In the environment of radical change in the system of social relations, the social and labor spheres are undergoing the most significant changes. Private property, which in the days of the Soviet Union did not influence these spheres, becomes not merely a factor governing social and labor relations, it becomes the dominant one. Social and labor relations, in which the main role is played by private property relations, brought the country back to a time when capital, not labor, defined these relationships. Capital rather than the state, as before, rules and governs these relationships, and therefore the internal content of these relationships is changing. From relationships where labor took its rightful place, where it was an honorable duty of the citizens of the country, a transition is being made to a system in which capital is put forward to the place of honor, eclipsing labor with its splendor and luxury. Capital has penetrated every pore of civilized society, increasingly displacing labor. Poems on Labor have been composed and put to music. Church choirs and pop singers sing its praises. And it generously pays for the hymns to itself, does not even grudge being the subject of yet another sketch in some yellow paper about the progress which capital has reached in the exploitation of labor. In this sense, capital has something with which to amuse the people, aided by the media, whose magnifying glass makes a molehill of capital’s momentous achievements. The lifeforce of labor, having turned itself into the maidservant of capital, has dimmed, and the hired worker retains only the right to work and the opportunity to occupy his workplace in accordance with its skillset the specialty acquired. Labor, falling into the social chasm formed as a result of the accomplished bourgeois revolution of the early 1990s in Russia, did not fall to its death, but from what remains intact, has injured itself and is now lame in both legs and still cannot recover and heal itself to regain the place in society it is worthy of.

New social relationships have been shaped, but capital has no intention to stop there. It craves for more labor used at its factories, in its banks and shops. But this increase, bringing with it a large mass of profit, also brings with it the cost of labor maintenance. The latter is always a headache for capital, which it alleviates with migrants, those pilgrims, ready for a marginally better life and who are prepared to settle for less here rather than have nothing at home. And as for the compatriots, they have nothing left to do but to make concessions and relieve the headache of capital by agreeing humiliatingly to lowering labor costs. And every such victory of capital over labor takes away the headache only temporarily. Cheap labor and its boundless exploitation leads to others misfortunes that deal
a blow not on the head but on the heart of capital. These are technological innovations that increase productivity and leave those who use cheap labor far behind. And for capital, lagging behind is tantamount to death, and it dies, and the country loses the benefits and also dies in this world of constant struggle. Therefore, there can only be one conclusion for Russian capital: if it does not want to remain in the position of one who is forever ailing, it needs to change its social and labor relations, paying attention above all to the social value of labor, to make labor as honorable as capital today. Time and again to deceive labor, it hides in its shadow. American capital understood this long ago, and established the “Labor Day” public holiday. Canadians also followed suit. But domestic capital feeds on played-out ideas on labor inherent to the Russia of landed aristocrats, not the bourgeois Russia; for them, labor was a repulsive occupation worthy of serfs and the general rabble. Capital must abandon the ideology of idle capital and speculative capital, for one in which labor is a tool for the idle life of the few and for the others, a virtual reality, existing as an excuse for speculative profits. The time has come for capital that would not store fat for winter hibernation in the Canary Islands; it’s time for active capital, whose ideology is labor on which this capital depends, and depends entirely. Give due to labor and it might, give due to a management that is concerned not about bonuses but about productivity and exhibits alacrity in securing markets. The country needs active capital, not one that is idle and speculative, counting the profits after yet another fraud that is called a successful transaction and a result of MBI’s effective management. This requires a different relationship of capital to labor, and different social and labor relations, partnership relations that are not about love, but about equality that releases the energy of the people for the implementation of worthy and great deeds.

The process of formation of social partnership in developed countries “was essentially a sequential shift from social and labor relations of the “conflicting rivalry” type to the type of “conflicting cooperation,” with both types of social and labor relations presupposing the hyperactive position of the subjects of these relations in the protection and realization of their interests. These notions of social partnership reflect a significant step in its understanding.

