutions in accordance with the state supply scheme; (2) a group composed of all other

workers, from which the state undertakings and institutions could obtain necessary additional labour by compulsory recruiting or free engagement in the villages and localities where there was a surplus of labour.<sup>1</sup>

This theory of the Commissariat of Labour was vigorously opposed by the trade unions, which considered that labour could not possibly be subject to any kind of compulsory distribution under the new conditions created by the new policy. This latter point of view prevailed, and the Commissariat of Labour, in agreement with the All-Russian Central Council of Trade Unions, stated that there was no cause to fear an exodus of the workers from state undertakings. "In view of the fact that the material position of the working classes has improved since the introduction of the new policy, that private industry has an adequate supply of labour, and that general conditions do not provide an incentive to the workers to return to the rural districts, the situation is in general favourable to the abolition of methods for compelling manual and non-manual workers to remain in state undertakings."<sup>2</sup>

At the fifth Trade Union Congress, held in September 1922, the Commissary of Labour stated that, in view of the creation of private undertakings and the management of state undertakings on commercial lines, the Commissariat of Labour, in agreement with the Central Trade Union Council, considered that any form of compulsion in the labour market would be injurious.<sup>3</sup> State undertakings, which from that time were run on commercial lines, could not only take part freely in internal trade but also freely select their labour and enter into agreements with the wage earners.

The Decree of 9 February 1922 on the method of engaging and dismissing workers laid down the principle that engagement should only be effected by free and mutual consent and that the departments of the Commissariat of Labour could in no way resort to coercion when referring workers to employment. The actual system of engagement, based on the plans drawn up in advance by the state which allowed certain privileges to state undertakings

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<sup>1</sup> ANIKST : " The Policy of the Commissariat of Labour under the New Conditions ", in *Vicstnik Trooda*, Oct.-Nov. 1921.

<sup>2</sup> Circular No. 90 of the Commissariat of Labour.

<sup>3</sup> Verbatim Report of the Fifth All-Russian Congress of Trade Unions, p. 83.

in obtaining the labour they needed, was also altered. State undertakings were to apply for labour through the economic authorities, and unemployed workers and, in general, all workers in search of employment could only be referred to employment in the order of their registration.

The abolition of the principle of compulsory labour service as the basis of the organisation of labour in the Soviet Republic was finally confirmed by the Labour Code of 1922, under which compulsory labour is only allowed in exceptional cases. Under the Labour Code "in exceptional cases (fighting the elements, or lack of workers to carry out important state work) all nationals of the Russian Socialist Federative Soviet Republic may be called up for work in the form of compulsory labour service" (Section 11). The following persons are not liable to be called up for compulsory labour service :

- (a) young persons under 16 years of age ;
- (b) men over 45 years and women over 40 years (Section 12) ;
- (c) persons temporarily incapacitated for work on account of illness or injury during the period requisite for their recovery ;
- (d) women during a period of eight weeks before and eight weeks after confinement.
- (e) nursing mothers ;
- (f) men disabled in industry or in the war ;
- (g) women with children under 8 years of age if no one is available to take care of such children (Section 13).

The supreme state authorities (the Council of the People's Commissaries, the Council of Labour and Defence, and the Commissariat of Labour) may grant additional exceptions and relaxations in respect of the various kinds of compulsory labour service (Section 14).

#### ENGAGEMENT AND DISCHARGE

Except in cases in which citizens may be called up for compulsory labour service, engagement and discharge are free of state control, being based on the labour agreement and governed by all the regulations on such agreements. A labour agreement is an agreement between two or more persons whereby one party (the worker) places his labour at the disposal of the other party (the employer) in return for remuneration. A labour agreement may be entered into whether a collective agreement exists or not (Sec-

tion 27 of the Labour Code). The clauses of the labour agreement are fixed by mutual agreement between the parties.

Instead of compulsory labour service the Labour Code speaks of "the voluntary engagement of nationals of the Russian Socialist Federative Soviet Republic" (Section 9). Free engagement applies equally to all undertakings, institutions, and businesses without exception, whether state, public, or private, and even to individual employers (Section 7).

In general, labour is engaged through the departments of the Commissariat of Labour (Section 7), but exceptions to this rule are allowed in the following cases :

(a) where political fidelity or special knowledge inseparable from the personality of the employee is required ; under the Decree of 19 February 1923, all experts and persons who have held responsible administrative posts and candidates for posts involving the management and care of property or demanding political responsibility may be engaged directly without the intervention of the employment exchange, on condition, however, that they are subsequently registered ;

(b) where the departments of the Commissariat of Labour fail to offer any workers within three days of the making of the application (Section 9) ;

(c) where the engagement is made in a region not covered by the corresponding department of the Commissariat of Labour ; in such cases engagement is made directly by the undertaking or institution in agreement with the departments of the Commissariat of Labour.

The engagement of labour through the departments of the Commissariat of Labour is subject to the following regulations :

(a) The management of the undertaking or institution or the individual employer makes an application for workers to the competent department of the Commissariat of Labour.

(b) If there are persons registered with the department of the Commissariat of Labour who fulfil the conditions laid down in the application, they are referred to the employer in the manner laid down by the Commissariat of Labour in agreement with the All-Russian Central Council of Trade Unions.

(c) The employer must notify the Commissariat of Labour of the engagement of the persons sent to him by the department of the Commissariat, or his refusal to engage such persons.

The employer is responsible : (a) for any inaccuracy in the statements made by him concerning the conditions of the proposed

employment; (b) for any failure to fulfil the duties undertaken by him in connection with the engagement; (c) for any unlawful rejection of the workers assigned to him.

When workers are engaged without the intervention of the department of the Commissariat of Labour, the engagement must subsequently be registered with the department.

Any contravention by the undertaking or institution of the regulations concerning engagement are punished in accordance with Section 132 of the Penal Code.<sup>1</sup>

Under the regulations on labour agreements (Sections 36, 37, 47-49 of the Labour Code) the discharge of a worker is permissible:

(1) When a labour agreement is concluded for an indefinite period or when an agreement concluded for a definite period has not expired, under the following conditions :

(a) if the undertaking, institution, or business is entirely or partially wound up, and likewise if short time is worked ;

(b) if the establishment is closed down for a period of more than one month for reasons connected with production ;

(c) if the employee is obviously unfit for the work to be performed ;

(d) in case of persistent failure without sufficient reason on the part of the employee to fulfil the duties incumbent upon him under the agreement or rules of employment ;

(e) if the employee commits any criminal act which is directly connected with his work and which is established by an enforceable verdict, and likewise if the employee is sentenced to imprisonment for more than two months ;

(f) if the employee is absent from work without sufficient reason for more than three consecutive days or for more than six days altogether in the month ;

(g) if the employee is absent from work on account of temporary loss of working capacity for more than two months reckoned from the date of such loss, and also in case of temporary loss of working capacity in consequence of pregnancy or confinement

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<sup>1</sup> According to Section 132 of the Penal Code, contraventions of regulations concerning engagement are punishable by a fine of not less than 100 gold roubles or hard labour for not less than three months or imprisonment for not more than one year. If the contravention affects a group or a considerable number of workers, the penalty may be increased to imprisonment for not less than one year or a fine of not less than 1,000 gold roubles.

lasting for more than two months beyond the period of four months specified in the Labour Code ;

(*h*) when the worker so desires.

(2) When a worker refuses to carry out other work than that for which he was engaged but which is suitable to his abilities.

(3) On the request of the trade union.

In the cases mentioned under (1) (*c*) and (*d*), the worker may be dismissed only on the decision of the joint committee. If a worker is dismissed in accordance with the provisions mentioned in (1) (*a*), (*b*), or (*c*), the employer must give him two weeks' notice or pay him compensation (Section 88 of the Code). If the worker is dismissed for the reasons mentioned in (1) (*d*), (*e*), (*f*), (*g*), or (*h*), he receives no compensation (Section 90). If the worker is dismissed for the reasons specified under (2), he receives compensation equal to two weeks' wages (Section 89).

#### RE-ESTABLISHMENT OF EMPLOYMENT EXCHANGES

During the period immediately preceding the introduction of the new economic policy, the registration and distribution of labour was in the hands of the Principal Committee for Compulsory Labour Service, which had been set up side by side with the Commissariat of Labour, as was shown in Chapter I. The actual work of local registration was effected by representatives of the labour departments, known as "sub-sections for the registration and distribution of labour".

When state undertakings were again managed on commercial lines and private undertakings and institutions were opened, and when contracts of engagement again became free, workers came on the labour market in search for employment and the managers of undertakings in search of skilled labour, the quantity and nature of which they alone could freely determine. It was now the object of the central authorities, not to register and distribute labour in a compulsory manner, but to assist the undertakings to find the labour they needed and the workers to find employment. In other words, the central authorities had to devote themselves to the voluntary placing of labour.

The Commissariat of Labour was compelled to observe that "under the new economic conditions the departments of the Commissariat had to deal with a steady growth in the number of applications from unemployed workers" and that "the regula-

tion and firm control of the labour market was not only the fundamental duty of the labour departments but also one of the most important problems in the industrial and political organisation of the state". The Commissariat of Labour considered that it could not possibly retain its supreme authority over the labour market unless the sub-sections for the distribution of labour were turned into intermediaries between employers and workers for the placing of labour. The former labour sections, however, owing to their methods of working were not suited to undertake this work. The Commissariat of Labour further recognised that the very designation of "sub-sections for the registration and distribution of labour" disagreeably reminded the workers of the former system of compulsory labour service and made the people chary of again trusting in these bodies.<sup>1</sup> The Commissariat therefore decided to rename the central department for the registration and distribution of labour "the Employment Department" and its local branches "employment exchanges". The administrative machinery of the former departments would be completely transferred to the employment exchanges, which thus became a state organisation for the regulation of the labour market.

The Soviet policy thus restored, not only the system in force in 1918, but in certain respects that in force before the Revolution of November 1917. The instructions of 1918 on the work of employment exchanges were again put into operation. It was also decided to organise the employment exchanges on a joint basis. In a special circular the Commissariat of Labour pointed out to the trade unions that they should in no case regard the employment exchanges as their own organisations (which they had been before the new policy) and that the functions of the state and the trade unions in respect of the regulation of the labour market should be clearly defined.

The joint composition of the employment exchanges was again confirmed after the introduction, in August 1922, of certain reforms in the organisation of the employment exchanges. The circular of 13 August 1923 issued by the Supreme Economic Council, the All-Russian Central Council of Trade Unions, the Commissariat of Labour, and the Commissariat of Transport stated that, "in view of the equal interest to the various economic organisations of being able to make use of a well-organised system

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<sup>1</sup> Circular of the Commissariat of Labour of 12 April 1922 (*Izvestia N. K. T.*, Nos. 2-11, 1922).

for the supply and demand of labour and the regulation of the labour market, it is absolutely essential that the economic authorities and the trade unions should take part in these operations and their organisation. This they are enabled to do by the constitution of the employment exchange committees, in which an active part is taken by equal numbers of representatives of the Commissariat of Labour, the economic authorities, and the trade unions".<sup>1</sup>

Although the transformation of the sub-sections for the registration and distribution of labour into employment exchanges had been decreed as early as April 1922 and the trade unions had taken an active part in the organisation of the exchanges, the Labour Code of 1922 mentioned only the local departments of the Commissariat of Labour, and the regulations on the organisation of the employment exchanges were not issued until 2 December 1922.

During the course of 1923 the experience gained in the working of the employment exchanges led to certain reforms in their internal organisation. Several instructions and regulations on this point published on 13 August 1923 are analysed below.

#### ORGANISATION OF THE EMPLOYMENT EXCHANGES

Employment exchanges are of three kinds, corresponding to the number of unemployed persons they serve and the trade unions to which certain groups of the unemployed belong :

(1) exchanges in which the unemployed are classified according to their trade union membership ; these exchanges comprise special departments corresponding to the various unions ;

(2) exchanges which from the administrative point of view disregard trade union membership ;

(3) mixed exchanges in which only certain groups of occupations are classified according to trade union membership.

The exchanges are managed by committees which, together with the technical departments, are the most important parts of the organisation.

An employment exchange committee is composed of : (1) a chairman selected by the local labour department which he represents, who acts as manager of the exchange ; (2) a representative

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<sup>1</sup> *Izvestia N. K. T.*, 20 Aug., 1923.

of the provincial economic council; (3) a representative of the local agricultural department (local branch of the Commissariat of Agriculture); (4) a representative of the Commissariat of Ways and Communications; (5) three representatives of the trade unions nominated at a plenary session of the provincial inter-trade union council.

The committee holds ordinary meetings at least twice a month and special meetings which may be convened by the chairman on his own initiative or at the request of two members. Three members constitute a quorum. All questions are settled by simple majority, and the chairman has a casting vote. All decisions taken by the committee are published under the supervision and in the name of the local labour department and are signed by the chairman. The work of the committee is controlled by the local labour department.

It is the duty of the committee :

- (a) to fix the rules of the employment exchange ;
- (b) to discover the most rational means of regulating the labour market through the medium of the competent authorities ;
- (c) to draw up the budget and distribute the credits allocated ;
- (d) to set up technical departments in the exchange ;
- (e) to confirm the agreements entered into by the manager of the exchange with employers and to supply the latter with groups of workers ;
- (f) to organise hostels, canteens, refectories, clubs, libraries, reading rooms and similar institutions for the unemployed ;
- (g) to approve the annual reports of the employment exchange ;
- (h) to draft and carry out various measures against unemployment, organise "artels", and co-operate in the organisation of public works ;
- (i) to take necessary steps for combating irregular engagement ;
- (k) to settle all questions connected with the work of the exchange.

According to the instructions of the Commissariat of Labour of 13 August 1923 the members of the committee representing the economic authorities and the trade unions are not simply to protect the interests of the institutions or organisations they represent, but must also apply their knowledge and experience in economic and trade union matters with a view to the best possible regulation of the labour market in view of local economic conditions.

The members of the committee have the right to visit the exchange during office hours, supervise the work of the officials,

obtain information on current business, and make any comment they wish, but they are not entitled to cancel the decisions of the secretary of the exchange nor to give orders without obtaining the previous consent of the secretary.

The local labour department is entitled to cancel the decisions of the committee or to suspend their execution. The committee may appeal to the Commissariat of Labour against the decisions of the labour department, but it cannot suspend the execution of its decisions.

It is the work of the technical departments to make the most rational selection among the unemployed for assignment to the work of which the exchange has been notified. Such departments are organised : (1) when the number of unemployed in a single occupation exceeds 500; (2) even if the number of unemployed falls below the above figure, when the grade of skill in which they are classified makes it particularly difficult to place them, or when the undertaking demanding workers is of particular economic or general national importance. The organisation of a technical department is generally decided on by the committee of the exchange in agreement with the trade unions concerned or on the order of the Commissariat of Labour. The departments must always work in the premises of the employment exchange, but an exception to this rule may be allowed in cases specifically mentioned in the Act (lack of accommodation in the offices of the exchange, distance from working-class quarters, etc.).

It is the duty of the technical departments :

(a) to register and check attendances of the unemployed belonging to the group of occupations assigned to the department ;

(b) to classify and examine the unemployed from the point of view of their technical qualifications ;

(c) to select duly qualified workers for the vacancies notified ;

(d) to assist in the unemployment relief work of the exchange ;

(e) to assist in educational propaganda among the unemployed ;

(f) to endeavour to prevent uncontrolled engagement.

Each department consists of a secretary and a number of clerks and technical assistants responsible for filling vacancies. It works under the immediate direction of the employment exchange committee and must comply with the general regulations of the exchange.

## WORK OF EMPLOYMENT EXCHANGES

The employment exchanges must not confine themselves to purely local action. On the contrary they must keep in touch with each other and supply each other with information on the requirements and openings in their respective labour markets. This is effected in practice by reports of vacancies and applications, which are centralised in the Employment Department of the Commissariat of Labour. The employment exchange must also keep in constant touch with this Department, supplying it with regular reports on its work. The Commissariat in turn makes frequent inspections of the work of the employment exchanges.

In order to facilitate the work of the employment exchanges and to make it more effective, local liaison offices will be opened as occasion demands. Relations with the workers in the locality will be further maintained by the work of the local soviet executive committee (political authority).

Finally, the employment exchanges must be in touch with the economic authorities on the one hand and the trade unions on the other, which is effected by the representation of these bodies on the exchange committees.

### *Registration.*

The unemployed are classified into two groups : (a) unemployed workers, properly so called, who have no means of support ; (b) workers who have some kind of occupation or resources but wish to change their employment.

Those in the first group must in every case be registered at the exchange by the committee appointed for the purpose. Persons in the second group may register themselves or give the necessary information on the occupation card issued to them, which they subsequently present at the exchange.

All persons in search of employment may have themselves registered at the exchange. They cannot be refused registration, nor can their names be struck off the registers unless it can be shown that their purpose in registration was not to obtain work but to abuse the facilities granted to the unemployed. Young persons under 16 years of age may not be registered unless they hold a certificate issued by the labour protection authorities per-

mitting their employment. The same provision applies to disabled persons.

Persons who have been engaged without the intervention of the exchange, but who have subsequently been registered, receive a special card stating this fact.

If it is impossible to determine in an interview the technical qualifications of the unemployed worker, he performs a practical test. If as result it is shown that he possesses no particular qualifications and that he has not undergone adequate training, he is registered as a "labourer".

#### *Check of Unemployment Registers.*

Unemployed workers must report once a month at the exchange on the date fixed by the latter. Unemployed persons who are able to earn wages or who possess an income or some form of employment must notify the exchange either in writing or orally, through other persons or personally, of their wish to remain on the registers of the exchange. After the unemployed have reported the lists of unemployed in the two groups are checked. The names of persons who fail to report on the date fixed or have not notified the exchange in accordance with the regulations referred to above are struck off the register.

If an unemployed worker reports after his name has been struck off the register, he cannot be given his former place in the list unless he offers valid reasons for his absence (sickness, military service, etc.). If the reasons he offers are inadequate he may be re-registered, but is placed at the end of the list. If, however, he was entitled to special facilities or unemployment relief he may be given his former place, but is fined by being deprived of the facilities and relief in question for a period of one month.

#### *Notification of Vacancies.*

All undertakings and institutions, whether state, public, or private, and individual employers in need of labour apply for it to the employment exchange or its local representative. These applications must give detailed information on the nature and conditions of the work; the employer is responsible for all statements made. The applications must give the name and address of the employer, the nature of the undertaking (state, public, or private), the main qualifications required of the workers, the pro-

posed monthly wages, including wages in kind, if any, counting 25 working days to the month (if the wages are to be paid in cash, the approximate amount must be given), housing accommodation for the worker (alone or with his family), the date within which the engagement must be made, the reasons for the application, and any other necessary information.

The employment exchange replies to the applications as they are received. If within three days it is obvious that the application cannot be satisfied, the exchange must immediately notify the employer informing him of the reasons. In this case the employer may, in agreement with the employment exchange, either repeat his application, engage the labour in another region, or engage it directly without recourse to an exchange.

#### *Assignment to Employment.*

A Decree of the Commissariat of Labour of 6 April 1922 specifies that workers may not be assigned to an employment without their consent. This Decree is supplemented by Instruction No. 27 of the Commissariat of Labour of 13 August 1923. Unemployed workers may be assigned to an employment only in response to applications from employers which have been submitted and checked in accordance with the statutory procedure. He may not be sent by the exchange to an employment in which the conditions of work and standards of wages are less favourable than those fixed by legislation or by collective agreement, if any, or where at the time in question a dispute between the employer and the workers is in progress.

The rules which, before August 1923, governed the assignment of workers to employment may be summarised here. Trade unionists were given preference over non-unionists. A worker was entitled to refuse the employment offered in the following cases :

- (1) if work offered for more than two weeks required a lower grade of skill ;
- (2) if the work was likely to be prejudicial to the qualifications of the worker, whatever the period for which it was offered ;
- (3) if the work was physically dangerous ;
- (4) in certain circumstances, for personal reasons ;
- (5) if the work was in a locality outside the urban area. (10 versts<sup>1</sup> ; under the Circular of 13 August 1923, 15 versts).

If the worker's refusal was valid, he retained all his rights,

<sup>1</sup> One verst = 0.66 miles.

position on the register, benefit, etc. If he had no valid reason for refusing he lost his right to relief and on a second refusal was placed at the end of the register. According to the Circular of 13 August 1923 he also lost his right to relief on this occasion and on the third refusal was struck off the register for a period defined by the legislation in force. If workers were engaged for not more than two months in an occupation demanding other qualifications than those they possessed, they kept their place on their particular register.

Special regulations were adopted concerning the refusal of an employer to accept the labour referred to him by the employment exchange in response to his application. Such a refusal was not recognised as valid if a medical committee and a committee of experts were agreed that the worker sent within the fixed period was capable of doing the work in question. In this case the employer must pay all the expenses arising out of his refusal. If he sent back the worker on the day of his arrival, the latter was entitled to a day's wages at the rate fixed for his class. If he was not sent back for several days, the worker was entitled to wages corresponding to the number of days lost. If, further, the engagement was not made within the urban area, the worker was entitled to the repayment of his own and his family's travelling expenses. If in all these cases the exact wages were not specified in the application, the local rates for the class of worker in question were adopted as basis.

If the employer offered the worker on arrival conditions of work worse than those specified in his application, the worker could refuse the employment and was entitled to all the above mentioned compensation. Finally, if the employer refused to pay the sums due, the employment exchange referred the matter to the disputes committee.

These regulations on the assignment of employment and the engagement of workers soon proved inadequate. On the one hand they hampered both workers and employers, and on the other they were often ignored in practice and existed only on paper. They consequently led to violent attacks on the employment exchanges.

#### RECENT REFORM IN THE REGULATION OF THE LABOUR MARKET

The work of the employment exchanges, as defined in the earlier Decrees, still retained some characteristics of the old Communist conception of the method of regulating the labour market. This

method was powerless to prevent unemployment, dangerously disorganised the system of placing labour, and helped to discredit the employment exchanges in the eyes of the workers and of the managements of undertakings, so much so that the question arose whether it would not be better to abandon the state monopoly of this work. From the beginning of 1923 the work of the exchanges was vigorously criticised in the Soviet press and by various institutions.<sup>1</sup> It was maintained that the managers of the employment exchanges were uneducated, that the exchanges were very badly organised, and that the number of unemployed was very large; all of this made it difficult to secure regular registration, to keep track of applications for employment and filling of vacancies, and to control the general working of the exchanges.

The unemployed complained more and more of the slowness and unsatisfactory working of the exchanges. The number of applications for employment was much larger than that of vacancies, and unemployment became chronic, the average period of unemployment being from two to four months.<sup>2</sup> This gave rise to discontent among the registered unemployed, who demanded work; many who obtained no satisfaction made direct application to industrial undertakings.

The undertakings themselves began to avoid the exchanges, first because they worked very slowly, for the reasons already mentioned, and, secondly, because the very large majority of workers registered at the exchanges had not the qualifications required by the employers. The industrial workers included many who held certificates for occupations of which they could not do the work. Since a registered unemployed worker was entitled to various facilities, many persons succeeded in being registered without having worked in a factory. The exchanges were unable to cope with this practice, and often their managers were themselves guilty of various forms of abuse.

With the growth in unemployment, friends, relatives and acquaintances of the managers of undertakings fell out of work, and the latter endeavoured to engage them without the interven-

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<sup>1</sup> A. ISSAEV: "Employment Exchanges under the New Conditions"; *Voprosy Trooda*. No. 3, 1923. ID. "General Principles of the Work of the Employment Exchanges"; *Ibid*, Nos. 5-6, 1923. ZAVODOVSKY: "The Question of the Employment Exchanges"; *Ibid*, Nos. 7-8, 1923. "The Work of the Commissariat of Labour and Relations with the Country"; *Ibid*, No. 9, 1923. See also *Economicheskaja Zhizn*, 24 July 1923.

<sup>2</sup> Cf. Appendix V.

tion of the employment exchange. Often, when undertakings applied to the exchanges, they mentioned by name the workers they desired. This system was to the interest of the workers who failed to find employment through the exchange. This development of these "individual applications", which demonstrated the uselessness of the employment exchanges, was accompanied by a steady fall in the number of applications to the exchanges.

At the end of 1922 the State Planning Commission (Gosplan) adopted a resolution to the effect: (1) that the work of the employment exchanges was unsatisfactory because it was compulsory for employers and the unemployed to use them; and (2) that compulsory engagement through the employment exchanges must be abolished. The exchanges should only to be allowed to act as voluntary employment agencies. The opening of private employment agencies side by side with the employment exchanges should be prohibited.<sup>1</sup>

This decision was hotly criticised by the Commissariat of Labour and the trade unions, and gave rise to a controversy on the fundamental principles involved. On 13 April 1923 the Council of Labour and Defence appointed a sub-committee which arrived at a compromise. The committee considered that the monopoly of the state in placing labour should be maintained, i. e. the engagement of workers should only be effected through the employment exchanges. It nevertheless insisted that employers should be allowed greater liberty, and that the severe regulations in the matter could not be maintained.

The work of this committee served as a basis for the new regulations issued by the Commissariat of Labour on 13 August 1923<sup>2</sup>. Employers are entitled themselves to look for workers of a particular skilled occupation in the registers of the employment exchanges. The employment exchange committee may allow employers to engage the workers they have themselves selected in the following cases<sup>3</sup>:

(1) when the employer wishes to engage not less than 10 manual and non-manual workers or when he requires skilled workers, irrespective of the number demanded;

(2) when the employer applies for labour to be employed in another region, irrespective of the number required;

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<sup>1</sup> *Voprosy Trooda*, No. 3, 1923, p. 29.

<sup>2</sup> Order of the Supreme Economic Council of 13 July 1923 and Instructions of the Commissariat of Labour of 13 August 1923.

<sup>3</sup> Circular No. 82 of the Commissariat of Labour of 20 September 1923.

(3) when the employer, having failed to obtain the required labour within the specified period of three days, requests that he may himself select the workers he needs.

In the latter case the employer himself designates the workers he wishes to engage, while in the two former cases he gives advice, and the exchange makes a selection from among the candidates suggested by the employer and itself.

The employer may choose his workers, either in consultation with the representative of the exchange, or by taking part in the examination or practical test of the unemployed workers referred to him.

It was decided that in placing labour the principles followed should not be confined to those of trade union policy or the relief of distress. The system of assigning work to the unemployed in the order of registration, subject to the preferential rights of trade unionists, was modified. The unemployed are now assigned work solely on the basis of their qualifications, the length of their previous employment, their capacity for work, their acceptance or refusal of the work offered in a given branch of industry, and, finally, the applications of undertakings. The date of registration and the place of the worker in the register are only taken into account if there are several candidates for the same post. In such cases the order to be adopted is as follows :

(a) If all the candidates are trade unionists the one who has been longest registered is sent in the first place, irrespective of the union to which he belongs.

(b) When there are both union and non-union candidates the former are given preference.

(c) When there are no unemployed workers on the register who are capable of undertaking the proposed work a selection is made from among workers registered at the exchange who are already in employment but desire to change.

The reform in the organisation and working of the employment exchanges introduced in the second half of 1923 shows marked progress as compared with the situation in 1922, immediately after the re-establishment of the exchanges, but the trade unions still consider that the work of the exchanges is unsatisfactory. At the third plenary session of the All-Russian Council of Trade Unions in September 1923 the work of the exchanges was again criticised. One of the main arguments brought forward to prove the unsatisfactory regulation of the labour market was that more than 50 per cent. of the persons registered at the exchanges either are not unemployed or do not belong to the working classes.

Nevertheless during the second half of 1922 and all through 1923 the exchanges frequently checked the registers of unemployed. The Moscow Employment Exchange refused to register persons from other districts, but this measure led to the creation of a "black exchange", an illegal organisation which is becoming more and more important.<sup>1</sup> The trade union press maintains that repeated checking of the unemployment register will not yield the desired result, partly because rules have not been drawn up for the test of qualifications or for the organisation of committees of experts to check the statements of unemployed persons, and partly because, owing to the continued growth of unemployment, the employment exchanges were not in a position to make a clear distinction between unemployed workers belonging to the proletariat and other social classes.

The present acute economic depression has swelled the ranks of the unemployed, not only from among industrial workers, but also from among Soviet officials and employees and persons formerly belonging to the bourgeoisie, whose registration at the employment exchanges according to *Trood*, "is by no means voluntary but the result of material circumstances". Some trade unions insist that the employment exchanges should endeavour to obtain work only for unemployed persons who can be proved to belong to the proletariat. The representatives of the economic authorities, on the other hand, urge the importance of paying attention chiefly to the qualifications of the workers, and of encouraging the rational selection of labour. They consider that the obligation to apply to the exchanges in engaging labour should be abolished, even though it has already been modified by the provision under which employers need not register the persons they engage otherwise until afterwards.

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<sup>1</sup> Cf. the debate on the regulation of labour at the plenary session of the All-Russian Council of Trade Unions ; *Trood*, 27-30 Sept., 4 and 20 Oct., and 10 Nov. 1923.

## VI

### **Social Insurance**<sup>1</sup>

#### *Legislation in Force.*

- (1) Labour Code (1922 edition) Part XVIII Sections 175-192.
- (2) Fundamental Act of 30 October 1918 on the social welfare of the Workers.
- (3) Decree of the Council of the People's Commissaries of 30 October 1921 on unemployment relief.
- (4) Decree of the Council of the People's Commissaries of 15 November 1921 on the social insurance of wage earners.
- (5) Decree of the Council of the People's Commissaries of 5 December 1921 on workers' funeral benefit.
- (6) Decree of the Council of the People's Commissaries of 5 December 1921 on maternity benefit.
- (7) Decree of the Council of the People's Commissaries of 9 December 1921 on grants for temporary disability.
- (8) Decree of the Council of the People's Commissaries of 9 December 1921 on grants to survivors in the event of the death of the head of the family.
- (9) Decree of the Council of the People's Commissaries of 19 December 1921 on sickness insurance.
- (10) Decree of the Council of the People's Commissaries of 28 December 1921 on unemployment benefit.
- (11) Regulations of the Commissariat of Social Welfare of 2 January 1922 on social insurance funds.
- (12) Decree of the Council of the People's Commissaries of 2 January 1922 on the rate of social insurance contributions.
- (13) Decree of the Council of the People's Commissaries of 12 January 1922 on contributions for supplementary grants.

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<sup>1</sup>Cf. also Appendix VI : *Social Insurance.*

- (14) Decree of the Council of the People's Commissaries of 12 January 1922 on unemployment insurance contributions.
- (15) Circular No. 19 of the Commissariat of Social Welfare of 31 January 1922 on the rate of benefit.
- (16) Decree of the Council of the People's Commissaries of 5 February 1922 on contributions for medical attendance.
- (17) Decree of the Council of the People's Commissaries of 31 August 1922 on the temporary reduction of social insurance contributions.
- (18) Decree of the All-Russian Central Executive Committee and the Council of the People's Commissaries of 21 December 1922 on the transference of social insurance to the Commissariat of Labour.
- (19) Decree of the Commissariat of Social Welfare of 21 December 1922 on unemployment insurance of more highly qualified intellectual workers.
- (20) Decree of the Commissariat of Social Welfare of 21 December 1922 prohibiting deductions from all kinds of grants and pensions.
- (21) Decree of the Commissariat of Social Welfare of 21 December 1922 on maximum grants for temporary disability.
- (22) Decree of the Commissariat of Social Welfare of 21 December 1922 introducing unemployment insurance in transport undertakings.
- (23) Decree of the Commissariat of Labour of 17 February 1923 on supplementary grants to the families of members of the Red Army and the Navy.
- (24) Decree of the Commissariat of Labour of 28 March 1923 on unemployment relief for postal, telegraph, and telephone employees.
- (25) Decree of the Council of the People's Commissaries of 3 April 1923 concerning liability for contraventions of social insurance laws.
- (26) Decree of the All-Russian Central Executive Committee and the Council of the People's Commissaries of 12 April 1923 on the rate of social insurance contributions.

- (27) Decree of the Council of the People's Commissaries of 24 April 1923 on the funds for personal grants.
- (28) Decree of the All-Russian Central Executive Committee and the Council of the People's Commissaries of 13 June 1923 on the relations between the Commissariats of Labour and Social Welfare.
- (29) Circular of the Commissariat of Labour of 20 June 1923 on the payment of social insurance contributions by instalments.
- (30) Circular of the Commissariat of Labour of 11 July 1923 on the amount of supplementary grants.
- (31) Regulations of the Commissariat of Labour of 21 August 1923 on insurance offices and the powers of insurance funds.

#### THE SYSTEM OF STATE RELIEF

Social insurance in Russia has passed through several stages. Immediately after the November Revolution, on 12 November 1917, the Soviet Government stated that it would draw up Decrees on general social insurance based on the following principles: (1) Social insurance should apply to all wage-earners without exception, to peasants and city dwellers without means. (2) Insurance should cover all kinds of incapacity for work: sickness, invalidity, disablement, old age, confinement, death of head of the family, and unemployment. (3) The whole cost of insurance should be borne by employers. (4) In cases of invalidity or unemployment the insured should as far as possible be paid benefit at a rate equal to their normal wages. (5) The insured should themselves be responsible for the administration of insurance.

State relief was therefore contemplated from the outset and still formed the basis of the general Act on social insurance issued a year later on 31 October 1918. Under Section 2 of this Act all persons, without exception, were entitled to social insurance if they supported themselves by their own work without exploiting the work of others, irrespective of the nature and duration of their employment and the undertaking in which they were employed. All peasants were accordingly included among the insured, for after the socialisation of the land and the abolition

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<sup>1</sup> 30 October old style.

of the wage system it was assumed that the peasants cultivated their own land, Artisans and home workers (*kustari*) were also entitled to benefit by social insurance. The characteristic feature of the 1918 Act was that the insurance contributions were to be paid by all undertakings, institutions, businesses, and private employers. The former sickness funds were turned into insurance funds for all forms of social insurance. After a lengthy controversy with the Commissariat of Labour over their respective competence, the Commissariat of Social Welfare was made responsible for carrying the scheme into effect. The insurance of peasants, artisans, and home workers was not instituted in practice owing to the impossibility of creating an adequate organisation or obtaining the necessary contributions from the persons concerned, who as a whole were opposed to compulsory state insurance.

The transition to a Communist system rapidly made social insurance, as it had been understood in the Act of 31 October 1918, impracticable. The nationalisation of industry, the introduction of compulsory labour service and of a compulsory tax in kind for the peasants, the system of state supply and the campaign against non-proletarian "parasitic" elements, all contributed to make social insurance theoretically useless and practically impossible. Citizens who were unable to work owing to disablement or unemployment were none the less maintained by the state. There was no unemployment properly so called, as has already been explained, for the workers of undertakings which had closed down continued to be supported by the state while remaining at its disposal. The state insured wage earners at its own expense in the same way as it paid wages to persons employed in its undertakings and institutions. The Government allocated part of the resources of the Treasury, mainly in kind, for the maintenance of the population. The state alone made any kind of contribution towards social insurance. Persons who performed compulsory labour service were paid by the state; those who did not work for reasons which were accepted as adequate received state pensions or grants; in other words, everyone was supported by the state. There was no social insurance properly speaking, but only the principle of "state relief".<sup>1</sup>

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<sup>1</sup> See *Voprosy Strakhovania* (Social Insurance Questions), Nos. 3, 5, and 6, 1921; and the Report of N. A. MILIUTIN on "The Results and Prospects of Social Insurance" to the First All-Russian Social Insurance Conference held in September 1922.

An account was given in Chapter I of the effect of the system of state supplies, including relief, on general conditions and the material position of the workers. State relief and the payment of wages fixed by the central authorities were dependent on the system of state supply, i. e. the material resources of the Government, which in turn depended partly on the position of industry and state finance and partly on the payment of contributions in kind, i. e. the position of agriculture.

Until the adoption of the new economic policy economic conditions were such that pensioned workers in receipt of grants which they could not supplement by unlawful means were unable to satisfy their needs even with the highest grant, equal to maximum wages, much less with the grants equal to two-thirds of this.

At the same time expenditure on social insurance, which had to be met by the state, became excessive, largely owing to the disappearance of the private undertakings which shared in the cost of insurance. According to the Commissary of Social Welfare: "The former methods of public relief have proved totally inadequate. The great defect of the old system of social welfare was that an attempt was made to give it a form entirely in accord with Communist principles—a noble aspiration in itself but quite hopeless."<sup>1</sup>

The changes in the economic policy of the Government introduced in 1921 tended to overcome the greatest financial and economic difficulties, to increase state resources and reduce expenditure, and to improve the position of the peasants. At the same time it led to the reorganisation of the whole system of public relief on a different basis. The creation of private undertakings, the management of state undertakings on commercial lines, the abolition of compulsory labour service and the gradual abolition of the system of state supplies, the restoration of free contracts of engagement and of payments for State and municipal services, the urgent need for cutting down expenditure, all led to the abolition of the system of social assistance introduced by the Act of 1918, which had become useless and impracticable.

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<sup>1</sup> N. A. MILIUTIN: "The Organisation of Mutual Aid"; published by the Commissariat of Social Welfare, Moscow, 1921.

## RE-INTRODUCTION OF SOCIAL INSURANCE

According to Miliutin the interests of the Soviet State demanded that industry should be exempt from the burden of supporting persons who were partially or totally unsuited for employment, and that effective measures should be adopted for enabling persons who were temporarily incapacitated to return to work as soon as possible; it was also necessary that regulations should be adopted concerning the relief paid to peasants and the families of soldiers.

It was, however, manifestly impossible to do this owing to the lack of funds for social insurance and the philanthropic policy of the Commissariat of Social Welfare, due to its financial difficulties and defective organisation. The principle which had previously been accepted was that all groups of the population were equal in so far as social insurance was concerned, but the interests of the various social groups were too different to allow of the application of the same policy for all. By force of circumstances the extension of the principle of insurance to peasants and artisans had had to be dropped. Moreover, since the restoration of private initiative in industry "non-working elements" had again appeared. Some other basis for social welfare had therefore to be sought.

The system of social welfare at present in force takes three forms.

(1) Peasants' mutual aid is compulsory but based entirely on the initiative of the peasants themselves. The state controls and supervises the organisation of the system but makes no grants except in cases of natural calamity, and even these grants are not compulsory. The Decree of 14 May 1921 prescribed the organisation of village and communal mutual aid committees which are to be elected by the peasants themselves. These committees organise and administer mutual benefit in the event of bad harvests, fires, social or natural calamities in farms, villages, or whole communes, by means of special levies. They also distribute the relief funds in cash or in kind allocated for the purpose by the state and organise relief in the form of the labour of members of the community placed at the disposal of victims.

(2) The second form of social welfare is social insurance for all wage earners.

(3) The third is state relief, i. e. state assistance to citizens who

cannot obtain the benefits of mutual aid or social insurance. It covers pensions to those disabled in war, the families of citizens serving in the Red Army, the families of killed or missing soldiers, relief to victims of social or natural calamities, maintenance of students, etc. Except in the case of pensions to the disabled and the families of killed or missing soldiers, state relief is not organised but depends on the nature and extent of the risks incurred and the funds at the disposal of the state.

Hitherto compulsory state relief and mutual aid have not developed very much. Although the state has often made grants to various groups or institutions, this assistance has not been organised systematically and does not directly affect conditions of work. There has always been this side to the work of the central authorities in Russia and it is of no particular interest in an examination of present labour policy. Only the second form of social welfare, the social insurance of wage earners, will therefore be discussed here.

