Russian Labor Protest in Challenging Economic Times

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Abstract

As Russia likely faces an extended period of economic challenges, a major question concerns Russia’s workers: Will they remain stoic despite economic hardship, or will they rise up in protest? Thanks to the work of some Russian researchers, we point to clear evidence that labor protest is indeed on the rise in reaction to worsening conditions. However, the potential for these protests to spread, and their ability to influence the country’s politics, is complex.

As Russia likely faces an extended period of economic challenges, a major question concerns Russia’s workers: Will they remain stoic despite economic hardship, or will they rise up in protest? Some have speculated that labor protests might contribute to Putin’s downfall, while others have argued that most Russian’s will revert to their time-honored survival strategies during economic hardship. Yet labor protest in Russia is indeed on the rise. However, the question of the ability of these protests to influence the country’s politics is complex.

When the Russian economy went through a steep decline following the Soviet collapse, there was much talk of a possible “social explosion,” alongside discussion of the quiescence and patience of both workers and Russians in general despite their suffering. A major explanation for the relative social stability in industrial Russia has been what some have called the “Russian model” of labor market adjustment, wherein mass layoffs and plant closures were largely avoided, while wages rather than the number of jobs were extremely flexible. This phenomenon took extreme form during the wage arrears crisis: by late 1998 approximately two-thirds of Russian workers reported overdue wages, with those affected reporting close to five months’ pay in arrears on average. As a result, Russia experienced a significant strike wave from 1996 through 1999. Yet the strike wave was peculiar in that, in contrast to international experience, the vast majority of the strikes were prompted not by traditional worker grievances, but by wage arrears, and many were instigated by regional elites seeking greater subsidies from Moscow.

Putin’s rise to power coincided with the cresting of the wage arrears crisis. With the exception of the economic recession of 2008–09, wage arrears for workers largely disappeared and were replaced by substantial wage increases. Yet even with relative prosperity, the fear of unemployment and the regularity of wage payments have consistently remained the top concerns for Russia’s workers. This may help explain why, even during the oil boom years, little restructuring was carried out in Russia’s industrial enterprises, including in the many struggling monotowns, leading some to suggest that the goal of labor market efficiency was being checked by the desire to maintain social stability.


4 Some have argued that the scale of the protests was not as big as would have been expected given the extent of the economic hardships. Sarah Ashwin, Russian Workers: The Anatomy of Patience (Manchester: Manchester University Press, 1999); Paul Kubi, Organized Labor in Postcommunist States: From Solidarity to Inffinnity (Pittsburgh: University of Pittsburgh Press, 2004).


 Strikes also declined dramatically after 1999 for a number of years from their peak during the wage arrears crisis. However, consistent growth appeared to embolden Russia’s workers, with some sources reporting a sharp increase in labor protests beginning around 2006. Moreover, Greene and Robertson argued that in contrast to past strikes in Russia, which were “counter-cyclical” — that is defensive responses to economic decline, with workers often simply demanding that their wages be paid — the more recent protests were “pro-cyclical,” more typical of those found in both OECD and developing countries, with workers pressing for wage increases when labor markets are tight and they have less fear of losing their jobs.

**Labor and the 2008 Crisis**

If such a “counter-cyclical” shift in Russian labor protests did indeed take place, we would expect to see a positive correlation between labor protests and economic growth, and labor protest to decline when economic conditions worsen. Let us look then at what occurred during Russia’s last economic crisis in 2008–09.

The extent of Russia’s economic decline then was deep, if relatively brief. Given the substantial drop in economic output, there was renewed talk of the potential for a “social explosion.” Considerable attention was placed on Russia’s monotonotes—one-industry towns left from the Soviet era, many with very poor economic prospects. This was especially true after the protest in Pikalyovo, which garnered national attention when disgruntled workers blockaded a major highway.

Given the drop in output, there was also considerable expectation of mass layoffs. Yet true to the practice of the Russian labor market, while overall unemployment grew, mass dismissals did not take place: in fact, they were as low in 2009 as in 2007, a year of considerable economic growth. Still, the lack of mass dismissals was not simply a product of business as usual. The Russian authorities, showing “clear signs of nervousness,” made considerable efforts to stave off mass layoffs, in order to preserve social stability. In the end, outside of Pikalyovo, there were few dramatic instances of labor protest, which appeared, on an impressionistic level at least, to lend weight to arguments about the “patience” and quiescence of Russia’s workers.

**Russian Labor Protests: Empirical Evidence**

However, thanks to the work of Petr Bizyukov at the Center for Social and Labor Rights, we have some systematic data on labor protests from 2008 on. The data are based on a compilation of news accounts and internet reports. While that data cannot confirm an increase in labor protests from 2006, it can demonstrate what happens to labor protests in an economic downturn, such as occurred in 2008–09 and 2014 to the present. Again, if Russian workers were becoming more “pro-cyclical” and less defensive, we would expect to find — contrary to popular expectations in Russia and elsewhere — that labor protests decline along with the economy.