In these two stages of “conflicting competition” and “conflicting cooperation,” it is hardly possible to find an explanation of the social partnership as a social phenomenon, as one of the main forms of interaction of hired workers, employers and the state. Competition itself is a special form of conflict, and the “conflicting competition” can be read as “conflictual conflict.” The same is true about the definition of social partnership through the stage allegedly existing today in the West of “conflicting cooperation” between its participants. By cooperation we mean interaction, in which all the involved subjects contribute to the mutual achievement of a single goal which was set and is shared by them, and also to the solution of common tasks. In this case, through the concept of “conflicting cooperation,” they want to say that the achievement of a common goal is affected in two forms of interaction—conflicting and cooperative. It is impossible to conflict and cooperate at the same time, just like it is impossible to stand and walk at the same time. This position strives to reconcile the two approaches in the understanding of social partnership. One approach is based on the notion that social partnership is the result of the class struggle, the other is based on the notion that it is the result of class peace. However, this attempt is eclectic and is reminiscent of the methodology that was used by Hegel. For him, opposites always blended into something median, where they were dissolved and destroyed, forming something middling, and not something third, which would incorporate both the properties and the quality of both extremes.

Today, researchers and trade union leaders write that social partnership is a conflicting interaction. They believe that the collective agreement as a basis of social partnership is a class document. The realization of the fact that a collective bargaining agreement is a class document, and its conclusion is an element of the class struggle, leads researchers and practitioners in the trade union movement to the conclusion that social partnership is also a product of class struggle, not class peace. Such notions of social partnership as a form of struggle, and not of peace, allow us to speak of it as of an unstable form of interaction between employers (their representatives), workers (their representatives) and the state (its representatives). The agreements reached between the subjects of social partnership become the result of struggle or conflict conducted according to the laws, traditions and rules.

We proceed from the assumption that a conflict or labor dispute, as it is accepted in labor legislation, is a


relevant way of interaction in the concluding period of a collective bargaining agreement, as well as during periods of its violations by employers. In the remaining periods, social partnership as a peaceful interaction between parties is quite a stable form of interaction whose principal interests have been implemented. On the other hand, social partnership is based on an employment contract. Implied here is the idea that the employment contract has been concluded, and the interaction between the subjects is carried out essentially in the matter of production. And the essence of production, no matter what form of ownership it belongs to, is the manufactured product and the income generated by its sale. An employee capable, time and again, of being involved in the production process is also the essence of production. Social partnership, based on an employment contract, makes the triple alliance of the parties a successful form of unification of heterogeneous forces pursuing the same goals and interests. Thus the process of concluding a contract its preparation and signing, are procedures that go beyond social partnership and are a preparatory moment thereto. This period is characterized by the tension in relations between the former partners. Relationships become just as tense as a result of violations of the labor contract. In this connection, a situation is created where the trade unions acquire the right to action which is not authorized by the employment contract. These actions translate into various forms of conflict and protest. A conflict is a protest expressed in organized action aimed at supporting the contract.

However, a labor conflict may be related to demands to amend the contract. Changes to the contract can be planned in nature, i.e. the contract is changed as a result of its expiration and unwillingness to prolong it. They can be of an unplanned character, when the new terms (contracts are concluded for 3 years – Ed.) do not conform to the arrangements reached in the past. In this connection, labor disputes relating to the protection of the employment contract cannot be included in the social partnership and are a factor in its destruction. Social partnership sets as one of its aims the task of countering conflict by their different types, which are generated depending on the needs of production and country, i.e. state, market and society.

Other approaches to understanding the social partnership are also not entirely unambiguous. Thus, S.I. Kubitski, when examining social partnership, understands a social system of interactions of social subjects whose social and economic interests are fundamentally different, and sometimes opposite. However, the achievement of these interests is impossible without some harmonization of the subjects’ positions\(^4\). One can agree that social partnership is a system of interactions of subjects. However, one can hardly speak of social partnership as a system of interactions of subjects with opposing interests. It arises and evolves on the basis of shared interests. This proposition follows from the fact that apart from opposing interests, workers and employers share identical interests. And these interests are the result of the ever increasing productive power of labor, as we have said before. Therefore, social partnership is quite an objective form of existence of these overlapping interests. Illogical in our opinion is the final proposition related to the determination of social partnership given by S.I. Kubitski, in which he argues about the impossibility of the existence of these opposing interests without the harmonization of the subjects’ positions. The positions of the subjects of social partnership have been harmonized twice. In the first instance, they received consent as a result of recognition by hired workers of the market system of relations, in the other instance, they were agreed on through collective and individual labor contract. Therefore, the coordination of interests is carried out outside the social partnership; within the framework of social partnership the system of interactions has already been harmonized. Social partnership is a form of class compromise that can be reached based on an interest shared by the partners.

