Women’s and Women’s Work in Transitional Russia. Impacts from the Soviet System.

by
Ann-Mari Sätre Åhlander

Abstract:
The present paper analyses the impact of certain features of the Soviet economic system, particularly the structure of priorities, the shortage economy and soft budgets on women’s work in transitional Russia. Drawing largely on official data published in the 1990s, the situation with respect to wages and employment patterns is analysed. Although past priorities and soft budget constraints have impeded structural changes, they also seem to have smoothened out the effects of transition. One interesting aspect is whether these impacts from the Soviet economy have had similar effects on men and women. While the effect of the Soviet system seem to benefit men in terms of wages and employment in the Russian transitional economy, the situation with respect to unemployment is unclear. Women might benefit from working in sectors that are more capable of transition. There is, however, also a risk that women go from paid work in the state sector to non-paid work within the social economy.

1. Introduction
Under the Soviet regime, about 90 percent of working-age women were either employed or studying. Female labor participation was almost as high as that of men, and women generally worked full-time.Traditionally women dominated the health, education, textiles, and baking industries. About 80 percent of employees in health care and over 70 percent in light industry were women. Women were also prominent in traditionally male-dominated professions. For example, women represented 60 percent of all engineers and two-thirds of doctors. The economy-wide shortage of labor, however, also led women often to be employed in physically arduous work.

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2 Apart from the change in economic opportunities, several factors may have contributed to making labor force participation attractive to women: changes in the prescribed work week; improved availability of child-care facilities; and changes in maternity-leave regulations (Oxenstierna, 1990).

3 About 50 percent of employees in the building-materials sector were women and 70 percent of painters and bricklayers were female. Additionally, 35 percent of construction workers and a third in metallurgy were women (Zvereva and Bazhyenova, 1994).
Formally, Soviet women enjoyed equal rights with men, in terms of wages and employment, and had done so practically since the Soviet system was established in the early 1930s. Despite decades of formally “equal rights,” women in the Soviet Union were believed to earn approximately one-third less than men (Katz, 1994).

2. The expected effects of transition

Scholars in several disciplines have argued that women were likely to lose more than men from the collapse of the Soviet system as well as from economic reforms that followed (Bridger et al., 1996; Fong, 1996; Grapard, 1997; Katz, 1997; Posadskaya, 1996; Rzhanshchyna, 1995 & 1998; Rimashevskaya, 1996 & 1997; Sillaste, 1994; Sätre Åhlander, 2000b). One argument was that budget-financed, female-dominated sectors such as health care and education would be the first to suffer from the reduction in government funding. In addition, women predominated among administrative and clerical staff likely to be made redundant as the bureaucracy was pared.

There was also reason to believe that women would suffer as a new special labor market was established within the services sector, where opportunities are limited, and where employment is insecure, poorly paid, and of low-status (Posadskaya, 1996). Women would be affected further as firms no longer provided fringe benefits for their employees in the form of child-care facilities and pioneer camps.

Russian opinion polls showed that women were more worried about the future than were men (Bodrova, 1995; Fong, 1994; Malysheva, 1996; Marchenko and Tetrenko, 1994; Korel, 1995b). They also found that they would be discriminated against in legislation and would lose power relative to men in the political sphere (Rimashevskaya, 1996; Sillaste, 1994). Whatever definition of “poverty” was used, more women than men were expected to be classified as poor, and, although death rates have increased more among men than women, the state of health was worse for women in all age groups (Zvereva and Bazhenova, 1994; Korel, 1995a). It was also argued that there would be increased pressure on women to give priority to either work or family (Bodrova, 1995). The privileges associated with pregnancy and childcare were also believed to make it difficult for women to find new jobs (Vlasova et al., 1994; Grachev, 1996). Some surveys indicated that women would be promoted less frequently than men and more likely to accept demotion and deteriorating working conditions for fear of losing their job. Other surveys showed that regional discrepancies had increased and that women had been more deprived in some regions than in others (Barabanova, 1995; Brusovtsov, 1995; Vlasova et al., 1994; Zvereva and Vazhenova,

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4 One of the effects of glasnost’ was that previously conducted research, the results of which were not compatible with the official views, could at last be published.
5 Official female employment in 1998 was, however, higher than in 1990 in these sectors (see Table 2).
6 Contrary to intuition, however, the number of employees increased in the 1990s, according to official statistics (see Table 2 and Appendix).
7 The number of children in nurseries, for example, fell by more than a third from 1989 to 1994 (Rossiyskiy Statisticheskiy Yezhegodnik, 1996).
8 Russian law explicitly prohibits discrimination on the basis of sex, pregnancy and maternity in hiring and firing decisions (Articles 16 and 170, Code of Labor Laws of the Russian Federation).
9 It is quite common for individuals to get financial help in the form of private support. It is not uncommon, for example, that one person supports five or six other adults (Rose, 1998). According to a survey, over 70 percent of individuals who receive private support are women (Leiprecht, 1998).
10 See Clarke and Donova (1999) for empirical evidence based on research conducted between 1996 and 1998 in sixteen former state enterprises in four Russian regions.
It has also been shown that female registered unemployment tend to be relatively higher in richer than in poorer regions. Another aspect is that of differences between urban areas and rural areas within regions. While mobility used to be restricted in Soviet times, as people needed permits from authorities to move, in post-Soviet Russia people are unable to move for economic reasons.

And yet, in the 1990s, women as a whole did not experience higher unemployment rates than men (see Table 1). According to official unemployment rates published by Goskomstat, between 1992-1998 more men than women were unemployed in both absolute and relative terms (*Rossiyskiy Statisticheskiy Yezhegodnik*, 1996, 1998; *Zhenschchiny i Muzhchiny Rossii*, 1999). It is difficult to fully assess to what extent the official unemployment figures correspond to actual unemployment since not all out-of-work persons register and since others register even though they work in the uncontrolled private sector. Although an increasing number were registered as unemployed at the Federal Employment Service, in 1998 only about one-quarter of the unemployed population were actually registered (*Rossiyskiy Statisticheskiy Yezhegodnik*, 1998; *Zhenschchiny i Muzhchiny Rossii*, 1999). The female share of registered unemployment was higher, but had decreased from 72 percent in 1992 to 65 percent in 1998.

Table 1: 1998 Unemployment Figures
Source: *Zhenschchiny i Muzhchiny Rossii*, 1999

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>Registered</th>
</tr>
</thead>
<tbody>
<tr>
<td>Women</td>
<td>4,087</td>
<td>1,247</td>
</tr>
<tr>
<td>Men</td>
<td>4,765</td>
<td>682</td>
</tr>
<tr>
<td>Total</td>
<td>8,852</td>
<td>1,929</td>
</tr>
<tr>
<td>Percent Women</td>
<td>46</td>
<td>65</td>
</tr>
</tbody>
</table>

Moreover, changes in the economic system and the increased power of regions also implied new possibilities for women (Marchenko and Tetrenko, 1994; Sharinina, 1999). In some respects women seem to be on the way up in economic life (Babaeva and Chirikova, 1995 and 1996; Barabanova, 1995; Bruno, 1997; Khibovkaya, 1995a; Roshchin and Rosshina, 1994; Sharinina, 1999; Sukhanov and Bezdenzhukh, 1996; Ylinenpaa and Chchurina, 2000). One effect of the Soviet era, in which it was illegal not to work, is that Russian women are used to working. Thus, just as it had been for their mothers and

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11 See Korel (1995a) for surveys in the Novosibirsk region, and, for example, Tsydypova (1999) for details on employment in the Buryat republic.
12 Popov (1998) refers to an investigation in which the ten regions with the highest and lowest standard of living are compared with respect to registered unemployment levels for men and women.
13 For example, the closing of kolkhozes in the Arkhangelsk region has implied that people who used to work on kolkhozes have faced the choice of becoming “self-employed” in their villages or “home-less” in the city as they can’t afford to buy a flat there.
14 In April 1994, about half of those who were registered as unemployed and who received unemployment benefits actually obtained a higher-than-average income from unreported work (Yemtsov, 1994; Toksanbaeva, 1995).
15 According to Bezgrebelnaya (1995), females are more affected by unemployment than men on the labor market, which is solely regulated by the state. She also argues that the higher share of registered unemployment among females is explained by women being simply interested in fulfilling the formalities for taking a break from the labor market, not because they really wanted to find a job.
grandmothers, most contemporary Russian women see work as a way of life (Klyotsina, 1997). Women who have the opportunity to become housewives can only stay home as long as the husband maintains his position politically or economically, which could be especially uncertain in a transition economy. Giving up a profession is therefore risky (Sillaste, 1994). On the other hand, part-time work among women might increase. It is also possible that the number of housewives would increase due to growing competition on the labor market.

In this paper, I used a priority-revised shortage model to analyze the Soviet economic system and how it shaped patterns of relative wages, male and female employment and differences in the efficiency of production between sectors prior to 1991. I trace continuities to the post-Soviet period and present evidence of how past priorities and soft budget constraints still affected men and women in the late 1990s.