**Figure 1: Number of Labor Protests Per Month in Relation to GDP Growth**

![Graph showing number of labor protests per month in relation to GDP growth]

**Sources:** Labor protest: Center for Social and Labor Rights; GDP: OECD. The change in GDP is presented with a three-month time lag.

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Prospects for Protest Growth

What are the political implications of this increase in labor protest? What potential exists for such protests to spread, and for workers from different regions to join together as Russia’s long-haul truckers did at the end of 2015? In a classic work of social movement theory, Charles Tilly argued that two ingredients—which he termed “netness” and “catness”—were central to successful mobilization.16 Netness refers to networks connecting groups to one another, in this case primarily labor unions. Catness refers to the perception of belonging to a common category with others. For example, pub-

Figure 1 shows considerable variability in labor protest, and at first glance, it would appear that labor protest did indeed decline with the 2008 downturn. However, when we map the protest data with change in GDP (with a three month time lag) we find that far from being “pro-cyclical,” Russian labor protests are inversely correlated with economic growth, at least during periods of economic decline such as 2008–09.

The relationship between labor protests and economic growth is somewhat more ambiguous with economic recovery from 2010–13, though the data suggests a slight increase in “pro-cyclical” protests with renewed economic growth. However, from about August 2014, labor protests increased significantly, right about 2014, labor protests increased significantly, right about the time that the economy began to worsen. Moreover, the economic crisis of 2008–09 was deep but relatively short, and only two months (June and July, 2009) saw a dramatic increase in recorded protests. In contrast, the economic decline in the current crisis is not nearly as deep, but already the protest levels appear much higher.

In 2015 the database recorded 409 labor protests, the highest since record keeping began in 2008. That is a 40% increase from 2014, and 76% higher than the average from 2008–13.

There are severe legal restrictions on strikes in Russia, such that the number of officially recognized labor strikes is often absurdly low—in 2009, the height of the last economic crisis, precisely one strike was registered by the Russian authorities.14 Not surprisingly, workers often express their grievances in other forms of protest. The CSLR database includes all labor protests, including the “advancing of demands.” Yet in 2015, the number of “stop-actions”—a category that includes full or partial work stoppages and work-to-rule actions—rose to 168, which was 73% higher than in 2014, and 87% higher than the 2008–13 average.15 While in the past roughly one-third of all protests involved “stop-actions,” in 2015 the proportion rose to 41%, suggesting that not only the number of protests has increased, but their intensity has as well.

Such data, while interesting, needs to be treated with caution, since they are generally drawn from press and internet reports. However, a similar project of labor protest monitoring, carried out by an organization affiliated with Russia’s leading union federation FNPR, finds a similar pattern, if not as dramatic an increase. Using its own definitions and methodology, and largely drawn from trade union reporting, the “Center for the Monitoring and Analysis of Social-Labor Conflicts” at the St. Petersburg University of the Humanities and Social Sciences (SPU) recorded 156 “social-labor conflicts” in 2015, a 11% increase from 2014 (when there were 134 conflicts) and a 23% increase from 2013.16 Twenty-nine percent of these conflicts took the form of strikes or “refusals to work.”

Despite the different methodologies and number of conflicts recorded, both databases find clear signs of workers reacting to worsening economic conditions. For both, the greatest source of labor protest in 2015 was wage arrears—48% of the cases for the CSLR database, and 60% for the SPU database. The SPU also found that 31% of protests concerned the layoffs [sokrashchenie i uvolnenie] of workers, with that number having increased significantly from past years. Makarov of the SPU finds that “from 2013–15, the overwhelming majority of social-labor conflicts take place outside the sphere of existing legal frameworks,” a point that Bizyukov of the CSLR has emphasized repeatedly as well.17 The SPU data also finds that workers are increasingly aiming their demands at various state organs: in 2015, 95% of protests appealed to government institutions (up from 88% in 2014), while only 3% appealed to the administration and owners of enterprises (down from 10% in 2014). While the SPU data finds that the vast majority of protests succeed in fully or partially satisfying worker demands, over the last year the proportion of protests where workers were not successful increased to 18% from 9.7% in 2014.

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lic sector workers might share such a perception since the same authorities are typically responsible for setting their wages and working conditions, but not so private sector workers.

Regarding *netness*, a sizeable portion of labor protests take place without any union participation at all. The CSLR database finds that over 40% of protests in recent years have involved “only workers,” and that the number of spontaneous protests has grown over the last two years. The SPU database also notes the growth of protests in enterprises lacking any union representation. Reflecting on this earlier, Makarov noted that this “indicates the growth of spontaneous worker actions and their unregulated character.”19 This is a significant admission given that the author of the words, and director of the Center, is a deputy chairman of the FNPR. Even when unions do participate, protests often begin spontaneously, with unions becoming involved after the fact, helping to conduct negotiations and normalize the situation.

