

# RESEARCH PAPERS

**Work Incentives  
in Historical Perspective  
Preliminary Remarks**

**Marcel van der Linden  
Jan Lucassen**



# Work Incentives in Historical Perspective

## Preliminary Remarks

Marcel van der Linden

Jan Lucassen

International Institute of Social History  
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## Introduction

In 1999 the International Institute of Social History started a three-year Russian-Dutch Co-operative Research Project “Work Incentives in Russia, 1861-2000: Compensation, Commitment and Coercion”, funded by the Dutch Organization for Scientific Research (NWO) in The Hague, the Netherlands.

On behalf of the IISH Lex Heerma van Voss, Gijs Kessler (European University Institute Florence, Italy), Marcel van der Linden, Jan Lucassen and Irina Novicenko (Moscow Bureau of the IISH) take part and on the Russian side three teams of junior and senior researchers in Moscow, Tver and Jaroslavl, under the supervision of Leonid Borodkin (professor at the Centre for Economic History at the Historical Faculty of Moscow State University) and Andrej Sokolov (professor at the Institute of Russian History of the Russian Academy of Sciences in Moscow).

In 1999 two conferences took place in Moscow, in 2000 one in Tver, in 2001 one in Jaroslavl and in 2002 the project will be closed with a conference in Moscow. Besides, results have already been presented on several occasions and this will be the case also in the future, i.a. the European Social Science History conferences (III: Amsterdam 2000 and IV: The Hague 2002) and the International Economic History Association Congress (Buenos Aires 2002). Preliminary publications so far are all in Russian and can be found mainly in the journals and yearbooks “Social’naja istorija: ezegodnik” and “Ekonomiceskaja Istorija”, both published in Moscow.

Two of these publications have now been made available in English. They were written in the initial stage of the project with the objective to clarify concepts and tools of analysis:

Jan Lucassen’s contribution is a revised version of a paper given at the preconference of the Russian-Dutch Co-operative Research Project “Work Incentives in Russia, 1861-2000: Compensation, Commitment and Coercion”, funded by the Dutch Organization for Scientific Research (NWO) in The Hague, the Netherlands. This preconference was held at the Center of Economic History of the Faculty of History, Moscow Lomonosov State University, on 25 and 26 March 1999. The paper was originally published under the title “Motivacija truda v istoriceskoj perspektive: nekotorye predvaritel’nye zametki po terminologii i principam klassifikacii” in: *Social’naja istorija : ezegodnik* 3 (2000), pp. 194-205.

Marcel van der Linden’s contribution was originally published under the title “Motivacija truda v rossijskoj promizennosti: nekotorye predvaritel’nye suzedenija” in the same yearbook, pp. 206-216.

Marcel van der Linden / Jan Lucassen  
Amsterdam, September 2001

# Work Incentives in a Historical Perspective: Some Preliminary Remarks on Terminologies and Taxonomies

Jan Lucassen

## 1. Introduction

Before embarking on the “Work Incentives in Russia, 1861-2000” research project, it might be useful to consider appropriate terminology, some key taxonomies and the theories behind these words. In doing so, it is important to cast our net sufficiently wide so as not to miss important or interesting explanatory possibilities. So although the programme focuses on the metal and textile industries – and therefore on an industrial situation generally characterized by large plants – I will not restrict my preliminary remarks to these sectors. Nor will I ignore workers’ households or the general political and economic setting. However, I will not say much about individual Russian cases: no doubt they will be discussed at length during the rest of this workshop and in the course of the project itself.

Before discussing work incentives, we should define what we mean by work. In their recent book *Work under Capitalism* Chris and Charles Tilly write:

Work includes any human effort adding use value to goods and services. However much their performers may enjoy or loathe the effort, conversation, song, decoration, pornography, table-setting, gardening, housecleaning, and repair of broken toys, all involve work to the extent that they increase satisfactions their consumers gain from them. Prior to the twentieth century, a vast majority of the world’s workers performed the bulk of their work in other settings than salaried jobs as we know them today. Even today, over the world as a whole, most work takes place outside of regular jobs. Only a prejudice bred by Western capitalism<sup>1</sup> and its industrial labor markets fixes on strenuous effort expended for money payment outside the home as “real work”, relegating other efforts to amusement, crime and mere housekeeping.<sup>2</sup>

In particular, housekeeping should not be underestimated. The same authors tell us that “Despite the rise of takeouts, fast foods, and restaurant eating, unpaid preparation of meals probably constitutes the largest single block of time among all types of work, paid or

1. I suggest we avoid this restriction and also include Russia – even under communism.

2. Chris Tilly and Charles Tilly, *Work under Capitalism* (Boulder, Co. and Oxford, 1998), p. 22; cf. Marcel van der Linden and Jan Lucassen, *Prolegomena for a Global Labour History* (Amsterdam, 1999), pp. 8-9. An electronic version of these *Prolegomena* can be downloaded from the IISH-website at <http://www.iisg.nl/research/prolegomena.html>. A Russian translation, “Prolegomeny globalnoj rabocej istorii”, has appeared in *Social'naja istorija: ezegodnik*, 1 (1997), pp. 53-68).

unpaid, that today's Americans do."<sup>3</sup> The same is likely to apply *mutatis mutandis* to Russia. Over the course of human history it has been the household and household enterprises, such as farms and workshops, but also local communities and larger organizations, such as plantations and armies, rather than the factories that have been the setting in which most work has taken place.<sup>4</sup> But why would all these men, women and children want to endure the hardship of having to work? Why work instead of sitting in the sun, having a drink, or smoking a pipe?

## 2. Work Incentives and Their Origins

The author of Genesis, the first book of the Bible, was well aware of what he considered to be the curse of mankind from the beginning of its history: with the expulsion from paradise, hunger, thirst and the need for shelter became unavoidable incentives for work: "With sweat on your brow shall you eat your bread, until you return to the soil, as you were taken from it."<sup>5</sup> We might call these biblical, or if you wish biological, work incentives *autonomous*. They precede the emergence of more complex societies in which many people can no longer organize their work autonomously but also have to perform tasks for others. Such labour processes are called *heteronomous*.<sup>6</sup> Complex societies develop heteronomous relations on two levels. At the micro level there are relations between workers and "recipients of work" – the term comes from Tilly and Tilly – i.e. customers or employers. At the macro level there are relations between workers and the authorities, principally the state. The authorities are a primary source of work incentives in all developed societies. Sometimes they employ their subjects directly, as was the case in ancient Mesopotamia and Egypt for instance. Sometimes they set national production targets, with consequences for all individuals. Sometimes their incentives are indirect, the result, for example, of making social security conditional on having worked.

I propose to call incentives originating from heteronomous agencies *directly heteronomous* if they pertain to recipients of work and *indirectly heteronomous* if they pertain to authorities in their capacity as influences on labour relations at a more general or macro level. Let us take a closer look at each of these three major sources of work incentives.

### 2.1 *Autonomous Incentives within the Framework of the Household*

Although sheer biological want offers a sufficient incentive for men and women to work, virtually nobody decides independently whether to work, how to work and how much to work. As a rule people live not as individuals but as households (defined as income-pooling units of human beings who share resources with one another, especially food, clothing and shelter). This poses the question of who incites whom, and to what extent. In a household there is no longer a direct link between individual work or effort and individual

3. Tilly and Tilly, *Work under Capitalism*, pp. 22-23.

4. *Ibid.*, p. 22.