#### GENERAL PRINCIPLES OF SOCIAL INSURANCE

The basis of the system of social insurance was established by the Decree of the Council of the People's Commissaries of 15 November 1921 defining the different forms of insurance and the classes of persons entitled to benefit. The beneficiaries were exempted from all insurance contributions and the Commissariat of Social Welfare was made responsible for the administration of the system. This fundamental Decree was subsequently completed by the Decrees of 5, 8, 9, 12, 19, and 28 December 1921, 2 and 12 January, and 5 February 1922.<sup>1</sup> The Commissariat of Social Welfare was not in a position to undertake the practical administration of social insurance until the last of these Decrees had been published. The work of organisation began in February 1922 and lasted nearly a year.

The Soviet Government based its new Decrees on the following considerations. It was convinced that an extensive and complete programme of social insurance could not be applied. "The attempt fully to insure the lives of the disabled and the unem-

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<sup>1</sup>For a summary of these Decrees see INTERNATIONAL LABOUR OFFICE : *Organisation of Industry and Labour Conditions in Soviet Russia*. Geneva, 1922.

ployed is impossible as long as we are unable to guarantee sufficient wages to active workers.”<sup>1</sup> Workers who were sick or temporarily disabled were only guaranteed the payment of a sum equal to the wages they were earning at the time they lost their working capacity. Unemployment insurance aimed principally at the assistance of skilled workers. Invalidity insurance was similarly confined to skilled workers in the chief industries and to seriously disabled persons. On the other hand the protection of maternity and childhood was maintained in full; the insured persons were guaranteed the payment of the necessary relief at the time of the birth of the child and of the special nursing grants.

The various Decrees issued during 1922 were incorporated in the Labour Code of 1922. The following are the main provisions of the Code.

#### *Persons Insured.*

The social insurance system covers all wage earners, whether the undertakings, institutions, and businesses in which they are employed are state, public, co-operative, established under a concession or lease, of mixed character, or private, or whether they are employed by private individuals, irrespective of the nature and duration of their employment and the method of remuneration (Section 175 of the Labour Code).

By the beginning of 1923 it became evident that the critical position of the insurance authorities would not allow of the application of the system to all workers, irrespective of the nature and duration of their employment; certain restrictions had to be introduced. All persons employed on seasonal or temporary work which was not their only source of income were excluded from the system by a Decree of the Commissariat of Labour issued in agreement with the All-Russian Central Council of Trade Unions on 21 June 1923, “in view of the impossibility under present conditions of applying all the provisions of existing legislation on social insurance”.

The circulars of 15 June, 16 August, and 11 September prescribed that seasonal workers in the sugar, wood, spirits, and peat industries and certain postal and telegraph employees should no longer be entitled to social insurance. Agricultural workers (sea-

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<sup>1</sup> N. A. MILIUTIN: “The Results and Prospects of Social Insurance”. Moscow, 1922.

sonal workers and day labourers) and seasonal workers in the sugar, wood, and spirits industries and fisheries were only to benefit by social insurance to a limited extent.

*Risks covered by Social Insurance.*

The social insurance system comprises : (a) medical insurance; (b) benefit in case of temporary loss of working capacity (illness, injury, quarantine, pregnancy, confinement, care of a sick member of the family); (c) supplementary grants (nursing of infants, medical requisites, burial); (d) unemployment benefit; (e) invalidity benefit; (f) grants to survivors in case of death or disappearance of the head of the family (Section 176 of the Labour Code).

BENEFITS AND CONTRIBUTIONS

*Temporary Incapacity.*

In the event of temporary loss of working capacity, irrespective of its cause, every insured person receives benefit equivalent to the scheduled wage rate due to the class of worker to which he belongs in the undertaking or institution concerned at the time of the payment of benefit, and in any case not less than his actual earnings at the date of his loss of working capacity (Section 179 of the Code). Benefit for temporary loss of working capacity is paid from the date of such loss until the date of its recovery or that of the establishment of a condition of invalidity (Section 180).

Pregnancy and maternity benefit are paid to the insured person during the whole period of absence from work within the limits specified in Section 132 of the Labour Code and the note thereto.

If the available funds are insufficient, the central social insurance authorities may temporarily reduce the amount of benefit for temporary loss of working capacity (Section 179), provided that the amount of the benefit is in no case less than two-thirds of the scheduled wage rate for the class in question.

At first the effective wages before the loss of working capacity were taken, in accordance with the Decree of 22 April 1923, to be the full wages received by the worker during the last wage period, calculated in Soviet roubles. The Decree of 31 May 1923 laid down that this wage should be calculated in real roubles owing to the continued depreciation of the Soviet paper rouble. At

present the wages are calculated on the real rouble and the benefit is paid in Soviet roubles at the official rate for the first of the month on which it is payable. In undertakings which are temporarily closed down benefit is calculated on the wages paid before the stoppage of work. If the loss of working capacity takes place while the undertaking is closed, benefit is calculated on the average scheduled rate for the class of worker in question. If it continues after the undertaking has re-opened, the benefit is based on the wages paid to the corresponding class of workers.

*Supplementary Benefit.*

In addition to the benefit payable to insured persons and their wives, the Code prescribes that on the birth of a child a lump sum shall be paid by way of supplementary benefit equal to the average monthly earnings current in the locality, together with a nursing grant equal to one-quarter of the said average monthly earnings. The nursing grant is paid monthly for nine months from the birth of the child (Section 183 of the Code).

Benefit is granted for the burial of an insured person or a member of his family incapable of work for whose maintenance he is responsible, and is equal to the average cost of a civil funeral, but must not exceed the average cost of a civil funeral, but must not exceed the average monthly earnings current in the locality (Section 184).

For the same reasons which led to the reduction in the class of insurable persons, the Commissariat of Labour was also compelled to reduce the rates of supplementary grants (Decree of 11 July 1923). The grant paid as supplementary benefit on the birth of a child was fixed at 70 per cent. of the cost of the minimum budget for half a month as fixed on the 1st and 15th of each month. The nursing benefit was fixed at 18 per cent. and funeral benefit at 70 per cent. of the cost of the minimum budget for half a month. Since the wages actually earned by the workers are much higher than the cost of the minimum budget, as shown in Chapter I, it is clear that the new rates of benefit fall very much below the standards fixed in the Labour Code.

*Invalidity.*

The Labour Code fixes no grants in respect of invalidity insurance. The scope and form of such insurance must be determined by the competent authorities according to the nature and degree of invalidity and the resources of the disabled persons (Sec-

tions 187 and 188). On 18 July 1923 the following provisions were adopted by the Council of Public Health (Sections 187 and 188 of the Code).

The following persons are entitled to benefit by social insurance :

(1) victims of industrial accidents who have lost their working capacity through injury, occupational disease, sickness in general, or old age ;

(2) persons disabled in war who were formerly members of the Red Army or the Imperial Army and have lost their working capacity or contracted a disease at the Front or on active service ;

(3) disabled students ;

(4) persons who have rendered important services in politics, economics, or science.

Persons disabled in industry are entitled to invalidity insurance irrespective of the period of their employment if their invalidity is due to injury or occupational or other disease (Section 187 of the Code).

The persons defined above are not entitled to insurance unless they have no other source of income or means of subsistence than the insurance benefit. If their income is not sufficient for their support they are entitled to social insurance provided that the benefit (pension), together with their other income or means of support, does not exceed the average monthly earnings fixed by law for the locality.

Persons disabled in war or industry are not entitled to a pension if they carry on a remunerative occupation, trade, or business in which they employ paid workers. This provision excludes peasants, artisans, and home workers (*kustari*) from insurance.

Disabled persons in the first group receive grants equal to average local wages, those in the second group receive two-thirds, and those in the third group one-half such average wages. All disabled persons in receipt of pensions pay rent and dues for communal services (electricity, drains, water, gas, trams) at specially reduced rates.

Increased pensions are paid in cases of total loss of working capacity to the following :

(a) Persons who have rendered notable services to the Revolution, science, art, or literature, or have contributed in some manner to the progress of civilisation in general receive a grant equal to the local maximum (average) wage.

(b) Persons who have assisted the revolutionary or trade union movement or who have helped to strengthen the Soviet Government by their work receive grants not exceeding the average wage.

*Death or Disappearance of the Head of the Family.*

In the event of the death or proved disappearance of a wage earner the following members of his family are entitled to benefit, provided that their means are inadequate and they were supported by the insured person : (a) children under age, brothers and sisters under 16 years of age; (b) parents and the husband or wife if they are unable to work; (c) the foregoing persons, if although they are able to work they are responsible for the maintenance of children under 6 years; (d) the families of soldiers in the Red Army or members of the old Army who have been killed or have disappeared.

The family receives one-third of the average wage if it includes one person who is incapable of working, half if it includes two, and two-thirds if it includes more than two such persons. The families of persons mentioned in the preceding section as being entitled to increased pensions receive two-thirds of the increased pension paid to the deceased or to which he was entitled (Decree of the Council of Public Health of 18 July 1923).

*Unemployment.*

The following principles of unemployment benefit were laid down by the Labour Code. Unemployment benefit is fixed by the competent authorities in accordance with the qualifications of the unemployed person and the period for which he has been employed prior to the date of his loss of earnings. It may not be less than one-sixth of the average earnings accorded in the locality. Unemployed juveniles are entitled to benefit according to their qualifications, irrespective of the period of their employment. The period for which unemployment benefit may be granted according to the qualifications and period of employment is fixed by the competent authorities, provided that the maximum period is not less than six months (Sections 185-186).

These provisions were amended by a circular of the Commissariat of Labour of 12 June 1923<sup>1</sup>, which defined unemployed workers entitled to benefit in accordance with the Labour Code.

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<sup>1</sup> Collection of Decrees, June 1923.

The most important group is that of skilled workers and specialised intellectual workers (agricultural engineers, teachers, doctors, etc.) irrespective of their period of employment, provided that they have been registered at the employment exchange during the first four months of unemployment. They are entitled to benefit equal to one-third of the cost of the minimum budget and must register at the employment exchange within 15 days of having lost their employment. Young persons are also entitled to benefit at the rate of one-third of the cost of the minimum budget irrespective of the period of employment. Demobilised soldiers are entitled to the same benefit as skilled workers. Benefit may not be paid to the unemployed unless they possess no other source of income, and it is only payable for six months.

Unemployed workers lose their right to benefit and facilities in the following cases: (*a*) when they have been struck off the register of the employment exchange for having failed to report on the fixed date without sufficient reason; (*b*) when they refuse without sufficient reason to accept the work offered by the employment exchange; (*c*) when as the result of an enquiry it is proved that they are in more or less regular receipt of income or wages.

In addition to unemployment relief proper unemployed persons enjoy certain facilities on condition that they report themselves regularly. These facilities include the use of communal services (gas, electricity, water, trams) free or at reduced rates, the right to pay rent at the end of the month, exemption from the personal tax and labour duty after two weeks unemployment, postponement of the payment of other taxes, free medical attendance, baths, etc.

#### PAYMENT AND DETERMINATION OF CONTRIBUTION

In order to carry out social insurance in practice a system of contributions in proportion to wages was established. The rate of contribution is fixed by special Decrees of the Commissariat of Labour, which takes into account the unhealthiness of the undertaking and the risks involved in the work. Insurance funds are strictly reserved for benefits for manual and non-manual workers and may be used for no other purpose whatever (Section 177 of the Code).

The cost of insurance contributions is borne by the undertakings, institutions, and businesses which employ workers. They must

not be imposed on the insured persons nor deducted from their wages (Section 178). No deduction may be made from benefit or pensions in favour of the trade union, victims of the famine, etc. The failure of undertakings, institutions, businesses and individual employers to pay the contributions due may in no case entail forfeiture by the wage earners affected of the right to the benefits specified in the Code (Section 191).

The contributions payable in accordance with the rates fixed must be paid by the undertakings to the local finance department (local branch of the Commissariat of Finance) into the social insurance account during the first seven days of the month following the period in respect of which the contribution is paid. At the same time undertakings must pay the sums they have collected from workers in the form of fines for unjustified absence.

According to instructions issued by the Commissariat of Social Welfare the basic rates are fixed by the Commissariat itself. The provincial social welfare departments may modify the rates for undertakings employing from 100 to 500 workers and the Commissariat of Social Welfare those for undertakings employing more than 500 workers.

The local factory inspector is responsible for classifying undertakings according to their unhealthiness and danger. Once this classification has been made the total contribution to be paid by the undertaking is calculated as follows : (1) for permanent workers (i. e. who have been employed for more than 12 days in the undertaking), in proportion to average monthly wages ; (2) for temporary workers (i. e. those having been employed less than 12 days), in proportion to average daily wages. Lists of contributions are drawn up once a month by the management of the undertaking and examined by the factory committee.

The Labour Code, while containing detailed regulations on the granting of benefit, merely states that "the amount of the insurance contributions shall be fixed by special Decrees", without referring to the Decrees already in existence, which it had proved extremely difficult to enforce.

To begin with, when social insurance was reorganised, the amounts paid as insurance contributions were higher than at present, although the Commissariat of Social Welfare maintains that they were calculated with the utmost caution. It appeared, however, that the state institutions and state-supplied undertakings were not in a position to pay the prescribed contributions. At first

the state tried not to allocate special sums in order to facilitate the payment of such contributions, and the result was that state undertakings and institutions fell heavily into debt. Neither did the undertakings which were not in receipt of state supplies and were managed on commercial lines pay their contribution. As appears from the report of the Commissariat for 1922 they offered passive resistance to the payment of insurance contributions. On 1 October 18 transport undertakings (river and railway) were in arrears with their contributions to the amount of 9,799,894 million Soviet roubles; 14 state trusts were in arrears to the extent of 50 per cent. (i. e. 2,627,211 million Soviet roubles); 272 insurance authorities (or 67 per cent. of the total number) had collected only 9,667,761 million instead of 12,089,866 million Soviet roubles.<sup>1</sup>

In view of this the Council of the People's Commissaries decided on 10 August 1922 to allocate the sum of 10,000,000 million Soviet roubles to cover the debts of state undertakings and institutions. The rate of contribution for state undertakings was reduced and was to remain in force only until 1 October 1922. At the beginning of 1923 all the rates of contributions were revised and as from 1 March 1923 a new system came into force<sup>2</sup>. The tables below give the former and present rates of contribution for the different groups of undertakings classified according to unhealthiness and danger.

*State Undertakings not financed by the State and  
Private or Public Undertakings.*

(Contributions per cent. of wages)

Class of undertaking	Temporary incapacity and supplementary grants		Permanent invalidity		Unemployment		Medical attendance		Total	
	1922	1 March 1923	1922	1 March 1923	1922	1 March 1923	1922	1 March 1923	1922	1 March 1923
I	6	6	7	3.5	2.5	2	5.5	4.5	21	16
II	7	6.5	8	4.5	2.5	2	6	5	23.5	18
III	8	7	9	5	2.5	2	6.5	6	26	20
IV	9	8	10	5.5	2.5	2	7	6.5	28.5	22

<sup>1</sup> "A Brief Survey of the Development of Social Insurance in 1922", published by the Commissariat of Social Welfare, 1922. See also A. B. : "The First Year of Social Insurance in the R. S. F. S. R.", in *Voprosy Strakhovania*, No. 1, Jan. 1923. Cf. also Appendix VI.

<sup>2</sup> Decree of the All-Russian Central Executive Committee, 12 Apr. 1923.

*State Institutions and Undertakings Financed by the State.*

(Contributions per cent. of wages)

Form of insurance	State institutions		Transport and nationalised undertakings, financed by the state	
	1922	1 March 1923	1922	1 March 1923
Temporary incapacity and supplementary grants	5.5	4.5	8	6
Invalidity	4	2.5	6	3.5
Unemployment	2.5	2	2.5	2
Medical attendance	2	3	4.5	4.5
TOTAL	14	12	21	16

Although the state had itself paid part of the debts of its undertakings and institutions the situation did not improve and the amounts due but not paid to the insurance authorities continued to increase after 1 October 1922. On 12 April 1923 the All-Russian Central Executive Committee decided that the sums due in respect of insurance up to 1 January 1923 should be considered cancelled. Even this measure did not improve the finances of social insurance, for the payments thus reduced were still too high for the state undertakings and institutions owing to the general financial difficulties of the state. A further reduction in the rates was therefore introduced for certain undertakings employing seasonal workers or not working continuously. Next, undertakings started for the relief of unemployment were exempted from the payment of insurance in general (Circular of the Commissariat of Labour of 16 May 1923). Similarly, exemptions were allowed to all undertakings in a locality in which for technical or economic reasons there were no insurance funds (Decree of the Council of the People's Commissaries of 17 July 1923, instructions of the Commissariat of Labour, 21 August 1923). The undertakings thus exempted from making regular payments were to pay the workers grants in accordance with the legal provisions. Under yet another measure the undertakings were empowered to make their contributions in instalments.

Finally the Decree of the Council of the People's Commissaries of 3 April 1923 imposed heavier penalties for irregularity in payment, as follows :

(1) In the event of delay the contributions due are increased by the difference between the value of the sum calculated at the official rate of the gold rouble on the day of actual payment and its value in gold roubles on the last day on which it was due.

(2) In addition to this increase the offender is liable to a fine of 10 per cent. for the first month's delay and 15 per cent. for each subsequent month.

(3) Unpaid contributions are collected by the administrative authorities in the same way as unpaid taxes.

(4) The owners or representatives of undertakings and institutions who are guilty of not paying their contributions or of not having registered with the social insurance authorities or having knowingly given false information may be prosecuted in accordance with the terms of the Penal Code.

Hitherto these measures have led to no absolute improvement in the working of the system of social insurance. As before, the contributions are paid irregularly, the debts of the undertakings increase, and the expenditure of the insurance authorities sometimes exceeds the sums they receive in contributions.<sup>1</sup> Owing to the deplorable economic and financial situation of state undertakings and institutions they are finding it increasingly difficult to pay insurance contributions. The representatives of the economic authorities complain<sup>2</sup> that social insurance contributions add considerably the cost of labour, increase the cost of production and the general costs of industry, and are one of the reasons for the heavy rise in prices of manufactured goods, which makes it difficult to dispose of them on the market and steadily aggravates the position of industry.

#### INSURANCE FUNDS

Insurance contributions are paid into the four following funds :

- (a) fund for temporary loss of working capacity, confinement, and supplementary insurance grants ;
- (b) fund for invalidity benefit and grants to survivors in cases of death or disappearance ;
- (c) unemployment fund ;
- (d) reserve fund.

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<sup>1</sup> Cf. Appendix VI.

<sup>2</sup> Cf. Chapter II.

Together the four funds constitute the All-Russian Social Insurance Fund, which is made up as follows :

- (1) contributions of undertakings, institutions, and businesses in respect of the various forms of social insurance ;
- (2) fines imposed on undertakings, institutions, and businesses for failure to observe social insurance regulations ;
- (3) fines imposed on workers for unjustified absence ;
- (4) miscellaneous revenue.

The reserve fund is made up of : (1) 10 per cent. of the payments into funds (*a*), (*b*), and (*c*); (2) any surplus at the end of the year in funds (*a*), (*b*), and (*c*); (3) various fines; (4) unclaimed pensions and grants.

It is specifically laid down that funds (*a*), (*b*), and (*c*) can only be used for the purposes for which they were created, but in urgent cases a transfer from one fund to another may be authorised. This Decree is very little observed in practice. Certain local insurance authorities transfer sums from one fund to another without the authorisation of the central insurance authorities. For instance, they subsidise the disabled men's co-operatives for the organisation of hostels and other work which does not come within their competence. The Commissariat of Labour, in a circular of 28 August 1923 again strictly prohibited the local authorities from making such transfers, but the Commissariat itself was compelled by the irregularity in the payment of contributions and the difference in the position of the various social insurance funds to authorise the use of fund (*b*) for payment to persons suffering from temporary loss of working capacity (Circular of 16 June 1923).

#### ADMINISTRATION

When social insurance was introduced at the end of 1921 it was placed under the management of the Commissariat of Social Insurance, while medical attendance was left in the hands of the Commissariat of Public Health. Gradually, however, the Commissariat of Labour became responsible for all matters connected with labour policy, and the administration of social insurance was entrusted to it by the Decree of the All-Russian Central Executive Committee of 21 December 1922. Under this Decree all the departments and property of the Commissariat of Social Welfare were transferred to the Commissariat of Labour. An agreement was reached between the two Commissariats reserving to the former

invalidity insurance in accordance with the agreements entered into between the various institutions for the disabled and the insurance authorities. The two Commissariats must agree whenever the social insurance authorities intend to open new institutions (hostels for the disabled, schools, homes for pensioners, etc.).

A special committee has also been appointed, consisting of representatives of the Commissariats of Labour, Social Welfare, and Public Health, which determines the degree of incapacity of the disabled for the purpose of fixing the amount of their pensions and decides whether they are to be treated as disabled in war or industry.<sup>1</sup>

Social insurance is in the hands of the following bodies :

- (1) the Central Social Insurance Department ;
- (2) the provincial social insurance departments ;
- (3) the social insurance funds ;
- (4) the social insurance offices and the insurance fund representatives.

#### *Central Social Insurance Department.*

The Central Social Insurance Department and its branches are not financed by the state and must be run on commercial lines like all other state undertakings which are not in receipt of state supplies. It is the branch of the Commissariat of Labour for administering social insurance, and it draws up instructions, regulations, and circulars and determines the method of collecting contributions and the amount of grants.

The Director of the Department is appointed by the Commissariat of Labour in agreement with the All-Russian Central Council of Trade Unions. The Department includes a special section for the supervision and control of social insurance in transport undertakings; representatives of the section are appointed for the various regions of the Republic.

#### *Provincial Social Insurance Departments.*

Provincial departments corresponding to the Central Social Insurance Department have been set up for the administration of social insurance. Their duties are as follows : (1) to direct and

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<sup>1</sup>Decree of the All-Russian Central Executive Committee and the Council of the People's Commissaries of 13 June 1923.

supervise the work of the insurance funds within a province, and see that all Decrees relating to insurance and decisions of the regional funds are carried out; (2) to register the insurance funds in the province; (3) to decide whether several insurance funds ought to be amalgamated; (4) to administer directly unemployment insurance, invalidity insurance, and the insurance of survivors against the death of the head of the family; (5) to organise the collection of contributions and impose fines; (6) to manage the various social insurance funds; (7) to settle disputes.

### *Insurance Funds.*<sup>1</sup>

The insurance funds are set up by election on a territorial basis. The radius of the area covered by the fund must be at least 2 versts and the membership of the fund must be not less than 2,000.<sup>2</sup>

Each fund is managed by a committee of three to seven persons elected by the local conference of insured persons for a period of six months. The committee elects its own chairman, the appointment being confirmed by the Director of the Social Insurance Department. The chairman is the authorised representative of the Department in the locality, and is responsible for carrying into effect social insurance measures and the instructions of the district social welfare department. The conference of insured persons in the district comprises representatives of the factory committees in the district in proportion to the number of insured in each undertaking, together with representatives of each trade union corresponding to the undertakings concerned. The insurance funds for transport undertakings are organised in the same manner, but their area is larger averaging 2,500 kilometres for regional funds and 250 kilometres for branch funds.

The revenue of the insurance funds is derived from the social insurance contributions of undertakings, institutions, and businesses in respect of temporary incapacity and supplementary insurance grants, and miscellaneous donations and other income.

It is the duty of the fund: (1) to organise insurance against temporary loss of working capacity and the supplementary

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<sup>1</sup> Cf. Appendix VI.

<sup>2</sup> For certain groups of non-sedentary workers (transport, building, etc.) a territorial basis is not adopted. Special regulations for persons employed in public works are contained in a circular of the Commissariat of Social Welfare of 16 June 1922.

insurance grants; (2) to direct the factory committees in social insurance matters; (3) to supervise the payments made by undertakings; (4) to administer insurance moneys; (5) to check the lists of disabled persons and direct the work of the supervisory medical committees; (6) to check documents and medical certificates; (7) to co-operate with the social welfare authorities in the organisation of social insurance institutions; (8) to convene a conference of insured persons in the area at least twice a month.

*Social Insurance Offices and Insurance Fund Representatives.*

In districts which are remote from insurance funds and in which the number of insured persons is too small to allow of the establishment of a fund, insurance offices or representatives of the insurance funds are appointed.<sup>1</sup> The offices are set up in localities (regions) or undertakings with 200 to 2,000 insured persons. If the number of insured persons is between 50 and 200 an insurance fund representative is appointed. Offices or representatives are not created unless the nearest headquarters of a fund are at a distance of not less than 5 versts. The chairman of the office, or the representative, is appointed by the insurance fund committee in agreement with the inter-trade union organisation. The representative attached to an undertaking is appointed by the insurance fund in agreement with the factory committee.

The functions of the insurance office are the same as those of the local social insurance authorities (temporary incapacity, invalidity, unemployment, and insurance of survivors against the death of the head of the family). The insurance fund representatives check documents, empower the insured to receive benefit, and grant benefit for temporary incapacity, maternity benefit, invalidity benefit, benefit to widows and orphans, and unemployment benefit. They also see that payments are made regularly and in full.

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<sup>1</sup> Decree of the Commissariat of Labour of 21 August 1923.

## VII

### **Labour Inspection<sup>1</sup>**

#### *Legislation in Force.*

- (1) Labour Code (1922) Sections 31, 54, 138, 145-150.
- (2) Labour Code (1918) Sections 127, 128, 131, 132.
- (3) Decree of 8 August 1918 on technical inspection.
- (4) Instruction of 29 August 1918 to the inspectors of safety appliances.
- (5) Decree of the Commissariat of Labour of 17 March 1919 on sanitary inspection.
- (6) Decree of 12 April 1919 on extra-regional inspection.
- (7) Instruction of 6 February 1920 on technical inspection.
- (8) Decree of 23 September 1921 on the inspection of children.
- (9) Regulations of 23 October 1921 on the inspection of children.
- (10) Decree of the All-Russian Central Executive Committee of 13 April 1922 on the relations between labour inspection and the local labour departments.
- (11) Regulations of 10 July 1922 on the inspection of ways and communications.
- (12) Decree of the Commissariat of Labour of 7 August 1922 on sanitary inspection.

#### GENERAL DUTIES OF LABOUR INSPECTORS

Under the Labour Code of 1922 there are three classes of labour inspectors : (1) labour inspectors properly so called, (2) technical inspectors, and (3) sanitary inspectors. The Commissariat of Labour is responsible for labour inspection of these three types. The labour inspectorate is responsible for supervising the observ-

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<sup>1</sup> Cf. also Appendix VII : *Labour Inspection.*

ance of all the provisions of the Code, Decrees, instructions, orders, and collective agreements relating to working conditions, in respect of all undertakings, institutions, businesses, and individual employers (Section 146 of the Code).

The powers and duties of all the inspection authorities are defined as follows in the 1922 Labour Code :

In connection with the fulfilment of the duties specified in Section 146, the labour inspection officials shall have the following powers :

(a) They shall have the right of entry into any undertaking, institution, or business within their district, and any place where work is being done, at any time of the day or night, and likewise the right to visit all installations for workers connected with such places — dwellings, hospitals, crèches, etc.

(b) They shall have the right to require the occupier or the head of the undertaking, institution, or business to supply the requisite information and to submit all books, papers, and documents required.

(c) They shall decide whether the opening of whole undertakings or parts thereof shall be permitted.

(d) They shall issue instructions for the removal of abuses and other defects observed by them in connection with the protection of workers, and these instructions shall be binding on state, public, and private institutions, undertakings, businesses, and individuals.

(e) They shall call offenders to account by administrative or judicial procedure in the event of failure to observe the orders contained in the Code or the Decrees, instructions, orders, and other directions issued by the Soviet authorities respecting the protection of the life and health of workers (Section 148).

In addition to the work specified in the foregoing sections, the labour inspection officials may take special action for the removal of conditions directly menacing the life and health of workers, even if the taking of such action is not provided for in the special Acts, instructions, or orders of the People's Commissariat of Labour and its local representatives (Section 149).

The sanitary and technical inspectors of the People's Commissariat of Labour shall supervise the detailed application and carrying out of the instructions, regulations, and binding orders respecting industrial hygiene, factory hygiene, and technical precautions against accidents (Section 150).

An undertaking shall not be opened, brought into operation, or transferred to another building, without the approval of the labour inspection service or the officials entrusted with supervision in respect of industrial hygiene and technical inspection (Section 138).

The organisation and special functions of labour inspection vary according to the class of inspector.

## LABOUR INSPECTORS OR “ELECTED” INSPECTORS

The labour inspectors are appointed for a specified period by the inter-trade union councils and the appointments are ratified by the People's Commissariat of Labour (Section 147 of the Code). In their current work they follow the instructions of the local labour department and the local inter-trade union authorities. When making their visits they must be in possession of an official certificate from the local labour department empowering them to enter any undertaking at any time of the day or night and to demand all the information they require, books, etc. If possible, the inspector should be accompanied by a member of the factory committee of the undertaking visited or by a representative of the labour protection department of the local trade union. When visiting important undertakings he should be accompanied, if need be, by technical or sanitary inspectors.

In addition to the ordinary visits of inspection, the inspector makes further visits to see that his orders have been carried out, and also special visits. Before inspecting an undertaking, he demands to be shown : (1) the inspection record, in which he enters his observations; (2) the card index or a list of the staff; (3) the register of children and young persons; (4) the overtime record; (5) the daily reports; (6) the accident record; (7) the boiler register. He then ascertains that the Labour Code and special instructions affecting the undertaking have been posted and that work books have been issued and are kept up to date.

He makes inquiries into everything relating to the life and health of the workers, visits all installations connected with the undertaking, such as dwellings, baths, hospitals, refectories, co-operatives, theatres, libraries, crèches, etc. He ascertains whether the law on working hours and the employment of women and children is observed, notes contraventions, and considers whether the reasons given are valid. He enters briefly in the inspection record the contraventions observed and the orders given. On his next visit he ascertains whether his instructions have been carried out, and if not he institutes legal proceedings against the offender, during which he must present a report on the case.

In agreement with the factory committee, the inspector may take special measures which may even go as far as the partial or complete closing down of the undertaking. In addition to visiting

undertakings, the inspector must also see that he is notified of industrial accidents without delay. He makes an enquiry on the spot and takes all the necessary steps for preventing a repetition of similar incidents, at the same time sending a report to the local labour department.

The inspector makes a report after each visit, stating all the demands which have been submitted to him. The reports are classified by district. The inspector also keeps a daily journal and sends monthly and half-yearly reports to the regional labour department and the Commissariat of Labour. He makes use of the office and seal of the local labour department, and any important document must be ratified by the head of the department. The inspector himself has no power to take decisions and in the event of contravention of labour laws he must apply to the local labour department.

A very important and interesting side of the work of the elected inspector is that of giving advice. Any employer or worker may apply to him at fixed hours, which must be posted in every undertaking. On an average, the inspector gives three consultations a week, which almost always cover the same points—exemption from compulsory labour service, overtime, and the employment of young persons. The inspector does not confine himself to advising the persons consulting him, but is also frequently called on to decide disputed points.

The elected inspector takes part in the formation and management of labour protection departments in agreement with the local trade union authorities and the factory committees. He gives lectures and reports on his work to the chief trade union and inter-trade union authorities. He assigns duties relating to the protection of workers to the organisations of young Communists and women's branches of the Communist Party. He endeavours to educate the workers in the principles of labour protection and may also suggest amendments to existing legislation. He keeps in touch with economic bodies, the authorities of supply, education, and social welfare, the housing department in the local soviets, and public health institutions. In the event of disputes with other authorities, he applies to the local inter-trade union organisation through the medium of the local labour department, then to the highest authority concerned, and finally to the provincial representative of the Commissariat of Labour. Pending final decision he cannot prevent the measures adopted from being carried out.

In addition to the above-mentioned functions, the labour inspector has two very important duties.

(1) He is entitled to require the premature dissolution of a labour agreement entered into by a minor if its continuance imperils the health of the minor or is injurious to him in any way (Section 31 of the Labour Code).

(2) He approves the factory rules of all undertakings and institutions, state, public, and private (Section 54 of the Labour Code).

#### APPOINTED INSPECTORS

The new Labour Code (1922) makes no reference to the organisation of appointed inspectorates. Section 146 of the Code quoted above speaks of three classes of inspectors. Section 147 establishes the election of labour inspectors properly so called. The Code contains no definition of the manner in which technical and sanitary inspection are to be organised, and it may therefore be assumed that the legislation which introduced these two types of inspection still remains in force.

#### *Technical Inspectors.*

Technical inspection was introduced by a Decree of 8 August 1918, supplemented by the "Instruction to Inspectors of Safety Appliances" issued on 24 August 1918. The provisions of this latter instruction were repeated in the Instruction to Technical Inspectors of 6 February 1920.<sup>1</sup> Technical inspection, like sanitary inspection, differs from the system described above in that the principle of simple election ratified by the Commissariat of Labour is no longer applied. The labour protection department of the Commissariat of Labour directly appoints the inspectors from a list of candidates submitted by the trade unions. The Commissariat of Labour may also dismiss or transfer the technical inspectors. It acts through the competent provincial department if the transfer takes place within the province.

Under the Instruction of 6 February 1920 it is the duty of the technical inspectors to "assist the labour inspectors (elected) and the labour protection departments with their technical advice and special experience". Their powers and duties are therefore very

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<sup>1</sup> Legislative Series, 1920, Nos. 40-41.

similar to those of the elected inspectors, but their supervision applies mainly to certain special aspects of protection, such as the distance between machines, transmission belting, ventilation, boiler supervision, etc. Like the elected inspectors, the technical inspectors make monthly and half-yearly reports, and they also hold consultations, which must take place at least once a week.

The visits of the technical inspectors take place on the orders of the elected inspectors, to whom they notify any contraventions they may have observed. In the event of immediate danger, the technical inspector may give orders, but he must make immediate application to the elected inspector and the local labour department. In purely technical matters no appeal is allowed against the decision of the technical inspector; the elected inspector alone may, if he thinks desirable, address an appeal to the provincial labour department.

### *Sanitary Inspection.*

Sanitary inspection was introduced by the Decree of the Commissariat of Labour of 17 March 1919.<sup>1</sup> The functions of the inspectors are defined in the Instruction to Sanitary Inspectors of 15 January 1920.<sup>2</sup> They may be classified under three heads: the examination of conditions, practical measures for the improvement of such conditions, and supervision of the observation of the law. Like the technical inspectors, the sanitary inspectors are directly subordinate to the Commissariat of Labour. The practical work of the two inspectorates is governed by similar regulations.

Little information is available on the distribution of sanitary inspectors and their work. The following statement dates from the end of 1919:

“So far we are only introducing sanitary inspection of factories and working conditions in general. In many provinces it has been necessary to compromise and organise permanent relations with the public health authorities or even with certain doctors in the local public health departments. The latter act as sanitary inspectors, working in close contact with the labour inspectors and directly subordinate to the local labour protection departments.”<sup>3</sup>

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<sup>1</sup> Legislative Series, No. 15, 1919.

<sup>2</sup> *Ibid.*, Nos. 40-41, 1920.

<sup>3</sup> S. KAPLUN: “Labour Protection during Two Years of Proletarian Revolution”, p. 5. Moscow, 1920.

### EXTRA-REGIONAL INSPECTION

At the end of 1919 the Labour Code made a distinction between the elected or nominated inspectors according as they were regional or extra-regional. Two years of experience had shown, on the one hand, that the elected labour inspectors frequently lacked the necessary technical knowledge and had to be assisted by technical and sanitary inspectors and, on the other hand, that the strict application of the "territorial" principle for the election and work of the inspectors involved considerable difficulty. By the end of the first half-year it was realised that the provision for "extending inspection to every form of labour" was not carried into effect. The following statement was made at the time in this connection.

"The majority of the inspectors, almost all of whom were proletarian workers in large industrial undertakings, confined themselves to the inspection of factories... All small industrial undertakings which in some respects might be classified as home industries... or branches of industry in which workers are grouped in small numbers or in which the places of work are not concentrated but scattered, such as, for instance, railways, inland navigation, the construction of roads or bridges, or special work such as agriculture, etc.; all remained outside the supervision of the People's Commissariat of Labour. It was, therefore, necessary to introduce extra-regional inspection".<sup>1</sup>

This was effected by an Act of April 1919. The only respect in which extra-regional inspection differs from regional inspection is that of administrative distribution. The elected extra-regional inspectors are appointed by the trade union concerned. Inspectorates had already been formed in 1919 by the railway, water transport, post and telegraph, building, and commercial workers' unions; and agricultural inspection was under preparation. The report of the All-Russian Central Council of Trade Unions for 1919 also refers to the institution of a body of extra-regional inspectors in the unions of building and public works employees, railway workers, seamen, Soviet postal and telegraph employees, and hotel and restaurant workers.<sup>2</sup>

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<sup>1</sup>S. KAPLUN: "Labour Protection", in *Bulleten Commissariata Trooda* (Bulletin of the Commissariat of Labour), 1919, No. 10, p. 13.

<sup>2</sup>Report of the All-Russian Central Council of Trade Unions for 1919, pp. 221, 243, 253, 279, 282, and 348.

In 1922 it was decided that any trade union might appoint extra-regional inspectors at its own expense if it considered that the work of the regional inspectors was inadequate. As an example of the present organisation of extra-regional inspection, reference may be made to the inspection of means of communication by land and water organised under the regulations of 10 July 1922. The inspectorate includes elected, technical, and sanitary inspectors under the direction of the Chief Inspector of Communications, who has authority over the whole of Russia. Subordinate to him are the divisional inspectors (divisions of Siberia, the Ukraine, Turkestan, South-East Russia, and North-West Russia) and the railway inspectors, who are elected by the corresponding branches of the railway unions, subject to the approval of the Commissariat of Labour. A third grade is constituted by inspectors who visit a specified length of line and are elected by the conference of employees on the part of the line concerned.

This body of inspectors is subordinate to the People's Commissariat of Labour, the Chief Inspector of Communications being attached to the Labour Protection Department of the Commissariat. The divisional or railway inspectors are subordinate to the local labour departments and make use of the premises of the trade union offices.

#### INSPECTION OF CHILDREN

It is part of the duty of the elected inspectors to supervise the employment of children whether in industry or otherwise. In consequence of a proposal brought forward in 1919, an inspectorate for the employment of children was appointed at the beginning of 1920 by a Decree of the Commissariat of Social Welfare. These inspectors are designated by the groups of young Communists organised in the undertakings or trade unions and are elected by the local inter-trade union council subject to the approval of the local labour department.

Since 1921 there has been some modification in the inspection of children. By the regulations of 23 October 1921 the work was transferred to the Commissariat of Public Education. The inspectors are known as "brothers and sisters of social relief", and it is their duty to combat "the exploitation and ill-treatment of children in all kinds of undertakings and at home".

## VIII

### Trade Unions<sup>1</sup>

#### *Legislation in Force.*

I. The Labour Code (1922) Part XV : Trade unions (productive unions) of wage-earning and salaried employees, and their representative bodies in undertakings, institutions, and businesses (Sections 151-167). The Labour Code of 1922 contains the only legislative provisions made by the Soviet Government concerning the rights and organisation of trade unions.

II. In addition to Government legislation all the regulations of the All-Russian Central Council of Trade Unions have the force of law. An examination of legislation on trade unions must, therefore, take into consideration the resolutions of the Central Council of the All-Russian Trade Union Congresses.

The last (fifth) All-Russian Trade Union Congress, the resolutions of which have the force of law for trade unions, took place in September 1922. The last meetings of the All-Russian Trade Union Council, the resolutions of which at present govern the trade union movement, were the second plenary session in February 1922 of the Council appointed by the Fourth Congress, the second plenary session in December 1922, the third plenary session in April 1923, and the fourth plenary session in September 1923 of the Council appointed by the Fifth Congress.

