

Russia: The “Welfare” State Doesn’t Get Any Better Than This

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Contents

- [The Minimum Wage](#)
- [Strikes](#)
- [Conclusion](#)

The 1993 Constitution boldly declares the Russian Federation a welfare state. [1] This definition is not found in every modern constitution. You will not find it in the basic laws of Poland (1997), Finland (1999) or Switzerland (1999). Among the developed countries, it seems, only Germany, France and Spain have the constitutional status of welfare states. [2]

In Russia, however, this proud moniker has always played a special role, and during the Putin period it has been even more significant. For the past decade, official propaganda has been built around “social commitments,” which the government, allegedly, fulfills and exceeds. (Moreover, it is assumed that social progress should compensate for the lack of civil rights, about which pesky humans rights activists at home and observers abroad constantly remind the regime.)

Powerful organizations and tens of thousands of “welfare” specialists stand watch over the Russian welfare state. If you counted the numbers of people on staff at the Federation of Independent Trade Unions of Russia (FNPR), its member unions and think tanks, the Russian Trilateral Commission, and other institutions and organizations engaged in the business of “social dialogue” and “decent living standards,” you would end up with several tens of thousands of people. It is possible that Russia has only one competitor in the world in terms of its elaborate “welfare” bureaucracy—China.

The system of trade unions we inherited from the Soviet Union is still remarkably integrated into all levels of government. Thus, for example, there are eight trade union representatives in the current State Duma, and MP Andrei Isayev, who sits on the executive council of the ruling United Russia party, serves as a deputy chairman of the FNPR on a voluntary basis.

The “welfare” bureaucracy is provided a permanent stage on which it habitually does battle with notional “internal enemies”—the Russian Union of Industrialists and Entrepreneurs, the Institute of Contemporary Development (a Medvedev-affiliated think tank) and its Strategy 2020 plan, other neoliberal think tanks, and employer lobbying organizations. In this noisy fight (which never, however, exceeds certain bounds), the “welfare” bloc often wins, because Putin frequently comes down on its side. The relations among the FNPR (the main mobilizing force in Putin’s Popular Front), the welfare wing of United Russia, and Putin resemble a veritable “symphony of powers.” It would seem that the welfare state in Russia has a bright future ahead of it.

What is really going on?

It is clear that reality on the ground has little to do with existing laws and even less to do with the solemn declarations of the authorities and the union bosses. And yet in this text I would like to focus

on the legislative provisions that make up the legal architecture of our welfare state, as guaranteed by the Constitution and Putin's programmatic articles.

The Minimum Wage

In Russia, there is no minimum wage as such. The statutory minimum wage—whose acronym in Russian is “MROT” (*minimal'nyi razmer oplaty truda*)—is currently 4,600 rubles a month [approx. 114 euros], which is 67% of the legal monthly subsistence minimum, now set at 6,800 rubles [approx. 169 euros].

A situation where the state-guaranteed minimum wage is below the subsistence minimum is an economic absurdity. The government declares, in effect, that this wage must not be less than a certain amount, but even by its own calculations no one can live on this amount of money. Then what, exactly, does this amount represent? Where does it come from and what do we need it for?

Certain issues, of course, are raised by the amount of the subsistence minimum (which in any case is higher than that of the MROT). It is calculated based on the value of the “consumer goods basket,” whose particular charms (one overgarment should last a person eight years, fifty rubles a month on entertainment, etc.) are well known.

As a result of some complex shuffling, the cost of the consumer goods basket will be increased by 4.2% in 2013 to a whopping 6,016 rubles a month [approx. 150 euros]. It is clear that this figure, the subsistence minimum and the MROT have no basis in reality and cannot serve either as regulatory instruments or indices of poverty.

And yet a minimum wage is guaranteed by the Constitution (Article 7), just like the status of the “welfare” state itself. In fact, this clause of our Constitution is implemented to the same extent as the entire 1936 “Stalin” Constitution.

By comparison, in France, our partner in the “welfare” states group, the minimum wage is about 1,400 euros per month (9.2 euros per hour for a thirty-five-hour work week). In the United States, a country where entire institutions are busy trying to prove that the minimum wage is economically and socially counterproductive, there is nevertheless a minimum wage, which is set at 7.25 USD per hour (or about \$1,300 a month) at the federal level. Individual states have the right to set their own minimum wage, but it cannot be lower than the federal minimum.

Interestingly, the Health and Social Development Ministry estimates the cost of raising the MROT to the level of the subsistence minimum at 55 billion rubles [approx. 1.368 billion euros], while the Ministry of Finance says this would cost 60 billion rubles [approx. 1.492 billion euros]. Nearly 300 billion rubles [approx. 7.46 billion euros] were spent on the notorious APEC summit in Vladivostok, but spending six times less than that amount to increase the MROT does not figure in the government's plans. In 2013, the MROT will be set at 5,200 rubles [approx. 129 euros]—that is, it will still be lower than the subsistence minimum. And, as the Finance Ministry proudly notes, this figure will be achieved without additional budget expenditures.

By pursuing this policy, the authorities not only demonstrate that a situation where the minimum wage is below the threshold for physical survival is, in their opinion, all right. They also stubbornly refuse to implement their own laws, namely, the Labor Code, which contains a clause stating that the MROT may not be lower than the subsistence minimum.