5. Gen. 3:19 (the translation is taken from the Jerusalem Bible).

6. Van der Linden and Lucassen, *Prolegomena*.

remuneration. An exception might be the housewife who takes a lick from the bowl while preparing a chocolate cake. It is impossible to develop this differentiation in any detail within the framework of this paper, so two examples will have to suffice.

There is, firstly, a difference in interests between the older and younger members of the household, not only because work productivity initially increases and later decreases as one approaches old age, but also because the older members of the household will tend to apply a multigenerational time framework. One of their incentives to work may be the survival of the family from one generation to another and – connected with this – the maintenance of family capital, a family home, etc. Conflicting to some extent with such multigenerational perspectives, young adults may be motivated primarily to work hard in order to set up an independent household as soon as possible. All these tensions are part and parcel of how all households evolve over time.

There is also a difference in interests between male and female members of the household, in part because of the generational distinction just noted, but also irrespective of this. Historically, specific tasks (and consequently skills) have nearly always been gendered, and therefore males will incite females to perform certain tasks, and vice versa. The situation in Russian households, with what seems to be increasingly active women and decreasingly active men, is perhaps an extreme but convenient illustration of this mechanism.

To summarize, the household pools income, but the separate members of the household make claims on one another in many different ways. This has immediate consequences for a differentiation of work incentives. Nevertheless, I would like to term the sum of these processes autonomous incentives if confronted by claims from outside the household.

## *2.2 Directly Heteronomous Incentives*

As long as the family is not self-sufficient – and in historical times we may suppose that this has been the case only in a minority of situations – households will exchange goods and services with other households or social organizations. We will not be able to dwell here on the crucial decision by households on whether or not to enter the market. We will refer merely to Chayanov's famous formulation of the concept of "drudgery" (in Russian *tyagostnost*) as labour inputs as subjectively assessed by the peasant and the craftsman. Chayanov wrote in 1925:

Each new ruble of the growing family labor product can be regarded from two angles; first, from its significance for consumption, for the satisfaction of family needs; second from the point of view of the drudgery that earned it.<sup>7</sup>

This trade-off implies a confrontation between household work and market specifications, and accordingly incentives to regulate the quantity and quality of its production. Given a certain gendered division of labour, a growing demand for lace might for instance be an incentive to female members in the household to expand their production accordingly and for men to take over more household tasks. For the time being I shall ignore this important

7. Daniel Thorner, Basile Kerblay and R.E.F. Smith (eds), *A. V. Chayanov on the Theory of Peasant Economy* (Homewood, Ill., 1966), pp. 5-6, esp. fn. 2 (editors' note) on p. 6.



type of work incentive, which stems from the commodity market, in favour of the work incentives exerted by the labour market, i.e. by employers.

Of course, there are different sorts of employers. The distinction between these different types allows wide variations, such as employment by other households for their consumptive needs (domestic servants) or for their productive needs (farmhands, craftsmen, journeymen and apprentices, shop assistants), employment by medium- and large-scale enterprises in agriculture, industry or the services sector, and employment by the state. Consequently, households and their members may be confronted by an extremely varied repertoire of incentives, ranging from purely economic to purely extra-economic.<sup>8</sup> This distinction between economic and extra-economic incentives mirrors the more common distinction between economic and extra-economic coercion and thus the distinction between free and unfree labour, conceived as two extremes along a continuum on which many intermediate positions are possible. These positions range from chattel slavery through domestic slavery, concentration-camp work, serfdom, indentured labour and wage labour performed by workers who cannot change jobs when they wish, to wage labour with a high job rotation rate.<sup>9</sup>

The European case, if we dwell for a moment on the state in its role as employer, has seen the whole gamut of conditions, from free to unfree labour relations:

- free labourers, from cabinet ministers to clerks or doormen at government offices;
- labourers with restricted freedom, in particular a limited scope for changing jobs; they include army officers, secret service agents, and those employed in “forbidden” scientific cities;
- unfree labourers for perhaps a long period of their lives; they include military conscripts;
- unfree labourers as a rule for the rest of their lives; they include inmates of concentration camps, put to hard labour;
- hereditary unfree labourers with a limited scope for devoting part of their time to their own household production; including state (and church) serfs in Russia before 1861;
- hereditary unfree labourers for all of their activities; they include state-owned slaves, a phenomenon that could still be found in the Ottoman Empire at the beginning of the twentieth century.

However important forms of non-economic coercion have been, I shall concentrate here on the variety of economic work incentives offered by employers, from the smallest employer to the largest conglomerate. Before doing so, I should briefly like to discuss the third source of work incentives, one already mentioned earlier: authorities, and especially the state, but in this case not as a direct employer but as a body regulating social relations.

8. For the related distinction by Tilly and Tilly between three sorts of incentives (commitment, compensation and coercion), see part three of this paper.

9. Van der Linden and Lucassen, *Prolegomena*, p. 10.

### *2.3 Indirectly Heteronomous Incentives*

Inevitably, all modern authorities will influence labour relations, even if they advocate extreme economic laissez-faire policies and even if – like Costa Rica – they have abolished their armed forces. In general, this influence is inextricably linked to such fundamental decisions as whether or not to tax labour, whether or not to allow combinations of employers or employees, and what recognition should be given to agreements concluded in the labour market.

I want to devote a few more words to discussing three ways in which the state has influenced labour relations during the twentieth century. I have briefly mentioned them earlier: incentives to leave the household and enter the labour market; national campaigns to stimulate production or productivity growth; and social policies, whether or not they take the form of a welfare state.

The best-known measures taken to force people into the labour market were those imposed on the colonies. There was, for instance, the infamous hut tax, introduced by the British in Southern Africa. The need to earn money to pay such taxes drove people to seek employment with the owners of mines, cattle farms and plantations.