Reference should also be made to the following :

- (1) Resolution of the Central Committee of the Communist Party of 28 December 1921.
- (2) Decree of the All-Russian Central Executive Committee and the Council of the People's Commissaries of 16 April 1922 on the transference of the powers of the state relating to labour protection from the All-Russian Central Council of Trade Unions to the Commissariat of Labour.
- (3) Circular of the Central Council of Trade Unions of 8 May 1922 on the relations between the Central Council of Trade Unions and the Commissariat of Labour.

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<sup>1</sup> Cf. also Appendix VIII : *Trade Union Movement.*

- (4) Circular of the Central Council of Trade Unions and the Supreme Economic Council of May 1921 on the duties of trade unions.
- (5) Circular of the Supreme Economic Council and the Central Council of Trade Unions of 24 March 1923 on the relations between the state economic authorities and the trade unions

### FUNCTIONS OF TRADE UNIONS

During the period of Communism, the trade unions formed an integral part of the state under the direction of the Communist Party. In their capacity as government bodies they took part, as has already been described, in the economic administration of the country. In particular, they were responsible for the management of all nationalised undertakings, the practical enforcement of compulsory labour service, and the determination of the conditions of work to be laid down by the state.<sup>1</sup>

According to the most recent study of trade unionism in Russia, "the trade unions after the November Revolution were, in theory, intended to group the proletariat in a single organisation which under the direction of the Communist Party was to exercise the dictatorship of the working classes; as an organisation of the proletariat in a state in which the bourgeois and peasant classes predominated, the trade unions were to form the fundamental basis on which Communist economic system could be constructed."<sup>2</sup> It was the unanimous opinion of trade union leaders in 1920 and 1921 that the actual position of the unions in no way corresponded to this theory. They had "necessarily to contend with the demands of the backward masses who could not rise to a wide conception of the needs of the state and had to use not only persuasion but also force against the backward sections of the working classes".<sup>3</sup> There was consequently no close and constant contact between the masses and the unions, for the workers considered the unions to be state authorities acting against the interests of the working classes.

Towards the end of 1921, although the membership of the unions was still very high, they were faced with the prospect of

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<sup>1</sup> Cf. Chapters I, II, IV, and V.

<sup>2</sup> F. SENIUSHKIN: "Factory Committees in Russia". Moscow, 1923.

<sup>3</sup> *Ibid.*

decline. They owed their continued existence to the vigorous support of the state and the Communist Party and the compulsory membership of all workers. When the new economic policy was introduced, the unions did not immediately adapt themselves to the changed situation, first, because the new policy was originally considered to be merely temporary and, secondly, because there was a reluctance to undertake a transformation of the unions, which it was realised would have to be radical, for fear that the new policy would be definitely confirmed. The fourth All-Russian Trade Union Congress, held in May 1921, i. e. when the new policy came into force, failed to realise the importance of the change and took no fresh decisions affecting trade union policy.

Nevertheless, the new policy had profoundly modified the very foundation of the Soviet system. The trade unions could no longer be left to run undertakings, once it had been decided that state undertakings should be run "on commercial lines" and capitalist principles. Contracts of engagement having been made free, the conditions of work could no longer be governed by the one-sided decisions of the trade unions, but only by freely concluded collective agreements. Disputes between employers and workers became possible, and even inevitable, unemployment increased, and private undertakings of all descriptions sprang up which necessitated new methods of protecting the workers. All this resulted in a complete alteration of the functions of the trade unions. They found themselves faced with new duties which brought them back to the position of 1918. According to the Commissary of Labour, "the trade unions had to transfer the centre of gravity of their work to the protection of the interests of their members".

This change in trade union activity was admitted for the first time at the conference of the Central Committee of the Communist Party on 28 December 1921, which gave a fresh direction to trade unionism more in conformity with the new policy. These resolutions were adopted in full and extended by the plenary session of the All-Russian Central Council of Trade Unions which took place in February 1922. By the time the fifth All-Russian Trade Union Congress was held in September 1922 the new policy had been tried for nearly eighteen months. The Congress had to

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<sup>1</sup>Verbatim Report of the Fifth All-Russian Trade Union Congress, p. 82. Moscow, 1922.

accept the need for changing trade union policy in conformity with the new conditions which had been firmly established and for confirming the new tendency in all matters connected with trade unionism.

The trade union movement then entered on a stage of development which differed completely from that of the Communist period. The new principles laid down by the fifth Congress may be summarised as follows. In order that the trade unions might again become an organisation of the masses, they had to give up compulsory enrolment i. e., automatic registration in the unions of all the workers in an undertaking *en bloc*, and to introduce the principle of free individual enrolment, it being the duty of the union "to defend the interests of the workers against reviving capitalism and such of the state economic authorities as would go too far in the application of the principle of 'management on commercial lines' and failed to take into account the real possibilities of satisfying the workers and to comprehend the main objects of the Soviet State".<sup>1</sup> The system of impersonal management in industry, introduced to give the economic authorities an opportunity to exercise initiative on their own responsibility, made it no longer necessary for the trade unions to take a direct share in production nor even to participate on an equal footing in the appointment of the managements of undertakings. The higher economic authorities had also to be given greater independence.

In the matter of disputes between employers and workers, the new instructions laid down that strikes in state undertakings should be prevented and that disputes should, in general, be settled as far as possible by amicable arrangement while protecting the interests of the workers. As the Government had recognised the importance of experts for an economic revival, the unions had to act more benevolently towards them; they therefore had to be offered more favourable conditions of work which, in turn, compelled a change in wage policy. The abolition of state social assistance and the re-organisation of social insurance also necessitated a change in trade union policy.

The introduction of the new policy tended to weaken the unions. Their membership fell by 50 per cent. owing to the abolition of compulsory membership. The numerous revenues which constituted the funds of the unions were reduced or even

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<sup>1</sup> F. SENIUSHKIN : *op. cit.*, p. 28.

disappeared, and their financial position was much shaken. Moreover, the state economic authorities were also in financial difficulties and not in a position to fulfil their obligations to the unions; they consequently sought by every possible means to free themselves from such obligations; but in the continual disputes in this connection between the state economic authorities and undertakings on the one hand and the unions on the other the latter were usually successful. In view of these financial difficulties and the changes which had taken place in general policy, the unions had to alter their internal structure. Certain officials who were no longer needed became a burden on the funds of the unions and were consequently dismissed. Under the conditions created by the new policy the unions had thought that one of their chief duties would be to carry on educational propaganda among their members; but soon the financial situation prevented them from carrying on this work to the extent previously possible, so that they had to transfer all their educational institutions to the Commissariat of Public Education. In this respect, too, the work of the unions was thus considerably reduced.

The changes which took place in 1922 and 1923 led the unions more and more to pay exclusive attention to the material interests of the workers, not only as against private employers, but also as against the state economic authorities and sometimes even (e. g. in connection with wages, collective agreements, the regulation of the labour market) as against the state itself.

The organisation and functions of the trade unions at the end of 1923 are summarised below.

#### LEGAL STATUS OF THE UNIONS

The legal basis of the nature and work of trade unions is defined in the new Labour Code. The term trade union is taken to mean an association of "citizens employed for remuneration in state, public, and private undertakings, institutions, and businesses, with the right to appear before the various authorities in the name of wage-earners as parties to collective agreements and to represent them in all matters relating to work and conditions of life" (Section 151). The trade unions have legal personality and are entitled (*a*) to acquire and manage property; (*b*) to conclude contracts, agreements, etc. of all kinds under legislation in force (Section 154).

The Code lays down as a general rule that the trade unions are not liable to registration as state bodies. They may be organised in accordance with the principles drawn up by the competent congresses of the unions and are registered with the inter-trade union federations to which they are affiliated, in accordance with the conditions prescribed by the All-Russian Congress of Trade Unions (Section 152). Associations not registered with inter-trade union federations in accordance with the regulations laid down above are not entitled to style themselves trade unions nor to claim the rights of the latter (Section 153).

Under Section 16 of the Constitution<sup>1</sup> of the Russian Socialist Federative Soviet Republic and Section 155 of the Labour Code, the state must encourage the work of the trade union and inter-trade union organisations. "All state authorities are bound to afford trade unions (productive unions) and federations thereof all requisite assistance by furnishing them with properly equipped buildings for the establishment of labour palaces and union offices, and affording them privileges in connection with the use of the postal, telegraph, telephone, railway, and water transport services" (Section 155). Any contravention of the provisions contained in Part XV of the Code respecting trade unions (productive unions) of wage-earning and salaried employees and their representative bodies in undertakings, institutions, and businesses is punished in accordance with Section 134 of the Penal Code<sup>2</sup>.

#### RELATIONS BETWEEN MANagements AND THE TRADE UNIONS

The new Labour Code contains a most important provision concerning the part to be played by the trade unions in the general economic activities of the Soviet Republic. Under Section 156 the primary body representing the trade unions is the factory

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<sup>1</sup>Section 16 is vaguely worded. "In order to secure effective freedom of association to workers in the R.S.F.S.R., the R.S.F.S.R., having destroyed the economic and national power of the owning classes and thus eliminated the obstacles which hitherto prevented the workers and peasants in the bourgeois community from freely combining and organising, shall materially and in every way assist the latter to form organisations".

<sup>2</sup>Any person who hinders a factory committee (local committee), a trade union, or the authorised representatives of such bodies in the exercise of their lawful functions or rights is liable to imprisonment for not less than six months and a fine or confiscation of property.

committee, i. e. the committee of manual and non-manual workers in the undertaking, or, if it is impossible to organise a committee, an authorised delegate of the union. Compulsory transactions between the trade unions and the undertakings are effected through the medium of the factory committee. The members of the committee, i. e. the representatives of the union, are set free from their work for the purpose of transacting the business of the committee. The maximum number liberated for the whole of working hours is fixed according to the number employed in the factory, as follows (Section 159) :

Persons employed in the undertaking	Committee members set free
Not more than 300	1
300 — 1,000	2
1,000 — 5,000	3
More than 5,000	5

Members of the committee cannot be dismissed from work without the approval of their trade union, without prejudice to the observance of the general regulations for the rescinding of the labour agreement (Section 160). The management of the undertaking, institution, or business may not hinder the activities of the committees and the general or delegate meetings which elect them (Section 161).

The expenses of the committee are defrayed by the management, and the members are paid at the rates for productive work. Those who are released for regular work on behalf of the committee receive remuneration corresponding to their qualifications, and not less in any case than the appropriate scheduled rate. Members of the committee released from work are ensured further employment in the undertaking, institution, or business on the expiration of their term of office, on the basis of the labour agreement in force immediately before their election and modifications in this agreement effected during their work on the committee (Section 160).

The money required to defray the expenses of the factory committee are furnished by the management of the undertaking, institution, or business on the basis of an estimate approved by the competent trade union, provided that they do not exceed 2 per cent. of the total remuneration of the manual and non-manual workers in the undertaking, institution, or business (Section 162). The management of the undertaking, institution, or business grants the committee the use of a room free of charge with the necessary

equipment, heating, and lighting, both for the business of the committee itself and for general and delegate meetings. Access to this room on the business of the committee is free to all persons (Section 165). The management of the undertaking does not supervise the use made of the sums paid by it for the expenses of the factory committee. This supervision is exercised by the trade unions. The sums mentioned in section 162 are used by the committee in accordance with regulations drawn up by the competent trade union and exclusively for the purposes for which they are destined (Section 163). The trade unions may require the management of the undertaking, institution, or business to pay at the proper time the moneys requisite for the expenses of the committee, and may exercise proper supervision over their receipt and expenditure (Section 164).

The Code provides that no committee other than that established by Section 156 and approved by the competent trade union may have the right legally to represent the workers employed by undertakings, institutions, and economic authorities (Section 157). Thus the new Code does not permit direct relations between the management of the undertaking or the economic authority and the individual workers. It allows only relations between the management and the trade union as the sole legal representative of the workers. Moreover, the relations between the management of the undertaking or institution or the economic authority and the trade union, represented by the factory committee, are not fixed by free agreement, but must be in conformity with the law as described above.

#### FUNCTIONS OF THE UNIONS IN THE PROTECTION OF WORKERS

Section 151 of the Labour Code classifies the functions of trade unions under two heads :

(1) representation of the workers as parties to collective agreements in connection with the determination of conditions arising out of the contract of engagement (collective or individual agreements) ;

(2) protection of the interests of the workers as administrative and supervisory bodies intended to watch over the protection of workers and the observance of conditions of work as prescribed by law.

*Representation of the Workers.*

The duties of the trade unions are as follows :

(1) conclusion of collective agreements as representatives of the workers (Section 15 of the Code); (2) election of labour inspectors (Section 147); (3) representation of the workers in the undertaking through the medium of the factory committee (committee of manual and non-manual workers) or by an authorised delegate of the union instead of the committee, which is the principal body representing the union (Section 156).

It is the duty of the factory committee representing the trade union : (a) to safeguard the interests of the manual and non-manual workers in relation to the management of the undertaking, institution, or business, in respect of matters connected with the employment and conditions of life of the workers; (b) to represent the workers before the government and other public authorities; (c) to co-operate in the regular carrying on of production in state undertakings, and to participate in the regulation and organisation of economic activities through the competent trade unions (productive unions).

In the fulfilment of these duties the trade unions represent the workers : (a) in the people's courts (special sessions), appointing one or two members to the court; (b) in the conciliation chamber; (c) in the organisation or appointment of an arbitration court; (d) in the enforcement of a decision of the court<sup>1</sup>.

*Supervision of the Enforcement of Labour Legislation.*

The duties of the trade unions in connection with the enforcement of labour legislation are as follows :

(1) They decide, in agreement with the Commissariat of Labour, the order in which unemployed workers are to be referred to employment (Section 7 of the Code).

(2) They determine the period of validity of collective agreements (Section 18).

(3) They may terminate any labour agreement between employer and employed (Section 49).

(4) They co-operate in drawing up rules of employment (Section 53).

(5) In agreement with the management of the undertaking or institution, they fix standards of output (Section 56).

<sup>1</sup> Cf. Chapter IV.

(6) They determine the remuneration for work if wages have not been fixed by agreement (Section 75).

(7) They must approve any refusal of leave to workers (Section 91).

(8) They take part in specifying the groups of workers who may be excepted from the observance of the 8-hour day (Section 94).

(9) They approve overtime work in the cases specified by law and the number of hours of overtime in excess of the hours fixed by law (Sections 104 and 106).

(10) They assist in fixing a weekly rest-day and annual holidays, and in specifying the undertakings in which work must be carried on uninterruptedly even on rest-days and holidays (Sections 109 and 112).

(11) They co-operate in fixing the period of apprenticeship and the number of apprentices allowed in each undertaking (Sections 122 and 123).

(12) They co-operate in drawing up a list of specially heavy and unhealthy occupations and of the maximum weights which may be carried (Section 129).

(13) They must authorise any exceptions to regulations on night work for women (Section 120).

(14) They assist in drawing up instructions to labour inspectors concerning the engagement of minors (Section 136).

(15) They co-operate in fixing the minimum number of minors to be employed in the various branches of industry (Section 137).

(16) They assist in issuing prohibitions of night work (Section 144).

(17) They visit all workshops, departments, laboratories, etc. of an undertaking, institution, or business through the members of the factory committee or their authorised delegates (Section 166).

(18) Finally, in addition to these general duties carried out by the various trade unions or their federations, or preferably by the Central Council of Trade Unions, in respect of all undertakings and institutions in the country, it is the particular duty of the trade unions, through the medium of the factory committee in each undertaking, institution or business :

(a) to watch over the strict observance by the management of the undertaking, institution, or business of the legal standards laid down for the protection of the workers, social insurance, the payment of wages, hygiene, safety, the prevention of accidents,

etc., and to collaborate with the public authorities in the protection of labour ;

(*b*) to take steps to improve the cultural and material position of the workers.

## TRADE UNION ORGANISATION

### *Membership.*

Apart from the exceptions described below, all workers may belong to a trade union. Since the Congress of 1922 "the principle of voluntary individual enrolment had been recognised as best", without, however, being expressly specified in the constitution of the unions. Thus, in February 1922, the All-Russian Central Council of Trade Unions decided that "enrolment in the unions may be either individual or collective. Collective enrolment should be understood as follows: the general meeting of the workers in an undertaking may, by an absolute majority, require the enrolment of all the workers. Persons who refuse to comply with this decision or who voluntarily withdraw from the union may be replaced by unemployed trade unionists."

Note 1 to Section 156 of the Labour Code lays down that the procedure for the election of the factory committee is to be prescribed by the competent trade union. According to the resolutions of the most recent trade union congresses and conferences, only unionists may be elected to the factory committee. The resolution of the Fifth All-Russian Trade Union Congress runs as follows :

"Whereas the factory committee continues to be the principal nucleus of the trade union, it is necessary to lay down that all persons employed in a given undertaking or institution shall be entitled to elect the factory committee, but that only unionists shall be elected."

There are certain exceptions to the general right to join a union. The following persons may not belong to unions : (*a*) home workers (*kustari*); (*b*) members of *artels*, labour co-operatives, and labour associations; (*c*) landowners and house-owners, their tenants and agents; (*d*) the administrative staff in private undertakings who have the right to free engagement and dismissal<sup>1</sup>; (*e*) former active servants of the Empire.

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<sup>1</sup> The question of the affiliation of the technical administrative staff in mixed undertakings and staff entitled to share in profits has not yet been decided.

### *Principles of Organisation.*

The main characteristic of the Russian trade union<sup>1</sup> is that it is constituted on the basis not of occupation but of the type of production in which the worker is engaged. The Metal Workers' Union includes both the puddler and the packer who despatches manufactured metal goods. This principle was simply formulated in 1919 at the second All-Russian Trade Union Congress as "one undertaking, one union". According to the resolutions of the fifth All-Russian Trade Union Congress "the workers permanently employed in one branch of industry and the institutions for production in that branch should be combined in one union". Persons who are not directly engaged in production but in assisting the producers and temporary workers do not belong to the union.

On this principle of production a limited number of unions have been formed (at present 22, details concerning which are given in the appendix).

A second feature of the Russian trade union movement is its exclusiveness. There may not be two recognised unions for a single branch of production or, consequently, for a single undertaking.

### *Structure.*

#### *Vertical.*

The primary body representing the trade union is the factory committee discussed above.

The next body is the trade union sub-section, the management of which is elected by the conference of factory committees of the competent union in the area of the subsection. In certain cases the subsection coincides with a district.

The third body is the section, the management of which is elected at the conference of the trade unions in the area of the section. In most cases the section corresponds to a province.

The highest authority is the central trade union committee elected at the annual All-Russian congress of the union in question.

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<sup>1</sup>An attempt is constantly made to substitute the term productive union for trade union. Both terms are used side by side in the Labour Code of 1922.

*Horizontal.*

All Russian trade unions belong to an inter-trade union Federation, the supreme authority of which is the All-Russian Congress of Trade Unions, represented in the intervals between sessions by the All-Russian Central Council of Trade Unions elected at the Congress.

In each province there is an inter-trade union provincial council which directs the work of the trade unions in the province.

In each district there is an inter-trade union district office<sup>1</sup> which directs the work of the trade unions in the district. In many cases this office is, for reasons of economy, the local branch of the most important union.

The inter-trade union organisations must see that the unions in their area carry out the instructions of the higher authorities. If occasion arises or local conditions so demand, they may suspend the execution of the orders given by the higher authorities, after notifying the All-Russian Central Council of Trade Unions and the central council of the trade union concerned.

*Finance*<sup>2</sup>.

Since February 1922 the funds of the unions have been derived solely from members' subscriptions. The unions may not engage in commercial transactions. Contributions are received by the factory committee, as far as possible in individual payments. The normal subscription is equal to 2 per cent. of wages (of all kinds). The entrance fee is equal to the wages for half a day's work.

Special payments may only be made on the decision of the central committee with the approval of the Central Council of Trade Unions.

All subscriptions are transmitted to the trade union section, which distributes the funds thus received, paying 10 per cent. to the inter-trade union provincial council and from 5 to 25 per cent. to the central council of the union. The latter in turn pays 5 per cent of its receipts to the All-Russian Central Council of Trade Unions.

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<sup>1</sup> In addition to these organisations there are bodies directly subordinate to the All-Russian Central Council of Trade Unions in certain regions.

<sup>2</sup> See Appendix VIII.

## CONCLUSION

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The preceding examination of the social legislation and policy of the Soviet Government will have brought out the importance of the modifications which have taken place in the conditions of work and material situation of the working classes in Russia. Labour legislation has not simply been modified but altogether transformed. The principles on which the new Labour Code is based differ completely from those underlying former labour legislation. Compulsory labour as a general rule is abolished, the engagement and discharge of workers have been declared free from restriction, conditions of work are determined by free agreement between the parties, labour has again become a commodity the value of which is freely determined by the law of supply and demand.

The new economic policy has exerted great influence on the material conditions of the workers. The central authorities confine themselves at present to fixing minimum wages while allowing the parties concerned to determine the actual remuneration of labour. A reference to Appendix II will show that the minimum wage rate fixed by the state serves merely as a basis for the payment of actual wages, for the average always exceeds by two or three times the rates established by the state, which are, as a matter of fact, lower than the cost of living. This led very rapidly to the abandonment of the system of wages funds fixed in advance by the state, which no longer corresponded to the real demands of undertakings under the collective agreements in force. This free determination of wages by way of collective agreement has largely contributed to the rise in wages. During 1922 the average wage increased by 150 to 200 per cent.

The rise in real wages varied considerably with the industry and, as appears from the figures given in Appendix II, section IV, was much larger for small industry engaged in the production of articles for current consumption than in heavy industry. This difference was due to the fact that the financial and commercial situation was not the same for the various branches of industry. Almost the only object of heavy industry is production to state orders, effected by means of the subsidies granted by the state

either on the budget or through the banks. There is very little connection between heavy industry and the home market, and the working capital of such industry is inadequate. In 1922, shortly after the reorganisation of nationalised industry on commercial lines, the financial situation of the industries grew considerably worse with the gradual reduction in the supplies obtained from the state, especially as the financial resources of the state had also decreased considerably. With their inadequate working capital, which could not be renewed quickly enough owing to the difficulty of marketing their produce, these nationalised industries found it difficult to raise their workers' wages.

On the other hand, the branches of industry which produced articles of prime necessity and for current consumption (light industry) not only had been reorganised on commercial lines but were no longer dependent on the state, which had entirely ceased to grant them subsidies. The work of these branches was in the closest connection with the open market, and as the commodities they produced were easily saleable their working capital was larger and more easily renewed. This fact explains why the rise in wages in such industries was more rapid and larger.

These differences in the rise in wages led to recrimination among the trade unions, which at the beginning of 1923 endeavoured, in agreement with the Soviet Government, to arrive at a levelling of wages. In order to improve the position of nationalised industry much larger funds were granted to it by the state in 1923 than in 1922. The state orders amounted to 350,000,000 gold roubles, while a subsidy of 175,000,000 gold roubles was granted out of the budget for the year. The advances by the banks, which amounted on 1 January 1923 to 16,000,000 gold roubles, had reached 186,000,000 gold roubles on 1 September 1923. Thus the total working capital placed at the disposal of nationalised industry in 1923 was about 700,000,000 gold roubles<sup>1</sup>. Under such circumstances nationalised industry was able in 1923 to raise wages considerably and thus to a certain extent to remove the differences which had hitherto prevailed.

In spite of this improvement the wages paid in the whole of private industry were still considerably higher throughout the country than those paid in nationalised industry, as appears from the figures given in Appendix II, section XI. During the first

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<sup>1</sup> Prof. KAFENHAUS : "State Industry in 1923", in *Torgovo-Promyshlennaiia Gazetta*, 1 Jan. 1924.

half of 1923 the average wage in private industry was 25 per cent. above that in nationalised industry. The latter wage was only 26 to 77 per cent. above the cost of the minimum budget, while the corresponding figures for the former were 45 to 115 per cent. This difference is partly due to the causes described above, and partly to the fact that private industry does not meet with the same difficulties as nationalised industry and that its working expenses and costs of production are lower. Moreover, collective agreements are much more usual in private industry, which makes it easier for the unions to obtain higher wages.

In spite of the considerable increase in wages in 1922 and 1923, the material situation of industrial workers was still far from satisfactory. The average wage paid in state industry during the second half of 1923 was not more than 55 per cent. of the pre-war average, which itself was very low (see Appendix III, section V (c)), yet these wages are still too heavy a burden on state industry, and the Government has taken steps to prevent further increases and to keep them at the level reached at the beginning of 1923. Appendix II, section IV (a), shows that there was a certain reduction in wages in all branches of industry during the second half of 1923.

This general tendency towards a fall in wages is attributed by the managers of nationalised industry to the many expenses which have to be borne in addition to wages properly so called. These include social insurance payments, from 16 to 22 per cent. of wages (on the most recent reduced rates); payments for the maintenance of educational institutions, 5 per cent. of wages; the maintenance costs of the factory committees, 1 to 2 per cent. of wages; and many other expenses due to the enforcement of the provisions of the new Labour Code (holidays, working clothes, grants towards maintenance of technical schools, etc.), from 17 to 25 per cent. of wages. All these payments add 50 per cent. to the total wages bill<sup>1</sup>. In view of the fact that the worker is now entitled to certain state and municipal services (either by direct exemption or by supplementary allowances), it may be said that the total wages he now receives have almost reached the pre-war level.

Individual output, on the contrary, while increasing considerably during 1922 and the first half of 1923, is still much below the

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<sup>1</sup>“Wage Questions”, Published by the Economic Research Committee of the Supreme Economic Council, Vol. I. Moscow, 1923.

pre-war standard. In the winter of 1922 to 1923 it was only 55 to 60 per cent. of the former amount. The cost of labour is consequently very high and adds proportionately to general expenses. The number of workers directly engaged in production does not exceed 65 per cent. of the total number of workers employed in industry, the remaining 35 per cent. being subsidiary and non-manual workers. (Before the war the proportion was 87 and 13 per cent.) The administrative staff of undertakings is at present very large and their bureaucratic machinery forms a heavy burden. In addition, general output is not at its maximum and does not exceed 70 per cent. of the normal.

All these factors help to increase general expenses, which are still very high. During the financial year 1922-1923 (October to September) the total working costs of state industry amounted to 1,536.4 million gold roubles, of which 476.4 million roubles or 30 per cent. were general expenses and 275.6 million or 13 per cent. only were in respect of wages. The total deficit on nationalised industry was estimated at 225.9 million gold roubles, and the Economic Research Commission of the Supreme Economic Council considers that under such conditions it will be very difficult to pay wages at rates equivalent to those fixed for the winter of 1922-1923. It is absolutely essential under present conditions to bring down general expenses or sacrifice part of working capital, for wages cannot be maintained at the level reached in the middle of 1923 without heavy subsidies from the state and a supreme effort for sound finance in industry<sup>1</sup>. The 1923-1924 budget, however, provides for a reduction of 50 per cent. in state grants and, according to the Commission, this will inevitably stop the revival of industrial production, the value of which in 1923 was 1,077.7 million gold roubles, or 31.8 per cent. of pre-war production.

The difficulties met with by state industry are very largely caused by the extreme difficulty of selling manufactured goods, which have become prohibitive in price owing to the successive increases in the cost of production. Under such circumstances all wage policy was directed during the second half of 1923 towards preventing a further rise in wages and in general towards cutting down all expenditure on labour. The President of the Supreme Economic Council holds that the position of the workers can be improved only by an increase in total production and individual

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<sup>1</sup> *Ibid*, p. 14.

output and by a fall in sale prices. This requires a more rational organisation of production by the improvement of equipment and the adoption of up-to-date methods with a view to the best utilisation of skilled labour<sup>1</sup>.

It has already been shown that real wages were far below the pre-war level. In spite of the considerable increases in rates fixed by collective agreement and labour agreements, real wages are in practice always subject to reductions, and there is no improvement in the general situation of the working classes owing to the continual depreciation of the rouble and financial crisis. The lack of working capital in nationalised industry led during the whole of 1922 and the first half of 1923 to arrears in the payment of wages of several weeks and sometimes even of several months. Owing to the continual and rapid deterioration of the rouble any sum paid in arrears lost part of its intrinsic value. As was explained in Chapter II, the state authorities were compelled constantly to allocate fresh sums to the undertakings in order to enable them to pay their debts to their workers. In consequence Decrees were issued fixing the periods within which the undertakings and the economic authorities were to pay wages on their own responsibility. These measures were often contravened and the Government had to adopt others. In drawing up the scheme of production for the main branches of industry it allowed the authorities in charge of these branches, e. g. the management of the Donetz coal mines, an advance of 50 per cent. on the sums intended for the remuneration of labour. The effect of this measure was, however, cancelled by certain technical difficulties. The supply of advances to the central managements was still insufficient to allow them to undertake the immediate payment of wages. Fiduciary circulation in Soviet Russia is characterised by the fact that most of the currency is concentrated in the large towns. In the provinces, and especially in distant localities, the amount of circulating media is very inadequate.

The advances took the form of cheques which could not be cashed for weeks. Since wages were still paid in Soviet roubles this measure could not sufficiently guarantee the workers against a fall in the real value of their wages. During the second half of 1923 the advances to undertakings took the form of short-term Treasury bonds, issued by the Commissariat of Finance as from

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<sup>1</sup> J. BOGDANOV: "The Industrial Situation and Present Prospects", in *Torgovo-Promyshlennaia Gazetta*, 1 Jan. 1924.

March 1923 for the purpose of supplying the Treasury with the means of payment. This led to fresh difficulties when the undertakings wished to exchange the bonds for currency, which was not always possible because there was no large demand on the market for short-term bonds. The banks would not accept such bonds as security for more than 60 per cent. of their value, thus depriving the undertakings of part of the sums advanced by the state. Yet another government measure exerted an unfavourable influence on real wages. The Government, finding it difficult to place the gold loan issued in 1923, compelled the economic authorities to pay part of **their** wages in the bonds in question. This led to a further reduction in the real daily earnings of the worker, for not only the workers but the economic authorities themselves often found it difficult to realise these bonds. "The realisation of the gold loan was largely effected at the expense of wages", according to the Commissary for Finance<sup>1</sup>.

In order to render workers' wages independent of the depreciation of the rouble, the Supreme Economic Council tried to fix them in chervonetz roubles (gold roubles) by calculating maximum wage rates in these new notes issued by the State Bank (the nominal value of a chervonetz rouble is 10 gold roubles) further, the actual payment of wages began to be made in chervonetz roubles in many districts at the end of 1923. The outcome of this latter measure has not proved favourable to the workers. During the last months of 1923 the purchasing power of the chervonetz rouble had fallen to some extent. The amount in circulation **rose** from 200,000 (2,000,000 gold roubles) to 27,000,000 (270,000,000 gold roubles) during the first year of their existence, from 1 December 1922 to 1 December 1923. The worker suffers most from the fact that the chervonetz roubles are issued in no smaller denomination than one chervonetz (10 gold roubles) which far exceeds the amount of his weekly wages. The chervonetz money remitted from the central authorities to the provinces for the payment of wages is made up mainly of 10 and 20 chervonetz notes (100 to 200 gold roubles). These notes are used for the payment of a whole group of workers, who are responsible for changing them; this involves a loss of both time and money,

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<sup>1</sup> V. BAZHANOV: "The Maintenance of Real Wages" in *Economicheskaiia Zhizn*, 1 Jan. 1924. Report of the Commissary for Finance to the First Session of the Central Executive Committee of the Soviet Republic, in *Viestnik Finansov* (Financial Review), 23 Nov. 1923.

besides which it is not always possible to change the whole sum, and the workers are driven to buy commodities which are sometimes entirely useless to them.

“Speculators who visit distant localities and who even come boldly from neighbouring towns, particularly when wages are due for payment, profit by the difficulties connected with changing money and the absence of credit institutions. All the circulars of the central Government prescribing the maintenance of the real value of wages, and even the despatch of the necessary sums on the day fixed, consequently fail to prevent the depreciation in the value of wages on account of the conditions under which wages are paid.”<sup>1</sup>

This was in practice the form taken by the wage question at the end of 1923. All the facts cited above prove that wages are fixed less by Decrees and Government policy than by the general economic conditions of the country and in particular by the industrial situation.

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There have also been important modifications in legislation on the labour market and the conditions of the workers.

The free right of engagement and dismissal by which employers could recruit their staff as they liked, provided that they observed the terms of the Labour Code, and the abolition of compulsory labour and of the system of estimation and distribution of the supply of labour meant that the latter again became subject to the law of supply and demand. The difficult industrial situation led to industrial “concentration”, i. e. a reduction in the number of undertakings working. The need for cutting down state expenditure involved the abolition of the posts of many officials. On the other hand the food situation was much less difficult than in 1921 and 1922, while wages had risen appreciably, with the result that there was an exodus from the country to the towns.

All these factors brought about severe unemployment, which began to be felt as early as the first half of 1922. During 1923 the number of unemployed increased considerably and had risen to nearly 500,000 before July, an increase of 250 per cent. as compared with 1 January. At the end of the year the number was 870,000, and there is no present prospect of improvement. Certain writers even estimate that the actual number of unemployed

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<sup>1</sup> *Economicheskaja Zhinn*, 1 Jan. 1924.

is larger than the figure indicated by official statistics, for it is absolutely impossible that the employment exchange statistics should cover all persons in search of employment. During the first half of 1923 the vacancies notified were equal to only two-thirds of the registered unemployed. Among the latter the number of women was equal to that of men, but the number of vacancies for women was lower than for men (See Appendix V, section II, V, and VI). The percentage of young persons among the unemployed is also very high.

The number of unemployed is highest in the capitals, Petrograd and Moscow, amounting to 42 per cent. of the total number registered (Appendix V, section III). The largest group is that of Soviet employees (27 per cent.) in general employees with a long period of service averaging 7 to 8 years. Intellectual workers and the more highly skilled workers suffer in particular from unemployment. Close on 70 per cent. of the unemployed have lost their work owing to the abolition of posts. This measure became chronic owing to the general conditions of the country described above, with the result that the individual period of unemployment was prolonged. It averages eight months and often more (Appendix V, section VIII and IX).

The length of the period of individual unemployment is largely due to the defective organisation of the employment exchanges, which are scarcely able to carry out their obligations in respect of the registration and placing of the unemployed. Moreover, although the Labour Code lays down that workers should be engaged solely through the machinery of the Commissariat of Labour, the undertakings and workers frequently ignore this. This tendency should be regarded as a result of the policy followed by the exchanges since the middle of 1923. According to *Trood*, in spite of the abolition of the system of estimating and distributing the supply of labour, the former members of the compulsory labour committees who had been placed in charge of the employment exchanges were too much imbued with the spirit of the old policy. The exchanges did not consider themselves as intermediaries between employers and workers. They placed the workers, not according to their fitness for the proposed work, but simply in chronological order of registration, and sometimes according to the degree of necessitousness of the worker. The same paper states<sup>1</sup> that the inadequacy of the employment

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<sup>1</sup> "Employment Exchanges in 1923", in *Trood*, 30 Dec. 1923.

exchanges helps to keep away the real unemployed, who regard them as merely the means of obtaining work. They are dismayed by the many and often vexatious formalities, nor are they attracted by the grants, which suffice only to buy a few pounds of bread. To useless applications, registration, checking, and supervision taking place almost every other day, they prefer illegal engagement without passing through the employment exchange.

In addition to these unemployed workers there were also those who sought to profit by the unemployed card without any desire to find work. Much checking and supervision of the lists of unemployed failed to yield the desired result. Workers who had been struck off the list always found some means of being registered again at the employment exchange. It followed that employers were unable to find the labour they required. If they did not wish to contravene the law they were compelled to agree in advance with the workers they desired and to designate them to the exchange. This gave rise to the institution of "individual applications" for labour, which in Moscow, for instance, has spread to all the unemployed registered at the exchange (See Appendix V, section X (a) and (b)).

Employers tried more and more in every possible way to do without the employment exchanges, and this finally became the rule. It led to much discontent among the economic authorities who, with complete justification, reproached the employment exchanges and finally opened a vigorous campaign against their monopoly. This monopoly had in fact been destroyed by the exchanges themselves, for in their attempt to save it they had ceased to act as intermediaries and became bodies which without intervening directly in the conclusion of agreements confined themselves to approving them. The defects of the employment exchanges led to the successive rejection of the fundamental principles which had been imposed on them by the new economic policy. First, an exception was allowed for the considerable group of workers who were more highly qualified or held responsible posts. Next, employers were authorised to make individual applications for labour and to select from the lists of the exchanges the workers who suited them best. Engagement with subsequent registration was more widely allowed. Compulsory engagement through the employment exchanges became much less strict, and the main functions of the exchanges as intermediaries were much reduced. The formalities required of the unemployed were simplified and they were no longer compelled to present themselves more than

once a month. The managers of the exchanges were replaced by more competent persons.

The creation of employment exchange committees and technical departments threatened the exchanges with a new danger. The technical departments, which were in too close touch with their respective unions, often usurped the functions of the managers of the exchanges by placing the unemployed directly. The exchanges, instead of being government bodies on which employers and workers are equally represented, often become special organs of the unions, just like the former departments for the estimation and distribution of the supply of labour<sup>1</sup>. The work of the employment exchanges is therefore still sharply criticised by the economic authorities.

The growth of unemployment made the effective relief of the unemployed extremely difficult. As appears from Appendix V, sections XII and XIII, 12 per cent. of the total number of registered unemployed are in receipt of benefit and barely 7 per cent. are employed on public works. According to recent information the total subsidies in cash and in kind allocated by the state for public works amount to 1,360,033 gold roubles. Up to 1 August the number of working days performed in such works was 2,038,663. *Artels* of unemployed workers were formed in 44 towns; the number on 1 July 1923 was 299, but they employed barely 25,000 persons<sup>2</sup>.

The lack of funds makes it difficult for the state and the local authorities to relieve the unemployed. This unsatisfactory financial situation also makes it difficult to give effect to social insurance. Under the new policy social insurance underwent certain changes. It was gradually restricted to compulsory insurance of wage earners and attempts have been made gradually to reduce the number of persons coming under this head. The great difficulties met with by the undertakings in paying their insurance contributions have already been mentioned. At last industry and transport, which were passing through a difficult period of adaptation to the conditions created by the new economic policy, found themselves unable to bear the costs of insurance. Payments were very irregular and the financial position of the insurance

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<sup>1</sup> A. ISSAËV : "The Mistakes of the Moscow Employment Exchange", in *Voprosy Trooda*, Oct.-Nov. 1923.

<sup>2</sup> *Voprosy Trooda*, Oct.-Nov. 1923.

authorities became critical. Thus at the beginning of 1923 only 30 to 35 per cent. of contributions had been paid up. The economic authorities were in arrears with their social insurance payments to the amount of 38,842,000 million Soviet roubles (Appendix VI, section II).