Social partnership is vaguely defined in the Labor Code of the Russian Federation of December 21, 2001 which entered into force on February 1, 2002. It reads: “Social partnership is a system of relations between employees (representatives of employees), employers (representatives of employers), public authorities and local self-government aimed at securing harmonization of interests of employees and employers relating to the matters of regulating labor relations and other relations directly associated with them”\(^5\). The legislator is also far from the truth in his definition of social partnership as a system of relations aimed at resolving labor relations and other relations directly associated with them. Social partnership is not a mechanism of regulation of labor relations but of labor relations themselves, within which there is no antagonism. It is a relationship of equal partners, whose equality in social partnership does not require regulation. They have self-regulating relationships that do not require any external regulation. The legislator’s error is costly today only because social partnership is at-

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tributed functions that belong to another association—the state. The State as an authorized representative of society is obliged to regulate the relationship and is obliged to direct and control the direction of development. But social partnership is a form of relationship between subjects who already agree with their position. And sending them back to where social partnership stems from is beyond the social partnership’s abilities. It is a clearly designated direction of sustainable compromise and agreement, a positive side of the relationship branching out from these relationships into an independent relationship as some objective reality. And regulation of the relations that lead to social partnership is, again, a task assigned to the state.

Social partnership is a relationship of cooperation not between heterogeneous and opposing social groups anymore, but between groups with a common interest for all of them, which is associated with an overall growth in prosperity. The basis for this growth is the rapid growth of labor productivity and, we add, the universalization of abilities of the worker himself, who has thorough knowledge of the whole of the production process and can move without significant costs from one type of activity to another. The refusal of the state to guide the economy along the path of scientific and technological progress and growth of productivity, socio-professional mobility creates difficulties in the formation of social partnership in Russia. This is the reason why social partnership in Russia, in the general opinion of the researchers, is being implanted and is an imperfect form, in addition to being conferred tasks of normalization of social and labor relations which are not inherent in the social partnership. Social partnership is, on the contrary, a product of perfect relationships between the subjects aimed at achieving general welfare. It is a product of market relations; it is a form of common interest, common goals and task-solving that bear a common characteristic for the partners.

Understanding the social partnership as a mechanism for harmonization of the interests of its participants emphasizes the fact that there is a lack of trust between the partners. Trade unions do not trust the state, the state does not trust trade unions, employees do not trust employers, employers do not trust employees and the state. There is one way out of this general distrust that somehow coexists within the framework of social partnership—strike. “Failing to find the authorities’ understanding of their efforts,” V.A. Mikheev writes, on the protection of interests of wage-earners, “the unions are forced to resort to strikes.” Thus, a strike according to the logic of V.A. Mikheev should build trust. Whereas in fact a strike, on the contrary, strengthens the reasons that gave rise to it, i.e. in this case it reinforces distrust. It would be methodologically correct to consider the social partnership as a form of class peace, as a necessary form of interaction under market conditions. To deny the fact that social partnership is cooperation without conflict, confrontations and struggles, is to deny in general the possibility of achieving a compromise under market conditions, whereas positive market results are only achieved on conditions of a compromise. Social partnership, thus, does not require harmonization of various interests. We will repeat ourselves and again say that these procedures are beyond the scope of the institute of social partnership. Such harmonization is a prerequisite for social partnership. For the subjects of social partnership are not representatives of the various classes whose interests are opposed, but the representatives of the production process, whose interests do not require harmonization, since they converge. In a social partnership, social qualities of subjects are primarily their competencies because the implementation of the goals and objectives of both production and the partnership itself are associated with these qualities. In the process of harmonization of special interests the subjects are attributed special social qualities, the most important of these being the ability to defend their interests with those means that have been provided to them by society, and that are at their disposal. So once again we will repeat ourselves and say that it is methodologically correct to distinguish between social partnership and its preconditions. To pile everything in one heap means to blur the concept of social partnership or to reduce it to a mere set of toolkits for reaching agreement in general, or during conclusion of labor contracts.