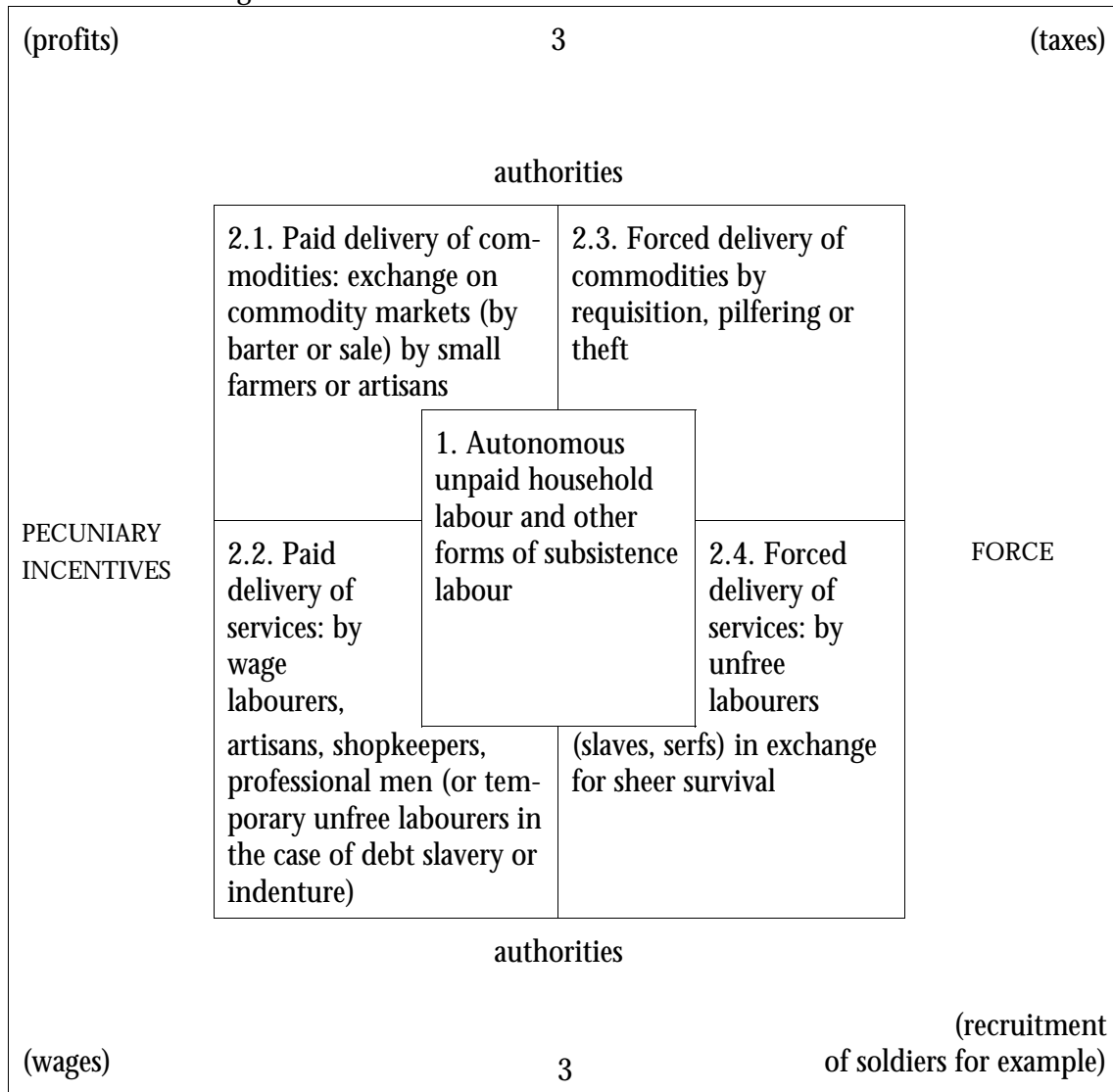
Twentieth-century economic policy can scarcely be understood without taking into account the effects of the two world wars, including the build up to war and the aftermath. The wars prompted countless national campaigns, including those to “grow more food”, and necessitated postwar plans of reconstruction. Apart from these perhaps more incidental events (sometimes lasting many years), economic cycles have led to a growing inclination among governments to take on board economic planning. Socialist, fascist or capitalist economic “Five-year plans” are maybe the most familiar examples. In more liberal economies, work incentives by the state can take the form of selective tax exemptions or reductions in taxes on earned income (direct taxes) compared with taxes on consumption (indirect taxes) or property.

Of greater ancestry are social policies with direct or indirect implications for work incentives. Poor relief, with sanctions for those considered to be fit to work, springs to mind. But all social security systems, even the most advanced welfare states, have inbuilt penalties for able-bodied claimants who refuse to work.

### *2.4 The Interrelationship between the Three Sources of Incentives*

The interrelationship between the three sources of incentives can be represented schematically (see Figure 1). Rectangle 1 represents the realm of autonomous incentives; it is surrounded by and closely related to rectangle 2, the realm of directly heteronomous incentives in their various forms. Rectangles 1 and 2 are influenced by incentives originating from the authorities, the third rectangle.

FIGURE 1: The Origins of Work Incentives



2.5 *The Three Modes of Work Incentives*

The very title of the project “Work Incentives in Russia, 1861-2000: Compensation, Commitment and Coercion” identifies the modes we shall be using in this project. They are derived from Chris and Charles Tilly, who provide the following brief descriptions of the distinction between:

- compensation: “the offer of contingent rewards”;
- commitment: “the invocation of solidarity”;
- and coercion: “consists of threats to inflict harm”.<sup>10</sup>

10. Tilly and Tilly, *Work under Capitalism*, p. 74.

Of course, these analytical distinctions in no way preclude strong mutual relationships. On the contrary. “For example”, the Tillys write, “threats of harm often concern possible withdrawals of contingent rewards, whereas long-term threats and rewards shade over into invocations of solidarity. Behind ‘Do a fair day’s work and you’ll get a fair day’s pay’ or ‘Doing good work will bring honor to your family’s name’ lurk implicit threats: ‘If you don’t do a fair day’s work, you’ll be fired’ or ‘If you do poor work, your parents will know about it.’”<sup>11</sup>

Incentives shift as production systems change over time. If insufficient material compensation is available, commitment or coercion, or both, will play a greater role if production and certainly productivity have to be maintained. Wartime is an extreme case in point. The other solution is more autonomous production.<sup>12</sup>

Russia has seen perhaps more experiments involving different systems of incentives than any other country, especially since the Revolution. Barker, who offers an elegant analysis, makes clear that apart from the obvious role of the state and the trade unions the success of specific incentives also depends on the abiding Russian traditions in which group competition is favoured over individual competition.<sup>13</sup>

### 3. Compensation: Economic Incentives Offered by the Employer in the Free Labour Market

Now that we have looked very briefly at the three sources and modes by which individuals (conceived as parts of households) can be incited to work, we shall look more closely at one of the most important modes of incentives, those offered by the employer in the free labour market (rectangle 2.2 in Figure 1).

The employer who cannot or does not want to resort to extra-economic means of coercion has to offer compensation in exchange for work. This remuneration can take the form of payments in kind or money. An important intermediate form is payment in tickets, a phenomenon practised in, for example, Russia during the Civil War, in China, and on plantations.<sup>14</sup> Furthermore, this compensation can be of a standardized form per worker, or a collective, rather indiscriminate form for all those employed by an employer. Compensation can also be partially offered in the form of special privileges, especially to

11. *Ibid.* p. 74.

12. For a more complete discussion see Tilly and Tilly, *Work under Capitalism*, pp. 118-119.

13. G.R. Barker, *Some Problems of Incentives and Labour Productivity in Soviet Industry: A Contribution to the Study of the Planning of Labour in the U.S.S.R.* (Oxford, n.d. [c. 1955]), pp. 14, 28-32, 52, 77ff. Barker distinguishes between “contributive” (for example Stakhanovism) and “acquisitive” incentives, which seems consistent with the distinction between commitment and compensation made by the Tillys. However, in Barker’s analysis the communitarian aspects of “contributive” incentives are much stronger (see p. 52, fn. 2).

14. For Russia see Barker, *Some Problems of Incentives*; for China see Charles Hoffmann, *Work Incentive Practices and Policies in the People’s Republic of China 1953-1965* (New York, 1967), esp. pp. 18 (“work points”) and 79. For some rudimentary comparisons see Bernard Mottez, *Systèmes de salaire et politiques patronales. Essai sur l’évolution des pratiques et des idéologies patronales* (Paris, 1966), pp. 233-241.

managers or executives.<sup>15</sup> Figure 2 gives a summary of some of the forms of remuneration that have been common in history.