3. Alternative views of the Soviet Economy

There are several approaches to the analysis of centrally-planned economies. A common feature of optimal planning models, neo-classical models and input-output models is that central planners were assumed to try to maximize efficiency in resource allocation (Sätre Åhlander, 1994). This view of the centrally-planned economy is compatible with the view that the unequal wages and unemployment of men and women were due to differences in productivity. In the Soviet Union, where central authorities set wage scales, basic pay was determined by education, skills required for the job, and sector of occupation (Oxenstierna, 1990). If differences in earnings determined at the enterprise level, although in accordance with centrally-set regulations, did not reflect differences in productivity, this would be explained by problems in labor valuation. Accordingly, the system did not work in the way it was intended and imbalances were the result of failures in the system.

However, if one focuses on the fact that resource allocation was directed by plans instead of markets, and that decision-making in the Soviet system was based on administrative rules rather than economic incentives, it appears that many assumptions built into these models are not relevant to centrally-planned economies. Nevertheless, neo-classical models which assume output-maximizing behavior help to explain how the emphasis on output performance, hoarding of labor, uncertainty and taut planning, which are all specific features of the shortage model, would increase the use of labor and resources in general.

An alternative is to assume that central planners in the Soviet-type economy ignored economic balance and that shortages and chronic disequilibrium in markets were products of a conscious policy. This assumption is a cornerstone in the priority approach and it is implicit in the shortage-economy approach. Both of these approaches try to characterize the system on the basis of observed features of the actual systems. Kornai (1980) pointed out the

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16 According to Rzhanshchyna (1995), about 80 percent of women want to work.
17 Baranova (1995) refers to a study conducted in 1994, according to which about 15 percent of women in Russia would like to work only part-time in order to have more time for housework. According to a study among firms in the Moscow region in the same year, however, only two to three percent of enterprises offered such an opportunity (Bezgrebelnaya, 1995).
18 This is especially likely in some crisis regions (Toksanbayeva, 1995). According to official statistics in 1998, there were around 4.2 million housewives in Russia, which is 7.3 percent of Russian women in working-age groups (Zhenshchiny i Muzhchiny Rossii, 1999).
19 See further Sätre Åhlander (2001).
influence of shortages on economic behavior and the emergence of powerful low-level processes in a socialist economy that reflected imperfect control by central authorities. According to this model, labor shortages and high rates of employment among women in the Soviet Union are explained by the general functioning of the economic system. Davis (1988, 1989) applies the concept of priority to Kornai’s theory of the shortage economy. His approach helps to explain observed differences in performance between different sectors in the Soviet economy. Furthermore, high priority status need not be positively correlated with high productivity. Instead, high priority sectors were likely to be less efficient since their production goals had to be attained under all circumstances and, to ensure this, extra reserves had to be kept on hand.\(^{20}\) To ensure that priority sectors like the military and energy production were not hit by labor shortage, these had higher wage rates; wage rates of low-priority sectors were below average. Since more women than men were employed in low-priority sectors, this may explain the gender gap in earnings.

Kornai’s concept of the “soft budget constraint” explains a basic difference between the functioning of capitalist and socialist economies. In the traditional socialist economy the budget constraint of an enterprise is soft. There is no effective financial restriction on its demand for inputs, that is, the budget constraint works with a loss that does not lead to bankruptcy and closing of plants. Kornai’s theory explains how the expansion drive (the next plan is always higher than the present one) combined with the soft budget constraint means that the firm’s demand for inputs, including labor, becomes insatiable and resource utilization inefficient.\(^{21}\) Davis modifies this approach by taking the impact of priorities into account. His analysis indicates that low-priority sectors would be characterized by high shortage intensity and a relatively hard budget constraint. In contrast, a high-priority sector is minimally afflicted by shortages and has a soft budget constraint. One should therefore not expect to observe both pervasive shortages and a soft budget in the same sector, asserts Davis (Davis, 1989, p. 457). The soft wage budget constraint would allow priority sectors to hoard labor when labor is short, thus contributing to increasing labor shortages in the rest of the economy.

In the Soviet period men and women were likely to benefit from the soft budget constraints. In the 1990s when labor shortage was replaced by unemployment and falling employment rates, the situation quickly changed.\(^{22}\) By the mid-1990s, the demand constraint had become more important than the resource constraint, suggesting that the labor shortage had been replaced by unemployment.\(^{23}\) Nevertheless, the fact that, in the late 1990s, about one half of enterprises in Russia were still experiencing losses without being put out of business suggests that unemployment figures are not as high as they could have been.\(^{24}\) Firstly, the soft budgets presumably contribute to keeping unemployment figures down as

\(^{20}\) This argument is supported empirically by official Soviet statistics, which show that the shares of industrial employment and investment until the end of the 1980s were relatively higher in heavy industry than in light industry as compared to their respective shares of industrial output.

\(^{21}\) For other explanations of labor shortages, see Oxenstierna (1990).

\(^{22}\) Thus, for example, the reduction in child care seems logical if women are no longer “urgently needed” on the labor market.

\(^{23}\) Survey data from the Ivanovo, Komi and Tula regions support this analysis, indicating that firms established before 1994 get more financial support than more recently established firms (Golikova and Avilova, 1997); for further discussion, see Aukutsonek (1997).

enterprises hire more labor than they would otherwise. It might be argued that maintaining soft budgets smoothes the social impact of the economic transition by avoiding heavy drops in the supply of vital goods or services. On the other hand, soft budgets might delay or prevent a change in the behavior of firms from centrally-planned production toward demand orientation and efficiency and thus constitute an obstacle to restructuring. According to official statistics in the period 1990 to 1998, on the whole, budgetary cutbacks and falling output levels have not been matched by corresponding cuts in employment. Unpaid wages are one important consequence of this discrepancy. Secondly, people are reluctant to give up their official employment. Mass-unemployment is avoided as employees, in order to maintain an official position, stay at their official employment when the employer runs out of money, even though they might just get a fraction of their official salary, if they get paid at all. Another reason for staying on the job is the fringe benefits, which still play an important role in many enterprises (Commander et al, 1996). A third reason for staying at the job is the wage arrears, which in turn have serious implications for the population’s well-being and also lock labor into non-viable activities. In 1995, according to official statistics, 44 percent of firms did not pay salaries on time (Rossiyskiy Statisticheskiy Yezhegodnik, 1995). According to the survey cited in Rose (1998), in 1998 less than 40 percent of employees routinely received the wage or pension to which they were entitled.

It seems reasonable to assume that high-priority industries under the Soviet system are still favored by the Russian state if they are strategic. The industrial branches with the highest share of loss-making enterprises are found in the coal and gas industries, which are male-dominated. Presumably, the prevalence of soft budget constraints has implied fewer lay-offs in these branches than otherwise, and saved more jobs for men more than for women. In effect, this means that the high priority accorded these branches under Soviet rule is likely to benefit men also in post-Soviet Russia with respect to employment as well as wage level.

On the other hand, some high-priority sectors under Soviet rule face a different situation in the post-Soviet period. The state security organs and the military sector, for example, have been pared radically in the 1990s (Davis 1988). Most likely, the job cuts in these sectors have affected more men than women. Another example is heavy industry, which, due to its high priority and low efficiency in Soviet times, faces severe problems when subjected to market realities. By contrast, the low priority accorded consumer-oriented activities forced these to be relatively efficient under the Soviet system and leaves them better equipped to adjust to market economy conditions.

4. Wages and employment

In the Soviet economy, wage rates were determined by the planners rather than by market forces. Although factors of labor quality and market conditions influenced wage setting, the priority of sectors was of considerable importance (Oxenstierna, 1990). As a

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25 The surveys of Russian industrial enterprises cited in Aukutsionek (1997), Brown (1998), Shakhnovich et al (1999) and Zimine and Bradshaw (1999) support this hypothesis. According to one of these surveys, in 1996 surplus employment was to be found in about 60 percent of industrial enterprises (Aukutsionek, 1997). Brown (1998) refers to a survey of 150-200 firms, according to which financially poor firms hire nearly as many workers as financially healthy firms. Zimine and Bradshaw (1999) note that the financial crisis in 1998 did not contribute to a rise in unemployment in Novgorod oblast', although production was severely affected there.

26 See, for example, Siegelbaum (1997), who analyses the generous state policy toward the mining industries in Russia.
general rule, industries with high-priority status had higher wages, while the wage rates of low-priority units were below average. It is quite clear that real wages have fallen substantially and that the official dispersion of income and wages in Russia has increased in the 1990s. In 1995, for example, average real wages in Russia were about one-third of what they had been in 1991 (Rossiyskiy Statisticheskiy Yezhegodnik, 1996 and 1998). 27 Inflation also implies that wage arrears contribute to lower real wages. 28 Fewer people get extra payments to compensate for bad work environments, or extra bonuses in the form of vacation, food, and shorter working hours. How has this decline varied by gender?