Having established that conflicting rivalry or cooperation goes beyond the social partnership, we can talk about a combination of two opposite forms of interaction between the subjects of the social structure of Russian society—social partnership and social and labor conflict. The predominant form of interaction between the subjects is social partnership. It is effectively represented when the growth of welfare is accompanied by growth in labor productivity. However, as some authors note, labor productivity in modern Russia desires to be higher than that which is presented today. Thus, there will be grounds for real social partnership, rather than the purely nominal which can be observed today. This conclusion is drawn from the fact that in Russia there is no real mechanism of dependence of wage growth on labor productivity growth. As the authors of the article “Labor Productivity: Up the Down Staircase” I. Ilyin, head of the department of wages of the former Ministry of
Labor in Russia, and G. Kuznetsov, head of another department within the same ministry note, “lack of correlation between the dynamics of the index of wage and productivity reduces the motivation to work.” In the last five years there has been a significant increase in the share of wages in the structure of incomes of the population of the country. If in 2001 wages accounted for 40% of all monetary income in the structure of monetary income of the population, in 2005 the share of wages, however, with the inclusion of “hidden wages,” was 64.5%, which is comparable with the share of wages in the developed Western countries. However, GDP growth at the same time decreases from 6-7% at the beginning of the century to 4-4.5% in our time. Capital is not being replaced at the rate which will make the dependence of labor productivity growth on wage growth a valid ratio. A paradigm shift of the relation of capital and labor is needed; wages should be increased not because politicians diagnose increased social tension and the need for concessions to labor or to prevent discontent from pouring out on the “Manezh Square”, but because productivity has increased. Capital must be productive today for its inability to be so already entails irreversible widespread decline of the material and spiritual life of the people.

Even though the share of wages is growing, it retains its value as a factor in the conflict interaction between employers and hired workers. Such a form of reconciling the interests of capital and labor as a social and labor conflict also retains its value. Salaried workers are becoming aware of a fact, one that is important for their lives, that they can increase their wages regardless of productivity and only through strikes. In the meantime, Russian capital is being enriched at the expense of the past; Soviet labor patching up physically as well as morally worn out parts of the production created by this labor. Labor will step up its demands for higher wages, regardless of whether or not there is an actual increase in the productivity of social labor. And these requirements of labor will be higher the larger is the realization by workers of the simple fact that the capitalist’s profit is only just unpaid labor and wages are the price of the labor force, the price of the means of subsistence necessary for the reproduction of the worker. These requirements will grow in the knowledge that “the increasing competition among the bourgeois, and the commercial crises caused by it, lead to the workers’ wages fluctuating ever more; the ever more rapidly developing, continuous improvement of machinery makes the livelihood of proletarians increasingly less secure and the collisions between individual workmen and individual bourgeois acquire more and more the character of collisions between the two classes.” Requirements will grow by virtue of awareness of the fact that the increasing productivity does not abolish neither the laws of competitive struggle, nor crises nor that unstable situation in which contemporary labor still finds itself in, which through strikes defends its interest resting in wages.

It is not wages that are the hindrance to labor productivity growth. They are a hindrance to the growth of profit. You can obtain profit, and at a high enough level, both with high and with low labor productivity and the domestic capital proves this. The rate of return, calculated as the ratio of profits to wages, amounts in the country to 200% or even 300%. For our claim not to be unsubstantiated, we will present some calculations which prove that the current rate of return in Russia exceeds that of developed countries. To demonstrate this we will take the GDP of two countries—Russia and Germany. Russia’s GDP in 2009 amounted to USD 1,230,746,000,000. Germany’s GDP was USD 3,346,702,000,000. GDP, according to the methodology of the World Bank, is calculated by adding up wages, interest on capital, profit and rent. The share of wages in the GDP of Germany amounts to, say, 70% and the share of wages in the GDP of Russia is 30%. The ratio of the share of wages to profits, rent and interest for Germany is 0.43, while for Russia the ratio is 2.33. That is, the rate of return of Russian capital is 5.2 times higher than the rate of return of German capital. With the rate of profit currently existing in Russia, capital has no incentive to increase productivity, and it never will, until the rate of return has been brought to a reasonable amount established by the capitalist practice of the developed countries.