Before discussing wages (bottom left) I would like to dwell on the question of special privileges. These are important to the employer as a means of securing loyalty from those workers, mostly well-trained, who are crucial to the work process. For this reason internal career mobility or promotion is something aspired to not only by many workers, but also by many employers.<sup>16</sup>

FIGURE 2: Remuneration of Services Provided by Households

	Standardized	Collective	Special privileges	
			direct	indirect (postponed)
In kind	<ul style="list-style-type: none"> <li>- unprocessed food (before monetarization)</li> <li>- clothing, e.g. uniform</li> <li>- sharecropping</li> </ul>	<ul style="list-style-type: none"> <li>- housing for migrant workers</li> <li>- lunchrooms</li> <li>- parking facilities</li> <li>- group transport</li> <li>- credit unions</li> <li>- health plans</li> <li>- sports facilities</li> </ul>	<ul style="list-style-type: none"> <li>- housing</li> <li>- transport or car</li> </ul>	<ul style="list-style-type: none"> <li>- job security (tenure)</li> </ul>
In money	<ul style="list-style-type: none"> <li>- cash wages</li> <li>- paid leave</li> </ul>	<ul style="list-style-type: none"> <li>- deferred compensation bonuses</li> <li>- stock purchase options</li> <li>- [profit sharing for all]</li> </ul>	<ul style="list-style-type: none"> <li>- insurance</li> <li>- pension claim</li> <li>- bounty (earnest money)</li> <li>- tip</li> <li>- profit sharing for managers</li> </ul>	<ul style="list-style-type: none"> <li>- internal career mobility</li> </ul>

Perhaps these methods of buying the loyalty of a labourer play a more important role in the competition for those elements of the workforce in particular demand than just wages. The history of enticement, which in the case of England goes back to the middle of the fourteenth century, nicely illustrates this competition and the attempts of the government to prevent it.<sup>17</sup>

15. This distinction is based mainly on H.S. Person, "Methods of remuneration for labor", in *Encyclopedia of the Social Sciences*, 8 (1932), pp. 677-682, esp. p. 678. A good but cynical discussion of profit sharing by Lyle W. Cooper can be found in *Encyclopedia of the Social Sciences*, 12 (1934), pp. 487-492. See too Mottez, *Systèmes de salaire*, pp. 77-111.

16. This combination of training and promotion is also discussed by Tilly and Tilly, *Work under Capitalism*, p. 218 (Figure 10.3).

17. Philip Wittenberg, "Enticement of Employees", in *Encyclopedia of the Social Sciences*, 5 (1931), pp. 556-558.

If we now turn our attention to one of the most common incentives in the modern world, cash wages, we might quickly find ourselves entering a minefield of innumerable distinctions and taxonomies. However, as far as I can see only two distinctions are crucial for the purpose of historical analysis: the distinction between individually and collectively paid wages, and the distinction between time wage, efficiency wage and piece wage.<sup>18</sup> These two distinctions enable us to situate all waged workers (see Figure 3).

FIGURE 3: Modes of Wage Payments

	Time wage	Efficiency wage	Piece wage
Individually paid	<ul style="list-style-type: none"> <li>- journeymen in craft shop</li> <li>- farmhand on time-rate contract</li> <li>- modern industrial and office labourer (partially)</li> <li>- casual agricultural labourer (partially)</li> </ul>	<ul style="list-style-type: none"> <li>- modern industrial labourers (partially)</li> </ul>	<ul style="list-style-type: none"> <li>- workers in cottage industry</li> <li>- modern industrial and office labourer (partially)</li> <li>- casual agricultural labourer (partially)</li> </ul>
Paid to the group			<ul style="list-style-type: none"> <li>- subcontracting (seasonal) workers</li> </ul>

Three remarks are appropriate here. The first relates to subcontracting. If the group and not the individual receives the money from the employer or his/her representative, this is called co-operative subcontracting.<sup>19</sup> The advantage for the employer is a minimum of supervision, the advantage for the workers is a maximal relationship between effort (or drudgery if you want) and remuneration. The disadvantage may be exhaustion. A fundamental distinction should be drawn between this co-operative subcontracting and piece-wage foremanship or downright sweating. In the latter case the foreman reaps the fruits of the piece wage and pays “his” workers much lower time wages.

The second remark touches on the need for supervision, which seems to be much higher with time wages than with piece wages. However, this does not fully explain the enormous national differences in the need for control across industrialized countries. In 1980 the

18. This distinction is based on Person, “Methods of remuneration for labor”, pp. 677-682, esp. p. 678: Time wage “in which payment is for units of time (usually hours or day) without special regard for output”. Piece wage “in which payment is for units of output without special regard for the time applied”. Efficiency wage “in which payment is for the degree of accomplishment of some predetermined standard, such as quantity per unit of time, quality, economy of materials consumed or combinations of these and other standardized factors”. According to Person, the fundamental differences between the three systems are disappearing under “scientific management” (*inter alia* Taylorism). For wage systems see too Piet Lourens and Jan Lucassen, *Arbeitswanderung und berufliche Spezialisierung. Die lippischen Ziegler im 18. und 19. Jahrhundert* (Osnabrück, 1999), pp. 22-29, and Mottez, *Systèmes de salaire*, pp. 21-23.

19. Lourens and Lucassen, *Arbeitswanderung und berufliche Spezialisierung*, pp. 22-29; Mottez, *Systèmes de salaire*, pp. 21-23.

number of clerical, service and production workers per manager (i.e. administrative and managerial workers) varied between 5 and 10 in the USA, the UK, Canada and Australia, between 12 and 19 in Scandinavia (except Sweden), Austria, Belgium, France and Japan, and between as much as 22 and 28 in some European countries (the Netherlands 22.2, Germany 22.7, Sweden 25.0, Italy 27.0 and Switzerland 27.8).<sup>20</sup> These differences cannot be related directly to variations in piece and time work, as can be demonstrated by the cases of Norway and Sweden where close to 60% of all hours worked in industry were on piece rates.<sup>21</sup> However, the “national-level span of control” in Norway was 11.4 compared with 25.0 (i.e. more than double) in Sweden. Although the Tillys suggest that “these patterns reflect the historical paths labor relations have taken”, this seems hard to reconcile with the Scandinavian case.

The third remark deals with the obvious question of why, if they require less supervision (and therefore lower supervision costs), piece rates have not become more dominant than time wages. Union resistance is one reason, but another, perhaps even more important, is the fear among workers of rate cutting. Workers have two strong weapons: deliberate go-slows, and a desire to ensure the “avoidance of the sanctions suffered by the rate buster, who will at best be ostracised, thus acquiring a reputation with management for being hard to get along with, and will at worst be physically attacked by his workmates”. Therefore, piece wages tend to favour a submaximal productivity level.<sup>22</sup>

From the time when modern industries started growing, i.e. from the middle of the nineteenth century, one can observe a cyclical movement, at times towards the use of time wages, at others towards piece wages. The fluctuations cannot really be described as spectacular, but they were nevertheless forceful enough to sweep 10 per cent or more of the industrial workforce from one system to the other. I believe the importance of piece wages grew from the last few decades of the nineteenth century until after World War I; subsequently, time wages became more dominant, but during and after World War II piece wages achieved a renewed importance. Later, time wages began to replace piece wages to some extent, while contemporary society, characterized as it is by the casualization of labour, seems once again more favourable to piece work.<sup>23</sup>

20. Tilly and Tilly, *Work under Capitalism*, p. 205.

21. Edward Gross, “Reward systems and incentives”, in *International Encyclopedia of the Social Sciences*, 7 (1968), pp. 247-252; the quotation appears on p. 249.