Scattered empirical data indicate that women should have been hit harder than men in their average income (Posadskaya, 1996). Women who run their own firms have generally earned less than men in the same situation (Rimashevskaya 1996b). In a sample of directors in private firms in Moscow, Roshchin and Roschina (1994) found that men on average earned over four times as much as women. 29 Khibovskaya (1996b) cites a survey, according to which men on average earn 3.3 times more per hour in second jobs than do women. According to Glinskaya (1996), between 1992-1995 ten to twenty percent of men with the highest wages had increased their earnings considerably in relation to the national average. Matrenko and Tetrenko (1994) found that within their sample 75 percent of low-income earners are women, while among high-income earners only one-third are women. 30 They also found that while most women with high incomes worked in state enterprises, only 11 percent worked in private industry. 31 Brainerd (1997) found that the female/male ratio of mean wages was about 68 percent in 1994. Survey data from the Russian town Taganrog indicated that the corresponding ratio in this particular town had decreased from approximately 66 percent in 1989 to 62 percent in 1993 (Katz 1997).

According to official data, relative wages between female-dominated and male-dominated sectors have not changed much since Soviet times. In the late 1990s wages were still substantially above average in energy production, the metal industry, the building materials industry, transportation and construction, where 70-75 percent of employees are men (Moor, 1999). 32 The lowest average industrial wages, just 50 percent of the national average, are found in consumer-oriented light industry (textile and clothing), where 70-75 percent of employees are women. Between 1990-1998, in the female-dominated education and health sectors, average wages were substantially below the national average, around 65 percent, just as under Soviet rule (Rossiya v tsifrakh, 1999; Simonova et al, 1996; Trud i zanyatost’ v Rossi 1996). During that same time period, wages in trade and catering, which

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27 Calculated from the official CPI and average wages reported by enterprises to Goskomstat. Note that this does not take into account that one individual may have several jobs.

28 According to a survey cited in Rose (1998), in 1998 wages were more likely to be paid late to employees of such public-sector organizations as the military, education and state enterprises than to employees in the private sector. The effects of wage arrears are analysed in Earl and Sabirianova (1998).

29 The sample included only 32 women, less than ten percent of the sample (Roshchin and Roschina, 1994), and it is not clear how the sample was drawn.

30 Low-income earners are here defined as the 20 percent with the lowest income within the sample, while high income earners would be the 20 percent with the highest income (Matrenko and Tetrenko, 1994). About 3,000 women were interviewed in this survey.

31 About six percent of these women have leading positions or are part of the leadership, seven percent are leaders at lower levels and 34 percent work as specialists.

32 In 1998, average wages in these sectors were approximately twice as high as the national average (Zhenshchiny i Muzhchiny Rossii, 1999). In 1996 the gas industry wages were almost four times higher than the national average (Informatsionnyy Statisticheskiy Byulleten’, 13, November 1996). For a more detailed account of development of wages in 1990-1995, see Trud i zanyatost’ v Rossi, 1996.
are female-dominated industries, amounted to 85-90 percent of the national average (Rossiya v tsifrakh, 1999; Simonova et al, 1996; Trud i zanyatost’ v Rossi 1996). Thus, priorities from the years of central planning seem to benefit men, while contributing to wage differences between men and women in the 1990s.  

Additionally, the employment rate has decreased more among women than men (see Table 2). In 1998, employment among women was 20 percent lower, that is, 8.1 million lower than in 1990, while male employment was reduced by only 2.9 million in the same period. In industry as a whole, production in 1998 was less than half of that in 1989. While male employment in the industrial sector was 2.9 million lower in 1998 than in 1990, female employment in industry had gone down by 4.8 million in the same period. The only industries where the number of employees has expanded are the male-dominated electric power industry, where wages in 1998 were substantially above average. A closer look into the details of official statistics at the branch level also reveals that the largest cuts in employment in absolute terms have occurred in the machine-building and metalworking industries, where there are nearly as many female employees as male employees. In 1998, within this branch there were six million fewer employees than in 1990 (Gorbacheva and Ryzhikova, 1999; Rossiya v tsifrakh, 1999). The largest cut in relative terms took place in the female-dominated light industry, where employment in the period 1990-98 was cut by more than half.

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33 See Narkhoz (1990), Trud i zanyatost (1995). The results of this case study are in line with that of Moor (1999), who finds that on the basis of official data in 1997 this ratio was 64 percent.
34 It might be noted that in the case of females, the reduction in employment since in the 1990s corresponds to increases in unemployment plus number of housewives (Zhenshchiny i Muzhchiny Rossi, 1999).
35 Speculation in the retail market, however, implies that there are goods in the cities that are not included in the official statistics (Korel,1995a).
36 In 1998, the number of officially employed male workers in this sector was about nine times as many as the number of female workers (Rossiya v tsifrakh, 1999).
37 This is one reason why, according to official unemployment rates published by Goskomstat, in the period 1992-1998 more men than women were unemployed in both absolute as well as in relative terms.
38 Production in 1998 in light industry amounted to just a tenth (in the case of shoes) to one third (in the case of cotton) of production in 1992 (Rossiya v tsifrakh 1999).
Table 2
Distribution of male and female employees by sector in Russia (thousand people)

<table>
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<tr>
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<td>Industry</td>
<td>11,600</td>
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<td>11,200</td>
<td>7,300</td>
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<td>-2,900</td>
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<td>Of which:</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Electric power industry</td>
<td>170</td>
<td>240</td>
<td>370</td>
<td>590</td>
<td>+70</td>
<td>+220</td>
</tr>
<tr>
<td>Energy production</td>
<td>230</td>
<td>210</td>
<td>570</td>
<td>560</td>
<td>-20</td>
<td>-10</td>
</tr>
<tr>
<td>Machine-building and metal-working industry</td>
<td>4,400</td>
<td>2,100</td>
<td>5,300</td>
<td>2,100</td>
<td>-2,700</td>
<td>-3,200</td>
</tr>
<tr>
<td>Ferrous metal industry</td>
<td>290</td>
<td>430</td>
<td>500</td>
<td>430</td>
<td>-50</td>
<td>-70</td>
</tr>
<tr>
<td>Non-ferrous metal industry</td>
<td>170</td>
<td>320</td>
<td>300</td>
<td>320</td>
<td>-10</td>
<td>0</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>570</td>
<td>430</td>
<td>530</td>
<td>430</td>
<td>-140</td>
<td>-100</td>
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<tr>
<td>Forest product industry</td>
<td>620</td>
<td>700</td>
<td>1,180</td>
<td>560</td>
<td>-260</td>
<td>-480</td>
</tr>
<tr>
<td>Building materials industry</td>
<td>410</td>
<td>470</td>
<td>690</td>
<td>470</td>
<td>-140</td>
<td>220</td>
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<tr>
<td>Light industry</td>
<td>1,690</td>
<td>250</td>
<td>600</td>
<td>250</td>
<td>-1,030</td>
<td>-350</td>
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<tr>
<td>Food industry</td>
<td>870</td>
<td>650</td>
<td>630</td>
<td>650</td>
<td>-100</td>
<td>+20</td>
</tr>
<tr>
<td>Agriculture and forestry</td>
<td>3,900</td>
<td>3,950</td>
<td>6,080</td>
<td>3,950</td>
<td>-1,200</td>
<td>-2,130</td>
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<tr>
<td>Transport</td>
<td>1,300</td>
<td>3,200</td>
<td>3,700</td>
<td>3,200</td>
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<td>-500</td>
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<tr>
<td>Communication</td>
<td>640</td>
<td>280</td>
<td>260</td>
<td>280</td>
<td>-220</td>
<td>+20</td>
</tr>
<tr>
<td>Construction</td>
<td>2,430</td>
<td>4,110</td>
<td>6,590</td>
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<tr>
<td>Trade</td>
<td>4,720</td>
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<td>1,180</td>
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<td>Services</td>
<td>1,700</td>
<td>1,990</td>
<td>1,560</td>
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<td>0</td>
<td>+430</td>
</tr>
<tr>
<td>Health care and sports</td>
<td>3,500</td>
<td>860</td>
<td>720</td>
<td>860</td>
<td>+100</td>
<td>+140</td>
</tr>
<tr>
<td>Education, culture and art</td>
<td>5,400</td>
<td>1,510</td>
<td>1,1810</td>
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<td>-500</td>
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<td>Science</td>
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<td>-620</td>
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<td>1,340</td>
<td>530</td>
<td>1,340</td>
<td>+130</td>
<td>+810</td>
</tr>
<tr>
<td>Banking, finance and insurance</td>
<td>360</td>
<td>540</td>
<td>40</td>
<td>540</td>
<td>+210</td>
<td>+500</td>
</tr>
<tr>
<td>Total number</td>
<td>38,400</td>
<td>33,400</td>
<td>36,300</td>
<td>33,400</td>
<td>-8,100</td>
<td>-2,900</td>
</tr>
</tbody>
</table>


According to official statistics women have not lost more than men in terms of falling relative wages. But it might be argued that women suffer due to changes in the composition of the formal labor force. First, the proportion of women has decreased in the industrial sector, where wages were above average. While becoming more male-dominated, wages in contracting sectors of the economy such as industry, transportation, and construction are increasing. In the male-dominated industries within the energy sector and in metal industries,
## Table 3.
Average monthly wages and female employees in Russia in different branches of the economy as a percentage of the national average