It is obvious that, under such conditions, at the beginning of 1923 pensions and sick benefit were estimated on wage rates in Soviet roubles without taking into account the depreciation of the currency. In January 1923 pensions for disabled persons of the first class did not exceed 32 per cent., for those of the second class 21 per cent., and for those of the third class 17 per cent., of the minimum budget. The grievances of the insured and the trade unions could not be satisfied owing to the small sums received in insurance contributions. Payment did not become regular until the rate of contributions had been lowered. The improvement in the situation is clearly illustrated by the figures for the period from March to August 1923, during which 80 per cent. of the sums due were paid up by the undertakings. At the middle of 1923 the payments to three insurance funds had increased  $2\frac{1}{2}$  times as compared with January of the same year. Unfortunately the arrears of the undertakings still amounted to 25 per cent. of the total payment due. The sums paid in benefits increased, owing to the fact that they were calculated in real roubles and no longer in Soviet roubles. The pensions to disabled persons in class 1 were raised to 100 per cent. of the minimum budget and the number of unemployed in receipt of relief increased. These measures, however, themselves led to an aggravation in the position of the insured and the finances of the insurance authorities. The A Fund, i. e. the sick benefit fund, is in a critical situation, its resources falling far below its expenditure; by the middle of 1923 the fund was almost entirely exhausted. The D Fund (medical assistance) is in a still more serious situation, for it suffers from a chronic deficit, its revenue always falling below the benefit paid. In order to cover a proportion of this deficit it was even decided to draw a certain sum from the B Fund (invalidity insurance), which is in a slightly better position, although its expenditure amounts to 70 per cent. of its revenue.

In spite of the improvement in the social insurance situation in 1923 the average benefit paid to the unemployed and the industrial disabled does not exceed 60 per cent. of the cost of the minimum budget. The benefit paid to sick workers has risen but

is not more than 80 per cent. of the minimum budget. When it is remembered that this minimum budget is at least 50 per cent. below average real wages it will be realised how insignificant the social insurance payments still are. There can be no improvement until the financial position of the insurance authorities has improved, but this recovery depends in turn on the industrial situation and general economic conditions. The experience of 1923 clearly shows that social insurance can improve only with a further development of the new economic policy, which alone can restore the economic equilibrium in the country.

The changes in general conditions have also affected the work of factory inspection. The part played by inspection was not effective until 1922. The figures given in Appendix VII, section III, show that in 1920 and in 1921, i. e. until the introduction of the new economic policy, the number of visits of inspection was insignificant. The monthly average number of visits per inspector, which was 10.6 in the second half of 1919, fell to 4.1 in October 1921 and did not begin to increase until 1922, rising to 15 by the end of that year. In 1921-1922 special attention was paid to private undertakings, the proportion of visits to these being 47 per cent. of the total. This is explained by the fact that in 1921-1922 there was a general political tendency to fight against private capital. The creation of private undertakings gave rise to the fear that they would introduce less favourable conditions of work and that the exploitation of labour in them would be more marked. It was therefore considered that the supervision of such undertakings should be more strict.

The official organ of the Commissariat for Labour wrote in this connection :

This factory inspection policy was partly justified during the first period of the new economic policy. It was a natural reaction on the part of labour against the resuscitated private employers who strove to bring to nothing all the achievements of the working classes in labour legislation. But the policy was justified only during the first period of the new economic policy, when it was necessary to repress the appetites of private employers, when state industry was not yet solidly organised and could not guarantee the adequate protection of labour<sup>1</sup>.

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<sup>1</sup> *Voprosy Trooda*, Oct.-Nov. 1923.

Attention being mainly devoted to private industry, the work of inspection is concentrated on small undertakings which constitute the whole or almost the whole of private industry; 80 per cent. of the undertakings visited were of this type. The number of workers they employed was small, being 10.5 per cent. of the total; of these the majority or 89.5 per cent. were not subject to inspection. It also appeared that conditions of work were by no means more satisfactory in the large state undertakings than in private industry. The fourth Congress of Provincial Labour Departments, which was held in March 1923, adopted a resolution amending the instructions to the factory inspectors in the direction of requiring them to pay more attention to large and medium-sized undertakings. In 1923 these new methods had scarcely been tried and then only in a very limited field. Hitherto the work of inspection has increased chiefly in respect of medium-sized undertakings. This is due to the fact that the factory inspectors are generally opposed to stricter supervision of state industry. Moreover, the economic authorities do not regard such supervision with favour, and in many cases contraventions of labour legislation are dealt with by agreement between the management and the trade unions.

There have been considerable changes in the staff of factory inspectors. Thus the number of elected inspectors was much higher in 1923 than in 1918, when inspection was still in its early stages. During 1922 the number of inspectors fell from 1,150 to 808. This reduction was due to the financial difficulties of the period. At the end of 1922 75 per cent. of the inspectors elected by the workers were workers. This large proportion meant that the inspectorate was not very competent to carry out its duties. Fresh elections were organised, and higher qualifications were required of the candidates. Latterly, as in almost all branches of Soviet administration, there has been a fall in the proportion of Communists among factory inspectors and an increase in the number of "non-party" members of the staff. The percentage of Communists fell from 77.8 in January 1919 to 63.3 in December 1922, while that of "non-party" members rose during the same period from 11.1 to 34.8.

There were similar changes among the technical inspectors. On 1 May 1923 the total number of technical inspectors was 443, of whom 250 were technical inspectors properly so called and 193 sanitary inspectors. Of the former 70 per cent. were persons with

a higher technical education, many of them having had considerable experience in the work. The most important work always falls to the inspectors designated by the trade unions, which as a matter of fact have most authority over the work of these inspectors.

Since the new policy was introduced two and a half years ago, the functions and work of the trade unions have undergone considerable change. The reorganisation of industry on commercial lines, together with the restoration of individual instead of collective management and personal responsibility, markedly altered the part played by the unions in the management of undertakings.

The Decree of 10 April 1923 on state industrial undertakings working on commercial lines (trusts) restored the management of nationalised undertakings to boards or directors appointed by the Supreme Economic Council. The boards or directors were empowered to manage all the business of the trusts, undertake all transactions, dispose of the property of the trusts, etc. The trade unions were authorised only to be represented on the auditors' committees. The introduction of the Decree of 10 April gave definite expression to the tendency which had already appeared towards limiting the direct participation of the unions in the management of undertakings. The managing staff of industry has been largely renewed during the last two years. The proportion of workers on the managements of undertakings, which in 1920 was 63.5 per cent., was in 1923 not more than 33 per cent. in large industry, and 46 per cent. in small industry; among the workers 35 per cent. in the large undertakings were Communists, and 29 per cent. in small undertakings. The managers of the trusts in 1920 included 51.4 per cent. of workers, and in 1922 29.2 per cent. The proportion of Communists among them fell from 61 per cent. in 1921 to 37.2 per cent. in 1922<sup>1</sup>.

So far as technical knowledge is concerned, it is important to observe that in 1923, among the Communist directors of trusts, industrial unions, and limited companies, 20 per cent. had had a higher education, while the proportion in 1922 was only 4 per cent.; 50 per cent. of the total number of Communist directors had completed a secondary or higher education. Among the "non-

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<sup>1</sup> *Trood*, 1 Jan. 1924.

party" directors, 32 per cent. in 1922 had had a higher technical education, and in 1923 the proportion was 70 per cent.<sup>1</sup>

*Trood* states that the part played by the trade unions in the appointment of directors of industrial bodies — trusts and syndicates — is now only advisory. "In view of the fact that the economic authorities which have the final say in the matter are little inclined to listen to the advice of the trade unionists, the latter have adopted the system of avoiding useless dispute and giving no replies, or simply recording the decision of the economic authorities."<sup>2</sup>

This set-back suffered by the unions in the matter of the management of undertakings has recently given rise to much protest on the part of certain unionists. The question has been vigorously discussed in the press and at many meetings. The Political Bureau of the Communist Party, which dealt with the question in its sittings of 29 December 1923, adopted a resolution urging the trade unions to prepare a corps of future organisers of industry by developing the schools and holding conferences in which the representatives of the economic authorities might instruct trade unionists in the management of industrial undertakings. The President of the Supreme Economic Council considers that "the trade unions should be acquainted with all the work of industry, and should receive all information relating to industry through literature and joint meetings with the managers of industry". However, "thanks to the wide experience gained during the period of reorganisation, the Soviet Government has come to the conclusion that the management of industry should be wholly entrusted to specified boards for the undertakings, and that it is impossible to divide responsibility". Therefore, "the responsibility for the satisfactory working of undertakings should attach exclusively to the economic authorities in charge of industries and the managements of undertakings. Normal co-operation with the trade unions cannot be established unless the latter abstain from interference with the administrative and economic measures adopted by the managers of undertakings<sup>3</sup>."

It may be said that the tendency to limit the work of the unions to the simple defence of the interests of the workers as against the managements of undertakings and the Government, and to the

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<sup>1</sup> *Torgovo-Promyshlennaia Gazetta*, 2 Dec. 1923.

<sup>2</sup> *Trood*, 1 Jan. 1924.

<sup>3</sup> J. BOGDANOV: "The Industrial Situation and its Prospects", in *Torgovo-Promyshlennaia Gazetta*, 1 Jan. 1924.

determination of conditions of work without any responsibility for the management of the undertakings, grew steadily stronger in 1922 and 1923, and that it has led to a final position recognised both by unionists and the managers of undertakings as the best trade union policy which can be applied in Soviet Russia.

This change in the direction of the policy of the unions has enabled them to concentrate their attention on two new institutions created in Russia in 1922 : collective agreements, and the system of conciliation intended to settle disputes between the managements of undertakings and the workers.

Since wages are no longer regulated by the state, and the latter is less and less responsible for industrial supplies, the trade unions have conducted an active campaign in favour of collective agreements. As a result of their propaganda, the number of general collective agreements affecting all branches of national industry reached 72 in 1923, the number of workers covered by the agreements being 1,823,700 (See Appendix III). The number of local agreements in 50 provinces (excluding Petrograd and Moscow) was about 7,000, involving 28,426 undertakings and 1,330,936 workers. The campaign in favour of collective agreements is, however, meeting with considerable difficulties with which the unions have to deal. State undertakings and the economic authorities are less favourable to the conclusion of collective agreements than private undertakings. They are less regular in their observance of the terms of the agreements, and always require the agreements to be approved by the Government. Of the undertakings which entered into local collective agreements in 1923, 42.6 per cent. were state undertakings, 44.5 per cent. private undertakings, and 13 per cent. co-operative societies. Owing to the fact that the state undertakings employ relatively the largest number of workers, nine-tenths of the total number of workers covered by these collective agreements are employed in state undertakings.

The functions of the unions with respect to the settlement of disputes are also very important, for a large number of these arise out of the application or interpretation of collective agreements. The unions take an active part in the organisation of the conciliation institutions. The changes which took place during 1922 and 1923 in the management of undertakings compelled them to change their former policy on the settlement of disputes. They had to give up the one-sided examination of disputes by their own committees, and entrust this duty to conciliation authorities, organised on the principle of joint representation and working, not in

accordance with the directions of the unions, but on the lines determined by government legislation. During the last two years this side of the work of the unions has grown considerably, for since the restoration of free contracts of engagement industrial disputes have become fairly frequent. In 1922 the disputes affected more than 3.5 million workers. In Moscow and Petrograd alone the number of persons involved was 600,000 in 1922, and 200,000 in the first quarter of 1923 (See Appendix IV).

Until the beginning of 1923 disputes were generally submitted to disputes committees attached to the branches of the Commissariat of Labour, in which the unions, acting in close contact with the labour departments, played an important part. During 1922 the chambers of conciliation and arbitration courts also developed considerably. In proportion as the unions gave up their old methods of one-sided examination of disputes and the managements of undertakings acquired importance, the part played by the trade union committees became more and more subsidiary, so that they began to be abolished in 1923. Their work was taken over by special sittings of the peoples' courts. The representative of the union, who is simply a member of the court, is instructed to defend the interests of the workers and is on a footing of equality with the employers' representative.

The work of the trade unions is mainly concentrated on factory inspection, wage questions, and the settlement of disputes, either by conciliation or by judicial action.

During the last two years the trade union movement has also had to change its attitude in other matters. Under the influence of the new conditions created by the new policy the unions were compelled to give up the system of automatic enrolment of all workers. This system had led to the degeneration of trade unionism, and had changed the unions into organisations of "dead souls". Membership, which was formerly compulsory, became voluntary, and this reform led to another of equal importance. Until then the members had not themselves paid their contributions to the unions, this being done by the undertakings in respect of all their employees. But when freedom in the matter of affiliation to a union was introduced the system of individual contributions necessarily followed. Each unionist, having freely joined his union, must himself pay his contribution.

These changes produced a crisis in the trade union movement which has not yet been overcome. The number of unionists fell from 8.4 million on 1 July 1921 to 7.9 million on 1 October 1921,

6.7 million on 1 January 1922, 5.8 million on 1 April 1922, and 4.4 million on 1 October 1922 (See Appendix VIII). At the beginning of 1923 there was a slight increase in membership, which reached 4.8 million on 1 April 1923, or 57 per cent. of the total registered number on 1 July 1921, when the new policy was adopted.

The fall in trade union membership and a heavy reduction in state subsidies led to serious financial difficulties, which were aggravated by the continual depression of the rouble, resulting in a diminution in the financial resources of the organisations. The system of individual contributions has not yet been introduced in all unions; by July 1923 the new system was still infrequent. It was applied only by 36 provincial trade union departments out of a total of 138 examined. In the unions in which the system is enforced the payment of contributions is more regular than in those which still apply the old system, but in both the payments as a whole are very irregular. In Siberia, for instance, certain managements of undertakings were in arrears at the beginning of 1923 to the amount of 142,500 gold roubles. In Petrograd the arrears were 25 per cent. of the contributions. The "Yugostal" (Metal Trust of the South) was in arrears in June 1923 to the amount of 16,000 gold roubles. On an average, the contributions paid in 1923 amounted to only 60-70 per cent. of the sums due.

The unions have not yet given up the habit of counting on unlimited financial resources from the state Treasury. Their expenditure far exceeds their revenue, by as much as 4 to 7 times in certain central committees. The deficit is therefore chronic, and it is impossible to meet it by individual contributions, which in the provincial bodies do not exceed 31 per cent. of total expenditure.

During the period of Communism, when the unions assumed the most various tasks and their finances depended solely on the Treasury, their administrative machinery developed out of all proportion. There were not less than eleven officials to every thousand unionists. The new financial situation compelled the unions to cut down the number of officials. The inter-trade union organisations, which employed 4,074 persons in January 1922, employed only 1,274 in 1923. Similarly, the number of officials in the central committees fell from 1,677 in January 1922 to 1,077 in March 1923. Nevertheless, if the reduced activities of the unions and their financial difficulties are taken into account, this staff of officials is still exaggerated.

The crisis from which the Russian unions are suffering is not solely due to their financial situation. It has to a large extent been caused by certain remnants of Communist policy : a policy of party and exaggerated centralisation which involves the bureaucratisation of trade union management and separates the unions from the working masses, who, although registered with the unions, take no active part in their work. *Trood* considers that the present organisation of the unions gives the general mass of the workers very little influence on the composition of the managing bodies. The workers are beginning to complain that the factory committees include persons who are not only without sufficient authority but are not even the best unionists in the undertakings. Very often persons are passed over who are better able to understand the state of mind of the workers and to defend their interests with authority. The official organ of the All-Russian Central Trade Union Council states that "often the desire to form exclusively Communist factory committees drives us to prevent effective action being taken by the non-party groups".<sup>1</sup> "Electoral campaigns are still based on the same principle, and are aimed at securing the success of the official list whatever the cost."<sup>2</sup>

The same system pervades the whole of trade union structure. "Our basic trade union organisations are at present merely organs of transmission from the centre to the circumference". Most of the questions of interest to the great mass of trade unionists are settled without any part being taken by the subordinate trade union organisations and the unionists. The activity and initiative of the masses are replaced by resolutions and circulars which are, the questions of interest to the great mass of trade unionists are distributed by the subordinate trade union organisations and the mass of trade unionists are becoming accustomed to regard them as orders which may not be discussed<sup>3</sup>".

The work of the directing trade union bodies corresponds to the state of affairs among the subordinate bodies. They still regard themselves as government bodies responsible for the actions of the Government, and in consequence, take it upon themselves to defend and carry into effect the measures adopted by the economic authorities. "From force of habit trade unionists, just like the Communists, often think it their duty to defend or vindicate all

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<sup>1</sup> V. KOSSIOR : "Work in Trade Unions", in *Trood*, 23 Dec. 1923.

<sup>2</sup> *Ibid.*

<sup>3</sup> *Ibid.*

measures, good or bad, taken by the bureaucracy and officials, and to make excuses for the Soviet leaders or organisations who fail to take the workers' needs into account. The vast non-political masses are not given fair and simple answers to the questions they raise. They do not understand what the trade unionists are doing to improve the situation, and finally lose confidence in them."<sup>1</sup> On these grounds trade unionists consider that the centre of gravity of the movement should be shifted towards the workers, who must be assisted, whose economic interests should be defended, whose daily requirements should be secured, and on behalf of whom educational propaganda should be widely extended.

All this will have shown how far-reaching are the changes which have taken place in the trade union movement during the last two years.

In every department of working class life the new economic and social conditions introduced in Russia two years ago have exerted a far-reaching influence. Conditions of work in Russia are at present governed less by the legislation of the executive authorities, in spite of the considerable change in the principles of such legislation, than by economic and social conditions, and in particular by the growth of private capitalism side by side with state capitalism. These new conditions now have a preponderating influence on the fixing of wages, the conditions of engagement and the situation of the labour market in general, the working of social insurance, relations between employers and workers, and finally, the general direction of the working class movement.

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<sup>1</sup> V. KOSSIOR : "Work in Trade Unions", in *Trood*, 23 Dec. 1923.

## APPENDICES

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### EXPLANATORY NOTE

The statistical and other information given in the appendices is intended to illustrate the practical application of the Soviet Government's legislation and policy affecting labour. All the information is taken from Soviet publications and is reproduced as published. The statistics have been taken, where possible, from the publications of the Central Statistical Department and the periodical of the Central Office of Labour Statistics, *Statistika Trooda* (Labour Statistics). The figures which have not yet appeared in the regular statistical publications are taken from various other periodicals: *Viestnik Trooda* (the Labour Messenger) and *Trood* (Labour), published by the All-Russian Central Council of Trade Unions; *Voprosy Trooda* (Labour Questions), published by the People's Commissariat of Labour; *Economicheskoe Obozrenje* (Economic Review); and *Economicheskaja Zhizn* (Economic Life), published by the Council of Labour and Defence.

Although an effort was made last year to improve the statistics of Soviet Russia, they are still inaccurate in many respects. They are not sufficiently systematic, and the methods of calculation vary considerably. Almost every Department has its statistical service which publishes figures relating not only to the work of the Department itself, but also to other features of the economic system. Unfortunately the methods of calculation and investigation employed by the various statistical services and periodicals are not the same; the figures refer to different periods, and the results are presented in different ways. The consequence is that even when figures apply to the same facts and to the same period they are often so widely divergent that they cannot be combined and published in the same table. It has thus sometimes been necessary to give figures relating to the same question in several tables derived from different sources. There may be contradiction between different tables dealing with the same facts and the same period. The figures given in the appendices must therefore be regarded as approximate; they cannot be used for precise calculations.

Russian statisticians now calculate prices in four different units: (1) Soviets roubles, (2) gold roubles, (3) pre-war roubles ("goods" roubles or "real" roubles), (4) chervonetz roubles.

Up to 1 January 1923 figures calculated in Soviet roubles were given in 1922 roubles (one 1922 rouble = 10,000 Soviet roubles). Since 1 January 1923 the 1923 rouble has been employed (one 1923 rouble = one million Soviet roubles). For the sake of clearness, in the following tables all figures given in 1922 and 1923 roubles are converted into Soviet roubles of the previous issues.

Prices expressed in gold roubles are calculated according to the offi-

cial exchange rate between the gold rouble and the Soviet rouble ; the sum expressed in Soviet roubles is divided by the figure representing the value of the gold rouble in Soviet roubles at the current rate of exchange.

The pre-war rouble ("goods" rouble or "real" rouble) is calculated by means of the index numbers for the various commodities. The price expressed in Soviet roubles is divided by the index number and the quotient is the price in pre-war roubles.

The chervonetz rouble is calculated according to the value in Soviet roubles of the chervonetz at the current rate of exchange. The chervonetz is a State Bank note issued under the Decree of 11 October 1922 and represents 10 gold roubles.

As the various Soviet publications at the present time give prices sometimes in gold roubles and sometimes in pre-war roubles, the index numbers of prices and the exchange rates of the gold rouble are given in a special appendix. Where no special indication is given (gold rouble or pre-war rouble) the currency referred to is the Soviet paper rouble.

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## APPENDIX I

### Statistics of workers <sup>1</sup>

The total number of manual and non-manual workers employed in industry in Russia was 2,885,000 in 1913. The figures for 1921, 1922, and 1923 do not cover the same number of undertakings, and this must be borne in mind if the figures for those years are compared with those of 1913. The most complete census since 1913 was that of 1923, which includes over 95 per cent of the total number of industrial workers.

On 1 July 1921 there were 832,966 manual and non-manual workers in 3,371 undertakings ; on 1 July 1922 there were : 1,113,263 in 4,666 undertakings ; and on 1 July 1923, 1,794,379 in 8,188 undertakings, representing about 60 per cent. of the 1913 figure. It should be noted that, while the number of manual workers decreased by about a million between 1913 and 1923, the number of non-manual workers increased by 16 per cent .

The following tables give more detailed information on the number of manual and non-manual workers according to industry, sex, and age.

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<sup>1</sup> Taken from the census of workers undertaken by the Central Statistical Department ; " Bulletin of the Central Statistical Department ", Nos. 67 and 69, 1922 ; " Publications of the Statistical Department ". Vol. I, 1922 ; *Statistika Trooda*, Nos. 6 and 7, 1923, and *Economicheskoye Obzrenje*, No. 10, 1923.

I. NUMBER OF MANUAL AND NON-MANUAL WORKERS IN INDUSTRIAL UNDERTAKINGS

Industry	1 July 1921			1 July 1922			1 January 1923			1 July 1923		
	Under-takings	Manual workers	Non-manual workers	Under-takings	Manual workers	Non-manual workers	Under-takings	Manual workers	Non-manual workers	Under-takings	Manual workers	Non-manual workers
Mines	104	46,812	4,936	192	72,629	7,919	528	305,187	47,898	784	433,092	44,133
Metal	600	200,834	44,130	800	242,270	53,437	1,136	265,417	53,662	4,173	282,566	53,969
Textile	379	161,794	17,324	605	285,592	29,446	608	347,892	30,500	590	373,235	29,872
Building	68	6,555	1,420	174	22,048	3,443	71	44,509	1,952	»	»	»
Wood	275	22,759	4,079	492	35,172	6,504	829	52,080	9,331	910	62,602	9,814
Chemical products	310	53,036	9,694	457	66,726	13,483	281	59,289	10,222	277	57,943	10,410
Paper	40	13,854	1,588	53	13,379	1,994	106	20,751	2,502	1,869	23,940	2,941
Foodstuffs	676	35,325	7,183	640	32,461	7,844	1,712	76,076	16,109	1,869	69,518	17,793
Sugar	12	2,856	844	20	2,617	951	211	44,128	10,178	211	45,584	7,731
Tobacco	33	14,293	1,575	16	8,766	1,354	82	19,393	2,217	87	19,318	2,307
Leather	330	30,784	4,825	405	29,043	5,084	440	31,199	4,946	421	35,133	4,759
Clothing	95	22,085	2,899	120	25,571	3,656	350	50,992	6,692	345	46,946	5,965
Printing	282	38,422	4,358	323	30,028	3,729	525	46,176	5,640	575	54,454	7,189
Municipal services	40	4,758	834	124	44,112	2,327	297	27,078	6,214	317	30,704	6,927
Workshops of railways and trams	97	44,658	19,792	227	85,318	26,415	203	85,849	34,085	»	»	»
Glass, porcelain, cement, etc.	»	»	»	»	»*	»	366	52,125	6,515	426	74,267	7,344
Working up of animal products	»	»	»	»	»	»	40	2,796	454	50	3,411	492
<b>Total</b>	<b>3,371</b>	<b>698,785</b>	<b>125,181</b>	<b>4,666</b>	<b>945,727</b>	<b>167,556</b>	<b>7,785</b>	<b>1,494,937</b>	<b>249,117</b>	<b>8,188</b>	<b>1,582,763</b>	<b>211,616</b>

II. DISTRIBUTION OF WORKERS BY CLASS OF UNDERTAKING

(a) *Management.*

	State undertakings		Private and co-operative undertakings		Total	
	1922	1923	1922	1923	1922	1923
Number of undertakings	4,424	6,698	542	1,490	4,666	8,188
Per cent.	86.9	81.8	13.1	18.2	100	100
Number of workers	1,090,293	1,727,987	22,970	66,392	1,413,273	1,794,379
Per cent.	97.8	96.3	2.2	3.7	100	100

(b) *Size.*

	Undertakings employing 50 workers or less			Undertakings employing 51 to 500 workers			Undertakings employing over 500 workers			All undertakings		
	1921	1922	1923 (1)	1921	1922	1923	1921	1922	1923	1921	1922	1923
Number of undertakings	1,242	2,491	3,860	1,444	2,038	3,165	337	437	653	2,993	4,666	7,678
Per cent.	40.5	46.9	50.3	48.3	43.7	41.2	11.2	9.4	8.5	100	100	100
Number of workers	39,578	68,348	104,860	249,063	362,476	539,599	508,202	682,469	1,062,748	796,843	1,413,263	1,707,207
Per cent.	4.9	6.1	6.1	31.3	32.5	31.6	63.8	61.4	62.3	100	100	100

<sup>1</sup> Figure for 1 January (not including figures for the Ural and Murmansk districts, applying to 107 undertakings with 26,966 manual and 9,881 non-manual workers).

III. PERCENTAGE DISTRIBUTION OF MANUAL AND NON-MANUAL WORKERS

(a) *By industry*<sup>1</sup>.

Industry	Manual workers				Non-manual workers			
	1918 Average	1921 1 July	1922 1 July	1923 1 Jan.	1918 Average	1921 1 July	1922 1 July	1923 1 Jan.
Mines	90.1	90.5	90.2	86.3	9.9	9.5	9.8	13.7
Metal	86.6	82.0	81.9	85.5	13.4	18.0	18.1	14.5
Textiles	94.5	90.3	90.9	91.8	5.5	9.7	9.1	8.2
Building	87.5	85.4	85.6	85.5	12.5	14.6	13.4	14.5
Wood	88.7	84.8	84.4	84.8	11.3	15.2	15.6	15.2
Chemical products	89.1	84.5	83.2	85.3	10.9	15.5	16.8	14.7
Paper	91.6	89.7	87.0	89.2	8.4	10.3	13.0	10.8
Foodstuffs	84.1	80.1	80.5	81.6	15.9	19.9	19.5	18.4
Sugar	88.0	77.2	73.3	80.2	12.0	22.8	26.7	19.8
Tobacco	93.8	90.1	86.8	89.7	6.2	9.9	13.2	10.3
Leather	92.2	86.5	85.1	86.3	7.8	13.5	14.9	13.7
Clothing	92.9	88.4	87.5	88.4	7.1	11.6	12.5	11.6
Printing	90.7	89.8	89.0	89.6	9.3	10.2	11.0	10.4
Rail and river transport	—	68.8	67.0	—	—	31.2	33.0	—
Local transport	—	78.9	80.8	—	—	21.1	19.2	—
Municipal services	73.8	85.0	85.8	84.8	26.2	15.0	14.2	15.2
Average	91.3	84.8	85.0	85.7	8.7	15.2	15.0	14.3

<sup>1</sup> In 1913 the average proportion in industry as a whole was 93.6 per cent. manual and 6.4 per cent. non-manual workers.

(b) *By size of undertaking.*

Number of workers employed in the undertaking	1921		1922		1923	
	Manual workers	Non-manual workers	Manual workers	Non-manual workers	Manual workers	Non-manual workers
50 or less	79.8	20.2	79.4	20.6	73.7	26.3
51 to 500	85.2	14.8	82.3	17.7	81.0	19.0
500 or over	85.1	14.9	86.9	13.0	85.9	14.1



(c) *By class of undertaking.*

(i) *Size.*

Number of workers employed in the undertaking	Manual workers				Non-manual workers			
	Men		Women		Men		Women	
	1921	1922	1921	1922	1921	1922	1921	1922
50 or less	79.5	80.1	20.5	19.8	84.0	85.1	16.0	14.9
51 to 500	67.7	71.2	32.3	28.8	79.7	82.5	20.3	17.5
500 or over	64.2	60.9	35.8	39.1	80.4	78.0	19.6	22.0

(ii) *Management (1922 only).*

Class of undertaking	Manual workers		Non-manual workers	
	Men	Women	Men	Women
State	65.1	34.9	80.2	19.8
Private or co-operative	72.0	28.0	83.5	16.5

V. PERCENTAGE OF YOUNG PERSONS (UNDER 18) EMPLOYED AS  
MANUAL OR NON-MANUAL WORKERS

(a) *In all industries.*

Year	Manual workers			Non-manual workers			Total staff
	Men	Women	Total	Men	Women	Total	
1918	2.4	6.0	8.3	6.9	1.4	—	12.8
1921	6.6	2.8	9.0	5.9	3.1	—	9.4
1922	3.8	1.6	4.3	2.8	1.5	—	5.2
1923	4.7	1.7	6.4	2.2	1.0	3.2	5.5

(b) *By industry.*  
(Percentage of total workers).

Industry	1918	1921	1922	1923
Mines	14.8	7.5	5.7	4.2
Metal	10.4	10.9	6.2	5.9
Textile	12.4	9.2	5.0	6.4
Building	12.3	7.9	3.4	4.7
Wood	11.9	10.7	5.6	4.7
Chemical products	18.1	10.7	5.3	7.5
Paper	12.9	10.9	5.4	4.7
Foodstuffs	10.8	7.0	4.1	3.3
Sugar	12.8	5.7	3.2	2.6
Tobacco	14.7	5.4	2.3	3.3
Leather	14.0	9.6	5.0	4.7
Clothing	14.7	8.5	3.2	3.6
Printing	17.5	12.7	7.3	7.3
Rail and river transport	—	6.1	3.7	—
Local transport	7.8	9.0	5.3	—
Municipal services	7.8	6.2	2.7	—
Average	12.8	9.4	5.2	5.9

(c) *By class of undertaking (1922).*  
(Percentage of total workers).

Manual workers	State undertakings	Private and co-operative undertakings	Non-manual workers	State undertakings	Private and co-operative undertakings
Total	5.5	3.9	Total	4.3	3.3
Men	5.9	3.3	Men	2.8	2.5
Women	1.6	0.6	Women	1.5	0.8
			Total staff	5.3	3.8

(d) *By size of undertaking.*  
(Percentage of total workers).

	Undertakings with 50 workers or less	Undertakings with 51 to 500 workers	Undertakings with 500 workers or over
Manual workers			
Total	9.7	10.8	8.8
Men	7.6	7.5	6.1
Women	2.1	3.0	2.7
Non-manual workers			
Total	6.2	9.3	9.4
Men	4.4	6.3	6.0
Women	1.8	3.0	3.4
Total staff	9.0	10.6	8.9

## APPENDIX II

### Wages

X. AVERAGE MONTHLY WAGES OF AN INDUSTRIAL WORKER 1913-1922<sup>1</sup>  
(in pre-war roubles)

Year	Cash Wages		Wages in Kind						Total Wages			
	Amount	Per cent. of 1913 wages	" Paiook " 2		Working clothes		Municipal services		Value	Per cent. of total wages	Amount	Per cent. of 1913 wages
			Value	Per cent. of total wages	Value	Per cent. of total wages	Value	Per cent. of total wages				
1913	22.0	100	—	—	—	—	—	—	—	—	22.0	100
1914	22.4	102	—	—	—	—	—	—	—	—	22.4	102
1915	20.6	93.6	—	—	—	—	—	—	—	—	20.6	93.6
1916	21.6	98.2	—	—	—	—	—	—	—	—	21.6	98.2
1917	24.2	96.4	—	—	—	—	—	—	—	—	22.39	101.8
1918	4.73	21.5	0.69	3.4	—	—	0.50	2.2	4.49	5.3	8.99	40.9
1919	1.40	6.4	1.47	16.4	0.80	8.9	1.99	22.1	4.26	47.4	6.77	30.8
1920	0.49	2.2	2.42	36.0	0.86	12.8	2.09	31.2	5.37	80.0	7.42	32.4
1921	0.96	4.4	2.62	36.8	1.83	25.7	2.48	30.6	5.99	86.2	6.95	31.6
1922 (1st half)	2.63	11.9	2.85	41.0	0.94	13.5	2.20	31.7	5.99	68.0	8.22	37.2
1922 (2nd half)	6.62	30.8	2.50	23.3	—	—	1.60	14.9	4.10	38.2	10.72	48.7

<sup>1</sup> *The New Wave*, articles on the results of the new economic policy published by the Council of Labour and Defence; Vol. III, Industry. Moscow, 1923. —  
S. STRUMILIN: "Wages and Production in Russian Industry in 1913-1922", Moscow, 1923.

<sup>2</sup> Normal ration of foodstuffs.

II. AVERAGE MONTHLY INCOME OF A RUSSIAN WORKER <sup>1</sup>

(in pre-war roubles).

Year	Legal income (wages)		Illicit income <sup>2</sup>	Total income			
	Cash	Kind		Amount	Per cent. of 1913 wages	Total wages paid by the undertaking	
						Amount	Per cent. of total income
1913	22.0	—	—	22.0	100	22.0	100
1914	22.4	—	—	22.4	102	22.4	100
1915	20.6	—	—	20.6	93.6	20.6	100
1916	21.6	—	—	21.6	98.2	21.6	100
1917	21.2	1.19	—	22.39	101.8	21.2	91.7
1918	4.73	4.26	1.50	10.49	47.7	4.73	42.5
1919	1.40	5.37	1.70	8.47	38.5	1.40	16.5
1920	0.49	6.63	1.70	8.82	40.0	0.49	5.6
1921	0.96	5.99	1.70	8.65	39.3	2.04	23.6
1922 (1st half)	2.63	5.59	1.00	9.22	41.8	6.62	71.8

<sup>1</sup> See note to preceding table.

<sup>2</sup> Illicit income includes the income derived by a worker from work done outside the undertaking where he is employed.

III. WAGES FIXED BY THE STATE

(a) *Wages in 1921*<sup>1</sup>

(in Soviet roubles).

Month	Average monthly wages	Cost of the normal daily ration (2,700 calories)	Number of daily rations represented by monthly wage
January	5,351	2,794	1.9
February	5,886	3,860	1.5
March	7,036	5,277	1.3
April	7,210	6,300	1.1
May	7,775	8,905	0.9
June	9,778	12,095	0.8
July	16,896	13,120	1.3
August	33,165	11,700	2.8
September	72,791	11,050	6.6
October	191,687	12,250	15.6
November	464,475	15,900	29.2
December	689,932	27,650	25.0

<sup>1</sup> "Bulletin of the Central Statistical Department", No. 64, 1922.

(b) *Wages in 1922 and 1923.*

**Minimum Wages fixed by the State and Minimum Budget, October 1922-July 1923.** <sup>1</sup>

(in millions of Soviet roubles).

Month	First zone	Second zone	Third zone	Minimum budget on 1st of month
1922				
AMOUNTS				
October	26	19	15	54
November	26	19	15	85
December	34	24.5	19.5	121
1923				
January	44	32	25	156
February	60	45	35	200
March	88	65	55	228
April	100	75	60	288
May	130	100	80	402
June	180	140	110	588
July	360	280	220	865
August	540	420	330	1,433
September	800	620	490	2,429
1922				
INDEX NUMBERS				
October	100	100	100	100
November	400	100	100	157
December	130	123	130	224
1923				
January	469	167	166	288
February	230	236	233	375
March	338	344	366	422
April	384	394	400	533
May	500	526	533	744
June	692	736	733	1088
July	1384	1473	1466	1601
August	2769	2210	2200	2653
September	3076	3263	3260	4500

<sup>1</sup> *Economicheskaja Zbirn and Trood, 1923.*

**Minimum Wage Rates as Percentage of Minimum Budget.**

Date	Percentage	Date	Percentage
1922		1923	
October	37.0	March	30.0
November	23.5	April	21.6
December	21.4	May	21.2
1923		June	24.3
January	21.5	July	40.8
February	22.9	August	30.0
		September	26.0

2. — Maximum Wages fixed by the State in 1923. <sup>1</sup>

(in millions of Soviet roubles).

Month	First zone	Second zone	Third zone
AMOUNTS			
February	2,600	2,350	2,100
March	3,250	2,925	2,625
April	3,800	3,600	3,200
May	5,350	4,900	4,400
June	7,200	6,600	6,000
July	14,694 <sup>2</sup>		
August	22,836 <sup>2</sup>		
INDEX NUMBERS			
February	100	100	100
March	125	124	125
April	146	153	152
May	244	207	209
June	276	280	285
July	625 <sup>2</sup>		
August	967 <sup>2</sup>		

<sup>1</sup> *Economicheskaia Zhizn and Trood, 1923.*

<sup>2</sup> Average for the three zones.

3. — Maximum Wages as Percentage of Minimum Budget and Minimum Wage, 1923.

Month	Percentage of minimum budget	Percentage of minimum wage		
		First zone	Second zone	Third zone
February	1,157	4,333	5,222	6,000
March	1,260	3,693	4,500	4,774
April	995	3,800	4,800	5,333
May	1,006	4,115	4,900	5,500
June	1,120	4,000	4,071	5,454
July	1,698	4,081	5,247	6,678
August	1,593	4,220	5,437	6,920

IV. AVERAGE WAGES ACTUALLY PAID IN LARGE-SCALE INDUSTRY,  
1922 AND FIRST HALF OF 1923<sup>1</sup>

Date	Nominal wage in thousands of paper roubles	Index numbers of retail prices (1913 = 1) <sup>2</sup>	Real wages in pre-war roubles		Payments in kind as percentage of total wages	Index numbers of real wages (1 Jan. 1922=100)	Real wages as percentage of pre-war wages <sup>3</sup>
			Total	Amount paid in kind			
1922							
January	3,025	545,000	5.55	4.30	77.5	100.0	25.2
February	6,814	1,153,000	5.91	4.18	70.7	106.5	26.8
March	15,194	2,524,000	6.02	4.25	70.6	108.5	27.3
April	23,765	4,162,000	5.71	4.22	73.9	102.9	26.0
May	33,625	5,087,000	6.61	4.08	61.7	119.1	30.0
June	42,304	5,795,000	7.30	3.98	54.5	131.4	33.2
July	44,433	5,589,000	7.95	3.87	48.7	143.5	36.1
August	50,058	5,995,000	8.35	2.84	34.0	150.7	38.0
September	64,243	7,342,000	8.75	2.91	33.3	158.5	39.8
October	94,453	11,561,000	8.17	2.61	31.9	148.0	37.1
November	152,234	16,440,000	9.25	2.31	24.9	167.6	42.0
December	223,041	21,242,000	10.50	2.27	21.5	190.5	47.8
1923							
January	314,118	27,700,000	11.34	2.39	21.1	204.3	51.6
February	367,913	31,100,000	11.83	2.33	19.7	213.2	53.8
March	520,980	39,260,000	13.27	2.84	21.4	239.1	60.3
April	631,699	54,740,000	11.54	2.39	20.7	208.0	52.5
May	936,016	77,549,000	12.07	2.03	16.8	217.5	54.9
June	1,504,883	117,569,000	12.80	2.03	15.9	230.8	58.2

<sup>1</sup> In industrial undertakings employing not less than 250 workers.

<sup>2</sup> According to prices on the last day of the month, or the nearest pay day.

<sup>3</sup> The average monthly wage in Russia was in 1913 22 roubles.