The protest databases have significant limitations—both one-time “meetings” and longer-term actions are counted as a single protest event, and we do not have sufficient data on the length, scale and form of various protests. Our hypothesis is that more significant protests are led by the smaller, “alternative” unions, rather than the much more numerous and more traditional unions affiliated with the FNPR.20 Yet because of the overall weakness of unions, and the isolation of many industrial enterprises such as monomotowns, most labor protests tend to be localized events. However, Buzuykov of the CSLR notes an increase in the number and scale of inter-regional labor protests beginning in 2012.21

The inter-regional labor protest that garnered the most attention in recent years was that of the truckers. Long-haul drivers in 43 of Russia’s regions and over 70 cities took to the streets in various forms of protest—in some cases driving in convoys under 10 miles per hour, in other cases blocking highways altogether—when the government moved to implement a new road tax on load-bearing tractor-trailers. The fee charged might seem small—4 Rubles per kilometer for trucks weighing over 12 tons—but many truckers argued that they were barely breaking even before the new tax. Moreover, the truckers’ passions were accelerated by the fact that the fees would be collected by a private company owned by the son of Arkady Rotenberg, one of Putin’s long-time friends.

The authorities prevented most truckers from reaching central Moscow, and made only limited concessions. Yet protest actions have continued, if in a more limited manner. Moreover, truckers have begun to form an “Association of Professional Drivers and Freight Haulers,” in essence attempting to increase their “network” power.22 Further still, despite the protests being mostly ignored by state-run media, opinion polls showed that almost two-thirds of the population supported the truckers.23

**Categories and Revenue**

The most compelling explanation for why the truckers’ protest spread so widely and so quickly has to do with “catness”: the new tax system impacted all long-haul truckers as a category. Indeed, one question is whether the truckers’ protest represented a labor protest or something else. As owner-operators, most Russian truckers are less workers than small businessmen, albeit ones surviving on very small margins. As Russian analyst Dmitry Oreshkin has argued, the truckers protest can best be seen as a taxpayers’ revolt.24

This is crucial because the sharp drop in oil prices not only puts a crimp in Russia’s economy; it arguably changes the very relations between state and society. When oil prices were high, with oil and gas revenues accounting for a substantial part of the federal budget, the Russian government could afford to use oil industry “rents” to help maintain regime legitimacy in what some have termed a “non-intrusion pact”—one where society is provided for and otherwise left alone, as long as it stays out of politics.25 Now, however, the state needs

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21 Buzuykov, “Pervye priznaki bol’shogo tsunami.”


society, both to give up more of its dwindling income as revenue, and to quietly accept a lower level of benefits.

As the Kremlin is certainly aware, previous government attempts to cut benefits and raise revenue have also sparked protests. In 2005 an attempt to rationalize social benefits by monetizing them led to spontaneous protests among the elderly in several Russian regions, and the government quickly backed down, in the end spending more than the reforms would have saved. In 2008, a tax on imported cars brought protesters out in dozens of cities.

Thus, the likely need to raise revenue and cut expenditures has the potential to spur more protests since, as with the truckers, such government actions impact disparate workers as a single category. Coordinated, cross-regional labor protests are on the rise, led less often by industrial workers and more by “budget sector” employees such as teachers and medical workers.

Given the strains on federal and regional budgets, it is not surprising that protests in the budget sector increased in the second half of 2015. Moreover, according to the SPU, employers in the public sector, “even more so than those in the private sector, resort to arbitrary rule [proizvol], break collective agreements, … and crudely violate labor norms.”

As with the truckers, the Putin regime has survived these protests with some combination of concessions and repression. But the protests themselves signal to the state the limits of what it can demand of the population, and these signals ring louder with the steep drop in oil revenues and resulting fiscal pressures.

Moreover, lurking behind the concerns about revolts over taxes and benefits are the more traditional labor protests, centered in Russia’s post-Soviet industrial towns and regions. These are now on the rise, and they are becoming less isolated, as protesters from one firm clump together with strikers from another. According to the SPU database, 31 labor conflicts in 2015 (20% of the yearly total) were recorded in 20 monotowns, an increase of 40% from 2014.

There are no signs that rising labor protests pose a direct challenge to the Putin regime. Indeed, President Yeltsin, with dismal approval ratings, survived the wage arrears crisis and the “rail wars” of the late 1990’s. Further, the most prominent political demand raised by the recent truckers’ protest—Russia’s largest labor protest in some years—did not denounce Putin, but rather appealed to him: “President, help us!”

Still, the very presence of protests by workers challenges Putin’s claim to be the guarantor of stability. Russia’s working class is often said to be Putin’s electoral base, and elections are looming. Moreover, should oil prices remain low for an extended period, the Putin regime may feel compelled not simply to raise taxes and cut benefits, but to renegotiate its relationship with Russian society.

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28 “Kratkiy obzor sotsial’nõ trudovykh konflikтов za 2015 god.”
29 Bizyukov, “Perye priznaki bol’nogo tsunami.”
30 Makarov, “Kratkiy obzor sotsial’nõ trudovykh konflikтов za 2015 god.” Russia’s FSO reported that its surveys found that in December 2015 60% of monotown inhabitants found their conditions to be either unbearable or “bearable with difficulty.” Yana Milyukova, “60% poterpevshikh,” RRB, February 24, 2016, <http://www.rbc.ru/newspaper/2016/02/23/56e9f2d2b0a7947557237c6c3>.  