It is also significant that the debate about the minimum wage in Russia is focused on the level of

absolute poverty and physical survival (although the MROT, despite Isayev's endless chatter, has not reached even this level over the past ten years), whereas in Europe the focus is on achieving a "living wage," not a "subsistence wage." A living wage is meant to provide a relatively decent standard of living, not merely ward off death by starvation. However, when it comes to the APEC Summit and the Sochi 2014 Winter Olympics, the Russian "welfare" state has no intention of protecting its working citizens even from death by starvation. [3]

Strikes

In Russia, strikes are banned for all intents and purposes. Despite a partial change in the law in 2011, the rules on strikes and labor disputes virtually eliminate the possibility of legal protests by workers.

For some categories of workers—railroad workers and air traffic controllers—strikes are prohibited directly. For all other categories of workers, the ban is not direct, but no less effective for all that.

Protest strikes against government economic and social policy, solidarity strikes, and strikes to demand union recognition are illegal in Russia. Despite the fact that they are all mentioned in the seminal 87th Convention of the International Labour Organization, "Freedom of Association and Protection of the Right to Organise," which was ratified by Russia, it is prohibited to carry out such strikes in Russia. The government has ignored related ILO recommendations.

Russian workers can strike only as part of a collective bargaining dispute (this is even enshrined in Article 37 of the Constitution). However, the procedure for collective bargaining disputes is so complicated that the courts can always find and do find collective bargaining units guilty of various violations. Employees must notify the employer of their intention to strike five to seven days in advance (until 2011, this period was ten days). During this time, the employer has the right to appeal to the courts, which can rule the announced strike—that is, a strike that has not yet begun—illegal.

The impact of these extremely repressive rules is as follows. In 2008, according to official data from Rosstat, there were four strikes in Russia; in 2009, one; in 2010, none; and in 2011, two. Independent analysts, such as those at the Center for Social and Labor Rights, register hundreds of labor disputes annually, some of which involve work stoppages, but the vast majority of these occur within the legal gray zone. Under current law, it is almost impossible to carry out a full-fledged strike, and the collective bargaining procedure is so complex that, according to the Center, "nine out of ten [labor] protests take place in ways not stipulated by labor laws, while only one in ten adopt legal forms." [4]

Conclusion

A state-guaranteed minimum wage and the freedom to engage in labor disputes, including strikes, are the foundations of the welfare state. In Russia, these social rights are not implemented in practice, nor are they even fully guaranteed by law. Since Putin has come to power, the FNPR and the government's "welfare" bloc have neither increased the MROT to the minimum subsistence level nor simplified the procedure for collective bargaining disputes and strikes, which was made extremely complicated, in fact, by the new Labor Code adopted in 2001. Workers in Russia are deprived both of a minimum guaranteed income and effective means for raising wages to acceptable levels. This makes our country more of an anti-welfare state than a welfare state.

In fact, none of the things enumerated in Article 7 of the Russian Federation Constitution—“labor and the health of the people”; “guaranteed minimum wages and salaries”; “state support [...] to the family, maternity, paternity and childhood, to disabled persons and the elderly”; a “system of social services, [...] state pensions, allowances and other social security guarantees”—are fully provided, even by the letter of the law, despite the massive bureaucracy employed only in solving these problems.

That is why the slogan “For the welfare state!” chanted at rallies held by a broad coalition of Russian leftist groups, independent trade unions, social movements, educators and students on October 7, the World Day for Decent Work (typically, the FNPR limited its marking of the occasion to conferences and round tables), was an offensive rather than defensive tactic. By and large, there has never been a welfare state in Russia, and this is our difference from Europe. The twentieth-century Russian state was socialist, and over the past twenty years it has been a post-socialist state, not a welfare state. Building a genuine welfare state is our primary task, and it can only be achieved by a broad and sustained mobilization of workers organized into trade unions and social movements.

Ilya Matveev

P.S.

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* Ilya Matveev is a postgraduate student in political theory at Moscow State University and an activist with the Russian Socialist Movement.

Footnotes

[1] The exact term in Russian is a “social” (sotsial’noe) state: “The Russian Federation is a social State whose policy is aimed at creating conditions for a worthy life and a free development of man.”

[2] V.E. Chirkin, “Konstitutsiia i sotsial’noe gosudarstvo,” *Konstitutsionnyi vestnik*, 1 (19) (2008).

[3] According to official statistics, around 13% of the Russian population—approximately 18 million people—live below the poverty line. But this calculation is based, yet again, on the official subsistence minimum, unlike in the EU countries, where the poverty line is defined as 60% of median disposal household income. In Russia, the average monthly salary is 27,000 rubles [approx. 670 euros]. 60% of that figure is around 16,000 rubles: around forty to fifty percent of the Russian people have a monthly income of less than this amount. Thus, if the poverty line in Russia were calculated according to EU standards, half its population would be deemed impoverished. In addition, according to the FNPR’s statistics, around one to two million Russians have an over-the-table wage that is less than the MROT, that is, less than 4,600 rubles a month. And this despite the fact that, by law, employers are supposed to be fined by the authorities for paying their employees less than the minimum wage.

[4] For more details, see Elena Gerasimova, “Zakonodatel’s tvo Rossii o kollektivnykh trudovykh sporakh i zabastovkakh: problemy i napravleniia sovershenstvovaniia,” *Trudovoe pravo v Rossii i*

za rubezhom, 1 (2012). According to the Center for Social and Labor Rights, there were 262 labor disputes in 2011 in Russia; 91 of them involved work stoppages—that is, they were essentially strikes. These statistics were compiled from reports in the mass media, but since many such conflicts are not reported by the press, their actual numbers are probably much higher.