V. AVERAGE MONTHLY WAGES OF INDUSTRIAL WORKERS IN 1922  
AND 1923 <sup>1</sup>

(a) Average wages (in pre-war roubles).

Industry	1913	1922				1923	
		1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
<b>All Russia</b>							
Average for all industries	22	5.80	6.50	8.50	9.50	12.10	12.05
Metal	33	6.50	7.20	9.00	10.60	12.90	13.60
Textiles	18	4.82	5.20	6.60	7.00	10.05	9.50
Chemical products	20	5.80	8.00	10.70	11.10	12.75	12.40
Leather	25	—	—	—	—	15.10	16.70
Printing	29	—	—	—	—	19.20	17.20
Foodstuffs	16	—	—	—	—	15.30	13.90
Clothing	—	—	—	—	—	—	—
Paper	18	—	—	—	—	14.80	15.85
<b>Moscow</b>							
Average for all industries	25	9.00	10.90	14.10	17.00	20.60	20.25
Metal	33	9.40	12.70	16.40	20.20	23.10	23.30
Textiles	22	8.60	8.60	11.00	11.30	15.80	14.70
Chemical products	23	9.30	11.90	16.10	18.00	22.10	19.15
Leather	26	—	—	—	—	21.00	26.10
Printing	32	9.80	12.10	13.00	49.60	26.10	23.10
Foodstuffs	21	10.40	12.90	20.50	18.50	23.50	21.90
Clothing	22.5	—	—	—	—	13.80	17.30
Paper	—	—	—	—	—	—	—
<b>Petrograd</b>							
Average for all industries	32.0	8.80	9.60	13.90	18.05	21.10	20.70
Metal	43.0	8.60	10.10	13.00	18.50	22.30	22.40
Textiles	22.5	6.70	8.30	10.90	14.40	16.60	16.20
Chemical products	28.8	10.10	12.30	19.30	18.50	20.50	19.50
Leather	32.0	—	—	—	—	21.20	21.75
Printing	34.6	9.50	12.60	12.80	18.10	26.20	24.00
Foodstuffs	22.3	10.00	8.10	12.30	17.50	20.45	18.05
Clothing	22.7	—	—	—	—	13.40	14.70
Paper	—	—	—	—	—	—	—

<sup>1</sup> *Economicheskoe Obozrenje*, Nos. 4 and 10, 1923. — L. MINZ: "The Labour Market in Russia" (1922 and first half of 1923); "The Russian Economic System in 1921-1922" (published by *Economicheskaja Zbirka*); *Voprosy Trooda*, Nos. 6-7. — A. KHALAROV: "Wages Policy". Moscow 1923.

(b) Average monthly wages as percentage of minimum budget

Industry	1922				1923	
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
<b>All Russia</b>						
Average for all industries	79.0	88.7	113.9	126.0	164.4	163.8
Metal	87.7	98.3	121.9	144.0	174.9	181.8
Textiles	65.3	70.7	89.7	95.3	136.6	129.1
Chemical products	78.4	108.2	144.5	150.8	173.3	168.6
Leather	—	—	—	—	204.5	226.6
Printing	—	—	—	—	260.7	233.8
Foodstuffs	—	—	—	—	207.9	189.1
Clothing	—	—	—	—	—	—
Paper	—	—	—	—	201.4	215.3
<b>Moscow</b>						
Average for all industries	90.6	109.1	141.4	169.9	206.0	202.6
Metal	91.1	127.1	163.6	201.8	230.8	233.3
Textiles	85.5	85.6	109.8	113.0	157.9	146.7
Chemical products	93.3	118.6	160.6	179.8	221.1	191.3
Leather	—	—	—	—	210.1	260.6
Printing	97.7	121.4	129.7	196.3	260.9	231.2
Foodstuffs	104.4	129.7	205.3	184.6	210.1	260.6
Clothing	—	—	—	—	138.2	173.1
Paper	—	—	—	—	—	—
<b>Petrograd</b>						
Average for all industries	88.5	96.0	138.9	173.4	210.9	206.9
Metal	85.9	100.9	130.1	185.3	223.8	224.4
Textiles	66.7	83.4	109.3	141.3	166.2	162.0
Chemical products	101.3	123.1	193.0	184.8	205.3	195.4
Leather	—	—	—	—	212.9	217.5
Printing	95.0	126.0	127.7	180.7	261.9	240.2
Foodstuffs	100.0	80.7	122.6	175.4	204.7	180.5
Clothing	—	—	—	—	134.1	146.9
Paper	—	—	—	—	—	—

(c) Average monthly wages for 1922 and 1923 as percentage of 1913 wages.

Industry	1922				1923	
	1st quarter	2nd quarter	3rd quarter	4th quarter	1st quarter	2nd quarter
<b>All Russia</b>						
Average for all industries	26.4	29.5	37.7	43.2	55.0	54.8
Metal	19.7	21.8	27.2	32.1	39.1	41.2
Textiles	26.7	28.9	36.7	38.8	55.8	52.8
Chemical products	28.8	39.8	53.6	55.4	63.7	62.1
Leather	—	—	—	—	60.2	62.7
Printing	—	—	—	—	66.2	59.4
Foodstuffs	—	—	—	—	95.6	87.0
Clothing	—	—	—	—	—	—
Paper	—	—	—	—	82.4	88.0
<b>Moscow</b>						
Average for all industries	36.0	43.6	56.4	68.0	76.0	74.7
Metal	28.5	38.5	49.7	61.2	69.9	70.7
Textiles	39.1	39.1	50.0	51.4	71.5	66.7
Chemical products	40.4	51.7	70.0	78.3	96.1	83.2
Leather	—	—	—	—	80.8	100.2
Printing	30.6	37.8	40.6	61.3	81.5	72.2
Foodstuffs	49.5	61.4	97.6	88.1	111.8	104.2
Clothing	—	—	—	—	61.4	76.9
Paper	—	—	—	—	—	—
<b>Petrograd</b>						
Average for all industries	27.5	30.0	43.4	51.1	65.9	61.7
Metal	20.0	23.5	30.3	43.0	52.0	52.2
Textiles	29.7	36.9	48.4	61.0	73.8	72.0
Chemical products	35.1	42.7	67.0	61.2	71.2	68.1
Leather	—	—	—	—	66.5	68.6
Printing	27.5	36.4	37.0	52.3	75.6	69.4
Foodstuffs	44.8	36.2	55.2	78.5	91.7	80.9
Clothing	—	—	—	—	58.9	61.6
Paper	—	—	—	—	—	—

VI. WAGES FIXED BY COLLECTIVE AGREEMENT IN PETROGRAD IN 1922

(in pre-war roubles)

Month	Minimum wage fixed by state	Wage fixed by Provincial Wages Fund Commission	Wage fixed by collective agreement	Wage fixed by collective agreement as percentage of that of Provincial Commission
June	9.16	11.01	12 00	109
July	9 13	10.87	11.93	110
August	9.36	12.65	33.61	108
September	7.43	12.26	13.24	108
October	4 31	9.12	10.22	112
November	3.58	14.42	16.29	113
December	3.47	12.63	14.32	113

VII. REAL WAGES COMPARED WITH MINIMUM WAGES FIXED BY THE STATE IN 1922

Month	Average real wages		Wages of 6th (middle) class of workers <sup>1</sup> as percentage of minimum budget		
	Amount in real roubles	Per cent. of minimum budget	Average	Minimum	Maximum
June	5.94	59.4	98	51	163
July	6.03	60.3	98	50	148
August	6.82	68.2	107	62	181
September	6.32	63.2	102	74	308
October	7.03	70.3	107	43	244
November	5.53	55.3	127	56	196

<sup>1</sup> In the metal, textile, chemical, and wood industries.

VIII. PERCENTAGE OF TOTAL REAL WAGES IN 1922 REPRESENTED  
BY TIME AND PIECE WAGES RESPECTIVELY

Industry	Time wages				Piece wages			
	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
<b>All Russia</b>								
Average for all industries	55.0	53.5	56.1	54.5	45.0	46.5	43.9	45.5
Metal	50.5	49.2	53.7	51.0	49.5	50.8	46.3	49.0
Textiles	49.3	49.9	52.3	51.3	50.7	50.1	47.7	48.7
Chemical products	78.3	64.5	64.1	62.6	21.7	35.5	35.9	37.4
<b>Moscow</b>								
Average for all industries	64.4	63.4	63.4	57.9	35.6	36.6	36.6	42.1
Metal	38.8	50.7	42.1	41.1	61.2	49.3	57.9	58.9
Textiles	67.2	64.4	71.3	65.8	32.8	35.6	28.7	34.2
Chemical products	81.1	65.0	59.8	53.2	18.9	35.0	40.2	46.8
Foodstuffs	57.5	76.9	86.0	58.4	42.5	23.1	14.0	41.6
Printing	88.0	90.2	94.0	96.4	12.0	9.8	6.0	3.6
<b>Petrograd</b>								
Average for all industries	58.7	52.3	49.7	54.2	41.3	47.7	50.3	45.8
Metal	69.6	47.1	46.5	50.9	30.4	52.9	53.5	49.1
Textiles	65.9	64.8	62.7	58.2	34.1	35.2	37.3	41.8
Chemical products	54.7	54.3	56.3	52.9	45.3	45.7	43.7	47.1
Foodstuffs	77.6	70.7	56.4	67.2	22.4	29.3	43.6	42.8
Printing	88.3	59.7	84.4	83.4	11.7	40.3	15.6	16.6

IX. ACTUAL DAILY HOURS OF WORK IN 1922

All Russia

Industry	Mar.	June	Sept.	Dec.	Annual average
Average for all industries	7.9	8.0	8.0	7.9	7.9
Metal	8.1	8.4	7.7	7.8	8.0
Textiles	8.3	7.8	7.8	7.8	7.7
Chemical products	7.7	8.3	7.7	8.1	7.9

X. OVERTIME IN 1922

(a) Overtime as percentage of total hours worked.

Industry	Mar.	June	Sept.	Dec.	Annual average
<b>All Russia</b>					
Average for all industries	3.4	3.4	3.8	3.4	3.4
Metal	4.4	4.7	4.8	3.9	4.5
Textiles	2.0	2.1	2.2	2.1	2.1
Chemical products	6.4	3.7	5.1	4.5	4.9
<b>Moscow</b>					
Average for all industries	3.9	4.4	5.2	4.1	4.4
<b>Petrograd</b>					
Average for all industries	5.1	5.0	6.3	5.5	5.5

(b) *Number of workers who worked overtime as percentage of total workers.*

Industry	Mar.	June	Sept.	Dec.	Annual average
<b>All Russia</b>					
Average for all industries	20.9	18.7	22.9	23.9	21.6
Metal	27.1	23.6	26.7	26.6	26.0
Textiles	14.4	13.2	15.4	14.9	14.4
Chemical products	29.4	18.5	27.5	32.7	27.0
<b>Moscow</b>					
Average for all industries	27.7	25.5	31.2	30.5	28.7
<b>Petrograd</b>					
Average for all industries	23.4	16.0	28.7	32.6	25.2

(c) *Average overtime per worker per month.*

Industry	Mar.	June	Sept.	Dec.	Annual average
<b>All Russia</b>					
Average for all industries	30.8	31.6	29.6	26.5	29.6
Metal	31.0	34.4	30.2	27.3	30.7
Textiles	26.1	27.4	25.6	26.6	26.4
Chemical products	42.0	37.0	33.5	25.8	34.6
<b>Moscow</b>					
Average for all industries	26.3	31.1	29.8	25.7	28.2
<b>Petrograd</b>					
Average for all industries	37.7	48.8	33.5	24.8	34.6

XI. WAGES PAID IN STATE AND PRIVATE UNDERTAKINGS (FIRST HALF OF 1923)

(a) *Absolute figures.*<sup>1</sup>  
(In real roubles)

Industry	All Russia			Moscow			Petrograd		
	State and co-operative undertakings	Private undertakings	Percentage difference between private and state undertakings	State and co-operative undertakings	Private undertakings	Percentage difference between private and state undertakings	State and co-operative undertakings	Private undertakings	Percentage difference between private and state undertakings
Average for all industries	40.67	43.76	29.0	45.50	20.40	31.6	45.60	22.00	44.0
Metal	40.75	43.09	24.6	47.70	49.70	41.3	46.20	23.80	40.7
Wood	40.38	42.07	46.3	44.80	49.90	34.4	47.50	—	—
Printing	43.03	44.42	40.7	48.40	49.80	7.6	48.00	20.40	43.3
Textiles <sup>2</sup>	40.67	23.48	48.3	45.00	24.50	43.3	44.40	—	—
Clothing	9.49	14.20	50.0	42.70	49.70	55.0	44.40	—	—
Leather	40.38	10.67	2.8	42.30	46.00	30.0	44.50	48.10	24.8
Chemical products	40.60	43.98	32.0	44.90	20.60	44.0	47.60	24.80	40.9
Food	40.16	43.40	29.0	45.10	46.60	99.0	45.40	20.20	33.3
Building	9.27	14.50	56.3	42.30	24.80	401.6	44.40	26.00	87.4

<sup>1</sup> *Viestnik Trooda*, Nos. 6-7, 1923.

<sup>2</sup> In the case of textile workers in state undertakings no account is taken of the special facilities granted as regards rents or of the foodstuffs sold at special low prices, which to a certain extent increase the real value of the wages. The wages paid in private undertakings in the textile industry are about 25 per cent. higher than those in state undertakings.

(b) *As percentage of minimum budget.*

Industry	All Russia			Moscow		Petrograd			
	State and co-operative takings	Private under-takings	Percentage difference between private and state under-takings	State and co-operative takings	Private under-takings	Percentage difference between private and state under-takings	State and co-operative takings	Private under-takings	Percentage difference between private and state under-takings
Average for all industries	445	487	29	455	204	31.6	456	220	44
Metal	446	482	24.6	477	497	41.3	462	238	40.7
Wood	441	464	16.3	448	499	34.4	475	—	—
Printing	477	496	40.7	484	498	7.6	480	204	43.3
Textiles <sup>1</sup>	445	215	48.3	450	245	43.3	444	—	—
Clothing	429	493	50.0	427	497	55.0	444	—	—
Leather	441	445	2.8	423	460	50.0	445	181	24.8
Chemical products	444	490	32.0	449	206	44.0	476	248	40.9
Food	438	478	29.0	451	466	99.0	454	202	33.3
Building	426	497	56.3	423	248	101.6	441	260	84.4

<sup>1</sup> See note <sup>2</sup> to preceding table.

XII. NUMBER OF WORKERS SUPPLIED WITH PROVISIONS BY THE STATE  
AND WAGES FUNDS ALLOTTED BY THE STATE

(a) *Workers supplied by the state.*<sup>1</sup>

Date	Total	Workers in industry	
		Number	Per cent. of total
1922			
January	3,591,525	1,059,525	29.4
February	3,380,391	1,132,000	33.4
March	3,444,803	1,220,000	35.4
April	3,583,035	972,131	27.1
May	3,220,852	679,210	21.0
June	2,806,132	671,905	23.9
July	2,885,252	637,756	22.1
August	2,889,366	646,130	22.3
September	2,890,519	647,308	22.3
October	2,892,000	647,392	22.3
November	2,090,555	87,170	4.1
December	2,009,532	78,967	3.9
1923			
January	1,762,277	64,133	3.6
February	1,759,974	59,047	3.3
March	1,757,212	55,101	3.1
April	1,774,151	50,718	2.8
May	—	—	—
June	1,773,200	62,000	3.4

(b) *Wages funds allotted by the state (estimated cash value).*

Date	Wages funds in milliard roubles	Wages funds in millions of real roubles	Index number of minimum budget (1913=100)	Average wages paid by the state, in pre- war roubles
1922				
January	3,500	12.2	288,000	7.77
February	5,000	9.1	545,000	6.24
March	11,500	9.9	1,153,000	5.13
April	16,000	6.3	2,524,000	3.44
May	18,000	4.3	4,162,000	3.98
June	31,000	6.6	5,087,000	4.95
July	48,500	8.3	5,795,000	5.34
August	66,000	11.8	5,589,000	5.64
September	81,400	13.5	5,995,000	5.50
October	129,800	17.6	7,342,000	6.15
November	136,200	11.8	11,561,000	5.33
December	200,400	12.1	16,442,000	6.52
1923				
January	317,000	14.9	21,200,000	8.49
February	407,300	14.7	27,700,000	8.35
March	550,000	17.1	32,400,000	9.75
April	735,000	17.9	40,940,000	10.10
May	1,067,690	20.3	66,059,000	—
June	1,578,320	21.7	95,904,000	12.20

<sup>1</sup> "Bulletin of the Institute of Economic Research", Nos. 5-6, 1923. — *Voprosy Trooda*, Nos. 7-8, 1923.

XIII. SCHEME FOR SUPPLYING INDUSTRIAL WORKERS  
IN 1922-1923

According to the Decree of 8 and 15 September issued by the Council of Labour and Defence, a special fund of 25 million poods of foodstuffs was instituted for the benefit of industrial undertakings. It was intended to supply on an average 653,000 workers a year in all parts of Russia, including the Ukraine. The number of workers to be supplied in the various industries was as follows :

Industry	1921-1922 scheme	1922-1923 scheme	1922-23 scheme as percentage of 1921-22 scheme
Metal	259,183	230,000	89
Mines	41,689	20,000	48
War industries	150,204	90,000	60
Electrical industry	27,572	20,000	74
Oil	51,946	50,000	96.5
Coal mining	210,397	198,000	92.5
Chemical products	29,403	8,000	26.7
Building	79,335	22,000	27.8
Peat	17,000	15,000	88.3
Total	866,729	653,000	75.3
Other branches of industry	379,485	—	—
Total	1,246,214	653,000	52.5

The amount of flour required in the various branches of industry per year is fixed as follows :

Industry	Annual requirements (poods)	Annual average per worker (poods)
Metal	7,436,950	32.1
War industries	2,920,878	29.0
Electrical industry	594,000	28.5
Building materials	90,000	30.0
Coal mining	7,893,300	39.9
Oil	1,439,250	28.5
Chemical products	186,000	24.0
Mines	700,000	38.5
Building	543,550	29.9
Peat	450,000	30.0
Total	22,253,928	34.4

The distribution by district is as follows :

District	Millions of poods
Ukraine	9.9
Ural	3.4
Siberia	1.36
Moscow and Petrograd	1.10
Other districts	7.0

The quantities allotted each month were as follows :

Month	Poods
1922 October	7,221,468
November	5,449,643
December	3,825,839
1923 January	1,819,524
February	1,013,234
March-July	3,015,168

#### XIV. REGULATION FOR THE UTILISATION OF THE FOOD SUPPLY FUND

The Council of Labour and Defence established the following regulations for the utilisation of the Food Supply Fund for industry<sup>1</sup> transport, and the post, telegraphs, and telephones.

(1) The Food Supply Fund is administered by the Commissariat of Supply which allots it to consumers in accordance with the provisional scheme for the year and with the monthly schemes drawn up by the Commissariat of Labour in agreement with the departments concerned.

(2) The Food Supply Fund consists of 50,642,900 poods annually, allotted to the following organisations :

Commissariat of Posts and Telegraphs	1,740,000
Commissariat of Transport	22,000,000
Supreme Economic Council	25,000,000
Reserve Fund of the Commissariat of Labour	1,902,000

(3) Standard average quantities of flour per head per month to be distributed by the economic organisations :

(a) manual and non-manual workers coming under the Supreme Economic Council, 3 poods ;

(b) transport workers,  $2\frac{1}{2}$  poods ;

(c) postal and telegraphic employees, 2 poods. The amount for each month or quarter is fixed by the Superior Wages Council.

(4) Foodstuffs are allocated by the Commissariat of Supply to the three central institutions : the Supreme Economic Council, the Commissariat of Transport, and the Commissariat of Posts and Telegraphs. Supplies are transported to the place of consumption by the Commis-

<sup>1</sup> Including textiles, building, wood, wine, leather, printing, paper, sugar, clothing, and shale oil industries.

sariat of Transport at its own expense and in accordance with the instructions of the institutions supplied.

(5) The conditions of payment are settled by special agreement between each Commissariat and the Commissariat of Finance. In the case of the Commissariat of Transport, the cost of the foodstuffs consumed is included in the ordinary budget. The Commissariat of Posts and Telegraphs pays cash or receives the foodstuffs as a short-term loan.

The Supreme Economic Council receives foodstuffs :

(a) for undertakings entirely maintained by the state, to the amount allowed in the state budget for such maintenance ;

(b) for undertakings receiving state subsidies, in the form of subsidies ;

(c) for all other undertakings, as a cash purchase or short-term loan.

(6) In the financial arrangement between the Commissariat of Supply and the Commissariat of Finance on the one hand and the Supreme Economic Council, the Commissariat of Posts and Telegraphs, and the Commissariat of Transport on the other hand, the price of the foodstuffs supplied is fixed by agreement at 20 per cent. less than the local wholesale prices.

#### XV. WAGES SCALES

The number of wage scales in different branches of industry was reduced from 35 in 1920 to 17, but although the latter figure is now generally adopted there is a certain tendency to increase it. Some authorities regard this as a veiled method of raising wages. At Petrograd there are 24 scales, at Tver 33, and at Ivanovo-Voznessensk 31.<sup>1</sup>

The relative amount paid in the different scales varies considerably according to the branch of industry. The proportion between grade 1, the lowest, and grade 17 has been fixed variously at 1:5, 1:6, 1:7, or 1:8. In a report submitted to the Supreme Economic Council<sup>2</sup>, a case is mentioned in which the proportion is 1:9. The proportion generally adopted is 1:8. The part of the scale which refers to manual workers extends from grade 1 to grade 9 ; and here there are considerable differences. The proportion recommended and generally adopted is 1:4.

The figures recommended by the Central Committee of the Federation of Textile Workers<sup>3</sup> are given below as an example. They include 29 grades, which are obtained by introducing sub-grades. It is, however, only a model list, even for the textile industry.<sup>4</sup> In textile undertakings in Ivanovo-Voznessensk and Kief, the proportion is 1:9. At Petrograd, Kostroma, and Vladimir it is 1:5. In August 1922 the proportion at Samara was 1:5, while at Tver it was 1:8.

<sup>1</sup> *Trood*, 25 Aug. 1922.

<sup>2</sup> *Ibid*, 2 Nov. 1922.

<sup>3</sup> *Ibid*, 18 Oct. 1922.

<sup>4</sup> *Economicheskaja Zhizn*, 22 Dec. 1922.

Grade	Co-efficient	Grade	Co-efficient	Grade	Co-efficient
1	1	6 ½	3.2	12 ½	5.7
2	1.2	7	3.5	13	6
2 ½	1.4	8	3.7	13 ½	6.2
3	1.6	9	4	14	6.5
3 ½	1.8	9 ½	4.3	14 ½	6.7
4	2	10	4.5	15	7
4 ½	2.2	10 ½	4.7	16	8
5	2.4	11	5	16 ½	8.5
5 ½	2.7	11 ½	5.2	17	9
6	3	12	5.5		

The following figures for August 1922, which are taken from *Trood*, show the relative wages paid in the various grades.

Grade	With 17 grades		With 22 grades
	Co-efficient 1 : 5	Co-efficient 1 : 8	Co-efficient 1 : 5
1	1	1	1
2	1.2	1.2	1.1
3	1.4	1.4	1.2
4	1.6	1.6	1.3
5	1.8	1.8	1.46
6	2	2	1.63
7	2.2	2.3	1.81
8	2.4	2.6	1.98
9	2.7	3	2.15
10	3	3.4	2.32
11	3.2	3.8	2.48
12	3.5	4.3	2.64
13	3.7	4.8	2.8
14	4	5.4	2.9
15	4.3	6	3
16	4.6	7	3.2
17	5	8	3.4
18			3.6
19			3.85
20			4.20
21			4.60
22			5

XVI. METHODS BY WHICH WAGES ARE FIXED BY TRADE UNIONS  
WHEN CONCLUDING COLLECTIVE AGREEMENTS

The fifth All-Russian Congress of Trade Unions proposed that all trade unions, in concluding collective agreements, should adopt as a basis for calculating wages the pre-war "real" rouble in accordance with the budget index number calculated by the Labour Statistical Department and by *Gosplan*. The minimum budget is first calculated in Soviet roubles. The price of the commodities included in the budget

on the open market at each particular date is then divided by the cost of the same commodities in the same district in 1913.

In accordance with this decision the All-Russian Central Council of Trade Unions gave the following directions to the trade unions.<sup>1</sup>

The minimum budget is as follows :

Rye flour	40 lb.
Wheat flour	20 lb.
Groats	7.5 lb.
Potatoes	40 lb.
Cabbage	9 lb.
Beetroot	4.5 lb.
Onions	1 lb.
Meat	7.5 lb.
Butter	1 lb.
Eggs	$\frac{1}{2}$ dozen
Vegetable oil	1 lb.
Milk	2 bottles (of 1.25 litres)
Herrings	1 $\frac{1}{8}$ lb.
Sugar	2 lb.
Salt	2 lb.
Boots	0.06 pairs per month
Calico	2 arshins
Cotton cloth	0.6 arshins
Woollens	0.1 arshins
Oil	6 lb.
Soap	0.7 lb.
Tobacco	0.2 lb.
Matches	3 boxes
Wood	0.015 cubic sajene

The above amounts correspond to the requirements of an adult worker. They were fixed after many experiments.

The total cost of the above budget in Moscow, at 1913 prices, was 10 roubles, and for Russia as a whole 7.40 roubles (average of 97 towns). If the cost of the budget in Moscow at any given time is divided by 10, the result is the value of the "goods" or real rouble on the date in question.

Wage rates in collective agreements were at first fixed in real roubles calculated as above. In view, however, of the variations of the value of the real rouble in different places, wage rates were fixed as a percentage of the minimum budget by a circular of the All-Russian Central Council of Trade Unions and the Supreme Economic Council. The circular bears no date, but was published in *Trood* on 24 February 1923.

A Decree of the Council of People's Commissaries, dated 11 April 1923, an instruction of the Commissariat of Labour of 15 May 1923, and an Order of the Supreme Economic Council of the same date, laid down that special commissions in the provincial labour departments were to determine the cost of the budget four times a month, on the 1st, 8th, 15th, and 22nd.

The table of values of the real rouble is fixed by the parties to the collective agreement in accordance with the figures published by the above-mentioned commissions. The contracting parties decide

<sup>1</sup> *Trood*, 19 Oct. 1922. "Bulletin of the Central Statistical Committee", 9 Sept. 1923.

whether wages rates are to be fixed in local real roubles or in theoretical real roubles (i. e. by the Moscow value).

According to an Order of the Supreme Economic Council, dated 13 September 1923, salaries at the rates fixed by the state must be paid in chervonetz roubles.

The list of commodities included in the standard budget which was established by the All-Russian Central Council of Trade Unions must in no case be regarded as corresponding to a minimum or an average wage ; it is only intended to serve as a unit for the calculation of wages. The wages themselves are to be fixed by agreement between the parties concerned.

If the undertaking supplies its workers with foodstuffs or other commodities in kind, the value of these is deducted from the wages, independently of the calculation of the real rouble, at prices not exceeding the current prices on the open market at the time when the wages are paid.

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APPENDIX III

**Collective Agreements**

The following figures refer to the collective agreements concluded in 1922 and 1923 :

I. COLLECTIVE AGREEMENTS IN 1922 IN ALL PARTS OF RUSSIA

(1) *General Agreements*.<sup>1</sup>

Trade union	Number of agreements	Number of workers
<i>Industry</i>		
Metal	21	461,790
Chemical products	26	107,771
Wood	13	24,802
Building	7	16,758
Foodstuffs	6	37,429
Mines	2	40,707
Sugar	2	66,625
Paper	1	7,558
<b>Total</b>	<b>78</b>	<b>763,440</b>
<i>Communications</i>		
Transport	2	1,630,776
Post, telegraphs, and telephones	4	388,000
<b>Total</b>	<b>6</b>	<b>2,018,776</b>
<i>Non-Manual Workers</i>		
Soviet officials	21	225,063
Doctors and nurses	10	222,530
Teachers	1	200,000
<b>Total</b>	<b>32</b>	<b>647,593</b>
<i>Agriculture</i>	6	10,006
<b>Grand total</b>	<b>122</b>	<b>3,439,815</b>

<sup>1</sup> *Statistika Trooda*, No. 3, Feb. 1923.

(2) *Local Agreements.*  
(25 provinces)

	September	October
Agreements concluded	426	641
Undertakings covered	1,733	1,701
Workers covered	92,236	121,931

*Provisions of the Agreements.*

Among the more important provisions of the collective agreements are those dealing with the deductions to be made from total wages for various purposes. For the expenses of the works committee 22 agreements allow a deduction of 2 per cent., 2 allow a deduction of less than 2 per cent., and 2 a deduction of over 2 per cent. The percentage deduction for "educational" purposes (general education, training in Communist principles, etc.) in 30 collective agreements ranges from 2 to 5 per cent.; 4 agreements allow a deduction of over 5 per cent. and only one a deduction of less than 2 per cent.

The provisions relating to annual holidays are as follows: 28 agreements out of 41 state that the question of holidays is to be settled according to the Labour Code<sup>1</sup>; 11 agreements allow two weeks' leave after 5½ months' work and one month's leave after 11 months' work. Compensation for leave which is not taken is fixed by 21 agreements in accordance with the Labour Code<sup>2</sup>; 2 agreements allow twice the legal compensation, while 18 contain no clause relating to compensation of this kind.

In 10 collective agreements the number of apprentices is limited to 5 per cent. of the total number of workers; in 8 agreements to 8 per cent., and in one agreement only to a higher percentage than 10; 13 agreements contain no provisions relating to apprentices.

Of the 41 collective agreements 36 lay down that on the engagement of new workers preference is to be given to trade unionists; 19 agreements state that when there is a reduction in staff non-unionists are to be dismissed first; 20 provide that non-union workers may be replaced by members of the union; 7 lay down that undertakings must reduce working hours before having recourse to the dismissal of staff.

<sup>1</sup> Section 114 of the Labour Code states that each worker is entitled to a fortnight's annual holiday, while young persons under 18 are entitled to one month.

<sup>2</sup> Section 91 of the Code deals with compensation for leave which is not taken or carried on to the next year. Such compensation must be equal to the average earnings of the worker for a period equal to the amount of leave not taken.

II. CONDITIONS OF WORK ESTABLISHED BY COLLECTIVE AGREEMENTS IN 1922

The enquiry undertaken by the Commissariat of Labour into the provisions of 95 collective agreements covering 2½ million manual and non-manual workers shows the manner in which certain labour questions are dealt with by the collective agreements. Some of the persons who assisted in preparing the report on the enquiry state that in certain agreements some of the clauses are drafted so obscurely that it is difficult to understand their meaning.<sup>1</sup> The enquiry therefore, dealt only with the following points :

*Privileges allowed to trade unions and their members in connection with engagement and discharge.* More than nine-tenths of the collective agreements state that union members are to be engaged in preference to non-unionists ; 41 per cent. lay down that non-unionists are to be dismissed before union men; 30 per cent. of the agreements contain a clause allowing non-unionists to be engaged before union men. All the agreements concluded in the transport industry allow special privileges to members of trade unions.

*Compensation on discharge.* Nearly two-thirds of the agreements provide for higher compensation than that laid down by the Labour Code ; 82 per cent. of the manual and non-manual workers covered by the agreements are to receive two weeks' wages and also two weeks' notice. These benefits are allowed to all transport workers, but only to 10 per cent. of industrial workers and 2 per cent. of agricultural workers. Four per cent. of the workers receive 1 month's wages on dismissal ; of these workers 24 per cent. are employed in industry.

*Compensation for discharge for inefficiency.* Most of the agreements contain clauses similar to the relevant Sections of the Labour Code. Only 30 per cent. of the agreements allow higher compensation than the legal minimum.

*Compensation for discharge at the request of the trade union.* Compensation of this kind is allowed by 32 agreements, i. e. 34 per cent. of the total.

*Compensation for discharge for breach of the collective agreement.* The agreements which allow two weeks' wages as compensation for discharge on this ground cover 8 per cent. of the industrial workers, 81 per cent. of the transport workers, and 60 per cent. of the agricultural workers.

*Holidays.* Of the number of agreements 41 per cent., which, however, cover only 6 per cent. of the total number of workers, allow longer holidays than the legal minimum laid down by the Labour Code. In such cases holidays are generally one month instead of two weeks. In 39 per cent. of the agreements, covering 5.2 per cent. of the workers,

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<sup>1</sup> *Voprosy Trooda*, No. 4, 1923.

compensation for leave not taken is fixed in accordance with the Labour Code.

III. COLLECTIVE AGREEMENTS IN MOSCOW<sup>4</sup>

Between September 1922 and January 1923 1,341 collective agreements, covering 482,925 manual and non-manual workers, were concluded in Moscow. In December 1922 and January 1923 a number of collective agreements relating to large undertakings were renewed. The following figures show how greatly the activity of the trade unions in concluding collective agreements varied from month to month.

Date	Number of agreements	Number workers
1922 September	226	No figures published
October	346	80,438
November	281	No figures published
December	156	119,939
1923 January	332	111,981

The number and importance of the collective agreements concluded by the various trade unions differ considerably. Some unions merely renewed existing agreements. The teachers' union renewed 39 agreements, covering 94,471 and the union of workers in the sugar industry 6, covering 875 workers. The postal and telegraphic workers union maintained the general collective agreement concluded with the Comissariat of Posts and Telegraphs, and concluded 10 new agreements relating exclusively to wages. The number of agreements concluded by the other trade unions is shown in the following table :

Trade union	Agreements	Workers covered
Metal	252	30,005
Soviet institutions	198	10,385
Leather	168	9,015
Building and public works	142	16,597
Chemical products	77	5,218
Agriculture	68	18,784
Wood	67	8,413
Foodstuffs	56	1,720
Clothing	48	16,353
Public health	42	22,723
Textiles	36	146,843
Local transport	28	8,927
Mining	15	4,111
Hotels and restaurants	14	811
Fine arts	7	284
Railways	2	721
Seamen	1	200

<sup>4</sup> *Trood*, 2 Mar. 1923.

Before coming into force, the above agreements had to be approved and registered by the inter-trade union council of the Moscow provincial government. In December 39.1 per cent. of the agreements submitted were rejected on the ground that they did not conform to the law. At that time the new Labour Code had just appeared and was frequently misinterpreted. In January the proportion fell to 6 per cent. At the present time the managements of both private and public undertakings show a marked tendency to resist the demands of the trade unions. This results in certain difficulties in the conclusion of collective agreements. The parties are frequently obliged to appeal to the bodies responsible for settling disputes. There were 38 appeals of this kind in September, 41 in October, 29 in November, 52 in December, and 63 in January.

IV. COLLECTIVE AGREEMENTS CONCLUDED DURING THE FIRST HALF OF 1923<sup>1</sup>

*General Agreements.*

At the beginning of January 1923 there were 70 collective agreements in force in Russia, covering 1,684,000 manual and non-manual workers; 44 were concluded by industrial trade unions, 7 by the transport workers' unions, and 19 by other unions. By the end of July there was a slight increase in the number of agreements and the number of workers covered, as the following table shows :

Division of economic system	January		April		July	
	Agreements	Workers covered	Agreements	Workers covered	Agreements	Workers covered
Industry	44	341,900	47	374,400	47	379,400
Transport, posts, telegraphs, and telephones	7	849,200	6	946,400	7	947,600
Other unions (Soviet employees, doctors, nurses, etc.)	19	493,100	18	506,800	18	501,700
Total	70	1,684,200	71	1,827,600	72	1,828,700

A point which should be particularly noted in this table is the large increase which took place between January and July in the number of transport workers covered by collective agreements. This is due to the fact that an additional agreement was concluded in that period between the People's Commissariat for Communications and the seamen's union. In other cases the difference between the January and July figures is not very great.

*Local Agreements.*

Local collective agreements play an extremely important part in the fixing of wages. Most of the general agreements signed by the trade unions provide for the conclusion of local agreements; some unions,

<sup>1</sup> *Viestnik Trooda*, No. 8, Aug. 1923.

however, such as those of the textile workers, leather workers, and printers, have not adopted the system of general agreements, and the wages of their members are therefore fixed entirely by local collective agreements.

The local agreements concluded by the provincial branches of the trade unions are examined every quarter by the Central Department of Labour Statistics, which prepares a report on them. According to the report for 30 April 1923, 6,723 local collective agreements, covering 28,426 undertakings and 1,330,936 manual and non-manual workers, were in force in the fifty provincial governments (not including Moscow and Petrograd).

The following table gives particulars of the agreements applying respectively to state, co-operative and private undertakings.

Class of undertaking	Per-centage of total agree-ments	Per-centage of total workers	Average number of workers per under-taking	Average number of workers covered by agree-ment
<i>Industrial trade unions</i>				
State undertakings	26.4	93.5	221	661
Co-operative and public undertakings	7.4	2.2	50	54
Private undertakings	56.2	4.3	15	20
Total	100.0	100.0	133	257
<i>Other trade unions</i>				
State undertakings	48.8	86.7	24	248
Co-operative and public undertakings	18.7	9.6	32	72
Private undertakings	32.5	3.7	5	16
Total	100.0	100.0	24	139
<i>All trade unions</i>				
State undertakings	42.6	91.1	59	424
Co-operative and public undertakings	13.1	4.8	36	72
Private undertakings	44.3	4.1	9	18
Total	100.0	100.0	48	198

Although 57.4 per cent. of the local collective agreements were concluded by co-operative and private undertakings, the number of workers to which they applied was only a small percentage (8.9) of the total number of workers covered by collective agreements. This shows that the trade unions have still much to do in fixing wages in co-operative and private undertakings.

It may be useful at this stage to give an estimate of the number of trade union members covered by collective agreements as a percentage

of the total number of trade union members. The following table shows this percentage for general and for local collective agreements :

Trade union group	Local agreements	General agreements	Total
Industry	69	20	89
Transport, posts, telegraphs, and telephones	8	90	98
Soviet institutions	31	37	68
Other undertakings	48	—	48
All unions	43	39	82

It will be seen from this table that 82 per cent. of the total number of trade union members were covered by collective agreements, and that almost all the members of the transport workers' trade unions came under such agreements.

*Period of validity of collective agreements.*

In April 1922, when the first collective agreements were signed, most of them (80 to 90 per cent.) were valid for not more than three months. At the end of 1922 and the beginning of 1923 it began to be more usual for agreements to be concluded for longer periods. An enquiry which was carried out at the end of January 1923 showed that 37 per cent. of the agreements concluded in the provinces and 51 per cent. in the large towns were valid for more than three months. By the end of April the percentage had risen to 57 for the provinces and 59 for the large towns.

The following table, which refers to local collective agreements in force in the provinces and large towns at the end of January and April respectively, shows the tendency to increase the period of validity of collective agreements which was noticeable in 1923.

*Percentage distribution of local agreements by period of validity in 1922.*

Period of validity	January		April	
	Agreements	Workers covered	Agreements	Workers covered
Provinces				
1 month	16	34	11	10
2-3 months	47	35	47	34
4-5 months	17	17	17	27
6 months or over	20	14	25	29
Large towns				
1 month	3	5	2	3
2-3 months	47	24	39	44
4-5 months	9	9	12	14
6 months or over	41	62	47	39

It will be seen that the number of local collective agreements concluded for one month decreased during the period in question both in the large towns and in the provinces, while the number of agreements concluded for a period of not less than six months increased. The average period of validity of the agreements in force in January was 3.4 months in the provinces and 4.4 months in the large towns. In April it was 3.8 months in the provinces and 4.6 months in the large towns.