<table>
<thead>
<tr>
<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry</td>
<td>112</td>
<td>48</td>
<td>119</td>
<td>38</td>
<td>91</td>
<td>132</td>
</tr>
<tr>
<td>Of which:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Electric power industry</td>
<td>121</td>
<td>32</td>
<td>189</td>
<td>29</td>
<td>160</td>
<td>200</td>
</tr>
<tr>
<td>Energy production</td>
<td>148</td>
<td>29</td>
<td>256</td>
<td>27</td>
<td>184</td>
<td>254</td>
</tr>
<tr>
<td>Gas industry</td>
<td>183</td>
<td>39</td>
<td>27</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Oil extraction</td>
<td>166</td>
<td>30</td>
<td>27</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Coal industry</td>
<td>158</td>
<td>17</td>
<td>27</td>
<td>n.a.</td>
<td>n.a.</td>
<td>n.a.</td>
</tr>
<tr>
<td>Machine-building and metal-working industry</td>
<td>101</td>
<td>46</td>
<td>85</td>
<td>47</td>
<td>69</td>
<td>95</td>
</tr>
<tr>
<td>Ferrous metal industry</td>
<td>117</td>
<td>36</td>
<td>136</td>
<td>36</td>
<td>98</td>
<td>142</td>
</tr>
<tr>
<td>Non-ferrous metal industry</td>
<td>145</td>
<td>35</td>
<td>224</td>
<td>34</td>
<td>152</td>
<td>233</td>
</tr>
<tr>
<td>Chemical industry</td>
<td>96</td>
<td>51</td>
<td>108</td>
<td>50</td>
<td>90</td>
<td>135</td>
</tr>
<tr>
<td>Forest product industry</td>
<td>102</td>
<td>35</td>
<td>95</td>
<td>34</td>
<td>78</td>
<td>88</td>
</tr>
<tr>
<td>Building materials industry</td>
<td>104</td>
<td>37</td>
<td>111</td>
<td>36</td>
<td>82</td>
<td>105</td>
</tr>
<tr>
<td>Light industry</td>
<td>82</td>
<td>73</td>
<td>53</td>
<td>65</td>
<td>48</td>
<td>59</td>
</tr>
<tr>
<td>Food industry</td>
<td>103</td>
<td>53</td>
<td>118</td>
<td>54</td>
<td>106</td>
<td>127</td>
</tr>
<tr>
<td>Agriculture</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Transport</td>
<td>115</td>
<td>25</td>
<td>141</td>
<td>26</td>
<td>117</td>
<td>151</td>
</tr>
<tr>
<td>Communication</td>
<td>85</td>
<td>71</td>
<td>138</td>
<td>60</td>
<td>115</td>
<td>164</td>
</tr>
<tr>
<td>Construction</td>
<td>124</td>
<td>27</td>
<td>135</td>
<td>24</td>
<td>114</td>
<td>144</td>
</tr>
<tr>
<td>Trade</td>
<td>85</td>
<td>80</td>
<td>93</td>
<td>62</td>
<td>85</td>
<td>166</td>
</tr>
<tr>
<td>Services</td>
<td>74</td>
<td>52</td>
<td>108</td>
<td>46</td>
<td>92</td>
<td>118</td>
</tr>
<tr>
<td>Health care and sports</td>
<td>67</td>
<td>83</td>
<td>66</td>
<td>81</td>
<td>62</td>
<td>79</td>
</tr>
<tr>
<td>Education, culture and art</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Science</td>
<td>112</td>
<td>53</td>
<td>95</td>
<td>50</td>
<td>80</td>
<td>108</td>
</tr>
<tr>
<td>Public administration</td>
<td>120</td>
<td>67</td>
<td>143</td>
<td>48</td>
<td>136</td>
<td>173</td>
</tr>
<tr>
<td>Banking, finance and insurance</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insurance</td>
<td>135</td>
<td>90</td>
<td>199</td>
<td>71</td>
<td>180</td>
<td>233</td>
</tr>
</tbody>
</table>

**Total**                      | 100        | 51                    | 100       | 48                   | 80                         | 114                          |

employment is almost at the same level as the late 1980s and relative wages have increased. Both have decreased in all other industrial branches. Second, the share of female employees is falling in expanding sectors, where wages are increasing. In the transition process, trade, banking, and finance, which previously belonged to the traditional female sectors have been growing with the development of private businesses and the banking system. In trade, however, the increased employment and wage levels have not implied that female wages have increased.

Despite this increased difference in wages between male-dominated and female-dominated industries, the female/male ratio of mean wages in 1998 climbed as high as 70 percent (see Table 3). One explanation is that a large number of men work in agriculture, machine-building, forestry, education, and health for below-average wages. There are also many women with above-average wages in public administration, transportation, communication, construction, energy production, as well as in the electric-power industry, banking and finance.

5. Second jobs, transition and efficiency in production

According to the priority-revised shortage economy approach, sectors that had a low priority under the Soviet regime would be more capable of transformation than high-priority activities. Relatively high investments and unchanged or increasing employment rates in the gas and coal industries, oil extraction and electric power industries, along with falling levels of output in these branches, suggest that labor productivity has been falling and that it is difficult to achieve efficiency in production. The problems of transformation are reflected by the fact that in 1997-98, according to official figures, only three to four percent of production was privatized in these branches (Rossiyskiy Statisticheskiy Yezhegodnik 1998; Rossiya v tsifrakh 1999). The importance of natural-resource industries on the world market has made these vital to Russian internal politics as well. As a result, these inefficient industries continue to work in much the same way as before. In particular, falling output levels in energy production despite increasing wages and unchanged employment levels means that high-priority status has not been enough to secure supply, thus reflecting the weakening of the state. The situation continues to grow more and more serious, as budgetary resources are not available to pay wages in time (Rossiya v tsifrakh, 1999).

It seems reasonable to assume that the situation is even more critical in the case of heavy industry which is no longer protected by the state. The assumption that high-priority branches

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39 However, the financial crisis in 1998 implied massive lay-offs in the financial sector (Frenkel 1999).
40 \(80/114=70\) (last column in Table 3). With the exception of the flour-grinding industry, in 1998 average wages for women were lower than those for men in each industrial branch and in all other sectors of the economy (Zhenshchiny i Muzhchiny Rossi, 1999).
41 See, for example, Woodruff (1999), who argues that the Russian state is not able to do much to help even the most powerful and politically important Russian firms within the gas industry.
in the Soviet system would be relatively inefficient is compatible with developments in heavy industry. Difficulties in adjusting to market conditions and the inability to produce tradeable goods hampers development. Although the state has not kept control over heavy industry, branch interests have been powerful enough to secure relatively high wages for those who are still employed in the metal and building-materials industries (Ericson, 1999). In effect, the old economic structures have survived and are sustained through their old networks where they conduct barter trade of obsolete non-marketable goods, often with new organizational names. Among this old industrial elite, old Soviet behavioral patterns prevail.

The assumption that low-priority sectors in the Soviet era would be relatively efficient is compatible with developments in consumer-oriented light industry. Here the drop in production and investment is matched by a similar reduction in employment. In 1990 to 1998 the official number of employees fell from 2.3 million people to 0.9 million (Rossiya v tsifrakh, 1999). In 1997, the consumer-oriented industries had the highest share of privatized production within industry as well as of employees in the private sector. It is, however, important to distinguish between privatization and transformation. While many existing industrial enterprises have been privatized, this does not necessarily mean that they are managed differently. Under privatization, corporate leaders have become owners, while the central administration has obtained means to cover expenses that have to be paid from the state budget. In the textile industry, where there are still many female managers, women who held leading positions in Soviet times have maintained their positions as they became the directors of their privatized counterparts in Russia (Marchenko and Tetrenko, 1994). Falling real wages along with an increased supply of imported consumer goods, however, decreased demand for domestic products and hit female workers hard.

Within the textile industry, according to a survey, among 2,367 workers the monopoly on the input side (the state system for delivery of cotton) was believed to be the most important obstacle to development (Petrosyan, 1998). The consumer industry, severely impeded by a shortage of equipment and raw materials under the Soviet system, in the mid-1990s faced a situation where only 25 percent of its raw-materials base remained (Rzhanshchyna, 1995). Additionally, investments in consumer-oriented industries have been

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42 Gazprom, Roskhleb and Roskontrakt, for example, merely replaced ministerial organs with similar functions. Major industrial producers such as Uralmash, Magnitka, Norilsk Nikel continue to dominate the socio-political and economic structures in their regions (Ericson 1999, p. 7). For barter and other forms of non-market exchange, see also Aukutsionek (1998), Gurkov (1998), Harter (1998) and McIntyre (1999).

43 As about one-third of employees in this sector work part time on the initiative of administrators, full-time jobs fell even more. In 1996, 30 percent of part-time workers were employed in the consumer-oriented industry (Rossiyskiy Statisticheskiy Yezhegodnik, 1996).

44 In 1997, in the consumer industry 60 percent of production was produced in private firms and 0.7 percent was produced by monopolists, while 62 percent of employees were employed by private firms (Rossiyskiy Statisticheskiy Yezhegodnik, 1998).

45 See Debardeleben (1999) for a thorough analysis of this issue and of the impact of attitudes towards privatization.

46 See, for example, Gurkov (1998), who from his survey of 20 Russian industrial companies, finds that existing financial institutions make it difficult to achieve a change in management of firms.