22. William Foote Whyte *et al.*, *Money and Motivation: An Analysis of Incentives in Industry* (New York, 1955). See also R. Marriott, *Incentive Payment Systems: A Review of Research and Opinion* (London, 1961, 2nd edition), pp. 67ff. and 202ff.; Gross, “Reward systems and incentives”; Person, “Methods of remuneration for labor”, p. 680; Walter Scott, *Greater Production: Its Problems and Possibilities, Including a Full Treatment of Incentives* (Sydney, 1950); Tilly and Tilly, *Work under Capitalism*, pp. 205-206.

23. This idea is derived from J.K. Loudon and J. Wayne Deegan, *Wage Incentives* (New York and London, 1959, 2nd edition), pp. 9-13; cf. Wilfred Brown, *Piecework Abandoned: The Effect of Wage Incentive Systems on Managerial Authority* (London, 1962). Unfortunately, he does not consider the “efficiency wage”.

#### 4. Final Remarks

So far, the history of work incentives in the capitalist world has revealed how complicated any useful framework of analysis will be. This is one reason why professional and academic studies in management and business administration are so inconclusive. Edward Gross commented in 1968 that “perhaps the best insurance that incentive systems will continue to be utilized for a long time is the lack of effective methods of evaluating them in operation. The number of firms abandoning them for the wrong reasons will surely be offset by the number extending or adopting them for different, although equally wrong reasons.”<sup>24</sup>

There is no a priori reason to believe the Russian situation is any less complex, but nor is there any reason to believe it is any *more* complex.<sup>25</sup> Much of what seems to be so very different between Russia and the West might actually prove to be more similar than we thought. A few examples are suggested by the above: non-material incentives (“commitment”) are certainly not unheard of in the West,<sup>26</sup> nor were piece rates in Russia under communism,<sup>27</sup> and absenteeism was a problem on both sides of the Iron Curtain.<sup>28</sup>

*Translated by Chris Gordon*

24. Gross, “Reward systems and incentives”, p. 294. Also critical is Brown, *Piecework Abandoned*. Cf. also Scott, *Greater Production*.

25. Although complaints about the lack of sources seem to be omnipresent. Person speaks of “The presence of so many incalculable elements in the Russian situation”, “Methods of remuneration for labor”, p. 681. For the literature on Russia see the contribution by Marcel van der Linden, pp. 19f.

26. Cf. Hoffmann, *Work Incentive Practices*, pp. 61ff. See too Charles Walter Lytle, *Wage Incentive Methods: Their Selection, Installation and Operation* (New York, 1942, revised edition), pp. 344-345, on prizes and holiday trips.

27. Barker, *Some Problems of Incentives*, Hoffmann, *Work Incentive Practices*, pp. 24-25, 59 *et passim*, for comparisons between Russia and China. Marriott, *Incentive Payment Systems*, p. 50, states that Russia has more workers on incentive payment systems than any other country.

28. For an example of a recent project in comparative history, in which Yaroslavl was also represented (in the “Work Incentives in Russia, 1861-2000” project we study Moscow, Tver and Yaroslavl), see Pim Kooij (ed.), *Where the Twain Meet: Dutch and Russian Regional Development in a Comparative Perspective 1800-1917* (Groningen, 1998).



# Work Incentives in Russian Industry: Some Preliminary Thoughts

Marcel van der Linden

## I. The Project's Central Questions

Our project wants to contribute to a better understanding of the crisis of employee work motivation in contemporary Russia. Through a detailed comparative longitudinal study of work incentive systems in the cotton textile and metal industries in the Central Industrial Region (especially the Moscow, Tver', Yaroslavl' and Vladimir Regions) the project will try to reconstruct the effectiveness or ineffectiveness of specific incentive systems under given and changing conditions. In that way, the project hopes to reveal certain peculiarities of the Russian work culture since the late nineteenth century and to establish certain preconditions for improving labour productivity under the present circumstances.

A crucial question concerns the extent to which the current social norms are embedded in Russian culture. Are they entirely the product of the years of the bureaucratic planned economy, as many experts believe, or was the planned economy the continuation of other, still older behavioural patterns? Was Soviet society a "detour from Russian history," as Aleksandr Tsipko and others submit?<sup>1</sup> Or is it "natural and helpful to view the Soviet system and its history in Russian historical perspective," as Robert Tucker writes?<sup>2</sup>

The present research project aims to help resolve this issue. To this end, a small but important area of the social norms will be examined, namely the labour norms. Which incentives appeal to workers? What motivates or discourages them in their performance? These questions seem crucial. Many companies in Russia today are struggling with incentive-related problems, including lack of motivation, alcoholism on the job, etc. Such issues already existed during the Soviet Union. As early as April 1983 the well-known sociologist and economist Tat'iana Zaslavskaja observed in her renowned contribution to an Academy of Sciences seminar that the Soviet working class was characterized by "a low level of labour and production discipline, an indifferent attitude toward the work being done, low quality of work, social inertia, low self-importance of labour as a means of self-realization, and a low level of morality." Zaslavskaja blamed the situation on the highly centralized control and command system: People are "regarded as 'cogs' in the national economic machine, and they behave almost as obediently (and passively) as machines and materials."

Here, like in the broader field of social norms, the question arises as to whether the planned economy may have perpetuated still older behavioural patterns among the subordinate strata. Richard Hellie, for example, argues that Stalinism "only molded" the "passive" personality type "to perfection" but did not create it. Traditionally, the Russian peasants "had to work according to a rhythm and plan dictated by someone else, passivity

1. *Moskovskiye novosti*, July 1, 1990.

2. Robert C. Tucker, "Sovietology and Russian History", *Post-Soviet Affairs*, 8 (1992), pp. 175-196, here p. 187.

and backwardness were the norm, drive and personal initiative were regarded as deviant behaviour.” These attitudes “were brought onto the factory floor when Russia began to industrialize in the 1890s and even more so when Stalin launched his First Five Year Plan forced-draft industrialization in 1928.”<sup>3</sup>

These observations lead to the following main questions in the research programme:

- i Which work incentives have existed since the start of modern industrialization, and in what combinations?
- ii How effective were these combinations of work incentives in their specific context?
- iii Which factors have given rise to changes in the combinations of work incentives?
- iv What do the answers to the first three questions reveal about the current situation? Which conditions must a system of work incentives satisfy to increase labour productivity and to achieve quality industrial output?

## 2. General Introductory Remarks

Industrial enterprises are organizations employing labour power for the transformation of raw materials or intermediary products into consumer or capital goods. The labour power may be employed through economic means (wage labour) or through physical force (serfdom, slavery). Russian history has, of course, known both forms of industrial enterprise.

The cost of the employed workforce in relation to the value of the produced output defines the enterprise’s labour productivity. Labour productivity may be influenced by a number of factors:<sup>4</sup>

- i The level of applied technology (energy and machinery);
- ii Social technology (division and organization of labour);
- iii Skills (education and training of the workforce);
- iv The standard of living (food, housing, working hours, etc.);
- v Work motivation (“the level of labour-discipline and the interest taken by the workers in the results of their labour”).