V. COLLECTIVE AGREEMENTS AND WAGE AGREEMENTS AT PETROGRAD  
IN THE FIRST QUARTER OF 1923<sup>1</sup>

Date	Total collective and wage agreements	Undertakings concluding agreements	Workers covered	
			Number	Percentage of total workers in Petrograd
1 January	747	3,990	190,731	67.8
1 February	783	4,492	213,510	73.6
1 March	866	4,923	225,788	76.4

In March 76.4 per cent. of the total number of workers were covered by collective or wage agreements. The trade unions in which the largest proportion of the members were covered by such agreements were those of postal, telegraph, and telephone workers and building workers, in which the proportion was 100 per cent. In the paper workers' union it was 98 per cent. ; in the textile and leather workers' unions 97 per cent. ; in the metal workers' union 93 per cent. The lowest figures are to be found in the union of workers in agriculture and forestry (34 per cent.) and the union of workers in the fine arts (26 per cent.).

The following table shows the relative importance of the collective agreements and the wage agreements.

*Collective agreements and wage agreements in force on 1 March.*

Collective agreements	665
Undertakings concluding agreements	3,748
Workers covered	148,174
Wage agreements	201
Undertakings concluding agreements	1,175
Workers covered	77,614

<sup>1</sup>*Trood*, 16 June 1923. The wage agreements apply only to wages, and do not deal with other conditions of labour.

## APPENDIX IV

### Industrial Disputes

#### I. STRIKES IN THE FIRST HALF OF 1922<sup>1</sup>

(In 21 provincial governments and the two capitals)

	Number of strikes	Workers involved
Agriculture and forestry	1	30
Mines	19	7,006
Metal	25	6,044
Wood	9	1,024
Paper	—	—
Printing	2	861
Textiles	17	20,853
Clothing	4	1,729
Leather	3	75
Foodstuffs	3	329
Tobacco	—	—
Chemical products	4	1,020
Building	2	116
Local transport	4	1,321
Railways	3	445
River transport	1	180
Posts and telegraphs	2	1,000
Municipal services	4	175
Food supply	—	—
Public health	1	30
Teaching	5	1,265
Artists	—	—
Soviet employees	—	—
Total	109	43,503

Of the total number of trade union members 1.6 per cent. took part in strikes. The average number of workers who took part in each strike was 426.5 for all provincial governments, 720.9 for the Moscow Government, and 433.9 for the Petrograd Government.

#### II. INDUSTRIAL DISPUTES IN 1922 ARISING OUT OF THE APPLICATION OF COLLECTIVE AGREEMENTS<sup>2</sup>

In the period under consideration 57 disputes, affecting 3,569,782 workers, were submitted to the Central Conciliation Chamber and the Arbitration Court. Seven of these disputes concerned 2,888,856 workers, while the remaining 50 only concerned 680,926. As the disputes in question arose out of the application of collective agreements con-

<sup>1</sup> "Report of the All-Russian Central Council of Trade Unions for May to August 1922". Moscow, 1922.

<sup>2</sup> *Statistika Trooda*, No. 3, Feb. 1923; *Voprosy Trooda*, No. 3, 1923.

cluded by the various trade unions, the variation in the number of workers concerned in the various disputes is due entirely to variations in the scope of application of each agreement. Disputes arising out of general agreements obviously involved a larger number of workers than those arising out of local agreements.

Of the 7 disputes applying to the largest number of workers, 3 arose in the transport industry, 3 in the metal and chemical industries, and one among Soviet employees. Of the total of 57 disputes 16 occurred in the period April-July, and 41 in the period August-December. Of the total number 31 disputes were submitted direct to the Conciliation Chamber and 26 to the Arbitration Court; 12 could not be settled in the Conciliation Chamber and were therefore referred to the Arbitration Court. Altogether 50 of the disputes were settled, 14 by the Conciliation Chamber and 36 by the Arbitration Court.

The following table shows the distribution of the disputes in the various trade union groups.

Trade union group	Number of disputes	Workers involved	
		Number	Percentage of total
<i>Industry</i>			
Metal	13 <sup>1</sup>	402,165	11.3
Chemical industry	7 <sup>1</sup>	96,168	2.7
Foodstuffs	1	34,209	0.9
Building	4	10,337	0.3
Printing	2	5,625	0.2
Wood	1	750	0.0
<i>Transport and communications</i>			
Transport	4	2,360,548	66.1
Posts and telegraphs	4	291,849	8.2
<i>Public institutions</i>			
Soviet administration	15	93,988	2.7
Public health	4	61,780	1.7
Teaching	1	200,000	5.6
<i>Agriculture</i>	44	12,363	0.3
Total	57	3,569,782	100.0

<sup>1</sup> Three disputes which applied collectively to the metal workers and the chemical workers are included in the figures for those industries.

Full information on the causes of the above mentioned 57 disputes is not available, but the following table, covering 43 of the disputes, gives a general idea of the principal questions which gave rise to dispute in the application of the collective agreements in 1922. It should be remembered that any particular dispute may have been due to one or more of the causes mentioned in the table.

*Industrial disputes arising out of the application of collective agreements in 1922.*

Matter in dispute	Number of disputes	Workers affected				
		Number	Per cent. of total workers affected by disputes	Per cent. of total workers in		
				Industry	Transport and communications	Public undertakings
Wages	41	2,381,000	99.9	99.6	100.0	100.0
Deductions from wages for expenses of works committees and education	15	1,331,000	56.0	61.6	58.7	2.3
Legal disputes (engagement, discharge, holidays, etc.)	12	1,084,000	45.5	31.7	52.2	8.1
Medical treatment, safety measures, supply of working clothes	6	959,000	40.6	19.0	52.2	1.0
Scope or period of validity of agreements and local supplementary agreements	12	1,817,000	75.0	11.2	100.0	25.1
Various	22	2,104,000	—	—	—	—
TOTAL	43	2,583,000	—	—	—	—

It will be seen from the above table that wage questions were the chief cause of disputes ; 41 of the 43 disputes were to a certain extent, and 19 exclusively, due to this cause. Next in importance are questions relating to deductions from wages for the expenses of the works committees and for educational purpose. This cause was of very slight importance in the administrative services but played a considerable part in industry and transport.

It is also of interest to examine the results for the parties concerned of the arbitration system; the following table gives full information on this point. It shows the percentage the total number of disputes settled in favour of the trade unions, or of the undertakings or government institutions respectively, and also the percentage of disputes settled by a compromise :

Sphere of dispute	Percentage of disputes settled		
	In favour of trade unions	In favour of undertaking or government institution	By compromise
All disputes	29	28	43
Industry	29	23	48
Transport	11	53	36
Soviet administration	39	28	33

It will be seen that it was in the transport industry that the workers' organisations most frequently had to give way. Arbitration was more frequently favourable to the trade unions in industry and to the employees of the Soviet Government.

The following table give particulars of the decisions of the arbitration institutions in disputes referring exclusively to wages.

Subject of dispute	Percentage of dispute settled						
	In favour of workers' organisations			In favour of undertaking or government institution			In favour of both parties
	Without compromise	By compromise	Total	Without compromise	By compromise	Total	
Payment of wages	16.7	19.7	36.4	19.7	28.8	48.5	15.1
Wage scales	11.4	22.8	34.2	14.3	37.2	51.5	14.3

### III. INDUSTRIAL DISPUTES IN MOSCOW AND PETROGRAD IN 1922<sup>1</sup>

The total number of disputes registered by the trade unions in the first nine months of 1922 was 6,250, and the number registered by the labour sections (local bodies subordinate to the Commissariat of Labour) was 1,835. The number of workers involved in the former group of disputes was 81,170 and in the latter 42,367. The following table shows the number of industrial disputes in the first three quarters of 1922.

Period	Disputes	Workers involved
1st quarter	754	9,526
2nd quarter	3,313	34,428
3rd quarter	4,018	79,583
Total	8,085	123,537

The average number of workers involved in each dispute was 6.2 in the first half of 1919, 3.7 in the second half of 1919, 2.9 in the second half of 1920, and 11.0 in the first half of 1922. The number of workers involved in disputes was largest in the trade union of Soviet employees, who constituted 26.5 per cent. of the total number of workers involved in disputes. The metal workers came second with 12.3 per cent. of the total and then follow the local transport workers with 12.2 per cent., the building workers with 8.6, the workers in the paper industry with 6, and the workers in the clothing and leather industry with 5.3 per cent.

<sup>1</sup> *Statistika Trooda*, No. 1, Dec. 1922.

The proportion of disputes and persons involved in different classes of undertaking is shown in the following table.

Class of undertaking	Percentage of total disputes	Percentage of total workers involved
State	55.0	58.7
Co-operative	12.3	27.0
Private	32.7	14.3

The most important cause of disputes was wage questions, which accounted for 88 per cent. of the total number of disputes and 93 per cent. of the total number of workers involved. The majority of the disputes were settled in favour of the workers; 91.5 per cent. of the disputes, involving 95 per cent. of the workers affected, were settled in this way.

#### IV. SETTLEMENT OF INDUSTRIAL DISPUTES IN 1923

The following figures refer to the first quarter of 1923. They cover 41 provincial governments and the work of three institutions for the settlement of labour disputes: the disputes committees, the conciliation chambers, and the arbitration court. (The 1923 figures are compared, where possible, with those of previous quarters.)<sup>1</sup>

The number of disputes submitted to arbitration from January to March 1923 was as follows:

Month	Total	Moscow Government	Petrograd Government	39 other provincial governments	Average disputes per government	
					General	Excluding Moscow and Petrograd
January	958	253	93	612	23	16
February	1,187	368	92	727	29	19
March	1,260	334	97	829	31	21
Total	3,405	955	282	2,168	83	56

The following table shows the average number of workers affected by each dispute in the large towns and in the provinces in 1922 and 1923:

Period	Moscow	Petrograd	Provinces	General average
1922 3rd quarter	88	65	35	61
4th quarter	103	116	69	88
1923 1st quarter	71	71	48	55

<sup>1</sup> *Statistika Trooda*, No. 6, 1923.

It will be seen that the number of workers affected by the disputes was considerably lower in the first quarter of 1923 than in the preceding quarters.

The following table shows the number of disputes considered by the various arbitration bodies in the first quarter of 1923 and the number of workers affected. The figures for the two preceding quarters are also given purposes of comparison.

Period	Number of disputes considered	Number of workers involved
1922 3rd quarter	1,698	115,901
4th quarter	2,112	205,462
1923 1st quarter	2,982	175,672

In the first quarter of 1923 the majority of the disputes considered (55.8 per cent.) were unimportant, as each affected one worker only. Only 11.2 per cent. of the total number involved more than 50 persons.

The percentage of the disputes settled by each of the competent bodies from July 1922 to March 1923 is shown below.

Period	Number of disputes for which information is available	Number of workers concerned	Percentage of total disputes settled by :		
			Disputes committees	Conciliation chambers	Arbitration courts
1922 3rd quarter	1,770	118,315	83.2	12.2	4.6
4th quarter	2,182	213,441	78.8	13.5	7.7
1923 1st quarter	2,976	172,587	78.3	13.2	8.5

The relative importance of the various causes of disputes in the quarter January to March 1923 was very similar to that in the preceding quarter. Wages still constituted the most important factor. The following table gives the percentage of the total number of disputes due to each cause from June 1922 to March 1923.

*Causes of disputes.*

Period	Number of disputes for which information is available	Percentage arising out of :			
		Wage questions	Discharges	Breaches of labour legislation	Other causes
1922 2nd half	3,321	72.8	21.2	1.3	4.7
1923 1st quarter (total)	2,982	74.2	18.1	1.2	6.5
State undertakings	1,766	67.9	22.8	1.3	8.0
Co-operative and private undertakings	1,216	83.5	11.3	1.0	4.2

The number of disputes arising out of discharges was much higher in state than in private undertakings.

The results of arbitration awards from the point of view of the parties concerned are shown in the following table :

*Results of Disputes.*

Period	Number of disputes for which information is available	Percentage of awards :		
		Entirely in favour of workers	Partly in favour of workers	Against workers
1922 2nd half	3,321	66.8	16.7	16.5
1923 1st quarter	2,893	62.9	20.3	16.8
State undertakings	1,710	62.1	17.9	20.0
Co-operative and private undertakings	1,183	64.2	23.6	12.2

The percentage of cases in which the demands of the workers were rejected was higher in state undertakings than in private undertakings, but on the whole a large proportion of the awards given were in favour of the workers.

V. WORK OF THE CENTRAL DISPUTES COMMISSION ATTACHED TO THE COMMISSARIAT OF LABOUR<sup>1</sup>

*Work of the Commission in 1922.*

The Central Disputes Commission has acted since March 1922 as a court of appeal from the decisions of the provincial committees. Appeals were made to the Central Commission against 353 decisions of the provincial committees. In March and April 1922 the Central Commission dealt with 7 cases, in May with 17, and in October with 58. The average number of cases dealt with by the Commission per month was as follows :

2nd quarter	16
3rd quarter	24
4th quarter	50

Of the total number of cases 38.2 per cent. were referred to the Central Commission by the workers, 6.8 per cent. by the trade unions, and 55 per cent. by the employers (of whom 22 per cent. were private employers) ; 42.5 per cent. of the cases referred to non-manual workers, 31 per cent. to manual workers, and 26.5 per cent. to both. Of the disputes 40 per cent. occurred in public institutions and administrations and 36.7 per cent. in industry. A large majority of the disputes (65 per cent.) were of an individual character ; only 6 per cent. of the disputes concerned more than 50 workers.

<sup>1</sup> *Voprosy Trooda*, Nos. 5-6, 1923.

*Disputes classified by Cause.*

Class of undertaking or initiator of dispute	Total disputes	Disputes arising out of											
		Wage questions						Discharges			Other causes		
		Total		Inadequacy of wages		Delay in payment		Payment on discharge		Discharges		Other causes	
		Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total
State undertakings	191	59.7	17	8.9	24	12.6	41	21.5	72	37.7	5	2.6	
Co-operative undertakings	42	61.9	2	4.8	2	4.8	15	35.7	13	30.9	3	7.2	
Private undertakings	36	80.6	6	16.7	5	13.9	17	47.2	6	16.7	1	2.7	
<b>Total</b>	<b>269</b>	<b>62.8</b>	<b>25</b>	<b>9.3</b>	<b>31</b>	<b>11.4</b>	<b>73</b>	<b>27.1</b>	<b>91</b>	<b>33.8</b>	<b>9</b>	<b>3.4</b>	
Disputes raised by :													
Workers	97	52.6	9	9.3	6	6.2	20	20.6	42	43.3	4	4.1	
Employers	160	70.0	15	9.4	24	15.0	52	32.5	43	26.9	5	3.1	
Average number of workers affected per dispute	52	—	59.2	—	72	—	24.9	—	1.6	—	1.6	—	

Of all the cases settled by the Central Disputes Commission on appeal 55.6 per cent. were decided in favour of the workers.

As the final court of appeal the Central Commission to some extent tempered the pressure exercised on private undertakings by the local committees. Appeals to the Central Commission against a decision of the district committees were decided in favour of private undertakings in 25.7 per cent. of the cases and in favour of the workers in 22.7 per cent.

VI. WORK OF CONCILIATION BODIES IN 1922

The work of the various institutions for the settlement of labour disputes increased considerably from the date of their creation in April 1922 until the end of that year, as is shown by the following table<sup>1</sup>:

*Disputes Settled.*

(a) *By central bodies attached to the Commissariat of Labour.*

Period	Disputes settled by			
	Disputes Commission		Chamber of Conciliation and Arbitration Court	
	Number	Index number	Number	Index number
April-June	58	100	7	100
July-September	92	159	14	200
October-December	169	291	33	471
Total	319		54	

(b) *By local bodies.*

Area	Disputes settled by			
	Disputes committees	Chambers of conciliation	Arbitration courts	Total
NUMBERS				
Moscow and Petrograd	2,759	115	108	2,982
31 provincial labour sections	2,677	267	204	3,148
Total	5,436	382	312	6,130
AS PERCENTAGE OF TOTAL DISPUTES				
Moscow and Petrograd	93.0	3.9	3.1	100
31 provincial labour sections	85.5	8.5	6.5	100
Total	88.6	6.2	5.2	100

<sup>1</sup> *Voprosy Trooda*, No. 3, 1923.

These figures show that most of the disputes were settled by the disputes committees and that only a limited number of disputes (15 per cent. in the central institutions and 11.4 per cent. in the local bodies) were settled by conciliation. The disputes were therefore generally of settled by compulsory arbitration.

The fact must, however, be emphasised that the activity of conciliation bodies has been greater in the provinces; and it is developing steadily, as may be seen from the following table showing the number of disputes referred to the different bodies :

Area and period	Disputes committees		Conciliation chambers and arbitration courts		Total	
	Number	Percentage increase	Number	Percentage increase	Number	Percentage increase
<i>31 provincial labour sections</i>						
Up to 1 Oct. 1922	484	100	11	100	495	100
1 Oct. - 31 Dec. 1922	268	146	72	655	340	174
<i>Moscow and Petrograd</i>						
Up to 1 Oct. 1922	133	100	9	100	142	100
1 Oct. - 31 Dec. 1922	457	343	40	444	497	350
<i>Commissariat of Labour</i>						
Up to 1 Oct. 1922	18	100	4	100	22	100
1 Oct. - 31 Dec. 1922	53	294	11	275	64	291

VII. SETTLEMENT OF INDUSTRIAL DISPUTES BY ARBITRATION IN THE MOSCOW GOVERNMENT FROM FEBRUARY 1922 TO MAY 1923<sup>1</sup>

The Disputes Committee of the labour section for the Moscow Government was created on 18 January 1922 by Decree of the Council of People's Commissaries. It began its work towards the end of the following February, and was suppressed on 15 May 1923 by Decree of the Moscow Soviet, its functions being transferred to the people's courts.

During its 15 months' existence, this Committee examined 4,192 disputes affecting 60,349 workers. The number of disputes referred to it every month was as follows :

	1922	October	303
		November	300
February	25	December	320
March	94		
April	120	1923	
May	190	January	380
June	234	February	454
July	257	March	602
August	231	April	392
September	298	May	12

These figures show that the number of disputes referred to the Disputes Committee increased progressively until April 1923, and then

<sup>1</sup> "Bulletin of Labour Statistics of the Moscow Government", No. 3, 1923.

fell rapidly, owing to the organisation of special sessions of the people's courts to deal with disputes, and also to the imminent abolition of the Committee.

Of the 4,192 disputes submitted to the Committee, 2,086, affecting 50,478 persons, occurred in state undertakings, and 2,106, affecting 9,871 persons, in private undertakings. Disputes in state undertakings were thus less numerous than in private ones, but they affected 80 per cent. of the total number of workers in disputes. Of the disputes 37 per cent., affecting 39 per cent. of the total number of workers involved, were either set aside (23 per cent.) or referred to other bodies (13 per cent.). The number of disputes entailing measures of this nature was particularly high in 1923 immediately before the dissolution of the Committee. The Committee effected a final settlement in 2,640 disputes, the nature and causes of which are analysed in the table on page 208.

This table shows that 72.5 per cent. of the disputes which were finally settled were due to wage questions, 24.8 per cent. to questions of discharge, and only 2.7 per cent. to other causes (daily hours of work, contravention of labour legislation, refusal to conclude collective agreements, etc.). The number of disputes arising out of wage questions was higher in private than in state undertakings. In the latter, although wage questions were the principal cause of dispute, contested discharges also accounted for a large number.

The following table shows how the parties concerned were affected by the Committee's arbitration.

Class of undertaking	Number of disputes in which a final decision was given	Disputes decided			
		In favour of the workers		Against the workers	
		Number	Per cent. of total	Number	Per cent. of total
State undertakings					
Disputes	1,378	397	28.8	981	71.2
Workers affected	30,149	2,268	7.5	27,881	92.5
Private and co-operative undertakings					
Disputes	1,262	192	15.2	1,070	84.8
Workers affected	6,340	579	9.1	5,761	90.9
Totals					
Disputes	2,640	589	22.3	2,051	77.7
Workers affected	36,489	2,847	7.8	33,642	92.2

In 77.7 per cent. of the disputes, therefore, a decision was given in favour of the workers ; the proportion of decisions unfavourable to the workers was comparatively low (7.8 per cent.) in relation to the total number of persons affected by disputes. The percentage of disputes settled in favour of the workers was higher in private (84.8 per cent.) than in state undertakings (71.2 per cent.)

*Disputes settled by the Moscow Committee classified by cause.*

Class of undertaking in which the dispute arose	Number of dis- putes in which a final decision was given	Disputes affecting				Cause of dispute											
		10 workers or less		More than 10 workers		Wages		Discharges		Hours of work		Contravention of labour legislation		Refusal to conclude a collective agreement		Other causes	
		Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total	Number	Per cent. of total
State undertakings																	
Disputes	4,378	1,192	87.2	486	12.8	869	63.1	463	33.6	—	—	2	0.1	43	3.1	1	0.1
Workers concerned	30,149	2,065	6.8	28,084	93.2	26,872	89.1	920	3.1	—	—	85	0.3	2,202	7.5	10	0.0
Private and co-operative undertakings																	
Disputes	4,262	1,169	92.6	93	7.4	1,045	82.8	491	15.1	1	0.1	5	0.4	15	1.2	5	0.4
Workers concerned	6,340	2,003	31.6	4,337	68.4	4,974	78.5	546	8.6	18	0.3	536	9.2	79	1.2	137	2.2
Totals																	
Disputes	2,640	2,361	89.4	279	10.6	4,914	72.5	654	24.8	1	0.0	7	0.3	58	2.2	6	0.2
Workers concerned	36,489	4,068	11.1	32,421	88.9	31,846	87.3	4,466	4.0	48	0.0	671	1.8	2,344	6.4	147	0.5

VIII. WORK OF THE MOSCOW LABOUR COURT<sup>1</sup>

*Number of prosecutions before the Labour Court.*

Period		Cases heard	Cases decided
1922	November	69	66
	December	99	82
1923	January	85	52
	February	68	51
	March	134	90

Most of the cases were brought before the Court by the labour inspectors, the majority arising out of one of the following : (1) engagement of workers independently of the employment exchanges; (2) non-payment of insurance contributions; (3) illegal prolongation of hours of work; (4) contravention of labour protection laws (unhealthy condition of premises, night work, accidents); (5) infringement of provisions of collective agreements.

*Sentences passed in prosecutions for contravention of laws.*

Month	Hard labour and fine	Imprisonment and fine	Fines only		Acquittals
			Number of cases	Total amount in gold roubles	
1922	November	16	15	13.450	8
	December	10	26	15.400	13
1923	January	4	—	14.825	6
	February	—	10	2.650	4
	March	24	43	30.500	5

*Number of disputes submitted to the Court.*

Month	Disputes submitted	Disputes settled	
		In favour of the workers	In favour of the employers
1922	November	4	—
	December	7	—
1923	January	12	—
	February	35	1
	March	128	2

In March 1923 52 per cent. of the disputes referred to the Court had occurred in private undertakings, 40 per cent. in state and 8 per cent. in co-operative undertakings.

<sup>1</sup> *Trood*, 22 May 1923.

IX. COMPETENCE OF VARIOUS BODIES TO DEAL WITH INDUSTRIAL DISPUTES

Competent body	Undertakings and institutions		Nature of dispute			Disputes in undertakings or institutions where no collective agreement exists
	State	Private or public utility	On the conclusion or amendment of agreement	In the interpretation of agreement (where no violation has occurred)	Where agreement has been concluded	
Joint committees (for fixing wages and settling disputes).	State	Private or public utility	Not competent	Compulsory	Compulsory	Compulsory if there is joint committee in undertaking
Conciliation chambers (attached to the sections of the Commissariat of Labour).	State	Private or public utility	Only by mutual agreement between parties	Only by mutual agreement between parties	Only by mutual agreement between parties	Only by mutual agreement between parties
	State	Private or public utility	Only by mutual agreement between parties	Only by mutual agreement between parties	Only by mutual agreement between parties	Not competent
Arbitration Court attached to the Commissariat of Labour.	State	Private or public utility	Compulsory (in accordance with decision of 5th Trade Union Congress)	Compulsory	Compulsory	Compulsory
	State	Private or public utility	Compulsory	Not competent	Not competent	Not competent
Disputes committees attached to sections the Commissariat of Labour.	State	Private or public utility	Competent	Competent	Competent	Competent
	State	Private or public utility	Not competent	Not competent	Only at request of trade unions	Only at request of trade unions
Labour courts (People's courts meeting in extraordinary session under § 108 and 169 of Labour Code).	State	Private or public utility	Not competent	Not competent	Competent	Competent
	State	Private or public utility	Not competent	Not competent	Competent	Competent

## APPENDIX V

### The Labour Market<sup>1</sup>

#### I. EXTENT OF UNEMPLOYMENT IN THE WHOLE OF RUSSIA FROM 1918 TO 1923

*Vacancies notified and filled as percentage of applications.*

Years	Vacancies	
	notified	filled
1918	62.2	51.1
1919	114.9	53.4
1920	167.8	94.9
1921	144.8	96.1
1922	64.4	56.4
1923 (first half)	63.0	62.1

*Vacancies in 52 provincial governments as  
percentage of applications.*

Month	1918	1919	1920	1921	1922	1923
January	32.0	90.0	149.5	276.4	78.4	63.9
February	32.0	103.1	128.5	185.5	73.7	53.6
March	32.0	107.6	101.7	203.5	75.8	54.9
April	32.0	226.2	141.5	166.5	65.8	51.9
May	36.8	103.0	166.2	217.2	51.7	69.1
June	62.6	116.1	168.7	147.9	54.3	83.8
July	73.7	137.9	176.7	152.3	73.7	101.4
August	86.7	113.4	158.9	104.4	69.4	92.8
September	71.6	125.6	170.3	92.9	70.0	84.5
October	75.2	127.9	246.5	93.3	71.7	67.4
November	77.5	121.3	168.8	87.7	65.6	—
December	83.5	160.1	148.9	78.7	62.8	—

<sup>1</sup> *Trood*, 19 Jan. 1923. "Bulletin of the Central Statistical Department", No. 67, 9 Sept. 1922. *Viestnik Trooda*, No. 2, 1922. *Statistika Trooda*, Nos. 1-3, 1923. "Bulletins of Labour Statistics", No. 14, 1922. *Ekonomicheskoe Obozrenje*, Nos. 2, 4, 5, 6, 7, 9, 1923. "Statistical Bulletin for the Moscow Government", Nos. 1-2, 1923. *Voprosy Trooda*, Nos. 1-3, 1923. *Ekonomicheskaja Zhizn*, 27 Oct. 1923.

II. NUMBER OF UNEMPLOYED AT THE END OF THE MONTH IN 52  
PROVINCIAL CAPITALS

Month	Men (in thou- sands)	Per cent. of total	Women (in thou- sands)	Per cent. of total	Total (in thou- sands)
1922					
January	32.1	47.7	35.6	52.3	67.1
February	39.8	45.1	48.2	54.9	88.3
March	39.5	42.6	53.1	57.4	92.6
April	43.1	40.5	63.3	59.5	106.4
May	64.8	39.6	98.6	60.4	163.4
June	70.4	41.2	100.6	58.8	170.9
July	75.2	40.9	108.3	59.1	183.5
August	84.8	40.7	123.3	59.3	208.1
September	92.4	41.3	131.0	58.7	223.4
October	103.2	42.0	142.5	58.0	245.7
November	120.8	44.1	153.2	55.9	274.0
December	134.7	46.1	157.1	53.9	291.8
1923					
January	133.8	47.3	149.0	52.7	282.8
February	152.9	49.0	158.7	51.0	311.6
March	197.5	51.1	189.8	48.9	387.3
April	229.4	51.8	213.6	48.2	443.0
May	247.1	51.1	232.6	48.9	479.7
June	247.4	50.5	242.0	49.5	489.4
July	222.8	49.1	231.8	50.9	454.5
August	224.7	49.4	230.4	50.6	455.1

III. REGIONAL DISTRIBUTION OF UNEMPLOYED

*(From statistics of 75 employment exchanges)*

Region	Number			Per cent.		
	1 Dec. 1922	1 Feb. 1923	1 June 1923	1 Dec. 1922	1 Feb. 1923	1 June 1923
Northern region	4,172	5,089	8,049	1.2	1.5	1.4
Lake region	6,587	6,208	8,118	1.9	1.8	1.4
Western region	11,116	9,699	17,945	3.3	2.8	3.2
Moscow industrial district	36,984	33,039	52,691	10.9	9.6	9.3
Ural region	11,239	11,299	14,562	3.3	3.3	2.6
Volga region	34,006	35,016	56,231	10.0	10.1	9.9
Central agricultural region	10,104	11,285	19,450	3.0	3.3	3.4
Caucasus	20,623	14,384	31,557	6.1	4.2	5.5
Crimea	4,862	4,060	5,950	1.4	1.2	1.0
South-East	20,658	22,351	28,221	6.1	6.5	5.0
Siberia	10,819	11,393	25,484	3.2	3.3	4.5
Kirghizia	2,464	5,419	3,788	0.7	1.6	0.7
Ukraine	36,515	39,613	49,985	10.8	11.5	8.8
Turkestan	2,557	2,077	5,785	0.7	0.6	1.0
Moscow (town)	55,353	53,702	102,123	16.3	15.5	17.9
Petrograd	71,373	81,245	139,160	21.1	23.2	24.4
<b>Total<sup>1</sup></b>	<b>339,432</b>	<b>345,879</b>	<b>569,099</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

<sup>1</sup> These totals differ slightly from those of table II, where the figures only apply to 52 employment exchanges.

IV. PERCENTAGE DISTRIBUTION OF UNEMPLOYED BY OCCUPATION

(a) *In 75 provincial capitals.*

Occupation	1 Dec. 1922	1 Feb. 1923	1 June 1923
Soviet employees	32.7	31.1	27.2
Unskilled labourers	18.7	19.8	25.3
Metal workers	5.7	6.8	6.1
Textile workers	3.0	2.8	2.8
Bricklayers	1.2	1.9	3.2
Others	38.7	37.6	35.4

(b) *In the districts.*

Occupation	1 Dec. 1922 (335 districts)	1 Feb. 1923 (302 districts)	1 June 1923 (184 districts)
Soviet employees	26.6	26.3	21.5
Unskilled labourers	23.5	20.2	28.1
Metal workers	6.2	7.1	7.6
Textile workers	12.7	11.5	10.1
Bricklayers	1.4	1.8	3.1
Others	29.6	33.1	29.6

V. UNEMPLOYMENT AT MOSCOW AND PETROGRAD IN 1922 AND 1923

*Vacancies notified and filled as percentage of applications.*

Month	Moscow				Petrograd			
	Vacancies notified			Vacancies filled	Vacancies notified			Vacancies filled
	Men	Women	Total		Men	Women	Total	
1922								
January	89.1	36.0	73.2	79.3	94.0	36.0	72.8	61.9
February	93.3	28.5	73.3	71.7	95.0	44.0	71.2	63.9
March	71.0	21.3	52.1	62.9	164.0	43.0	108.7	59.6
April	91.5	15.1	57.8	54.0	89.0	28.0	57.7	47.6
May	64.5	16.2	43.7	44.1	66.4	14.1	37.0	33.4
June	71.1	26.6	59.1	48.1	49.3	9.5	25.4	24.8
July	92.0	41.3	73.7	66.0	73.8	37.2	57.0	52.6
August	96.6	51.7	82.3	73.3	91.8	36.7	66.4	48.1
September	87.7	45.1	73.5	69.4	90.2	39.6	68.3	61.2
October	86.3	35.2	68.8	66.8	89.1	63.3	78.8	72.5
November	83.8	49.6	75.3	77.4	72.7	50.0	70.7	64.7
December	98.7	69.8	92.5	75.0	67.8	38.5	57.4	62.3
1923								
January	102.0	74.0	96.0	51.7	60.9	32.0	50.6	23.2
February	71.6	54.5	67.4	51.7	45.2	15.5	31.7	23.2
March	71.0	36.0	60.9	51.7	57.0	20.8	42.3	23.2
April	59.2	25.9	48.0	81.5	49.7	23.5	38.3	42.0
May	74.1	33.1	61.6	81.5	61.1	30.5	49.7	42.0
June	87.2	52.0	77.6	81.5	113.1	35.1	84.2	42.0

VI. NUMBER OF UNEMPLOYED AT MOSCOW AND PETROGRAD IN 1923

(in thousands)

Month	Applications for work			Vacancies			Number of unemployed at end of month		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
<b>Moscow</b>									
January	12.9	3.4	16.3	13.1	2.6	15.7	27.1	26.6	53.7
February	19.1	5.4	24.5	13.5	3.0	16.5	32.4	27.3	59.7
March	25.0	9.8	34.8	17.8	3.4	21.2	37.3	31.5	68.8
April	26.9	13.6	40.5	15.9	3.5	19.4	47.1	37.7	84.8
May	—	—	48.3	—	—	29.7	55.8	46.3	102.1
June	—	—	42.1	—	—	32.6	58.7	51.2	109.9
<b>Petrograd</b>									
January	9.2	5.0	14.2	5.5	1.6	7.1	29.7	51.5	81.2
February	14.2	11.8	26.0	6.4	1.8	8.2	—	—	—
March	12.1	8.4	20.5	6.9	1.7	8.6	44.7	63.7	108.4
April	14.1	10.9	25.0	7.0	2.6	9.6	52.8	72.5	125.3
May	—	—	26.4	—	—	13.1	59.8	79.3	139.1
June	—	—	28.4	—	—	23.9	58.9	80.1	139.0

VII. DISTRIBUTION OF UNEMPLOYMENT BY CAUSE AND OCCUPATION  
AT PETROGRAD, JANUARY-FEBRUARY 1923

Occupation	Total unemployed	Percentage of total due to			
		Reduction of staff	Winding up of undertakings	Voluntary unemployment	Ill-health
Metal workers	4,523	67.9	13.3	12.3	3.3
Tailors	2,393	66.3	15.7	9.6	5.2
Workers in food trades	1,011	64.5	23.8	6.7	1.9
Workers in tobacco trade	605	80.2	13.4	4.5	1.7
Soviet employees	16,872	71.9	14.0	8.4	3.1
Unskilled labourers	22,297	73.3	11.7	8.7	3.2
Total and averages <sup>1</sup>	64,759	69.6	14.9	9.0	3.3

<sup>1</sup> The total and averages apply to all occupations and not merely to those specified in the table.

VIII. AVERAGE PERIOD OF UNEMPLOYMENT AT PETROGRAD

Occupation	Average period of unemployment from date of discharge		Average period of unemployment from date of registration at employment exchange	
	Months	Days	Months	Days
Metal workers	5	8	2	22
Tailors	7	2	2	26
Workers in food trades	6	29	4	1
Workers in tobacco trade	7	17	6	29
Soviet employees	9	1	6	10
Unskilled labourers	9	6	3	14
General average	8	6	4	13

IX. INDIVIDUAL APPLICATIONS FOR WORKERS

(a) *At Moscow in 1922*

Months	Total number of vacancies	Individual applications for labour	
		Number	Per cent. of total vacancies
May	17,247	10,472	60.7
June	17,847	10,402	58.3
July	19,944	7,761	38.9
August	27,432	9,800	35.7
September	29,366	12,252	41.7
October	27,075	14,167	52.3
November	25,743	15,006	58.3
December	19,818	10,190	51.4

(b) *At Moscow and Petrograd, January-February 1923*

*(Per cent. of total vacancies)*

Occupation	Petrograd		Moscow	
	January	February	January	February
Skilled workers				
Average,	81.4	79.5	28.8	42.5
Metal workers	75.4	81.8	49.6	59.8
Building workers	83.9	88.4	2.2	22.9
Unskilled workers	53.6	53.8	30.3	42.2
Auxiliary workers	85.0	87.8	66.7	72.5
Intellectual workers				
Average	95.6	94.3	72.4	74.8
Soviet employees	96.7	93.2	85.5	79.6
Artists, etc.	99.2	100.0	0.0	0.0
Teaching staff	100.0	100.0	100.0	97.2
General average	79.0	77.6	44.5	54.7

X. PROPOSITION OF TRADE UNIONISTS AMONG REGISTERED  
UNEMPLOYED AT 1 APRIL 1923

Locality	Total number of unemployed	Unemployed trade unionists	
		Number	Per cent. of total
Moscow	58,816	17,209	29.0
Petrograd	89,648	31,533	35.2
84 provincial capitals	114,831	36,779	32.0

XI. UNEMPLOYED IN RECEIPT OF ALLOWANCES

Localities	Number of unemployed registered	Unemployed in receipt of allowances	
		Number	Per cent. of total
Russia (6 provincial capitals)	469,062	52,489	11.2
White Russia (Minsk)	5,410	1,581	29.2
Caucasia (Tiflis and Baku)	29,006	4,685	16.1
Ukraine (6 provincial capitals)	45,895	9,814	21.4
Total	549,373	69,569	12.6

XII. UNEMPLOYMENT RELIEF

*Commission for Combating Unemployment.*

This Commission was set up under the Central Executive Committee and is composed of representatives of the Commissariat of Labour, the All-Russian Central Council of Trade Unions, the Commissariat of Agriculture, and the Supreme Economic Council. Its chief work is to organise public works. For the period January-March 1923, it obtained a grant of 1,350,000 poods of rye from the Central Commission for combating the Effects of Famine in those localities where public works were being carried on.

*Organisation of Public Works.*

Public works were carried out in 1922 in the following towns : Petrograd, Moscow, Samara, Saratov, Kazan, Minsk, Ufa ; and in the following provincial governments and districts : Tver, Vitebsk, Simferopol, Sebastopol, Don, Theodosia, Yalta, Eupatoria, Kerch.

The type of works carried out differed according to the districts and locality. In the Crimea they consisted of improvements of various kinds and repair of roads and bridges ; in Petrograd, cleaning and repairing sanitary works (sewers, etc.) in the streets and squares of the town, demolishing ruined houses, and repairing the railways and the harbour ; in Minsk and Moscow, repairing the sewage system, etc., and clearing away ruined houses ; at Krasnokokshaisk, building warehouses for food supplies and hutments ; in the districts of Ufa and Samara, providing fuel, as in 1921 ; at Tver, horticultural work.

In the Crimea public works were intended to combat the famine and only in part to relieve unemployment. They were carried on at the expense of the *Pomgol* (Famine Relief Committee) under the direction of a special committee. Workers employed on this work were paid by the *Pomgol* and received, in addition to their money wages, a certain quantity of flour. Altogether 16,856,669 roubles and 2,728 poods of flour were spent on this work, but no statistics are available concerning the total number of workers employed. All that is known is that they numbered 2,764 in the districts of Yalta, Eupatoria, and Kerch ; in the districts of Simferopol and Sebastopol, of Djankoi and Theodosia the number of days' work done by men amounted to 16,217 and those worked by horses to 1,841.

Public works were started in Petrograd in July 1922, and on 4 November of that year 5,008 unemployed were engaged on them; the number of worker-days during July and August was 60,062. The cost of this work was defrayed by the Council of Labour and Defence in July; the total cost amounted to 3,000 milliard roubles, and was allotted in small portions, which made the execution of the work much more difficult. Work was carried on under the supervision of the port administration, the communal administration, and other economic bodies; a public works office was established for the general management of these works.

Public works were started at Moscow in August, and the necessary sums, amounting to 1,250 milliard roubles, were also granted by the Council of Labour and Defence. Up to 1 October, the employment exchange had sent 2,500 unemployed to these works, and the number employed varied between 300 and 1,000 per day. A public works office was set up for the general management of these works. No statistics concerning the number of days worked are available.