47 According to a study conducted in 1994, based on interviews with 3,000 Russian women, female bosses were most frequent in the textile industry, and they have high positions within trade, culture, health and education which all had low priority under the Soviet system (Marchenko and Tetrenko, 1994). Another investigation carried out in 21 regions in 1997 showed that about 25 percent of directors of firms were women (Radaev, 1998).

48 As the fall in real incomes reduces demand for final goods, in the textile industry production of clothes had fallen much more than that of cloth (Rossiya v tsifrakh, 1999).

49 In this survey 2,367 workers in 13 textile firms within the regions of Vladimir and Ivanovo were interviewed.
extremely low through the 1990s.\textsuperscript{50} Potential entrepreneurs are prevented from launching private businesses because access to capital is not readily available.

Nevertheless, there are indications of movement toward market orientation within this sector, although production is not easily diversified and problems of low quality remain among the private firms.\textsuperscript{51} Small private firms are also being formed in other traditional female sectors that had low-priority status and where economic activity was underdeveloped in Soviet times. Banking, finance, small-scale trade and services have expanded. In the mid-1990s, female entrepreneurship was primarily oriented towards science, consulting, health care, retail trade and services (Roshchin and Roshchina, 1994). Women have also started small-scale businesses in childcare, healthcare, education, sewing clothes, knitting, handicraft and fruit or vegetable production (Khibovskaya, 1995b; Rzanschina, 1998). However, although a market orientation primarily is taking shape within female-dominated sectors, according to official statistics in 1992-1997 about twice as many men as women have tried to start their own business \textit{ Rossiyskiy Statisticheskiy Yezhegodnik, 1998}. Although women may benefit from working in sectors that are relatively capable of transition, empirical evidence also indicates the opposite. The high incidence of professional change in the rapidly growing branches of trade has implied downgrading for many women as younger men have entered the sector (Clarke and Donova, 1999).\textsuperscript{52}

One possible way to measure the degree of transformation within sectors is by evaluating the frequency of second jobs. If people start a business or work in a new firm while keeping their primary jobs, this might be because the new activity is not sufficiently stable or profitable. It might be argued that second jobs facilitate the transition process as they tie together the various sectors of the economy and thereby reduce the effects of the breakdown of the old system. The relatively high frequency of second jobs in the private sector might imply that second jobs facilitate the transfer of labor from state-controlled toward more market-oriented activities and hence facilitate the transition process. Thus, for instance, although people are still officially employed in public administration they might do most of their work in trade or services in the private sector. A high frequency of second jobs might also reflect low real wages, which means that it is important to have several sources of income and more than one workplace. It is also possible, however, that second jobs undermine performance in the primary job. This is especially likely to be the case in social services, such as education and health, as employees in these occupations might have to sell their services on the private market in order to earn a living.

According to official statistics, in 1997, 1.3 percent of the officially employed had a second job in a small firm \textit{ Rossiyskiy Statisticheskiy Yezhegodnik, 1998}. There have been some studies of the frequency of second jobs in recent years (Bragina, 1995; Yemtsov, 1995; Leiprecht, 1998; Khibovskaya, 1995a, 1995b, 1996a, 1996b; Poltinina, 1999; Toksanbaeva, 1995; Zubova, 1995). According to Khibovskaya, in 1995, 10 to 15 million people or 15 to 20 percent of the officially employed population had at least one extra job, and this activity

\textsuperscript{50} Investments were, for example, in 1998, 140 percent higher in transportation and in the oil and gas industries than in the consumer-oriented industries \textit{ Rossiya v tsifrakh, 1999}.\textsuperscript{51} Some of the private firms in Ivanovo and Vladimir that are customer-oriented were, according to their staffs, likely to be growing (Petrosyan, 1998). In the Arkhangel’sk region, for example, development has been successfully promoted by generous conditions for female entrepreneurship provided by local authorities. (personal interview. February 15, 2000). The observation that the market in broad terms primarily works at the regional level is supported by Earl (1998). In his 1994 survey of 10 percent of Russian manufacturing firms the author does not find that harder budget constraints have stimulated competition and development. For effective local policies, see also McIntyre (1999); Zimine and Bradshaw (1999).

\textsuperscript{52} See footnote 8.
amounted to about eight percent of the officially registered economic activity. About a third of these had regular second jobs, while two-thirds took on extra work irregularly. Average hours per week in second jobs varied between 13 and 21 hours. Khibovskaya’s estimate is that the real figure is substantially higher than the official one and that the demand for second jobs exceeds supply. Both Khibovskaya (1995b) and Toksanbaeva (1995) find that the most rapidly growing way of earning an extra income is by starting a business outside of ordinary employment (Babaeva and Chirikova, 1995). Khivovskaya (1996a) cites surveys from 1994 and 1995 where 24 percent of the unemployed engage in some kind of economic activity. In a sample from Tanganrog, 24 percent of unemployed women had some self-employment or entrepreneurial incomes in 1993-4 as did 16 percent of unemployed men and 15 percent of housewives (Katz 1997).

Presumably, the situation differs between different industrial sectors depending on priority rankings under the Soviet system and their degree of market orientation. The results of a survey on second jobs presented in Leiprecht (1998) are compatible with the priority-revised shortage economy approach. She finds that second jobs are particularly rare in the high-priority extraction industry. Furthermore, second jobs seem to be more common in the service sector than within industry. The low frequency of second jobs among industrial workers as a whole strengthens the impression of a slow transition process in the industrial sector. Individuals who have second jobs in production generally perform this work on contract (Yemtsov, 1995, p. 38). Within the service sector, workers mainly hold second jobs in construction, renovation, sewing clothes, etc. The prevalence of secondary employment might also make it easier for workers to leave industry. There seems to be a connection, for example, between the contraction of the consumer-oriented textile industry and the expansion of private sewing services. In 1994, most people with a second job in the service sector had these in the same profession and at the same workplace as that of their primary employment (Yemtsov, 1995). However, both Khibovskaya (1995b) and Yemtsov (1995) find a tendency toward holding extra jobs at a different workplace.

Leiprecht (1998) also finds that second jobs are most frequent in the agricultural sector, which had low-priority status under the Soviet system. For those seeking extra income, the expansion of private plots and subsistence production contributes to avoidance of starvation, thus facilitating the transition process. In the 1990s, although the farm population had

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53 This figure includes second employments only in cases where there is a written employment contract (Khibovskaya 1995b).
54 When asked how they support themselves, 30 percent of the respondents in the survey said that they had extra jobs (Khibovskaya 1995b). Two-thirds of the respondents in the survey she refers to actually said they wanted to have a second job, although many of them could not find one (Khibovskaya 1995b).
55 According to a study referred to in this article, 80 percent of the interviewed women answered that it was easy to start up a business as soon as they found it necessary to do so (Babaeva and Chirikova 1995).
56 Khibovskaya (1996a) refers to surveys carried out by VTsIOM among 1,434 individuals.
57 The author, however, emphasizes that due to the very small sub-samples, the figures should be taken by caution.
58 The data that Leiprecht has access to from a data base on Russian Labor Survey from May 1996 containing personnel and employment-related information of 15,000 individuals. The data are from four regions representing different economic structures: Moscow Oblast', Chelyabinsk, Krasnoyarsk and the Chuvash Republic (Leiprecht 1998, p. 10).
60 See, for example, Zimine and Bradshaw (1999), who, on the basis of a study of Novgorod oblast' argue that development of local agriculture could help move the economy into the next stage of the transition, where agricultural demand would stimulate the growth of industries producing goods in agricultural production.
decreased, the rural population increased (Wegren et al., 1999).\textsuperscript{61} The household share of agricultural product increased from 31 percent in 1991 to almost 44 percent in 1997, and the percentage of people who grow their own food has also increased (Obyachayko, 1998, p. 67).\textsuperscript{62} In effect, while second jobs facilitate the transfer of labor from state controlled activities to market oriented businesses within services and agriculture, this does not appear to be the case in the industrial sector of the economy.

In accordance with these observations, if the frequency of second jobs is relatively high in female-dominated sectors, this should favor women’s work in the general transition process. Available data presented by Khibovskaya (1996a) does not, however, support this hypothesis. While women with higher education usually have more possibilities of finding secondary work out the home, women with low or medium-level education typically earn extra incomes from activities they perform at home (handicraft, sewing, etc.). In effect, women who are self-employed in most cases run very only modest business activities. While women often combine small-scale business activities with non-paid work or homemaking, it seems to be more common that men combine small incomes with a second job. There also seems to be a positive correlation between the frequency of secondary employment among women and male unemployment.\textsuperscript{63}

Since women are also more likely to receive benefits from the state or from private “sources,” females may have a tendency to engage in activities outside the labor market (Khibovskaya, 1996b; Roshchin, 1995; Toksanbaeva, 1995). Tasks such as distribution of food and products in rural areas, child care, care of the aged, health care, education, distribution of information and local development which have not been taken over by the private sector are largely carried out by women in the voluntary sector (Sätre Åhlander, 2000b). Many women employed within consumer co-operatives also work in this field without pay (Kiseleva, 1998; Abova, 1999).