In this project we will concentrate on the fifth factor: work motivation. If we take a closer look, we will see that work motivation consists of two major components: discipline and creativity.

- “Discipline”, says Max Weber, “is the probability that by virtue of habituation a command will receive prompt and automatic obedience in stere[o]typed forms, on the part of a given group of persons.”<sup>5</sup> William Chase has, in a Russian context, defined labour discipline as: “a wide variety of production traits and attitudes [such as] punctually arriving at work; conscientiously performing one’s job; respecting

3. Richard Hellie, “An Historian’s Formulation of Gorbachëv’s Real Problems”, *Russian History*, 16/1 (1989), pp. 5-6.

4. Barker, *Some Problems of Incentives and Labour Productivity in Soviet Industry. A Contribution to the Study of the Planning of Labour in the U.S.S.R.* (Oxford, n.d. [c. 1955]), p. 6.

5. Weber, *The Theory of Social and Economic Organization* [*Wirtschaft und Gesellschaft*, Part I]. Trans. A.R. Henderson and Talcott Parsons (London [etc.], 1947), p. 139.

- machinery, materials, and products; obeying the instructions of foremen, and other responsible personnel; and minimizing absence from work.”<sup>6</sup>
- Creativity is necessary for every labour process. Harvey Leibenstein was justified in noting, that it is “exceedingly rare for all elements of performance in a labor contract to be spelled out. A good deal is left to custom, authority, and whatever motivational techniques are available to management as well to individual discretion and judgement.”<sup>7</sup>

Both factors are essential for the functioning of an industrial enterprise. Total control and domination of human labour is impossible, as has been argued before by many authors, including Wilhelm Baldamus and Christian Brockhaus.<sup>8</sup> Managers always need some voluntary cooperative effort from their workers. The fact that “working to rule” can be an effective form of employee action proves this point: if workers carry out instructions to the letter, then it becomes transparent that these instructions are always incomplete and partly inconsistent; the labour process breaks down.<sup>9</sup> Absolute control is impossible, even under extreme circumstances.<sup>10</sup>

Effective labour processes require a double motivation of the wage earners involved: on the one hand an “instrumental work orientation”,<sup>11</sup> which means that the employee works in order to earn money (abstract labour). On the other hand the employees should also have a “use value orientation”, that is a focus on the proper handling of specific work tasks (concrete labour).<sup>12</sup> These two orientations are never in full harmony.

### 3. Formal and Informal Rules

An industrial enterprise is a special type of rule system, which has been referred to as a *rule regime*. Such a rule regime consists of a kind of “grammar” of rules that give answers to a whole series of questions, like:

- who is in and who is out (i.e. who is a member of the organization, or a specific part of it);
- which activities, resources, purposes and outcomes are proper and legitimate;
- when and where do specific activities have to take place?<sup>13</sup>

6. Chase, *Workers, Society and the Soviet State: Labor and Life in Moscow, 1918-1929* (Urbana and Chicago, 1987), p. 35.

7. Leibenstein, “Allocation Efficiency and ‘X-Efficiency’”, *American Economic Review*, 56 (1966), pp. 392-415, here p. 407.

8. W.G. Baldamus, *Efficiency and Effort: An Analysis of Industrial Administration* (London, 1961); Christian Brockhaus, *Lohnarbeit als Existenzgrund von Gewerkschaften* (Frankfurt/Main, 1979).

9. Ulrich Beck and Michael Brater, “Grenzen abstrakter Arbeit”, *Leviathan*, 4 (1976), pp. 178-215, p. 182.

10. About the Nazi concentration camps Barrington Moore, Jr. observes: “[...] the officials could not control, through fear or other sanctions, absolutely every detail of the prisoner’s life. Some areas of autonomy, or at least pseudo-autonomy, have to be left to prisoners in order to get them to do such simple things as march to their eating and sleeping quarters at the appropriate moment.” Moore, *Injustice: The Social Bases of Obedience and Revolt* (Armonk, NJ, 1978), p. 70.

11. John Goldthorpe *et al.*, *The Affluent Worker* (Cambridge, 1968); Lothar Hack *et al.*, “Klassenlage und Interessenorientierung”, *Zeitschrift für Soziologie*, 1973.

12. Beck and Brater, “Grenzen abstrakter Arbeit”, p. 186.

13. Tom R. Burns and Helena Flam, *The Shaping of Social Organization. Social Rule System Theory With*

The rules applied in an organization are only in part formal, that is laid down in by-laws and regulations. An import role is always played by informal rules. These “in many instances reflect the formal ones, but not always consistently:

- i some formal rules are implemented with a high probability but they are subject to minor adjustments and adaptations to concrete circumstances.
- ii other formal rules are substantially reformulated in implementation but traces of the original can be found in observable practices.
- iii certain informal rules will reflect ‘opposition’, based on class, ethnic, or other group interests, and to a greater or lesser extent are the negation of the formal ones.
- iv many informal rules have little or no direct connection to the formal system. Actors introduce them in areas not covered or only partially covered by the formal rules. [...]
- v Some informal (meta-)rules are developed to deal with rule inconsistencies and ambiguities.”<sup>14</sup>

The formal structure of an organization is, to use the expression introduced by John Meyer and Brian Rowan, a “ceremonial façade” – a “façade” because the formal structure does not fully determine organizational practice; naturally, it restricts the room for organizational manoeuvring, but nevertheless, the formal and the practical level remain only loosely coupled. The attribute “ceremonial” points at a second loose coupling: the formal structure needs to be somewhat congruent with the organization’s institutional environment if the organization wants to acquire the legitimacy that is required for its survival.<sup>15</sup>

If the precarious relationship between the formal and the practical levels gets disturbed, two possibilities emerge: either the facade collapses and the organizational practice is left behind “naked”. Or the organizational practice collapses and only the façade remains. The latter possibility seems to have become a reality in the case of the Communist Parties in Eastern Europe; and this example shows that façades may continue to exist for quite a long time. The historical anthropologist Richard Rottenburg speaks in this context about a “mirror façade”: “In the case of a mirror façade, the attempt made by the observer to look at the building in front of him, only makes him see himself against his own background.”<sup>16</sup>

Rule regimes can, of course, be transgressed or changed. In fact, there are constant struggles going on about the interpretation of existing rules and the changing of these existing rules. Rules are constantly contested, made and remade. “Such *meta-processes* – entailing exchange, conflict and power struggles among the agents involved – are specifically oriented to maintaining or changing particular rules, sub-systems of rules, or entire rule systems.”<sup>17</sup>

*Applications* (London [etc.], 1987), p. 107.

14. *Idem*, pp. 222-223.

15. In as much as the institutional environment itself comprizes different societal sectors with separate logics and meaningful orientations, ambivalencies and contradictions may result.

16. Richard Rottenburg, “‘We have to do business as business is done!’ Zur Aneignung formaler Organisation in einem westafrikanischen Unternehmen”, *Historische Anthropologie*, 2 (1994), pp. 265-286, here p. 269.