By restraining the growth of wages today, capital restrains the growth of profits tomorrow. The growth of labor productivity is of vital interest to capital, in the presence of the freedom of trade and in the absence of monopolization of the market. But since both prerequisites are problematic in the world of capital, the interest of capital in the growth of labor productivity is also problematic. Labor productivity growth entails a reduction in transactions and an increase in profits. And this motive remains the only incentive for the

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modernization of production, its technical equipment and technological excellence. But in view of the high profits today this motive, too, is weakening for Russian capital, thereby capital itself does not reveal any particular haste in increasing labor productivity, effectively holding back the upgrade cycle as a more distant prospect. In the absence of freedom of trade, independence of domestic capital, with high profits of domestic capital still occurring, the only factor affecting the cost of capital is the labor cost, which in Russia is at a low level. And here, although in the structure of incomes of the country’s population wages account for more than 60% of total income, its share in the gross domestic product is incomparably lower than the average indices of the developed countries. Domestic capital is interested in maintaining this low share of wages in GDP. It is this interest, a tangible interest, that is today of interest to both the individual capitalist and the aggregate capital. But it is opposed by the interest of labor, which demands a higher assessment of itself. Therefore, an increase in wages is becoming the ideology of the trade union and labor movement in modern Russia. Today this determines the relationship between labor and capital in the country. This ratio determines the policy of the state, aimed primarily at reducing the costs of labor maintenance. Attempts by the country’s leadership to make the capital move along the path of modernization, and therefore of an increase (and a sharp increase at that) in labor productivity are hampered by low costs of labor maintenance and exorbitant profits.

High wages benefit the economy, but are not favorable to private producers. For the economy as a whole, a poor employee is a disincentive to production and modernization. He devitalizes the economy and makes the policy a reactionary one. Wage growth improves the prospect of economic development through the expansion of people’s needs, which in themselves are a force driving the economy on the path of progress. However, an increase in the wages of employees by means of conflict forms of interaction between labor and capital appears to have a practical basis, resulting in a serious imbalance between the available productive power of labor and its remuneration. Back in 2004 M. Nikolaev, the then deputy chairman of the Federation Council of the Federal Assembly of the Russian Federation, criticizing the policy of the low cost of labor showed that the price of labor in Russia, when correlated to the productivity of labor, was incredibly understated. To demonstrate this he compared these indicators in the United States and Russia and said that, whereas the productivity is 5-6 times lower in Russia than in the United States, wages are 15 times or more lower. In the West, the share of wages constitutes about half the value of goods produced, whereas in our country, it is only 7%. The less a person earns, the less he buys. He makes a simple conclusion: “In order to dynamically develop the economy, it is necessary first of all to raise wages, the ability of people to pay. And this should not be a 10-20% increase, but a several-fold increase. It is also necessary to increase the level of pensions and social benefits.” Therefore, conflict methods of interaction between capital and labor will retain their significance until the price of labor is adequate to the productive power of labor in the country. For now, as the data collected by the Center for Social and Labor Rights reveal, the level of conflict potential of social and labor relations is high, which is manifested by the large number of strikes whose purpose is an increase in wages. Social and labor conflict in the foreseeable future will not allow strengthening of the social partnership in the country, which is quite natural, and we have tried to show this, and it will have a significant deterrent effect on plans to modernize the economy and all spheres of public life.

But bridging the gap between wages and productivity, as suggested by M. Nikolaev, calls for significant financial resources. Where can they be procured? He immediately answers that it would be fair to allocate towards this end part of the proceeds from the resource rent. Natural rent has become some kind of panacea for all ills. M. Nikolaev sees it as a reserve of the country’s development; D. Lvov regards it as a reserve for the poor. And one has to agree with this, of course. However, this is unlikely to happen because an economist has realized and substantiated the need for transfer of natural resource rents to the people. Therefore the question of what share of social wealth should be returned to the people is, of course, not a rhetorical, but a practical one, and it depends on the degree of the people’s awareness of their significance for the economic development of the country. But it also primarily depends on domestic capital and on its understanding of the fact that, even if the high rate of return received at the expense of minimum labor maintenance cost leads to the satisfaction of capital’s personal profit, it does not lead to the benefit of the country as a whole, prevents intensive development of capitalism in the country and holds back development of the institution of social partnership as a factor in the modernization.

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12 See: Russia Faces Aggravation of Protests. There are 100 times More Unregistered Strikes than Registered Ones // Electronic resource: Nezavisimaya Gazeta 19 February 2010. // http://www.ng.ru/economics/2010-02-19/4_protests.html
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