Furthermore, local initiatives among women have increased and independent women's organizations have been formed in order to address current social, political, and economic problems. For many women, this implies that they are transferred from paid work in the state sector to unpaid work in the voluntary sector, a reversal of the typical direction found in many other countries (Sätre Åhlander, 2000a). During the Soviet era informal networks between neighbors, friends and relatives helped people solve common problems. Such networks are important in transitional Russia as well, but for slightly different reasons. There are informal networks for taking care of children in places where the state no longer provides such services. Informal networks for protecting private property have been formed and families now commonly build houses together. Such informal local networks appear to be especially important as everyday life during economic transition becomes increasingly unstable and it is difficult to know whom to trust (Klyotsina, 1997).

6. The concept of the Social Economy

\textsuperscript{61} See Sharinina (1999) for a survey on entrepreneurship among rural women in the Novosibirsk region.
\textsuperscript{62} Deterioration in urban living conditions and a rise in the cost of food have contributed to increases in rural population since 1992, who engage in individual agricultural subsidiary activities (Wegren et al., 1999, pp. 67-69).
\textsuperscript{63} See Roshchin (1995) for details on Ivanovo and Nižnyy Novgorod. In Pskov, where unemployment in 1997 exceeded the Russian average by up to four times, mainly due to substantial cutbacks in the male-dominated industry (Alexseev & Vagin, 1999), activities of the consumer co-operative, where many women have extra jobs on the side have expanded (Rossiskaya Kooperativta, 1998). Similar developments have been noted in Samarsk oblast’ (Chudilin et al., 1998).
High unemployment rates in recent years have implied that responsible politicians look for new ways to increase employment. The concept of the "social economy" is now often being used in the contexts of regional politics and local development. This concept, which originally comes from France, is relatively well known and established in the Latin countries of the European Union, where the co-operative movement historically has been quite strong. On the other hand, in the northern part of the European Union as well as in the former Soviet bloc it is a rather new concept. The social economy might be defined as the third economic system beside the planned economy and the market economy. Of major importance for the functioning of the economic system is where the economic decisions are taken. In the planned economy the state decides about what and how much to be produced, and by whom. In the market economy, the private sector decides. The social economy would according to this perspective encompass the so-called "third sector", that is, activities, which are performed neither by the state nor by the private, sector (new co-operatives, the voluntary sector etc.). The main difference as compared to private enterprises is that activities build more on humans and individual initiatives than on capital. In contrast to public activities where state administrators take decisions to a greater extent, actors within the social economy take decisions.

The importance of the third sector in western economies is presumably increasing for at least three reasons. Firstly, there is a substantial amount of "needs", which are no longer provided for by the public sector, and which are not automatically "taken over" by a private sector. This means that individuals will have to find other ways to satisfy important needs. The initiatives will come from below, from the individuals who are affected. An important point of departure for such initiatives is also that the individuals do not expect the state to solve the problems. Secondly, the growth of the third sector is accelerated by the circumstances that the discontent with state solutions increases as the welfare state is cut down. The activities performed by the public sector might also have become expensive due to a growing bureaucracy in its administration. Thirdly, there is a macro-economic "need" for new solutions with respect to the unemployment problem. While employment in the private and public sectors in the EU has decreased in the 1990s, employment within the social economy, and within co-operatives in particular has increased. This means that there is also a growing interest in the development of this sector shown by governing authorities. The new cooperative is further considered an important and innovative form of entrepreneurship. In Europe a large share of the actors within the social economy is women. This might imply that the co-operative provides a convenient way to organise work in women’s eyes.

The discussion above can be related to three hypotheses around the development of the social economy in the European Union formulated in Westlund and Westerdahl (1996). The vacuum hypothesis holds that the social economy can fill some empty gaps, which arise when the public sector is cut down, while the private sector does not expand or even diminishes. The influence hypothesis assumes that through contracts with the public sector, new co-operatives and other organisations take over part of the businesses, which traditionally was handled by the public sector. Greater influence is the driving force. The local-identity hypothesis is based on the growing need for local and regional identity as a reaction to the increased globalisation. People join in projects, societies and associations of various kinds to strengthen the local identity.

7. The Development of the Social Economy in Russia

In the Russian context the first reason mentioned above seems to be particularly important. This is by large also compatible with the vacuum hypothesis. The other two hypotheses appear to be less relevant for the Russian transitional economy. The traditional planned economic system,
which existed since the first Five-Year Plan in 1928 is breaking down. In effect this means that the breakdown of the old system of administrative planning and allocation of resources organised by the state sector is on a completely different scale when compared to the reduction of the state sectors in the western economies. In this breakdown state institutions are not able to adjust their behaviour in accordance with the new demands of the Russian transitional economy. On the other hand, as Russia has not become a market economy, the changes have not as yet brought with them competition, implying that the private sector in Russia does not work according to the same principles as western market economies. A major problem concerns the fact that neither the Russians nor foreigners are willing to invest in activities, which are needed for the building up of the Russian economy.\textsuperscript{64} The privatisation of the big state enterprises has not implied that the management of these has changed, while small private enterprises are generally concerned with activities that do not require investments, with the primary objective of supporting oneself. This means that there is no real “private sector” which can take over the activities which were previously performed by the state sector, and perform these in a “capitalist manner”, that is, with the aim of improving efficiency, produce better products and earn high profits. The informal sector, on the other hand, includes the Russian Mafia, while the “third sector” includes non-governmental organisations only. In Russian terminology “the middle sector”, which is a wider concept than the third sector is defined as state stock companies, collective farms, enterprises within the consumer co-operatives, enterprises on lease-hold and non-governmental organisations (Khibovskaya 1996b). Therefore, in the Russian context we define the social economy as all the activities which are aimed at increasing welfare, but which are not organised by the state sector. In this respect it seems particularly important to include private businesses which are not primarily oriented towards profit-maximisation.

8. Social capital in the Russian context

In the West macroeconomic policies and universally applicable solutions do not create jobs in the old way. The productivity of work is growing fast and the rapid changes in society are introducing economic processes to a level where it is hard for traditional national institutions to operate (Rifkin 1997). There is a need for new flexible institutions that can respond to the rapid changes in society. In this process social capital becomes increasingly important, that is, it is not only physical assets and individual capacity that are important, but also social, informal networks of various kinds (Putnam 1993). Social capital is defined according to the features of social life; it is the networks, norms, and trust that enable participants to act together more effectively to pursue shared objectives (Putnam 1995, pp. 664-5).

Putnam (1993) finds that the performance of governments and other social institutions is powerfully influenced by citizen engagement in community affairs. If this is applied on Russia, a lack of social capital could contribute to explain the poor performance of the Russian government. That is, people do simply not believe in their authorities. The lack of will to invest in Russia reflects the lack of trust in institutions. Citizen engagement in society is low, open debates are few and management of institutions is still hierarchical. The planned economic system was built on vertical communication and vertical links, which were inherited from the past. The lack of horizontal cooperation between Soviet institutions and the tradition of strong hierarchical relations in the Soviet command economy continue to impede economic development in today’s Russia. According to a nation-wide Russian social capital survey of spring 1998 the only set of

\textsuperscript{64} The reasons for this are many, most important of which is the absence of a properly working legal system.
organisations that a majority expects to work, as they should are food shops. While in the Soviet Union there were many state organs seeking to mobilise compliance with the regime's dictates, the rule of law did not apply. Laws were frequently contradicting each other. Harsh Soviet laws were in effect softened by their nonenforcement, which also contributed to make performance arbitrary. Survey data suggest that the expectation that the rule of law is not followed is constant in post-Soviet Russia still in the late 1990s. One example is that people hire criminals instead of calling the police when subject to a crime offence, simply because they do not believe that the police can help them.

In the Soviet Union informal and formal networks often contradicted each other. The system encouraged people to create informal networks as protection against the state and to circumvent or subvert its commands. Russia today continues to suffer from a “missing middle” of organisations linking informal grass roots networks and modern organisations. Informal networks substitute for the failure of modern bureaucratic organisations. According to the survey cited in Rose (1998), the proportion of Russians completely outside institutions of civil society is as high as 79 per cent and the majority able to rely on at least one network to get things done varies from 60 per cent to more than 90 per cent. Whatever the situation, some people will rely on the public bureaucracy to deliver goods and services, while others rely on informal do-it-yourself cooperation, cajoling of bureaucrats or bending or breaking of rules. If the situation makes it feasible some turn to the market.

While in the European Union local partnerships and social capital promotes development of the social economy; such a relationship is not evident in Russia. On the contrary, the social economy develops despite the low degree of participation of population in community affairs. In effect, the lack of social capital has created a vacuum where many needs in the Russian economy which are not satisfied, neither by state authorities nor by profit-seeking firms within the private sector, are met within the framework of the social economy. Falling relative wages within the state sector implies that people try to find new forms of activities, which are not yet reflected in official statistics. The ways to income and consumption on the basis of activities in the social economy differs, however, between groups, as well as between men and women. Three types of activities which are carried out by women within the social economy are discussed below, where each of these activities are built on strategies for survival from the Soviet period: distribution of vital goods in rural areas, consulting and distribution of information to women and production of services.