17. Burns and Flam, *Shaping of Social Organization*, p. 11.

#### 4. Incentive Systems

One of the most important parts of any rule system in an industrial enterprise is the system of rules prescribing the behaviour of employees. Through formal and informal rules the management wants to direct its personnel. Behaviour that is considered to be improper may be punished and proper behaviour may be rewarded. These punishments and rewards can be discretionary (i.e. they can be applied at pleasure by the management), or they may be bound by (formal and informal) rules. In the second case, it is useful to distinguish (a) the *making* of the rules; (b) the *monitoring* of the personnel's obeying of these rules; and (c) the punishing or rewarding of personnel (not) obeying these rules (*incentives*). Of course, there is a lot of discretionary manoeuvring possible for managers here as well, if only because they have to decide whether employee behaviour is correct and which incentives should be applied.

Historically, employees have generally been in favour of restricting management's discretionary power as much as possible, and of expanding the domain of rules and meta-rules (rules about the making of rules).<sup>18</sup> The American sociologist Philip Selznick has spoken about the transition from a so-called "'prerogative' contract – according to which the sale of labor power carries with it few, if any, proscriptions or prescriptions on its consumption by management – to the 'constitutive contract' and to 'creative arbitration', which does establish procedures and regulations for the utilization of labor."<sup>19</sup> Michael Burawoy adds to this: "Restrictions on managerial discretion and arbitrary rule, on the one hand, and enhanced protection for workers, on the other, reflect not only the ascendancy of unions and *internal* government, but also indirect regulation by agencies of *external* government."<sup>20</sup> In the case of a highly developed "constitutive contract" the rule system becomes relatively autonomous, "because it ensures the reproduction of relations in production by protecting management from itself, from its tendency toward arbitrary interventions that would undermine the consent produced at the point of production."<sup>21</sup>

In heteronomous industrial relations, the two components of work motivation (discipline and creativity) result from a combination of three factors, which together explain why workers are more or less motivated to do their jobs according to the employer's standards: (i) compensation, or the offer of contingent rewards like wages and other benefits; (ii) commitment, or the invocation of solidarity; (iii) coercion, or the threat to inflict harm.<sup>22</sup> In this view, the relative weight of these three motives, which varies over time and from job to job, defines the various work-incentive systems.

18. Sanford M. Jacoby, *Employing Bureaucracy: Managers, Unions, and the Transformation of Work in American Industry, 1900-1945* (New York, 1985), has argued that trade-union opposition against managerial discretionary power has furthered the bureaucratization of American industrial firms.

19. Philip Selznick, *Law, Society and Industrial Justice* (New York, 1969), p. 154.

20. Michael Burawoy, *Manufacturing Consent: Changes in the Labor Process under Monopoly Capitalism* (Chicago and London, 1979), p. 116.

21. *Idem*, p. 117.

22. Chris Tilly and Charles Tilly, *Work Under Capitalism* (Boulder, CO and Oxford, 1998).

*Compensation* can be divided into three categories:

- i Direct wages, i.e. money wages. These can be further subdivided in
  - a compensation for the *time* people work (time rates),<sup>23</sup>
  - b compensation for the *results* of people's work (piece rates: payment for each item produced; commission (for salespeople): workers receive a fraction of the value of the items they sell; gainsharing: group-incentives that partially tie gains in group productivity, reductions in cost, increases in product quality, or other measures of group success; profitsharing and bonus plans (relate wages to the enterprise's profits);
  - c combinations of time and result-based wages (hybrids).
- ii Indirect wages, like insurance arrangements, pay for holidays and vacations, services, and perquisites. "Inasmuch as these are generally made uniformly available to all employees at a given job level, regardless of performance, they are really not motivating rewards. However, where indirect compensation is controllable by management and is used to reward performance, then it clearly needs to be considered as a motivating reward."<sup>24</sup>
- iii Invisible wages, i.e. illegal or semi-legal appropriation by employees of enterprise goods.<sup>25</sup>

*Coercion* comprizes disciplinary rules and their sanctioning. Coercion can be applied to enforce discipline, but hardly as a punishment for a lack of creativity. Three areas in which coercion may be applied can be distinguished:<sup>26</sup>

- i The area of disciplinary liability, i.e. the breaking of factory rules. Punishment may include reprimand, demotion (transfer to other lower-paid work for a certain period), and dismissal.
- ii The area of criminal liability, i.e. the breaking of criminal law, with corresponding punishments.
- iii The area of material liability. Punishment includes restitution in cash or kind to the enterprise for damage to its property resulting from an infringement of labour discipline.

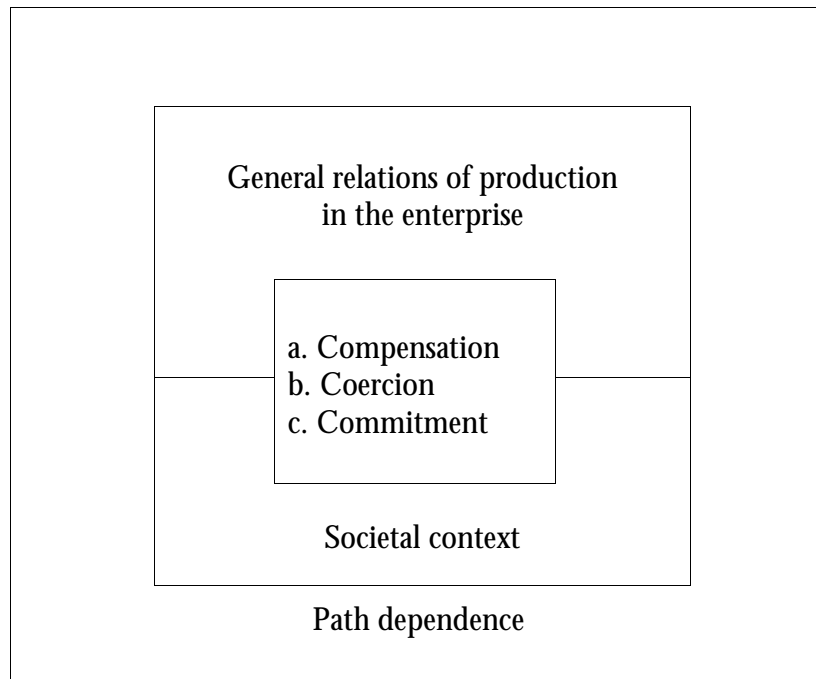
23. This is most common in the West: in 1991 86% of US employees were paid either by the hour or by the month. See Ronald G. Ehrenberg and Robert S. Smith, *Modern Labor Economics: Theory and Public Policy* (4th edn, New York, 1991), p. 412.

24. Stephen P. Robbins, *Organizational Behavior: Concepts, Controversies, Applications* (7th Edn, Englewood Cliffs, NJ, 1996), p. 660.

25. Jason Ditton, "Perks, Pilferage, and the Fiddle: The Historical Structure of Invisible Wages", *Theory and Society*, 4 (1977), pp. 39-71.

26. Barker, *Some Problems of Incentives*, pp. 98-99.

FIGURE 1.