At Minsk public works were started at the expense of the municipality, but only 25 unemployed were employed on them. At Krasnokokshaisk the work was paid for by the economic conference, and the number of unemployed provided with work amounted to 300. Wages were paid in kind (approximately 650 poods of foodstuffs). At Ufa 240 unemployed were employed at the expense of the provincial committee on forests. In the provincial government of Samara public works were paid for by the provincial executive committee, but no information is available regarding the number of unemployed provided with work or the wages paid. In the provincial government of Tver 100 unemployed were provided with work and the number of days worked amounted to 21,551; no information is available regarding wages paid or the source of the necessary funds. At Vitebsk 25 unemployed were provided with work and 10,000 at Cheliabinsk. In all 18,397 unemployed were employed on public works in the above-mentioned districts, and in addition 97,826 days' work were registered as having been effected by other unemployed whose number is unknown.

In 1923 the Soviet Government and the Committee for Combating the Effects of the Famine granted 7 billion Soviet roubles and 2,015,000 poods of rye for organising public works for the relief of unemployment. An official enquiry carried out in March 1923 showed that the funds placed at the disposal of local authorities by the state had often been little utilised, and that the works undertaken only provided work for an extremely limited number of unemployed. Of a total of 70,000 unemployed in Moscow and 60,000 in Petrograd, only 520 and 732 respectively had been employed on public works, i. e. an average of one per cent.<sup>1</sup>

In other towns works had often not even been organised, and the funds provided for the purpose had either not been made use of at all or had been applied to other purposes. At Saratov, for example, 250,000 million roubles and 400,000 poods of rye remained unused for two and a half months, and it was only in March 1923 that a public works committee was set up; but up to the time of the enquiry no public works of any kind had been organised. The situation was the same at Tver and at Ivanovo-Voznessensk, while at Kazan the only

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<sup>1</sup> *Economicheskaja Zhizn*, 14 Mar. 1923.

public works consisted in the construction of a small bridge across the Kazanka.

At Tula, Vologda, Yaroslavl, and Viatka, where public works were to be started at the expense of the Committee for Combating the Effects of Famine, practically nothing had been organised at the time of the enquiry in May 1923, and at Vladimir and Astrakhan the organisation of public works had only just begun.<sup>1</sup>

In the Ukraine the number of unemployed engaged on public works only averaged 3,166 during the spring of 1923, although the total number of unemployed was about 100,000. At Kiev about 700 out of 1,300 unemployed were employed on public works. In the Ukraine, as elsewhere, the funds at the disposal of local authorities were quite insufficient for organising relief works, which were financed by the Ukraine Committee for Combating Unemployment, which in turn received the necessary funds from the Soviet Government (in cash) and from the Committee for Fighting the Famine (in kind, chiefly rye).<sup>2</sup> In White Russia only 150 unemployed were engaged on public works during the winter of 1923.<sup>3</sup>

During the first seven months of 1923 the state granted 8,294,312 million Soviet roubles, 115,000 gold roubles, and 1,536,500 poods of rye, the whole amounting in value to 1,360,033 gold roubles, for public works; up to 1 August of that year credits amounting to 1,283,000 gold roubles had been distributed to local authorities for the organisation of such works. Of this sum 551,208 gold roubles were actually spent. The number of days' work effected by unemployed on work of this character from 1 January to 1 August amounted to 2,038,663. Of the total sums allotted to public works, 302,444 gold roubles were spent on municipal works, 103,686 on agricultural improvements, 62,855 on forestry work, and 137,120 on repair of roads and bridges. At the present moment activity on public works is considerably reduced owing to the fact that agricultural work has ceased and building work cannot be carried on owing to bad weather.

On an average, 5 to 7 per cent. of the unemployed have been engaged on the above works.<sup>4</sup>

### “ Artels ”

The organisation of “ artels ” only began to spread in 1922 and was chiefly due to the increasing prevalence of unemployment. According to official statistics, 114 artels had been organised in 28 provincial governments on 1 October 1922 : 26 for production and 88 for labour. The number of persons employed by these organisations was 15,616. Artels are in existence in the following provincial governments : Homel, Viatka, Kostroma, Tambov, Minsk, Petrozavodsk, Orel, Vitebsk, Pskov, Tver, Rostov, Saratov, Riazan, Krasnoyarsk, Izhevsk, Novo-Nicolaevsk, Cheboksary, Penza, Petrograd, Novgorod, Kazan, Cheliabinsk, Voronezh, Moscow, Yaroslavl, and Tiumen.

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<sup>1</sup> *Trood*, 23 May 1923.

<sup>2</sup> *Ibid.*, 20 and 26 July 1923.

<sup>3</sup> *Ibid.*, 27 Feb. 1923.

<sup>4</sup> *Ibid.*, 16 Sept. 1923.

The occupational composition of the artels is as follows.

Unskilled labourers	11,496
Porters and dock labourers	998
Bricklayers, etc.	140
Tailors	139
Shoemakers	55
Laundrymen	72
Artisans ( <i>Kustari</i> )	173
Gardeners	167
Peat workers	120
Agricultural workers	208
Leather workers	26
Bookbinders	52
Textile workers	17
Workers in the saccharine industry	28
Repair workers	1,617
Postal workers	24
Metal workers	179
Workers employed on improvements	800
Foresters	25
Various	280
Total	15,616

In the great majority of cases artels are organised by employment exchanges or by trade unions ; and as a general rule they are carried on under the direction of these bodies. The sums necessary for their organisation are generally provided out of local budgets, for no special credits have been allotted by the central authorities for this purpose. In the provinces all the resources available are employed : insurance funds, funds provided by economic conferences, funds allotted by the Commissariat of Labour for transference of workers, etc.

In spite of all these efforts, the development of the artels has been greatly hampered by lack of funds ; in many cases the local authorities state that conditions are favourable for the creation of artels, but that financial resources are lacking. For this reason the creation of proposed artels is often abandoned.

In February 1923 62 artels, which had found work for 17,758 unemployed, were in existence (figures furnished by 38 employment exchanges) ; 24 artels were created during February, employing 1,024 unemployed (incomplete figures). On an average 5 per cent. of the unemployed are provided with work by artels ; altogether 10 per cent. are employed on public works.<sup>1</sup>

At Odessa there were 13 artels, employing 522 unemployed, at the end of March 1923, and 12 of these had received grants amounting to 110,000 million roubles. At Nicolaev at the same date 700 unemployed were working in different artels ; and at Elizabethgrad 3 artels (bakers, bricklayers, and pottery workers) had found work for 130 unemployed. At Nikolaev, Kherson, and Elizabethgrad "young people's homes" had been set up for 130 juvenile unemployed.<sup>2</sup> At Tver 16 artels, employing 1,050 persons from December 1922 to April 1923, were organised.<sup>3</sup> In the Ukraine there were 4,771 persons, or about 4 per cent. of the total number of unemployed, working in artels at the beginning of 1923.<sup>4</sup>

<sup>1</sup> *Trood*, 13 May 1923.

<sup>2</sup> *Ibid.*, 15 Apr. 1923.

<sup>3</sup> *Ibid.*, 9 June 1923.

<sup>4</sup> *Ibid.*, 26 July 1923.

*Canteens for Unemployed.*

In the town of Riazan<sup>1</sup> the provincial social insurance council opened a canteen for 50 workers. At Tver a canteen capable of feeding 300 persons a day, out of a total of more than 4,000 unemployed, was opened in November 1922, and during its first five months provided 29,227 free meals.<sup>2</sup> At Petrograd the special public works office opened a canteen for unemployed on 16 December 1922, and up to 1 March 1923 had provided 41,327 free meals.<sup>3</sup> In the Ukraine 10,125 unemployed (out of an average total of 95,000) had been fed by special unemployment canteens during the winter of 1922-1923.<sup>4</sup>

On 1 July 1923, in 25 provincial capitals, only 21 canteens were in existence, capable of feeding 7,400 persons a day. Approximately 25 per cent. only of the unemployed are in receipt of relief from the state.<sup>5</sup>

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<sup>1</sup> *Trood*, 12 Jan. 1923.

<sup>2</sup> *Ibid.*, 9 June 1923.

<sup>3</sup> *Economicheskaiia Zhizn*, 14 Mar. 1923.

<sup>4</sup> *Trood*, 26 July 1923.

<sup>5</sup> *Ibid.*, 16 Sept. 1923.

## APPENDIX VI

### Social Insurance

#### I. ORGANISATION OF INSURANCE FUNDS

The first insurance funds were created in March 1922, but none of them began working before the following April. According to *Izvestia* of 8 September 1922, out of 999 funds projected, 500 were already in operation in September. The following information regarding the development of these funds is taken from *Statistika Trooda*, No. 3, for February 1923.

*Dates of establishment of funds in 1922.*

Regions	April to June	July to September	October to December	Total
Central industrial	20	33	48	101
Central agricultural	33	24	25	82
Northern	16	31	11	58
Western	8	21	5	34
Volga	11	21	38	70
Ural	8	21	14	43
Siberia	3	11	6	20
South-East	—	6	10	16
Total	99	168	157	424

These figures are incomplete, for, according to *Statistika Trooda*, No. 1, for December 1922, 549 funds covering 60,315 undertakings and 2,587,345 workers were already in existence in November 1922; and at the end of that year there were also 228 insurance funds covering transport workers.<sup>1</sup> *Statistika Trooda*, No. 7, gives the figures for territorial funds towards the middle of 1923, excluding funds for transport workers (See table below).

Discussing the type of organisation and geographical distribution of the funds, *Statistika Trooda* (No. 3), states that they are mainly of two kinds: the so-called urban district funds, and the territorial district funds. Of 570 existing funds only 13 are urban in character, i. e. covering a whole town; 231 are urban district funds, generally in provincial capitals; and 280 cover territorial districts, including the capitals. The urban funds generally have a fairly large membership — 40,000 or more. The urban district and territorial district funds show a lower average membership (about 5,000), although in some cases their membership exceeds 10,000.

<sup>1</sup> *Izvestia*, 27 Feb. 1923.

*Number of funds and of insured persons in 1923.*

Area	Undertakings covered	Funds <sup>1</sup>	Insured persons	Average number of insured per fund
Central industrial	29,783	101 (101)	937,207	9,279
Central agricultural	23,071	114 (113)	417,955	3,699
Northern	15,197	67 (67)	442,178	6,600
Western	8,598	37 (37)	122,542	3,342
Volga	14,789	89 (89)	398,534	4,477
Ural	12,261	71 (66)	359,987	5,454
Siberia	9,068	36 (35)	169,864	4,853
South-East	9,986	35 (34)	177,592	5,223
Kirghizia	2,559	21 (21)	55,818	2,658
Turkestan	2,892	24 (24)	55,396	2,308
Crimea	785	7 (7)	45,139	6,448
Eastern Siberia	1,064	10 (9)	20,125	2,235
Ukraine	25,352	168 (128)	621,299	4,853
White Russia	5,136	7 (7)	35,983	5,140
Transcaucasia	1,935	53 (53)	155,469	2,933
Total	162,476	840 (791)	4,015,078	5,075

<sup>1</sup> The figures in brackets are the number of funds of which the membership is known.

According to *Statistika Trooda*, No. 7, the membership of 840 funds was as follows :

Membership	Number of funds	Percentage of total
Less than 2,000	240	35.5
2,000 - 3,000	126	17.9
3,000 - 5,000	129	18.4
5,000 - 10,000	111	15.8
10,000 - 20,000	55	7.9
20,000 - 30,000	14	2.0
30,000 - 40,000	10	1.4
More than 40,000	8	1.1

No statistics are available for the 138 remaining funds.

The majority of the persons insured are employed in state undertakings ; 83 per cent. of the insured were employed in state undertakings, 10 per cent. in co-operative and public undertakings, and 7 per cent. in private undertakings. Nearly all persons employed in these undertakings are insured ; Nemchenko estimated the proportion at 80 or 90 per cent. <sup>1</sup>

As regards social insurance funds for transport workers, the following were in existence in September 1922 : 4 regional funds, 22 line funds, 256 section funds, 21 line offices, and 31 local offices, a total of 362 bodies.

In September 1923 there were 2 regional funds, 23 line funds, 14 section funds, 207 line offices, 17 section offices, and 203 local offices, making a total of 406 bodies. During the year 1922-1923 efforts were made to extend the existing system and also to group together certain of the smaller funds. The number of persons insured with

<sup>1</sup> *Voprosy Strakhovania* (Insurance Questions), No. 13, p. 12.

these funds at the end of 1922 was 958,955.<sup>1</sup> It has varied very little since ; in September 1923 it was 968,128.<sup>2</sup>

## II. FINANCIAL SITUATION

From the financial point of view the organisation of social insurance has passed through three main phases. Until the end of 1922 the financial situation was favourable but irregular. Receipts did not correspond to estimates ; but, on the other hand, the conception of social insurance being as yet little known, expenditure was practically nil.

According to an article in *Voprosy Strakhovania* of 5 March 1923, receipts fluctuated as follows between May 1922 and January 1923.

*Social insurance receipts, in milliards of Soviet roubles.*

Month	Receipts	
	Amount	Per cent. of amount due
1922 May	481	1.76
June	1,360	4.72
July	4,025	8.45
August	5,821	13.27
September	17,008	35.75
October	19,987	33.95
November	37,121	39.74
December	41,419	29.97
1923 January	61,955	35.51

This table shows that more than two-thirds of the amounts due had not been paid. These arrears occurred chiefly in state undertakings, which were struggling with almost insuperable financial difficulties. The article also gives figures of the arrears due from certain economic bodies (in thousand million roubles) :

Gomza (metal)	1,920
War industries	18,320
Glavryba (fisheries)	675
Posts and telegraphs	1,017
Peat works	10,410
Textile trust of Ivanovo	6,500

Total 38,842

These were, however, only part of the arrears due, for a report presented to the All-Russian Central Council of Trade Unions<sup>3</sup> showed that the aggregate sums unpaid amounted in September 1922 to 90,000 million roubles, not including the Ukraine.

It should be noted that the arrears in the payment of insurance contributions had occurred chiefly in state undertakings which, according to *Viestnik Trooda* for October 1923, ' being unable to make full payments, preferred to pay nothing and were constantly making requests for exemption to the competent government bodies '. In Petrograd in August 1922, 39.9 per cent. of the contributions were paid by private undertakings, 25.4 per cent. by co-operative undertakings, 14.2 by leased undertakings, and only 6.1 by state under-

<sup>1</sup> "Brief Survey of the Development of Social Insurance in 1922", p. 4.

<sup>2</sup> *Viestnik Trooda*, Oct. 1923.

<sup>3</sup> *Economicheskaja Zhizn*, 13 Sept. 1922.

takings.<sup>1</sup> Similarly arrears in Moscow in August 1922 chiefly occurred in state undertakings.<sup>2</sup> At Simbirsk, on 15 July 1922, out of 240 undertakings liable to contributions only 31 (mainly small undertakings) had paid their contributions.<sup>3</sup> In the Don<sup>4</sup> contributions of state undertakings were 222,000 million roubles in arrears; those of co-operative undertakings 42,000 million, private undertakings 5,000 million, and trade unions 2,000 million roubles in arrears. The deficit in Baku on 17 July 1922 amounted to 238,000 millions for state undertakings, 28,000 millions for co-operatives, and 29,000 millions for private undertakings.<sup>5</sup>

At Petrograd<sup>6</sup>, up to June 1922 none of the "trusts" had made any payments, and after that date the situation was as follows :

Undertakings	Number of undertakings liable for contribution	Number of undertakings having paid
State	1,748	399
Co-operative	281	69
Leased	211	80
Private	1,500	836

State undertakings paid only 16 per cent. of their contributions in October 1922, and 10 per cent. in November, whereas private undertakings paid 90 per cent. of theirs. The arrears due from "trusts" alone therefore amounted to 1,465,000 million roubles, a figure equal to that for all other classes of undertaking.

As stated above, however, when social insurance funds were first started expenses were very small. This is due to the fact that the insurance institutions only developed their activity very gradually, and that benefits paid to members were very few. The following figures<sup>7</sup> dealing with the period October 1922-February 1923 show that as regards temporary disability insurance (Fund A) expenses were considerably below receipts, though the latter only amounted to one-third of the amounts due.

*Insurance expenditure as percentage of receipts.*

Provincial government	1922			1923	
	Oct.	Nov.	Dec.	Jan.	Feb.
Petrograd	—	14.8	21.3	25.9	28.1
Moscow	—	—	—	34.8	42.4
Ivanovo-Voznessensk	39.7	35.0	43.2	—	—
Viatka	—	—	24.3	19.0	—

<sup>1</sup> *Economicheskaja Zhizn*, 1 Sept. 1922.

<sup>2</sup> *Ibid.*, 13 Sept. 1922.

<sup>3</sup> *Trood*, 29 Aug. 1922.

<sup>4</sup> *Ibid.*, 1 Nov. 1922.

<sup>5</sup> *Ibid.*, 11 Aug. 1922.

<sup>6</sup> *Ibid.*, 19 Dec. 1922.

<sup>7</sup> *Voprosy Strakhovaniia*, No. 21, 1923, pp. 6-7.

Under these conditions it was found possible to constitute reserve funds, and an enquiry undertaken in 14 provincial governments, covering 1,400,000 insured persons, shows the size of the reserves thus established.

*Amount of reserve funds as percentage of expenditure during the preceding month.*

Month	Fund A	Fund B	Fund C
1922			
1 November	240	520	240
1 December	370	550	180
1923			
1 January	200	345	150
1 February	140	380	170
1 March	100	380	240
1 April	110	342	240
1 May	100	307	250

The financial position of social insurance institutions seemed therefore at first sight to be fairly satisfactory during this first period. It was not to be wondered at that a vigorous campaign should have been undertaken by various economic bodies with a view to lowering insurance contributions, which constituted a heavy burden on the budgets of undertakings. The second phase of the social insurance movement, which was to prove exceedingly critical, began at this period.

On the one hand, the general financial situation became less satisfactory. The above table shows that from January reserve funds were beginning to decrease. As regards Fund A (temporary incapacity), which was the most important, the reserve fund only amounted, from March onwards, to one month's expenditure; for Fund B the reserve fund amounted to three months', and for fund C to 2½ months' expenditure.

In some cases the situation became really alarming; the position of fund A in Moscow was as follows:

Month	Expenditure as percentage of receipts
1922 November	10.1
December	69.5
1923 January	84.1
February	89.9
March	105.8

It might be thought that the decrease in receipts was due to the fact that the rate of contributions had been lowered or that payments had become less regular, but this was not the case. According to the figures for 18 provincial governments, receipts in February showed an increase of 52 per cent. on those of January, and in March a further increase of 21 per cent.

But expenditure was increasing at a far greater rate, as injured persons were becoming accustomed to claim their benefits. Although the number of days' sickness in respect of which payment was made remained insignificant during the first months, it began to increase

rapidly in January 1923. In the provincial governments of Kaluga, Ural, Moscow, Tambov, Tver, Yasroslavl, Ivanovo-Voznessensk, 59.4 days' benefit were paid per 100 insured in January ; 68.6 in February; and 89.5 in March. Moreover, as wages increased the amount of benefits increased proportionately, so that, although the number of days' sickness only increased 15 per cent. in January and 30 per cent. in February, general expenditure had increased by from 45 to 46 per cent. The financial situation was therefore increasing in gravity, and it was precisely this moment that the heads of undertakings and of state economic organisations selected to demand a reduction of about 30 per cent. in contribution rates. They were successful in making good this claim, and on 12 April 1923 new rates for social insurance contributions were fixed.

In view of the general situation prevailing at that date specialists in social insurance showed themselves keenly concerned in insurance finance. The rates had been fixed in 1922<sup>1</sup> on the basis either of the rates prevailing in foreign countries or of the limited experience of the Petrograd sickness insurance funds in 1917 and 1918. At the beginning of 1923, however, the practical experience gained during the year's workings of the funds made it possible to form a more exact estimate of the needs of insurance institutions. For Fund A (temporary incapacity), reckoning on 90 to 95 cases of invalidity per 100 insured per month and on the basis of the new rate of contribution (i.e. 6 per cent. of wages), it was estimated that at least 85 per cent. of the contributions legally due must be paid<sup>2</sup>. For Fund B, it was estimated that at least 80 per cent. of the contributions legally due must be paid, reckoning on 250,000 cases, 25,000 in special institutions, 125,000 pensioners, and 100,000 dependants of invalidated persons entitled to relief, on the basis of existing rates (3.6 per cent. of wages)<sup>3</sup>. For Fund C (unemployment) it was difficult to estimate in view of the

<sup>1</sup> Mr. Steinberg estimated the average amount of benefit for temporary incapacity and supplementary allowances payable per 100 insured per annum as follows.

Class of benefit	Average number of cases	Period of allowance (wage units)	Total wage units (less 20 per cent. for holidays)
Sickness	50.0	20 days	800
Maternity	2.8	16 weeks	252
Care of insured person's child	2.8	1 month	47
Nursing of child by insured woman	2.8	9 months (quarter wages)	85
Death	1.0	1 month	17
Care of children	3.5	1 month	51
Nursing of children	3.5	9 months (quarter wages)	106
Decease of member of family	1.5	1 month	25
Total allowances (wage units)			1,383

Supposing that 100 workers work 297 days per annum, thus receiving 29,700 wage units, the percentage of wages needed for Fund A will be :

$$\frac{1,383 \times 100}{29,700} = 4.65$$

Working expenses are estimated at 20 per cent. of allowances paid = 0.93 per cent. of wages, making a total of 5.61 per cent. of wages required for insurance. (*Trood*, 27-29 Oct. 1922).

<sup>2</sup> *Voprosy Strakhovania*, No. 21, 1923.

<sup>3</sup> *Ibid.*, No. 23.

congested condition of the labour market. For Fund D (medical relief) the previous rates (5.5 to 7 per cent.), which were further reduced on 12 April 1923, were quite inadequate in any case to meet expenditure, and it was therefore necessary to have recourse to Funds A and B<sup>1</sup>.

A thorough revision of the financial position therefore became necessary, to be based on lower individual payments paid in full at the proper time.

These efforts did not, however, meet with entire success; according to a report made to the Central Council of Trade Unions in September 1923, the general financial situation in social insurance might be summed up as follows : in the temporary incapacity fund, receipts and expenditure just balanced; the invalidity and unemployment funds were in a satisfactory condition; the medical relief fund showed a heavy deficit everywhere. To sum up, during the period from January to June the total insurance receipts amounted to 27,323,266 real roubles, and expenditure to 23,983,845 real roubles<sup>2</sup>.

In Fund A expenditure amounted to 73 per cent. of receipts in January, 67 per cent. in February, 79 per cent. in March, 68 per cent. in April, 77 per cent. in May, and 102 per cent. in June. The report admits that the increase in expenditure in June constituted a "grave symptom". It was considered, however, that this was a temporary phenomenon due to the summer epidemic of malaria and lack of supervision in detecting malingerers. In Fund B expenditure amounted to 52 per cent. of receipts in January, 72 per cent. in May, and 69 per cent. in June. In Fund C (unemployment), the proportion was 70 per cent. in January and 60 per cent. in June.

As regards receipts, while in June 30 per cent. of the amounts due had been received, about 75 per cent. were being paid in September ; it must be noted, however, that this figure (75 per cent.) applies to estimates which were reduced by about one-third after the promulgation of the Decree of 12 April. This is shown by the following table<sup>3</sup> :

*Insurance receipts in 32 provincial governments in 1923.*

Month	Total wages (real roubles)	To be deducted from wages		Actual receipts	
		Per- cent- age	Amount in real roubles	Amount (real roubles)	Per cent. of sums due
January	22,247,732	21.0	4,672,022	1,473,173	31.5
February	23,665,450	21.0	4,969,745	2,243,495	45.1
March	24,781,852	15.5	3,841,187	2,775,667	72.3
April	27,756,459	15.5	4,302,251	2,767,417	64.3
May	23,828,795	15.0	3,574,319	2,869,895	80.3
June	25,590,270	15.0	3,838,541	2,553,927	66.5

These figures would seem to show that the social insurance system is working more or less normally, except as regards medical relief.

<sup>1</sup> *Voprosy Strakhovaniya*, No. 16.

<sup>2</sup> *Viestnik Trooda*, Oct. 1923.

<sup>3</sup> *Ibid.*

But it is necessary to examine expenditure closely and to verify if the amount of allowances paid to beneficiaries is in accordance with the regulations. The following table gives further details on this point.

*Number of days' incapacity allowance paid per 100 insured per month in 1923.*

Region	January	February	March	April	May	June
Bashkiria	12.9	18.3	27.9	19.0	32.7	35.0
Voronezh	17.2	28.9	39.4	36.0	42.1	48.4
Viatka	53.2	73.0	84.6	62.4	88.3	69.3
Homel	34.2	44.0	52.7	43.4	61.6	62.7
Don	35.4	49.5	61.0	53.2	73.7	91.3
Ivanovo-Voznessensk	95.3	99.5	142.5	97.3	108.9	118.1
Kaluga	25.8	31.5	40.8	34.6	43.7	41.0
Circassia	13.9	37.5	26.1	25.9	35.5	54.8
	59.0	108.6	88.5	66.0	88.5	98.4
Kursk	16.6	22.3	29.6	41.9	31.9	45.7
Moscow	55.6	67.0	89.6	66.8	88.5	102.3
German commune	33.7	31.2	58.5	47.7	52.9	107.5
Nijni-Novgorod	62.6	68.8	74.9	59.6	81.5	95.5
Perm	17.2	24.8	22.5	24.1	61.3	62.1
Riazan	20.6	43.3	38.0	37.7	42.2	50.5
Simbirsk	40.4	51.8	60.5	53.5	81.8	75.6
Smolensk	26.9	39.2	37.9	40.0	43.9	43.4
Tambov	32.2	45.1	50.6	40.0	57.8	52.9
Tartar Republic	51.8	51.2	89.5	78.4	74.9	104.5
Tver	59.0	68.7	82.2	76.4	68.0	81.4
Terek	14.2	14.9	28.3	23.5	35.9	63.8
Tula	31.2	56.8	87.0	49.0	73.2	71.3
Cheliabinsk	40.3	36.4	43.1	40.6	66.5	64.1
Tsaritsin	74.9	72.7	67.9	83.5	94.7	99.7
Yaroslavl	72.3	82.8	94.1	65.2	75.8	79.9
Average	51.7	60.8	75.9	57.1	73.3	81.1

It should be noted that in Fund A (temporary incapacity)<sup>1</sup> the number of beneficiaries is fairly high; 10 day's incapacity per insured per annum is the average, whereas the corresponding figure in 1919 was 7.

According to the Labour Code an insured person while incapacitated is entitled to benefit equal to his total wages; but the allowances paid are in fact always less. They are generally paid to the insured person after a certain lapse of time, and, owing to the daily depreciation of the rouble, no longer correspond to their nominal value. The following table shows the proportion between the allowances for temporary incapacity and real wages.

<sup>1</sup> *Statistika Trooda*, No. 7, 1923.

*Average benefit and real wages as percentages of minimum budget in 1923.*

Month	In the provinces			In Moscow		
	Average benefit	Average wages	Benefit as percentage of wages	Average benefit	Average wages	Benefit as percentage of wages
January	92.5	144.3	64.1	138.0	191.4	72.1
February	102.5	150.0	68.3	168.2	200.3	82.9
March	116.1	164.6	70.5	178.2	226.3	78.7
April	119.3	148.6	80.3	182.0	183.5	99.2
May	122.1	153.8	79.4	198.3	209.6	94.6
June	134.5	160.0	84.1	197.5	211.9	93.2

The greater part of the expenditure of Fund A was accounted for by daily sickness benefit, as shown in the following table.

*Percentage distribution of expenditure by Fund A in respect of temporary incapacity and supplementary allowances in 1923.*

Month	Temporary incapacity	Supplementary allowances		
		Birth allowances	Nursing allowances	Funeral allowances
January	88.0	3.9	6.0	2.0
February	88.3	4.0	6.0	1.7
March	85.4	5.2	7.4	2.0
April	84.7	5.3	7.8	2.2
May	87.3	4.4	6.8	1.5
June	86.1	4.6	7.5	1.8

In the case of Fund B (permanent incapacity) the allowances are generally not paid in full, for similar reasons.

*Pensions to industrial disabled as percentage of minimum budget in 42 provincial governments and in Moscow in 1923.*

Month	Provinces				Moscow			
	Class I	Class II	Class III	Average	Class I	Class II	Class III	Average
January	31.9	21.0	15.6	24.9	42.4	28.3	21.2	—
February	33.1	22.1	16.4	27.7	47.8	31.8	23.9	—
March	42.4	28.3	21.2	34.4	57.9	38.6	28.9	39.0
April	45.5	30.7	23.0	34.2	55.7	37.1	27.9	37.5
May	52.1	35.0	26.0	38.0	70.0	65.0	35.0	60.2
June	55.0	36.2	26.0	40.0	99.0	70.1	33.0	63.7

It will be seen that the amount of pensions paid was continually on the increase during these six months, and that the industrial disabled in Moscow were in the most favourable position.<sup>1</sup>

As regards Fund C (unemployment) very few of the unemployed were in receipt of benefit, the number only amounting to 51,000 in June. The proportion varied considerably in different towns, but the average percentage was from 12 to 15. In June a circular of the Commissary for Labour recommended that the system of unemployment benefit should be extended, but no information is available with regard to the effects of this circular.

*Unemployment benefit, by class, as percentage of minimum budget in 1923.*

Month	Provinces				Moscow			
	Class I	Class II	Class III	Average	Class I	Class II	Class III	Average
January	20.3	13.2	7.3	13.4	26.5	17.8	8.7	14.3
February	22.9	14.8	7.7	15.1	35.8	23.9	11.9	19.6
March	27.8	18.8	10.0	21.8	28.9	19.3	9.6	16.0
April	28.2	18.5	9.8	21.6	39.8	26.5	—	30.7
May	31.0	20.7	12.0	25.6	36.8	27.6	—	40.1
June	34.2	21.3	11.7	26.5	61.0	40.6	—	46.1

II. WORK OF INSURANCE FUNDS IN MOSCOW

JANUARY TO JULY 1923<sup>2</sup>

*General receipts and expenditure.*

Month	Receipts (real roubles)	Expenditure		Percentage of January figures	
		Amount (real roubles)	Per cent. of receipts	Receipts	Expenditure
January	665,258	434,568	65.3	100.0	100.0
February	829,296	617,630	74.5	124.6	142.1
March	1,088,346	689,916	63.4	163.6	158.7
April	1,041,175	604,310	58.0	156.5	139.0
May	1,028,657	706,444	68.7	154.6	162.5
June	903,631	904,363	100.1	135.8	208.1
July	1,039,151	952,037	91.6	156.2	219.1

<sup>1</sup> There is no detailed information on the number of pensioners. The number of pensioners in 13 provincial Governments, increased from 30,000 in January to 41,500 in June 1923. For the whole of Russia (*Voprosy Strakhovania*, No. 23) estimates the number of persons relieved by Fund B at 250,000.

<sup>2</sup> *Voprosy Strakhovania*, Nos. 39-40, 1923.

*Fund A (temporary incapacity)*

**1. Receipts and expenditure (exclusive of payments to reserve funds)**

Month	Receipts (real roubles)	Expenditure		Percentage of January figures	
		Amount (real roubles)	Per cent. of receipts	Receipts	Expenditure
January	179,083	142,377	79.5	100.0	100.0
February	226,177	196,988	87.1	126.3	138.4
March	307,532	189,685	94.2	171.7	203.5
April	315,548	215,997	68.4	176.2	151.7
May	327,900	309,211	94.3	183.1	217.2
June	298,066	353,678	198.6	166.4	248.4
July	345,213	389,246	112.7	192.8	274.4

**2. Balance at end of month compared with expenditure during preceding month**

Month	Balance at end of month (real roubles)	Monthly expenditure (real roubles)	Balance as percentage of expenditure
January	112,024	142,377	78.7
February	163,551	196,988	83.0
March	152,075	289,685	52.5
April	145,518	215,997	67.4
May	184,663	309,211	59.7
June	170,945	353,678	48.3
July	109,420	389,246	28.1

**3. Number of days' benefit paid**

Month	Number of days	Per cent. of January figures	Monthly average per insured person
January	181,819	100.0	0.56
February	235,364	122.7	0.68
March	309,172	161.2	0.90
April	240,432	120.1	0.67
May	306,032	159.5	0.89
June	352,749	183.9	1.00
July	339,493	177.0	1.00

**4. Amounts of monthly allowance compared with average wages**

Month	Monthly allowance (real roubles)	Average wages (real roubles)	Allowance as percentage of wages
January	13.79	18.28	75.44
February	16.83	14.87	84.70
March	17.85	22.28	80.12
April	18.17	18.27	99.45
May	19.82	20.28	97.73
June	19.75	21.16	93.34
July	19.75	21.16	93.34

*Fund B (permanent invalidity)*

**1. Receipts and expenditure (exclusive of payments to reserve funds)**

Month	Receipts (real roubles)	Expenditure		Percentage of January figures	
		Amount (real roubles)	Per cent. of receipts	Receipts	Expendi- ture
January	201,295	141,388	70.2	100.0	100.0
February	257,401	170,203	66.1	127.9	120.4
March	320,898	135,546	42.2	159.4	95.9
April	281,324	105,260	37.4	139.7	74.4
May	235,546	117,765	50.0	117.0	83.3
June	198,690	185,384	93.0	98.7	131.1
July	221,516	143,218	64.6	110.0	101.3

**2. Balance at end of month compared with expenditure during preceding month**

Month	Balance at end of month (real roubles)	Monthly expenditure (real roubles)	Balance as percentage of expenditure
January	87,394	141,388	61.8
February	116,262	170,203	68.3
March	187,423	135,546	138.3
April	350,636	105,260	333.1
May	385,151	117,765	327.1
June	401,176	185,384	216.4
July	248,937	143,218	173.8

*Fund C (Unemployment)*

**1. Receipts and expenditure (exclusive of payments to reserve funds)**

Month	Receipts (real roubles)	Expenditure		Percentage of January figures	
		Amount (real roubles)	Per cent. of receipts	Receipts	Expendi- ture
January	68,033	21,422	31.5	100.0	100.0
February	87,800	43,970	50.4	128.3	205.3
March	116,070	41,016	35.3	170.6	191.5
April	117,241	39,859	34.0	172.3	186.1
May	116,679	58,793	50.4	171.5	274.4
June	100,535	70,233	69.9	147.8	327.9
July	113,432	159,150	140.3	166.7	742.9

**2. Balance at end of month compared with expenditure during preceding month**

Month	Receipts (real roubles)	Expenditure (real roubles)	Balance as percentage of expenditure
January	101,199	21,422	472.4
February	125,123	43,970	284.6
March	144,741	41,016	352.9
April	197,259	39,859	494.9
May	200,197	58,793	340.5
June	199,360	70,233	283.8
July	146,792	159,150	92.2

## APPENDIX VII

### Labour Inspection <sup>1</sup>

#### I. SIZE AND CHARACTER OF THE ELECTED LABOUR INSPECTORATE

The number of elected inspectors during the years 1918 to 1923 varied as follows :

Dates	Elected inspectors
End of 1918	127
July 1919	212
August 1920	535
March 1921	812
November 1921	1,457
December 1921	1,150

The number of labour inspectors elected by trade unions showed a rapid increase at the beginning, rising from 127 at the end of 1918 to 535 in August 1920 and 1,457 in November 1921; in 1922, on the contrary, there was a decrease. According to *Trood* of 19 May there were 1,150 elected inspectors in December 1922, and according to the *Economicheskoe Obozrenje*, No. 5, 1923, their number amounted to 1,125 at the beginning of 1922 and had decreased to 808 in October of the same year. It is clear at any rate that a considerable diminution occurred. This decrease is to be attributed mainly to the considerable reductions in staff effected in all Soviet Government Departments.

Labour inspectors may be classified as follows, according to their social standing :

Class	Per cent. of total staff		
	January 1919	March 1921	December 1922
Workers	50	65.5	72.3
Employees	25	29.5	26.8
Technical staff	15	5.0	—

These figures show that the proportion of workers has increased considerably, which is to be attributed to the fact that inspectors are nominated by the trade unions. Among the working-class inspectors a large proportion are metal workers.

The social character of the labour inspectorate corresponds to their general education. The increase in the proportion of workers was

<sup>1</sup> *Voprosy Trooda*, Nos. 5 and 6, 1923; *Economicheskoe Obozrenje*, No. 5, 1923; *Trood*, 7 Mar. 1922 and 19 May 1923; "Bulletins of Labour Statistics", No. 14, 1922; *Statistika Trooda*, Nos. 1, 2, and 6, 1923; *Viestnik Trooda*, Nos. 1 to 12, 1922, and 1 to 7, 1923.

accompanied by a general lowering of the standard of education, and in December 1922, as shown by the following table, there was not a single inspector with a university education.

Grade of education	Per cent. of total staff		
	January 1919	November 1921	December 1922
Elementary	2.2	6.6	7.4
Primary	52.7	70.1	76.4
Secondary	38.5	18.6	14.7
University	6.6	2.5	—
Other	—	2.2	1.5

A circular of the All-Russian Central Council of Trade Unions and of the Commissariat of Labour (*Izvestia*, 19 May 1923) gave instructions for a general re-election of labour inspectors before 1 September 1923. This circular draws the attention of the trade unions to the need of ensuring that inspectors shall possess a proper education, and, in particular, that they shall be able to read and write, and shall have assisted for at least a year in the working and management of a trade union.

Finally, as regards the political opinions of labour inspectors, a gradual decrease in the number of Communists is to be noted.

Political position	Per cent. of total staff		
	January 1919	November 1921	December 1922
Members of Communist Party	77.8	65.1	63.3
Belonging to no political party	11.1	32.1	34.8
Members of other parties	11.1	2.8	1.9

## II. SIZE AND CHARACTER OF TECHNICAL INSPECTORATE

Recourse was had to former factory inspectors from the very first, when it was proposed to create a body of technical inspectors. The programme drawn up in 1918 provided for 141 technical inspectors, but at the end of 1918 only 88 had been appointed: 72 technical engineers, 2 mining engineers, 3 civil engineers, 7 economists with a diploma from the Commercial Institute, and 5 engineering specialists. Of these 88 inspectors 62 were former factory inspectors and 10 had been boiler inspectors.

The total number of technical inspectors in 1919 was 102. At the beginning of 1919 there were 121 technical inspectors, of whom only 30 were former factory inspectors (of the 280 existing before the Revolution). Of these 121 inspectors 89 (75.3 per cent.) had had a higher technical education, 23 (19 per cent.) a secondary technical education, and 9 (7.5 per cent.) an elementary technical instruction (these were only appointed temporarily); 108 of the inspectors were

employed exclusively on this work, and 13 combined it with other functions.

In the second half of 1920 there were 129 technical inspectors in existence, of whom 37 were former factory inspectors; but the number had increased owing to the fact that a greater number combined inspection with other work.