10. The co-operatives and distribution of food in rural areas

In Russia co-operatives are primarily associated with the traditional Soviet consumer co-operative sector manifested in Centrosoyuz which in 1998 celebrated its 100th anniversary. Centrosoyuz, which was a large, hierarchical organisation, is being reorganised and cut down just like the state sector. While in the West, there is often some kind of agreement between municipalities and co-operatives or private firms to take over activities from state authorities, in Russia, in the late 1990s, the state issue orders to the co-operative sector to secure that certain

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65 74 per cent think they charge prices as marked and go to shops regularly (Rose 1998, p. 8).
66 About half of anticipated state revenue is not collected in Russia. Taxation provides one example, the by western standard low capacity to collect taxes is reflected by the fact that five-sixths of Russians think that taxes can be evaded (Rose, 1998, p. 10).
67 Personal interview, Anna Klyotsina, Centre for Gender Studies, St Petersburg, 9 June 1997.
basic needs of the population are satisfied. In particular, the government wants to increase the role of the consumer co-operative in the distribution of food (*Rossiskaya Kooperatsiya*, No. 52, 1998).

The development of co-operatives is seen as a women's movement, it works horizontally and has a programme for survival. In 1997, 63 per cent of leaders of co-operatives in Russia were women. In two ways the consumer co-operative is largely a female organisation. Most of the members and employees as well as the customers are women, it is usually women who are responsible for household shopping. Comparatively low salaries are partly compensated for by the fact that employees in this sector still have some fringe benefits. For instance, employees within the consumer co-operative have kept privileges in the form of sick care, holidays, care of the aged, day care centres for children and flats. That is, women trade higher salaries for fringe benefits. In the transitional process many women, however, have lost their jobs and their share of employees has been decreased from 72 per cent in 1991 to 66 per cent in 1996 (Kiseleva 1998). Nevertheless, just as in the Nordic countries where the public sector is on the decline, the co-operative contributes to keep up employment rates for women. Many women, however, work within the consumer co-operative without pay.

The consumer co-operative is regulated by a contract with the local government, according to which it is obliged to provide food products and services to the rural population. In Pskov near the Estonian border, for example, the consumer co-operative gets tax reductions as a compensation for expenses due to unprofitable shops (*Rossiskaya Kooperatsiya*, No. 52, 1998). It also provides social help to poor people; for instance they distribute vouchers and enable pensioners to buy food on credit. In addition, charity help is provided to schools, sanatoriums and handicapped children. In Tomsk in central Siberia, the consumer co-operative provides rural as well as urban population with vital goods. In Ivanovo, some 300 kilometres west of Moscow, women in the consumer co-operative have formed a special medical station. In Prokhurov, the consumer co-operative runs a project where they take care of families with many children. In Pskov the consumer co-operative runs an education project. The consumer co-operative further takes over the role of the trade union with respect to public health, they help farmers to deliver products, teach people how to process vegetables and teach students to have several jobs. In 1996, about 60 per cent of consumer co-operatives belonged to the trade sector (*Informatsionnyi statesticheskii byulleten* 1996, No. 13, p. 37). While delivery of foods in the urban areas has been taken over by the private sector, the delivery of food and non-food products to rural areas has not.

Just as in the West, the possibility of co-operatives to provide new work places and reduce unemployment has received an increased official attention. Although the general aim of reducing bureaucracy has affected the consumer co-operative in various ways it has been more favourably treated than the private sector with respect to taxation, profitability, payments for energy and rents for property. Unprofitable enterprises within the consumer co-operative are generally not liquidated. The rent for having enterprises on leasehold from the state is low. In order to attract

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69 Personal interview, Galina Kiseleva, Chairwoman of the Centrosoyuz Board, Russia, St Petersburg, 7 June 1997.

70 They had a different function from that of trade unions in the West (Nove 1982, pp. 229-231). Their task was to enforce party policies as well as protecting workers from abuses and dangers of various kinds, but they did not determine wage rates. As Soviet trade unions were not independent of state or party, the breakdown of the Soviet system also implied that the trade unions fell apart. Occasionally this implied that the Consumer co-operative on a voluntary basis or as a result of directives from local authorities went in to fill the resulting gaps in terms of unsatisfied needs, such as that of protecting health of workers.

71 Personal interview, Director Tatiana Ivanova, Centrosoyuz, Tosno, 6 June 1997.
new members various advantages are provided. In Kirov, for example, members get special advantages in the form of car transports, ploughing of their private plots, the number of members and employees as well as services of various kinds has increased (Rossiskaya Kooperatsiya, No. 51, 1998).

As private firms have not replaced state enterprises, which have been closed down, the consumer co-operative might have a gap to fill depending on the type of sector. In the agricultural sector, for example, the consumer co-operative expands. The development with respect to output of products, however, varies between regions. While the supply of goods of the consumer co-operative for instance has increased and widened in Chuvash in southern Russia, it has decreased in Krasnodarsk in Siberia. In Chuvash, farmers have their own association within the consumer co-operative, they have animal farms, meat canneries, production of medicines, drinks and balsam. The standard of living among farmers has been raised because of an increased demand for their products. As many state enterprises have been closed, new types of activities have been set up within the consumer co-operative, such as shoe repairs, sowing of clothes, photo studios, pharmacies in rural areas and shops. In Krasnodarsk, on the other hand, anxiety among the population is increasing due to an increasing shortage of resources, a decreasing number of shops and enterprises within retail trade (Rossiskaya Kooperatsiya, No. 52, 1998).

Women in the consumer co-operative want to see co-operatives as a tool for change and there appears to be a link between the consumer co-operative sector and the new service sector. Although there are many people with primary employment in the middle sector, about one third have second job in the middle sector (Khibovskaya 1996b, p. 26). This is also reflected in the fact that about one third of those who start a café, a shop or a kiosk as a second job have their primary employment in the consumer co-operative. After the law on co-operatives came into effect in 1988, some women with a background in engineering or economics started co-operatives or small businesses (Marchenko and Tetrenko 1994). This development was, however, halted. In 1997 a new law on consumer co-operatives was adopted by the Duma. In 1998 on the initiative of Centrosoyuz, an organisation for co-operatives was set up with the aim of strengthening the co-operative movement in the country. A program for development of consumer co-operatives in the period 1998 to 2002, with the aim of securing the production and trading of agricultural produce and products of private households, was started.

If the legal framework is established the possibility of starting a co-operative might imply a good opportunity for female entrepreneurship in Russia. Firstly, it is an easy way of starting up new businesses, which is especially important in transitional economies, where people have little experience of entrepreneurship. The co-operative provides a suitable organisational framework for an easy start. In Russia the hierarchical structure of work places has implied that most people are not used to taking initiatives or in particular, they are not used to being their own bosses. Secondly, it requires fewer assets in terms of capital investments.

11. Non-governmental networks for distribution of information

72 Personal interview, Ludmila Gregoreva, Secretary Chuvash Centrosoyuz, St Petersburg, June 7 1998.
73 Personal interview, Professor Tamara Abova, Moscow, 5 December 1996. Zakon Soyuza Sovetskich Sotsialisticheskikh Respublik o kooperatsii v SSSR, Ekonomika i zhizn, June 1988, No. 24, pp. 3-18. Although a new law on co-operatives was adopted in 1992, it did not stimulate the forming of new co-operatives in the absence of a citizen code of law, which was not adopted until 1993 (Personal interview, Personnel Manager, Irina Edwards, Centrosoyuz, 8 June 1997). Although a new law on co-operatives was adopted in 1996, the work on this law continued, as many issues connected with this law had not been solved. The Revised Version of this law was not adopted in the Duma in the beginning of 1997.
One important effect of the changes towards democracy has been that the local initiatives among women have increased (Rimashevskaia 1996). Independent women’s organisations have been formed, previously hidden forces have come up to the surface and women are stimulated to realise themselves. In 1994, there were 300 registered female organisations within Russia, in 1998 more than 800, the members of which are prosperous but not part of the top leadership. Such informal female networks are especially important when the formal economy does not work properly. In the Russian transitional economy the access to information technology has implied that many women in various parts of the country obtain information in a completely different manner to how they did only a few years ago, in particular as compared to the time before Gorbachev introduced glasnost. The networks provide information about new laws and resolutions and their effect on women, meetings and conferences, what has happened within the various local networks etc. Female organisations view the “third sector” as one of the main guarantors for a development which is not only oriented towards market-based solutions, but also towards a democratic development and the satisfaction of needs. The incomes of non-governmental organisations are obtained from membership fees, conferences and teaching. There is, however, a great dependence on foreign funding.

The development of the third sector is also seen as important in the sense of anchoring in people’s mentality that their own lives depend on their own actions and decisions. Some organisations have organised training in self-help, employment agencies for women, job-clubs as support groups, small-business promotion training, advisory offices for supporting new economic enterprises and “incubators” for new business enterprises in small local economic communities. An example of such an organisation is the Association of Women in Business in Novosibirsk, which facilitates the creation of businesses by women, offers financial and legal advice and opens up information channels to other organisations. Centres for co-ordination of jobs, which are carried out on orders, have been formed in Nizhnyi Novgorod and Dzerzhinsk. Regional centres for employment have been set up, where female entrepreneurship, self-employment and handicraft etc is encouraged (Vlasova et.al 1994).