*Commitment* comprises incentives based on four main motives: “(i) Pride in craftsmanship or in record achievements; (ii) local loyalties; (iii) desire for public recognition and approbation; (iv) a generalized desire to serve the community.”<sup>27</sup> These motives are very much linked to the cultural context. Illustrative is what the English observer Barker wrote in the 1950s: “The stimuli most widely used in the USSR, for example, would generally prove useless or worse in our conditions. The honours awarded to categories of people regarded as socially valuable in the way of uniforms, medals, decorations and badges would provoke not competition for them, as visible tokens of high status, but embarrassment and possibly even contempt. In this respect, the USSR was probably fortunately placed in having (a) a tradition upon which it was easy to build, and (b) in starting from a cultural level which largely reflected pre-capitalist conditions, in which awareness of the ‘cash nexus’ was not very fully developed – at any rate not so fully developed as to make it very difficult to persuade workers to accept such symbols of status as being equal or of comparable value to higher wages.”<sup>28</sup> Examples of commitment-incentives include: the enterprise “Book of Honour”, publicity for model-workers (“their pictures and records of their achievements are published in the appropriate newspapers, depending upon the significance of what they have done. They receive the title of ‘Hero’”, and “orders, medals or badges which indicate to all who meet them how high is the status they have gained on account of their work.”<sup>29</sup>

27. *Idem*, p. 113.

28. *Idem*, p. 113-114.

29. *Idem*, p. 115.

## 5. Contextualization of Incentive Systems

Once the incentives have been mapped, they have to be contextualized in a double sense: the general relations in production in the enterprise, and society at large. Within an enterprise several aspects are relevant.

- i The organization and technology of separate labour processes and the degree of workers' autonomy resulting. Here we might link up with the typology of labour processes developed by the German sociologists Michael Kern and Horst Schumann.<sup>30</sup>
- ii The spatial, temporal and processual links between various labour processes in the enterprise as a whole.
- iii Internal promotion- and demotion options. In other words: Is there an internal labour market? "The emergence of an internal labor market requires, on the one hand, that workers, once recruited, generally choose to remain with the company rather than seek employment elsewhere, and, on the other hand, that the company tries to fill job openings by selecting from among its own workers before it recruits workers from an external labor market."<sup>31</sup>
- iv The presence and role of autonomous workers' organizations (trade unions) at enterprise level.

Naturally, the effectiveness of incentives is also closely associated with the societal context. This includes:

- v The importance of money in society. Compensation through money wages loses much of its attractiveness if consumer goods have to be bought through a truck system,<sup>32</sup> or if these consumer goods simply are not available and effective shopping becomes difficult. Hillel Ticktin correctly observed in the 1970s about the Soviet Union: "For most of the population particularly outside the biggest towns two things are more important than money: time (to stand in queues) and the right to obtain the food. This is not to speak of the not inconsiderable sector which grows it themselves. The private plot is widespread outside agriculture. In the second place since the prices fixed by the state have no relation to the cost and in the case of many consumer durables in so far as they exist are so great as to exclude purchase by the majority, their money has little value. For that reason a bonus of an extra 5 or ten rubles a month for most workers is meaningless. The one thing they will not do is work harder in response to such an incentive. Money which can hardly be spent is of not much use."<sup>33</sup>
- vi The external labour market: how large is the actual demand for a particular category of workers in a certain region or industry?

30. Horst Kern and Michael Schumann, *Industriearbeit und Arbeiterbewußtsein*, 2 vols (Frankfurt am Main, 1970).

31. Burawoy, *Manufacturing Consent*, p. 97.

32. For an analysis see George W. Hilton, *The Truck System Including a History of the British Truck Acts, 1465-1960* (Cambridge, 1960).

33. Hillel H. Ticktin, "Towards a Political Economy of the USSR", *Critique*, No. 1 (Spring 1973), pp. 20-41, here p. 37.



- vii The competitive position of the enterprise – a factor only relevant under competitive conditions, of course. “The greater the capital at risk per worker, the more secure the firm’s market and the longer the delay in receiving profits from any particular investment, the more likely are employers to invest in stability and loyalty. Thus we expect that loyalty systems encompass higher proportions of all workers where (1) considerable capital is at risk and returns to capital have long delays; (2) labor is nonroutine, hard to supervise, not easily substitutable, and a relatively small part of the total cost of production; (3) markets are stable and secure, and (4) the firm’s profitability depends on the favorability of its public image or the following of its employees.”<sup>34</sup>
- viii The nature of state intervention: In which fields of society does the state interfere and how?
- ix Previous socialization of employees in families, schools, youth organizations, etc. and previous experiences at factory level.

## 6. Path Dependence

The double context of incentive systems – and these incentive systems themselves – are not completely malleable. There are several reasons for this lack of plasticity. One important reason is path dependence. Nobel Prize winner Douglas C. North and others have noted that “the rules of the game in a society” are self-reinforcing, even if they are socially inefficient. Understanding the origins of the social norms is therefore crucial.<sup>35</sup> Economic historians refer to this attribute of society as “path dependence”: past choices shape (i.e. both generate and limit) present choices.<sup>36</sup> And, what is more: “The quicker you brake and change, the more of the old you recreate. Institutions and methods which seemed to be entirely new, after deeper insight show the often quite astonishing re-emergence of many old traits and forms.”<sup>37</sup>

34. Mark Granovetter and Charles Tilly, “Inequality and Labor Processes”, in: Neil J. Smelser (ed.), *Handbook of Sociology* (Newbury Park, 1988), pp. 175-221, p. 203.

35. Douglas C. North, *Institutions, Institutional Change and Economic Performance* (New York [etc.], 1990).

36. Paul A. David, “Historical Economics in the Longrun: Some Implications of Path-Dependence”, in: Graeme Donald Snooks (ed.), *Historical Analysis in Economics* (London and New York, 1993), pp. 29-40; *ibid.*, “Why Are Institutions the ‘Carriers of History’? Path Dependence and the Evolution of Conventions, Organizations and Institutions”, *Structural Change and Economic Dynamics*, 5 (1994), pp. 205-220. For an enlightening study on path dependence (also regarding the Russian problems), see: Robert D. Putnam, *Making Democracy Work: Civic Traditions in Modern Italy* (Princeton NJ, 1992); this work ascribes the economic, political and cultural differences between North and South Italy to discrepancies in “norms of reciprocity” dating back to the Middle Ages.

37. Lewin, “The Social Background of Stalinism”, in: Robert C. Tucker (ed.), *Stalinism” Essays in Historical Interpretation* (New York, 1977), pp. 111-136, here p. 126.

Two examples may illustrate this:

- For instance, Russian factories are extremely large – “from three to five times the size of West German factories”.<sup>38</sup> The origins of the enormous size of Russian enterprises seems to lie in the late Tsarist period. The import of finished industrial complexes of the highest technical level of that period, the low development of transport and distribution facilities, the enormous distances, and the savings that could be accomplished by combining the sites for production, suppliers and raw materials from the beginning caused a high degree of concentration in Russian industry.
- Another example is the tradition of decorations, honours, etc. which was transferred from Czarist society to the USSR, and which is of direct relevance to our topic (commitment). In view of this tradition Moshe Lewin has written about “the return of the modernizing Soviet State to the models and trappings of earlier tsardom.”<sup>39</sup>

38. Hillel Ticktin, *Origins of the Crisis in the USSR. On the Political Economy of a Disintegrating System* (Armonk, NY and London, 1992), p. 87. Refers to G. Kulagin, “Trudno byt’ universalom”, *Pravda*, 9 December 1982.

39. Lewin, “The Social Background of Stalinism”, p. 124.

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