On 1 May 1923 the total number of technical and sanitary inspectors amounted to 443 : 250 technical and 193 sanitary inspectors. The length of their medical experience and of their experience as sanitary inspectors is shown by the following table :

Medical experience		Experience as sanitary inspector	
Period	Per 100 inspectors	Period	Per 100 inspectors
1 to 5 years	21	Less than 1 year	4.7
5 to 10 years	34	1 to 2 years	37.7
10 to 15 years	22	2 to 3 years	24.7
More than 15 years	23	More than 3 years	32.9

This table shows that half the sanitary inspectors had practised medicine for from 5 to 15 years, and that 60 per cent. had been working for at least two years as sanitary inspectors. Of the 250 technical inspectors above mentioned 70 per cent. had had a higher technical education. Their practical experience may be estimated from the number of years which had elapsed since they finished their education. Five years at least had elapsed since 83 per cent. and 10 years since 48 per cent. had finished their studies; 65 per cent. had been working as inspectors for at least two years, 25 per cent. for at least one year, and 10 per cent. only for less than one year.

### III. WORK OF LABOUR INSPECTORS

#### *Visits of inspection.*

Period	Average number of visits per inspector per month
1919 2nd half	10.6
1920 1st "	8.7
2nd "	8.5
1921 April	6.9
July	5.9
October	4.1
December	6.1
1922 1st quarter	9.4
2nd "	10.0
3rd "	12.7
4th "	15.0

Of the undertakings inspected during 1922 80 per cent. were small establishments employing less than 50 workers, 16 per cent. employed from 50 to 500 workers, and 4 per cent. only were large industrial undertakings employing more than 500 workers. Of every 100 undertakings inspected 47.3 were privately owned, 46.6 were state undertakings, and 6.1 belonged to co-operative societies.

The number of prosecutions instituted by labour inspectors for contraventions of labour legislation is continually on the increase, as is shown by the following figures :

1922	Number of prosecutions per 100 visits of inspection
1st quarter	8.1
2nd "	10.1
3rd "	12.6
4th "	15.8

Nearly half the prosecutions were instituted for contravention of legislative provisions concerning hours of work and the weekly rest, and in 90 per cent. of the cases convictions were obtained. The penalties inflicted consisted of fines in 78 per cent. of the cases and of imprisonment with hard labour in 15 per cent. The following list shows the prosecutions classified according to their nature :

Reason for prosecution	Percentage of total <sup>1</sup>
Contravention of legislation on hours of work and weekly rest	47.1
Illegal prolongation of hours of work	34.0
Engagement of workers outside the employment exchanges	29.4
Contravention of wages legislation	25.9
Contravention of legislation on employment of young persons	15.8
Defective sanitary condition of undertaking	7.8
Refusal to comply with social insurance obligations	7.0
Contravention of safety regulations	5.2
Contravention of provisions on women's work	3.3
Failure to notify or delay in notifying industrial accidents	1.3
Other reasons	15.9

<sup>1</sup> A certain number of prosecutions were instituted for two or more of the causes noted.

According to the Labour Code, inspectors are empowered to authorise or prohibit overtime. The following table shows the fluctuations in the number of requests for exemption received by inspectors in 1922, and to what extent these requests were granted.

*Average number of workers, per inspector per month, in respect of whom applications to work overtime were made and granted.*

Period	Applications made	Applications granted	
		Number	Per cent. of total applications
1922			
January-March	40.4	27.6	68.3
April-June	27.2	18.3	67.3
July-September	116.2	102.0	87.7
October-December	142.9	127.2	89.2
Whole year	80.0	67.7	84.5

Applications for authorisation of overtime increased considerably during 1922, and occurred chiefly in the textile industries, especially

in the provincial governments of Moscow, Ivanovo-Voznessensk, and Vladimir.

The average number of accidents recorded and investigated per inspector per month is shown by the following table :

Period	Accidents registered	Accidents investigated	
		Number	Per cent. of total
1922			
January-March	3.2	1.5	46.9
April-June	3.5	1.7	48.5
July-September	4.0	1.4	35.0
October-December	6.3	1.5	23.8
Whole year	4.4	1.5	34.2

IV. WORK OF LABOUR INSPECTORS DURING THE FIRST QUARTER OF 1923<sup>1</sup>.

The following information for 39 provincial governments is taken from 106 inspectors' reports.

*Number of visits of inspection.*

District and period	Number of reports on visits of inspection	Number of visits mentioned	Number of visits per month per inspector
<i>All Russia</i>			
1923 January	366	4,932	13.9
February	348	5,111	14.7
March	330	5,576	16.9
1st quarter	1,044	15,619	14.9
<i>Central Russia</i>			
1st quarter 1923	914	13,500	14.8
4th quarter 1922	(672)	(10,242)	(15.3)

*Undertakings and institutions inspected, classified according to the number of workers employed.*

Number of workers in each undertaking	1st quarter 1923		4th quarter 1922
	Number	Percentage of total	Percentage of total
Less than 10	7,502	53.2	56.0
10 to 49	4,064	28.8	27.3
100 to 499	1,017	7.2	6.5
50 to 99	1,116	7.9	6.7
500 to 999	216	1.5	1.5
1,000 and over	191	1.4	2.0
Total	14,106	100.0	100.0

<sup>1</sup> *Statistika Trooda*, No. 6, 1923.

These figures show that it was chiefly small undertakings which were inspected, and this is largely due to the fact that supervision and control applies mainly to private undertakings. It should not therefore be concluded that labour conditions in state undertakings are better than in private ones; in many cases the opposite is true. State undertakings do not welcome inspection, and at the same time labour conditions in these undertakings are often regulated by conferences between the labour inspectorate and the central Departments controlling state industries.

*Visits of inspection classified by class of undertaking.*

Class of undertaking	1st quarter 1923		Percentage of total
	Number	Percentage of total	
State	6,640	45.6	43.5
Private	7,104	48.8	51.2
Co-operative	813	5.6	5.3
Total	14,557	100.0	100.0

*Prosecutions instituted against heads of undertakings.*

Period	Number	Average per inspector	Average per 100 visits registered
<i>All Russia</i>			
1923 January	819	2.20	15.8
February	658	1.91	13.0
March	978	2.79	16.5
Total 1st quarter	2,455	2.28	15.3
<i>Central Russia</i>			
1st quarter 1923	2,107	2.24	15.1
4th quarter 1922	1,489	2.42	15.8

*Number of workers in respect of whom exceptions to labour legislation were authorised.*

*In Central Russia*

Subject of exemption	Exemptions requested		Exemptions authorised		
	Number	Average per inspector	Number	Average per inspector	Per cent. of total workers concerned
Overtime					
1st quarter 1923	93,719	144.1	76,424	117.3	81.5
4th quarter 1922	74,137	142.9	65,996	127.0	89.0
Employment of children (between 14 and 16 years)					
1st quarter 1923	2,528	3.9	1,622	2.5	64.2
4th quarter 1922	2,504	4.8	1,935	3.7	77.2

*Number of industrial accidents reported and investigated.*

Period	Reported		Investigated		
	Number	Average per inspector	Number	Average per inspector	Per cent. of accidents reported
<i>All Russia</i>					
1923 January	1,819	5.0	429	1.2	23.6
February	2,160	6.0	471	1.3	21.8
March	2,414	6.9	674	1.9	27.9
Total for quarter	6,393	5.9	1,574	1.5	24.6
<i>Central Russia</i>					
1st quarter 1923	6,250	6.6	1,534	1.6	27.7
4th quarter 1922	4,124	6.7	963	1.6	23.4

## APPENDIX VIII

### Trade Union Movement

#### I. MEMBERSHIP

Trade union statistics are drawn up by the Labour Statistics Section working under the joint direction of the Central Statistical Department, the Commissariat of Labour, and the All-Russian Central Council of Trade Unions. The figures given below illustrate the fluctuations in the development of trade unions in the light of political and economic events; it must, however, be remembered that, until 1922 at least, these figures are extremely unreliable. Up to that date trade union statistics were simply a kind of census of workers, who were all obliged to join the trade union for the undertaking in which they were employed.

On examination of the general table of trade union membership two facts are at once evident : (1) the increase in the number of trade unionists until 1921, at which date practically all workers were enrolled in some union; (2) the decrease in their number from 1921 to the end of 1922. Since the introduction of the new economic policy, many fictitious members have disappeared from the factory lists and in consequence from trade union registers. These registers have also been checked in various ways which led to the elimination of trade unionists who were home workers and in general of all " non-proletarian " elements.

In some cases these checks have resulted in a considerable diminution in trade union membership. The following table, taken from the report of the All-Russian Central Council of Trade Unions for 1921-22 (p. 45), contains characteristic information concerning the situation at Odessa in 1921.

*Results of checking trade union registers at Odessa in 1921.*

Union	Member-ship before checking	Number of members checked	Changes after checking			Number of members remaining
			Members excluded	Names struck off	Doubtful cases	
Metal trades	6,411	6,411	3,476	182	—	2,753
Food trades	9,670	6,055	1,384	583	156	3,927
Printing	1,140	1,140	56	127	—	957
Transport	7,906	3,808	—	213	1,989	1,606
Leather	4,339	1,090	294	13	25	718
Municipal services	4,633	1,512	—	129	72	1,320
Building	—	1,005	82	—	—	848
Textiles	1,183	535	61	—	35	453
Wood industry	819	425	—	33	5	296
Clothing	737	595	—	11	19	579
Mining	911	401	—	15	62	367
Soviet Government Departments	6,460	560	—	—	—	498
Public health	7,500	5,144	—	220	73	4,851
Railways	15,730	8,323	—	798	—	7,527

*Trade union membership from 1917 to 1923.*

Industry	2nd half 1917	2nd half 1918	2nd half 1920	July 1921	October 1921	January 1922	April 1922	October 1922	January 1923	April 1923
Metal working	259,302	408,231	561,644	587,850	524,997	488,947	548,050	421,602	442,000	466,000
Textiles	204,616	565,913	373,751	428,100	368,794	364,149	358,903	399,776	436,000	454,000
Clothing	29,455	50,027	459,469	476,381	435,306	90,438	63,307	49,338	49,000	50,000
Leather	35,701	60,299	235,025	278,806	184,986	445,817	96,469	77,477	82,000	84,000
Posts and telegraphs	4,725	39,528	189,854	197,074	497,654	140,303	124,603	105,911	104,000	107,000
Paper-making	1,666	46,327	27,458	21,006	27,006	23,130	20,027	20,569	21,000	24,000
Printing	29,961	46,440	81,644	93,671	86,404	70,619	60,964	61,464	64,000	72,000
Soviet employees				4,067,557	4,027,700	849,008	725,276	472,925	501,000	526,000
Office and industrial salaried employees	49,989	257,576	882,489							
Credit institutions	2,975	45,660								
Slate Bank	386	2,587								
Food	53,284	62,138	281,874	352,997	268,334	239,780	204,461	182,651	202,000	217,000
Tobacco	5,418	20,522	37,183	38,478	30,396	43,920	32,751	31,059	33,000	44,000
Sugar			69,345	50,838	50,957					
Chemicals										
Chemical products	17,140	33,571	158,973	182,933	158,904	454,262	156,494	123,650	136,000	153,000
Glass and pottery	40,863	40,528	35,924							
Public health										
Nurses	31,775	74,639	482,396	587,934	561,740	488,585	410,195	297,438	280,000	303,000
Chemists' employees	2,401	12,021								
Railways				1,427,479	1,070,461	940,272	833,820	714,522	612,000	637,000
Watermen, boatmen, etc.				286,835	299,444	222,764	189,760	121,653	147,000	129,000
Local transport	29,686	77,450	4,032,037	203,138	204,185	147,518	122,795	101,903	113,000	125,000
Fine arts	1,221	8,672	127,521	137,170	122,041					
Public education	579	9,196	406,405	651,257	756,271	812,053	657,893	443,807	446,000	495,000
Wood	35,576	32,857	433,646	246,955	236,044	209,887	449,100	81,848	92,000	101,000
Building	19,234	73,315	299,524	355,629	347,052	251,106	171,295	102,128	105,000	131,000
Cement		276								
Agriculture	730	5,498	260,018	658,954	657,054	566,766	462,259	282,771	254,000	246,000
Forestry	2,324	3,598								
Municipal employees	46,871	97,192	179,393	233,877	206,704	158,400	135,908	125,064	136,000	142,000
Firemen	46	645								
Wig-makers	2,546	6,776								
Restaurant workers	21,819	36,354		135,298	115,578	53,620	46,103	38,261	42,000	51,000
Domestic servants	48,150	82,529		321,698	284,006	308,914	284,462	227,608	232,000	271,000
Mines	35,252	67,252	303,448							
Total	923,691 <sup>1</sup>	2,177,317 <sup>1</sup>	6,856,890 <sup>2</sup>	8,428,362 <sup>3</sup>	7,913,618 <sup>3</sup>	6,739,958 <sup>3</sup>	5,824,595 <sup>3</sup>	4,483,095 <sup>4</sup>	4,499,000 <sup>5</sup>	4,828,000 <sup>5</sup>

<sup>1</sup> "Report of the All-Russian Central Council of Trade Unions for 1919". — <sup>2</sup> *Viestnik Trooda*, June 1921. — <sup>3</sup> *Statistika Trooda*, No. 2, Jan. 1923.

<sup>4</sup> *Ibid.*, No 3, Feb. 1923. — <sup>5</sup> *Viestnik Trooda*, Nos. 6-7, 1923.

The figures in the general table of trade union membership for 1922 indicate a progressive decrease in the number of trade unionists. The checking effected in 1922 produced similar results to those undertaken in 1921.

According to the report of the All-Russian Central Council of Trade Unions for 1922 (May-August, pp. 11 *et seq.*), the percentage of trade union members remaining after the checking of registers in nine provincial governments is as follows :

Tver	92.8
Voronezh	91.7
Pskov	67.6
Novgorod	73.8
Cherepovetz	50.1
Olonets	55.6
Carelia	70.3
Murmansk	76.6
Petrograd	53.7

In 1923 trade union membership increased especially in those branches of industry which had most readily adapted themselves to the altered conditions resulting from the new economic policy, e.g. building trades, sugar refineries, hotels and restaurants, paper making, mines. An actual decrease in the number of members was only noted in one trade union, that of the agricultural workers. This was probably due to the exodus of farm workers to the towns; moreover, certain farms had ceased to be worked, or had cut down their staff very considerably; the same applies to public administrations.

The table containing figures of trade union membership at different periods shows that the number of unions themselves has fluctuated considerably and that a general tendency towards concentration is to be noted.

#### *Territorial Distribution of Unions.*

The following table gives the percentages of trade unionists in different regions on 1 January 1922 and 1 January 1923.

District	Percentage of total trade unionists	
	1 January 1922	1 January 1923
Central industrial	17.9	22.7
Central agricultural	11.9	9.4
Northern	9.9	11.1
Western	4.7	4.3
Volga	12.0	9.9
Ural	9.2	3.3
Kirghizia	1.8	1.3
Siberia	5.8	3.7
Turkestan	2.2	1.7
	2.5	3.6
South-East	4.5	4.0
Ukraine	17.2	18.3
Crimea	0.9	1.1
Eastern Siberia	—	1.5

*All-Russian trade unions at the beginning of 1923.*

Metal working	Includes an engineering section.
Textiles	
Posts, telegraphs, and telephones	
Clothing	
Railways	} These unions amalgamated in 1920 under the name of <i>Tsektran</i> (Central Transport Workers' Committee) and again separated in 1922.
Water transport	
Local transport	
Building	This union amalgamated with the cement workers' union in 1921.
Leather	
Printing	
Public health	The medical workers and chemists employees have joined this union, which now includes a doctors' section.
Chemicals	This union amalgamated with that of the glass and pottery workers in 1921.
Food trades	This union amalgamated with the tobacco workers' union in 1921.
Sugar factories	
Soviet administration	
Municipal services	
Hotels	
Education	This union amalgamated with the fine art workers' union in 1921.
Agriculture and forestry	The agriculturalists' union and the forest workers' union amalgamated in 1921.
Mines	
Paper	
Wood	

*Proportion of trade unionists to total workers.*

Complete liberty to join trade unions was formally re-established at the beginning of 1922. At the present time the great majority of workers are organised, a fact which is easily explained by the advantages which trade unionists enjoy, particularly as regards engagement, a question of the greatest importance at a time like the present when there is a very large volume of unemployment.

*Proportion of non-unionists to unionists<sup>1</sup>.*

Union	Percentage of non-unionists	Union	Percentage of non-unionists
Agriculture	4.2	Clothing	1.6
Paper	4.7	Boatmen, etc.	0.3
Mines	4.8	Railways	3.2
Wood	24.6	Local transport	1.3
Leather	4.7	Posts and telegraphs	1.1
Metal working	9.8	Fine arts	3.3
Printing	0.6	Public health	1.7
Food trades	3.1	Teaching	9.2
Sugar	24.9	Soviet administration	14.3
Building	6.9	Municipal employees	4.4
Textiles	1.5	Hotels and restaurants	2.4
Chemicals	5.6		
		Average	2.6

*Percentage of women and children among trade unionists.*

The proportion of women members of the various unions has not fluctuated to any considerable extent during the last year and at present the figures are as follows :

**Percentage of women trade unionists<sup>2</sup>**

Union	Women members	Union	Women members
Agriculture	16.9	Sugar	9.0
Clothing	65.0	Building	8.0
Textiles	54.0	Posts and telegraphs	30.0
Chemicals	30.0	Municipal employees	22.0
Paper	29.0	Railwaymen	11.0
Printing	26.0	Local transport	9.0
Food trades	22.0	Boatmen, etc.	8.0
Hotels and restaurants	54.0	Public health	60.0
Leather	16.0	Teaching	59.0
Wood working	15.0	Fine arts	34.0
Metal working	15.0	Soviet employees	24.0
Mining	13.0		
		Average	28.1

The number of young persons under 18 in proportion to the total number of trade unionists varied as follows :

	Period	Percentage
1922	1st quarter	5.5
	2nd "	4.8
	3rd "	5.2
	4th "	5.8
1923	1st "	6.1

<sup>1</sup> *Viestnik Trooda*, Nos. 6-7, 1923.

<sup>2</sup> *Ibid.*

II. TRADE UNION BODIES AND OFFICIALS

Since the end of 1921 a large number of union or inter-union officials' posts have been abolished for reasons of economy, and the number of trade union bodies has also been reduced.

*Trade union bodies.*

The number of trade union bodies was as follows in the first half of 1921 :

	1st quarter	2nd quarter
Sections	1,336	1,386
Subsections	5,081	5,384
Local bodies	1,762	1,857
<b>Total</b>	<b>8,179</b>	<b>8,657</b>

In 1922 the corresponding figures were as follows :

	April	October
Sections	1,547	1,547
Subsections	4,204	3,290
Local bodies	2,044	1,879
<b>Total</b>	<b>7,795</b>	<b>6,716</b>

*Trade union officials.*

In 1921 there were 27,100 elected trade union officials (exclusive of transport workers of all kinds) and 20,492 paid officials, a proportion of 11.3 officials per thousand trade unionists. According to a partial investigation undertaken during the first quarter of 1922, the average number of officials at that date was 6.2 per thousand trade unionists ; the chief reductions have been effected in provincial sections.

The fluctuations in the number of officials of central trade union committees are shown in the following table.

Staff of central committees of 21 trade unions in 1922 and 1923 <sup>1</sup>

Month	Elected paid officials	Appointed officials	Total
1922 January	491	1,486	1,677
February	175	1,375	1,550
March	192	1,242	1,434
April	186	1,186	1,372
May	159	1,076	1,226
June	160	996	1,156
July	179	991	1,170
August	179	1,023	1,202
September	171	1,035	1,206
October	175	1,049	1,224
December	171	1,022	1,193
1923 May	160	917	1,077

*Inter-trade union organisations.*

At the beginning of 1921 there were 84 provincial councils, 504 district offices, and 723 local secretariats in existence. On 13 April

<sup>1</sup> *Statistika Töödala*, Nos. 2, 3, 5, 1923.

1922, however, in addition to the provincial councils there were only 39 local secretariats (chiefly in Crimea and in Kirghizia) and 494 district offices. An investigation was subsequently made in 16 provincial governments which showed that the 117 inter-union district offices had been reduced to 19, exclusive of 50 delegates of provincial councils and 8 important trade union bodies acting as inter-union offices.

The number of officials has been much reduced, and in 15 provincial governments, where there were 1,230 inter-union officials in 1921, the number only amounted to 459 in 1922. No general figures covering the whole of Russia are available, but the following table applies to 32 provincial governments.

Number of paid trade union officials in 1922 and 1923 <sup>1</sup>

Month	In 32 provinces	In 2 capitals	Total
1922 January	2,828	1,246	4,074
April	1,494	545	2,039
July	1,122	390	1,512
October	960	346	1,306
1923 January	930	344	1,274

<sup>1</sup> *Statistika Trooda*, No. 5, 1923.

### III. FINANCIAL POSITION OF TRADE UNIONS

#### *Source of union funds.*

Until 1922 Russian trade unions derived their funds mainly from government subsidies, as is shown by the fact that the receipts of the Central Council of Trade Unions in 1918 were made up as follows :

	Soviet roubles
Proportion of trade union contributions	200,000
Subsidies from Communist Party	890,000
Subsidies from Central Executive Council of Soviets	500,000
Subsidies from Commissariat of Labour	291,500

From January 1920 to May 1921 16,725,000 Soviet roubles were derived from trade union contributions and 205 million from government subsidies. Since February 1922 the principle has been that trade union funds should be derived entirely from members' contributions, and the terms of the resolutions adopted by the Fifth All-Russian Congress in September 1922 were perfectly clear on this point. "Trade union organisations must obtain their funds from members' contributions ; they may not adopt commercial measures, which diminish the authority of the unions."<sup>1</sup> The revised regulation of the Central All-Russian Central Council of Trade Unions nevertheless mention that the Council's funds are derived : (1) from a proportion of the contributions paid by the central committees of various unions ; (2) from various other sources.

<sup>1</sup> Certain trade union bodies were in the habit of running undertakings such as restaurants in order to increase their funds.

*Payment of contributions.*

The fifth Congress of Trade Unions stated in November 1922 "that the best means of keeping in touch with trade unionists is to obtain individual contributions through the works committee or the trade union delegate". As we shall see, however, the habit still prevails of deducting the amount of members' contributions from their pay in various undertakings, administrations, "trusts", etc. Theoretically, the amounts thus deducted must immediately be handed over to the trade union section.

*Amount of contributions.*

According to the decision of the Congress in September 1922, the average rate of members' contributions was uniformly fixed at 2 per cent. of wages (including all bonuses, whether in money or in kind). Entrance fees are fixed at an amount equal to half a day's wages. Supplementary contributions can only be authorised for the whole of an All-Russian trade union by a decision of the All-Russian congress of the union concerned and with the approval of the All-Russian Central Council of Trade Unions.

*Distribution of contributions.*

Contributions, including annual contributions and entrance fees, are as a rule paid in to the trade union section (either provincial or district). These bodies deduct the amounts necessary for their expenses and for those of secondary trade union bodies (e. g. district subsections). As a general rule, provincial sections have to send 10 per cent. of the contributions obtained to the inter-union provincial council and from 5 to 25 per cent. to the central committee of the All-Russian trade union to which they are affiliated. The central committee of each trade union sends 10 per cent. of its receipts to the All-Russian Central Council of Trade Unions ; all these payments should be effected at least once a month.

It must be noted that among all these various bodies, which are dependent for their existence on members' contributions, the primary and essential trade union body, i. e. the works committee, does not appear. In accordance with the provisions of the Labour Code of 1922, the funds necessary for the proper working of the workers' committee are contributed by the management of the undertaking or establishment concerned in accordance with a budget drawn up and approved by the competent trade union. These funds, however, may not exceed 2 per cent. of the total wages and salaries of the workers.

The management of an undertaking or establishment must provide the committee free of charge with premises, light, heating, and all equipment needed by the committee, general meetings, and delegates' meetings. It may therefore be estimated that 1.4 per cent. of trade unionists' wages are devoted to the expenses of local trade union bodies (section, generally provincial, and subsection, generally a district one) and approximately 0.36 per cent. to the central trade union committee ; 0.2 per cent. to the inter-union provincial councils, and 0.4 per cent. to the All-Russian Central Council of Trade Unions. In addition to these sums, an amount equal, on an average, to 2 per cent. of wages is paid by the employer, whether private or not, for

the works committee. The total cost of maintaining trade union bodies may therefore be calculated as follows (*exclusive* of subsidies to the All-Russian Central Council), on an estimate of 5 million trade unionists, each earning 100 gold roubles per annum on an average.

	Millions of gold roubles
Works committees	10
Trade union sections and subsections	7
Central trade union committees	1.8
Inter-union provincial councils	1
Central Council of Trade Unions	0.2
<b>Total</b>	<b>20</b>

Special strike funds, others for educational purposes, and also sickness and unemployment insurance funds have been established in many trade unions. They are generally maintained by additional contributions (generally 1 per cent. of wages for educational purposes), and by special state grants.

It remains to be seen how these various principles are in fact carried out, and what is the real financial position of Russian trade unions. It is clear that a reform of such a radical nature as that by which state grants to all trade union bodies were abolished must have encountered great obstacles in view of the conditions at present prevailing in Russia. It was first necessary to combat the habits derived from Communist policy in trade union matters. Until 1922 all workers were simply entered on trade union registers, which in practice entailed no financial obligation, as all contributions were paid out of the funds of the undertaking. After that date it was necessary to re-introduce the system of individual contributions. As regards administrative expenses, in 1921 trade union bodies had accumulated large numbers of officials of all kinds, whose posts had been created at a period when the trade unions were responsible for social insurance, technical education, supplies to the workers, etc. Since that date considerable reductions in staff have become necessary.

Two enquiries which have been undertaken enable us to form an estimate of the results of this policy. One of them covers the period June-September 1922, and applies to 14 trade unions (out of 23), to 194 provincial sections (out of 960), and to 763,030 trade unionists (out of 3,380,520 members of 14 unions). The detailed results of these enquiries were published in the Bulletin of the Central Trade Union Council (No. 1, 1923). The second enquiry covers the period October-December, and applies to 19 trade unions, with 333,568 members (out of 917,616). The results are given in *Trood* for 14 April 1923, and have been analysed in the reports submitted to the Central Trade Union Council in April 1923.

#### *Payment of contributions.*

According to the first enquiry carried out by the All-Russian Central Council of Trade Unions through the central committees, receipts from members' contributions in million Soviet roubles and in real roubles were as follows in 1922 :

	Million Soviet roubles	Real roubles	Per member kopecks
June	273,027	57,510	7
July	417,660	83,612	11
August	515,730	93,688	12
September	657,563	100,120	13

On the basis of 2 per cent. of wages, 20 kopecks ought to have been paid during September. The deficit for this month alone therefore amounted to 35 per cent.

According to the second enquiry, the amounts paid per member were as follows :

	Kopecks
October	17
November	16
December	22

At the rate of 2 per cent. per member, the contributions should have been :

	Kopecks	Percentage deficit
October	22	23
November	20	20
December	23	5

It would therefore appear that payment of contributions had become almost regular during the last months of 1922, but, as stated in *Trood* for 13 April 1923, the increase of average contributions in December is largely due to the fact that arrears of wages had been paid during that month by the undertakings or by economic bodies.

In 1923, although a certain improvement occurred, the amount obtained never exceeded 80 to 90 per cent. of the amounts due, and in many cases the percentage was even smaller. In Siberia 60 per cent. was obtained in the spring of 1923 ; and in White Russia the figures are at present about 60 to 70 per cent. For the public health workers' unions they vary between 70 and 75 per cent.

All these fluctuations are due to delay in making payments due from economic bodies, and the method of payment has not yet been laid down with precision. For a long time the custom prevailed of deducting contributions from wages instead of the contribution being directly paid by the member concerned to the trade union delegate. This system of deduction, however, has many defects ; the trade unionist who is compelled to make the payment looks upon it as a sort of tax, and probably fails to take much interest in the union ; on the other hand, contributions are paid into the funds of the undertaking and are not handed over to the provincial trade union section. There is now a general tendency to adopt the system of individual payments by members, and where this is done contributions are paid much more regularly. In Siberia the unions have succeeded in obtaining from 78 to 95 per cent. of the contributions due from those members who make regular individual payments. In the south-eastern region a considerable improvement in the payment of contributions has been noted since they are paid by members individually ; in this region, whereas on 1 March only 11 per cent. of trade unionists were paying their contributions regularly, on 1 May the proportion had increased to 69 per cent. The percentage of contributions paid for all trade unions in this district fluctuated as follows : in January 59 ; in February 72 ; in March 78 ; in April 91 ; and in May 95.

These figures do not hold for the whole districts, as at Vladikavkaz 45 per cent. of contributions remained unpaid and at Baku, after the adoption of the system of individual payment, trade union receipts showed a falling off of 20 and even 40 per cent. in some cases. These facts explain the hesitation of some trade union bodies to adopt the system ; they fear, perhaps not without reason, that members, if free

to pay or not to pay their contributions, will cease to belong to the union. Certain trade union bodies consider that the system of aggregate contributions, properly worked, results in less delay in paying contributions than the system of individual payments.

Be this as it may, the system of individual contributions was still the exception in July 1923, and, according to *Trood* of 20 July 1923, only 36 provincial sections out of 138 had adopted this system. The following figures show the influence of the present methods on trade union receipts at the end of 1922. At that time undertakings in Petrograd were still obliged to pay 25 per cent. of trade union contributions. In Siberia, on 15 April, those economic bodies which were responsible for the payment of contributions for 126,000 trade unionists were behindhand in their payments to the extent of 142,540 real roubles. The Yugostal (southern mining industrial trust) was 16,000 real roubles in arrears in June, and in July made no payments for contributions. Considerable deficits in trade union receipts are everywhere noted as a result of this state of things.

#### *Distribution of funds.*

According to enquiries undertaken, the percentage of payments due actually paid by provincial trade union sections in 1922 was as follows:

Month	To central committees	To provincial councils
June	19.8	5.8
July	17.9	7.8
August	18.8	7.1
September	27.0	8.0
October	} average	7.6
November		
December		

These figures are somewhat exaggerated, as some arrears were paid up at the end of the year ; in fact, at this period some unions paid as much as 30 per cent. to the central committees and 12 per cent. to the departmental councils instead of 25 and 10 per cent. In 1923, according to *Trood* of 8 June 1923, the provincial councils received the following proportions of the sums due to them for that year :

	Per cent.
Petrograd	72
Novgorod	73.3
Pskov	80
Cherepovetz	67
Carelia	92.8

The contributions from central committees to the Central Council of Trade Unions have not been made in their entirety, and, according to a report, in April 1923 two or three central committees out of 23 had not made any payment.

#### *Expenditure.*

##### *Trade union sections.*

The situation appears to be more or less normal in the sections, according to the information obtained by the two above-mentioned

enquiries. Expenditure generally corresponds to the receipts, though there is often a small deficit. The internal expenditure of the sections themselves amounted during April to September in Moscow and Petrograd to 44.2 per cent. and in other towns to 65.7 per cent. of their total expenditure ; but expenditure due to compulsory contributions to higher trade union bodies occasioned a deficit in the budget of many trade union sections, particularly in the provinces.

This situation tends generally to become worse at the end of the year ; expenditure increases much more rapidly than receipts, as shown by the following figures (real roubles) :

Month	Receipts per head (kopecks)	Expenditure per head (kopecks)
1922 June	7	4
July	11	5
August	12	7
September	13	8
October	17	12
November	16	17
December	22	16

According to a report presented to the plenary meeting of the Central Trade Union Council in April 1923, the provincial trade union sections find it impossible to balance their budget from members' contributions alone.

*Central committees of All-Russian trade unions.*

According to the same report more than half of the central committees found it impossible to cover their expenditure from contributions alone. For example, the central committee of postal and telegraph workers, which had received the entire amount of contributions due, spent 7.4 times more than it received in five months. The central committee of agricultural workers spent 5.4 times and the central committee of leather workers 4.2 times its receipts.

*Inter-union provincial councils.*

The financial position of these bodies was the worst, and provincial councils were unable to obtain on an average more than 31 per cent. of their expenditure from the proportion of contributions due to them. *Trood* of 8 June 1923 gives the following figures for the northwestern region, covering the period January to April :

Area	Receipts from contributions	Expenditure
Petrograd	774,525.81	904,524.78
Novgorod	51,637.96	154,459.75
Cherepovets	12,003.15	171,009.20
Carelia	19,854.73	30,100.97

As a general rule, there is a deficit.<sup>1</sup> It may be asked how these deficits are covered. One method is to apply for subsidies from the government authorities. The Central Council of Trade Unions received 3.5 trillion roubles during January to March 1923 (equivalent to 100,000 gold roubles at the current rate of exchange), and almost the whole of this sum was distributed among the local bodies.

Another method is to borrow from economic bodies such as trusts, commercial syndicates, etc. Some trade union bodies divert the funds intended for educational purposes or for relieving unemployment to other purposes, or retain a part of the sums paid by the management for the upkeep of the works committees (2 per cent. of total wages). This has been the case at Vladikavkaz and at Homel, where 40 to 100 per cent. of the budgets of works committees was taken. Finally, certain unions attempted to obtain the insertion of a clause in collective agreements by which the undertaking is compelled to pay a certain amount to the union, up to 10 per cent. of total wages (Vitebsk, Tiflis).

*Distribution of expenditure.*

Expenditure may be classed under four general headings : (a) payment of salaries of union officials ; (b) administrative expenses ; (c) expenses of organisation (meetings, congresses, tours. etc) ; (d) educational expenditure. The percentage distribution of these expenses was as follows in 1922 :

Month	(a)	(b)	(c)	(d)
June	71.8	17.7	8.4	2.1
July	74.7	15.8	6.1	3.4
August	67.1	22.8	7.0	3.1
September	72.2	15.1	10.4	1.6
October	70.0	17.2	11.4	1.4
November	68.5	18.7	12.0	0.8
December	67.0	19.3	11.6	2.1

Nearly all the payments were on account of administrative expenses, mainly salaries.

The following figures, given by Trood of 8 June 1923, show the percentage of contributions spent on salaries of officials in the north western region.

Inter-union council	January	February	March	April	Average
Petrograd	37.9	67.9	42.0	37.4	45.4
Novgorod	125.5	169.7	81.6	57.5	84.3
Cherepovets	69.2	328.8	558.6	413.1	394.3
Carelia	317.3	98.4	124.5	84.2	116.5

<sup>1</sup> According to a statement by the President of the Russian Central Council of Trade Unions at the Red International Trade Union Council held in June, one central committee out of 23 was in receipt of subsidies from the All-Russian Council. "The situation as regards inter-union bodies is worse, and they are only able to meet 50 per cent. of their expenditure out of their own resources. The remainder is met by state grants. We hope in future to be able to exist on our own resources". (Trood, 30 June 1923.)

At every stage of the trade union ladder, administrative expenses, due to an excessive number of paid officials, are unduly high. In 1921 there were nearly 50,000 trade union officials, an average of one official per hundred members ; but in 1922, after the first reductions, there were only six officials per 1,000 members. Since that date, however, no further reductions have been made, and the excessive number of officials is a constant source of complaint. There were 4,064 officials employed by inter-union bodies on 1 July 1923, and their monthly salaries amounted to 120,000 real roubles. In April 1923 the Central Council of Trade Unions decided in plenary session that the salaries of these officials should not amount to more than 50 per cent. of receipts ; this result is far from having been attained. At Petrograd, it is true, the salaries of officials only amount to 24.5 per cent. of expenditure, but in Siberia contributions are only sufficient to pay 54 per cent. of officials' salaries. As a general rule, salaries and administrative expenses constitute 80 to 90 per cent. of total expenditure. This summary shows that the financial position of trade unions in Russia is exceedingly irregular and, in many cases, thoroughly unsatisfactory, particularly if account be taken of the principles laid down since the adoption of the new economic policy.

In every grade of the trade union hierarchy, and particularly in the case of inter-union bodies, budgets can only be balanced by irregular expedients, and members' contributions are far from sufficient to meet expenditure. It would therefore appear indispensable, in spite of solemn promises, to return to the system of government subsidies.

In spite of state assistance, the trade union system organised in 1918 is continually declining. The theoretical scheme of a great union and inter-union organisation covering the whole of Russia with a close network of trade union bodies, acting like an ordinary central administration, has had to be abandoned for lack of funds. In the bodies which still subsist staff has had to be considerably reduced ; in spite of this all the funds available are swallowed up by administrative expenses, the amount available for propaganda remaining exceedingly small. A still more serious result is that unions are obliged to cancel even inadequate credits for providing educational facilities for their members, and the special funds ear-marked for this purpose are continually being reduced. At a recent conference of directors of district industrial offices, it was decided that for reasons of economy only 1 per cent. of wages could be devoted to this part of the budget. Many educational institutions have therefore had to be abandoned : first, the primary schools, then some of the technical schools, and finally even classes for the illiterate. There was no way of avoiding this necessity because funds were so low and because it was absolutely necessary to effect economies. The funds devoted to educational purposes tend everywhere to disappear and the institutions which had been set up have been handed over to the public educational authorities.<sup>1</sup>

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<sup>1</sup> *Trood*, 26 July 1923.

## APPENDIX IX

INDEX NUMBERS OF PRICES, AMOUNT AND INDEX NUMBERS OF MINIMUM  
BUDGET (ALL RUSSIA) AND RATE OF EXCHANGE OF ROUBLE IN 1922 AND 1923

(Prices in 1913 = 1)

Date (1st of month)	Index numbers of retail prices	Index numbers of wholesale prices	Minimum budget		Rate of exchange of gold rouble (in Soviet roubles)
			Amount (Soviet roubles)	Index numbers	
1922					
January	183,000	—	2,122,000	288,000	90,000
February	448,000	—	4,015,000	545,000	130,000
March	894,000	—	8,403,000	1,153,000	235,000
April	1,949,000	—	18,578,000	2,524,000	350,000
May	3,656,000	—	30,633,000	4,162,000	700,000
June	4,173,000	—	37,440,000	5,087,000	1,250,000
July	4,619,000	—	42,641,000	5,795,000	1,200,000
August	5,026,000	4,730,000	41,137,000	5,589,000	1,200,000
September	5,430,000	4,850,000	44,046,000	5,995,000	1,200,000
October	6,365,000	6,180,000	54,040,000	7,342,000	4,000,000
November	10,434,000	9,670,000	85,064,000	11,561,000	8,500,000
December	14,884,000	12,270,000	120,923,000	16,440,000	11,900,000
1923					
January	19,582,000	15,790,000	156,310,000	21,240,000	17,400,000
February	24,600,000	20,420,000	200,220,000	27,700,000	20,200,000
March	30,935,000	26,170,000	228,760,000	31,100,000	23,500,000
April	38,655,000	31,790,000	288,970,000	39,260,000	28,500,000
May	52,968,000	44,640,000	402,780,000	54,740,000	44,000,000
June	79,470,000	62,900,000	588,300,000	77,549,000	56,000,000
July	117,933,000	97,960,000	865,050,000	117,570,000	77,000,000
August	206,567,000	152,240,000	1,433,550,000	194,834,000	115,000,000
September	335,118,000	275,290,000	2,429,870,000	335,360,000	205,000,000
October	666,150,000	549,010,000	4,756,128,000	659,840,000	410,000,000
November	1,185,250,000	873,000,000	8,110,720,000	1,101,690,000	710,000,000
December	2,359,100,000	1,731,000,000	17,016,320,000	2,312,200,000	1,370,000,000

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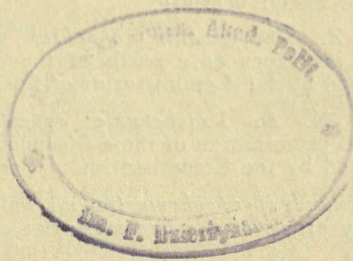
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Imprimerie NOIRCLERC & FÉNETRIER

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