Non-governmental organisations in Russia are not allowed to start commercial activities with the objective of profit making. Being financed partly by the Employment Fund, they can only earn money with the aim of fulfilling some specific goal. They can, however, provide some financial support to profit-seeking firms. In Perm, for example, non-governmental organisations take part in the financing of a firm within non-traditional health care and to a firm which provides services to the community and trade. The profit is intended for the financing of future projects. The Russian organisations actually earning money, such as the Perm Business women’s club, the Council of the women’s Congress in Murmansk, the Association of Women’s Initiatives from

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74 Associations like the Novosibirsk Association of Women Entrepreneurs, for example, has gained publicity and attracted potential customers. Women in Murmansk, Novosibirsk and Perm organised "Exhibition Markets" and teaching courses for women and girls. They also sell some of the exhibited material.

75 Personal interview, Galina Grishina, Women’s Independent Fund, Moscow, 2 December 1996.

76 NGO:s organise security committees, employment centres, educational board’s etc. in co-operation with local authorities to set financing for fixed purposes, with the aim of achieving local financial independence. They are usually engaged in the solving of every-day problems. Some of them are involved in handicraft and art, others provide consultancy, seminars and services to members such as languages and data.

77 In Nizhnyi Novgorod unemployment among women has been halved in this way (Barabanova 1995, p. 25).

78 In Tversk, for example, a club for job-seeking persons has been set up. In the Volga-Vyatkski region a centre which was formed on the initiative of the female group “Gender” has worked out a programme “Woman in a small firm”, the result of which was that 40 per cent of those who were engaged in the project actually started their own business (Barabanova 1995, p. 26).
Naberezhnye Celny, Tatarstan and others, have "mixed funding" - grants and earned money. Yet, they place great value on earning money as a means to maintain their independence.  

12. Production of services

The most important reason for having a second job is the need for an extra income. Apart from labour income some people get state support in the form of unemployment benefits and other kinds of state subsidies, but it is also quite common that individuals get financial help in the form of private support. While only one in four Russians has any savings and a big majority of the unemployed does not receive unemployment benefit, most Russians can draw on informal networks of social capital for cash (Rose 1998). It is not uncommon, for example, that one person supports five or six other adults (Ogonek 1998).

In addition many people are engaged in the so-called "informal sector", which is not included in the official statistics on employment or production. In Russia doctors, teachers, electricians, carpenters, plumbers and others earn extra money without paying taxes just as they did under the Soviet system. Under the Soviet rule, leaders to some extent unofficially accepted activities in the informal sector if they facilitated the functioning of the shortage economy, that is, a market situation where buyers were looking for sellers, while the latter rarely experienced any difficulty in selling what they produced (Kornai 1980). However, their rapid expansion in the general transformation process implies an increased tension in the labour market and a danger of an uncontrolled development dominated by criminal forces. Although the informal sector appears to be expanding rather quickly its size is uncertain (Bragina 1995).

There is also a link between the informal service sector and the new service sector. This conclusion is compatible with Leiprecht (1998) who finds that second jobs are more common in small firms than in big firms and that those working in private firms have at least two sources of income more frequently than do those in state enterprises. There seems to be a positive relationship between second jobs and a high level of consumption, on the one hand, and education level, on the other. Additionally, the higher the income in the primary employment, the higher is the salary in the secondary job (Khlovskaya, 1994; Khlovskaya, 1995b). Usually, the higher extra incomes are earned from individual work in non-state businesses (Khlovskaya, 1995b; Toksanbaeva, 1995; Rzanschchyna, 1995). It is rather common for specialists and medium level bosses to have extra jobs, and it is just as common in urban areas as in rural areas, although it is more common in Moscow and St Petersburg than elsewhere. Available data also indicate that it would be more common to have a second job in the same profession as the regular job than in a different profession. Furthermore, the frequency of second jobs would be higher among men than women, and more common among younger people than older (Khlovskaya 1996b, Roshchin 1995, Toksanbaeva 1995).

In 1994 most persons with a second job in the service sector had these in the same profession and at the same workplace as that of the ordinary employment (Emtso 1994, p. 39). Both Khlovskaya (1995) and Emtso (1995) however find a tendency towards more extra jobs at a different workplace than the ordinary one. Second jobs further tie together the various sectors within the economy and reduce the effects of the breaking down of the old system. Within the service sector workers have second jobs in the form of construction, renovation, sewing of clothes, etc. Khlovskaya (1995) also finds that there is a positive relationship between involuntary, unpaid vacation and second jobs.

79 Personal interview, Galina Grishina, Women’s Independent Fund, Moscow, 2 December 1996.
Women take extra jobs in order to raise their income, to realise their work potentials and get more interesting jobs. There seems to be a positive correlation between the frequency of second jobs among women on the one hand, and wages, male unemployment as well as education level on the other (Roshchin 1995, pp. 28-29). Furthermore, while women with higher education usually have more possibilities to find extra jobs at other work places, women with low or medium level education earn extra incomes from activities they perform at home (handicraft, sewing etc.). In effect, among these women who are self-employed, some run very modest “business” activities like sewing, knitting, making fruit or vegetable preserves. While women often combine such small-scale business activities with home making, it seems to be more common that men combine small incomes with a job. While younger women generally prefer to be employed, it is more common that women over 50 start their own businesses (Rzanshchyna 1995). It seems to be more common that entrepreneurship is forced upon women than on men, but many women also view entrepreneurship as a possibility of changing their lives (Babaeva and Chirikova 1995). 

Female entrepreneurship is oriented towards science, consulting, health care, retail trade and services (Roshchin 1995).

Leiprecht (1998) presents some interesting results, based on data from four regions representing different economic structures: Moscow Oblast, Chelyabinsk in the Ural area, Krasnoyarsk in Siberia, and the Chuvash Republic. According to her survey, second jobs would be more common in the service sector than within industry. Potential entrepreneurs are prevented from starting up private businesses in industry because of problems to get premises or equipment, loans in the bank, etc. On the other hand, small private enterprises are being formed within the service sector. In effect, while second jobs facilitate the transfer of labour from state controlled activities to market oriented businesses within the service sector and agriculture this does not appear to be the case in industry.

If the demand for second jobs is negatively related to actual earnings in the ordinary job, this should imply that the need for extra incomes would be greater among women than men. According to Leiprecht (1998, p. 17) more than 70 per cent of individuals who receive private support are women. One possible explanation is that women more often than men work in sectors which are affected by wage arrears. The fact that women are less likely to work in secondary employment but more likely to receive benefits from the state or from private persons might imply a tendency towards more women outside the labour market. This impression is strengthened as one could imagine that the benefactor of private support would demand some service in return, which may be labour intensive as well.

13. Conclusion

Examination of empirical evidence from Russia during 1990-1997 indicates that priorities set under the Soviet system help to explain increasing wage and employment differentials between men and women, as well as differences in the ability of female-dominated versus male-dominated sectors to restructure themselves. Women and men in the Soviet economy, in line with official policy, appeared to be on equal terms on the labor market. Quotas placed many women in political positions, although they never reached the
highest levels of leadership. The employment rate for men and women was at about the same level, the education level was slightly higher for women, and many women worked also in the male-dominated professions. With 'glasnost', however, some previously forbidden investigations were published, revealing that there were in fact substantial differences in wages between men and women. If wage differences between sectors were to actually reflect differences in priority status between these sectors, differences in wages between men and women under Soviet rule might partly be explained by the fact that more women than men worked in low-priority sectors. Additionally, the decay of the state sector in Russia seems to have affected women more than men, in terms of their position on the labor market. Soft budgets and past priorities influence wages in contemporary Russia and help explain differences in employment and wages in the post-Soviet economy. It is difficult, however, to know whether more women than men have become unemployed. There are also some indications that men have actually been hit harder by transition. The breakdown of the military sector, the substantial cutbacks in heavy industry, and decreasing life expectancy are three examples. Similarly, it is not clear whether the increased wage inequality in society as a whole has resulted in an increased wage gap between men and women.

The social economy is developing in the gap between the old and the new economic system, within the framework of the Russian transitional economy. There are many needs which are no longer provided for within the state sector and which are not “taken over” by the private sector. Distribution of foods and products in rural areas, child care, care of the aged, health care, education, distribution of information and some private services are example of services which are supplied by the social economy. While, however, in the West, the social economy develops in collaboration with authorities, in Russia the lack of social capital seems to imply that it emerges either outside the formal economy or as a result of directives from the state to the co-operative sector to carry out certain tasks. The lack of faith in Russian municipalities further explains why it is so difficult to achieve growth in the Russian economy. There is a need to build up new horizontal structures and such a development requires that new activities be built up from the bottom on the basis of mutual collaboration. Some evidence indicate that such a development is underway, at least in some regions. The West should support the development of the social economy in Russia, both in order to secure democracy and to contribute to economic and social development.

In the Soviet era informal networks between neighbours, friends and relatives helped people to solve common problems. Such networks are important in transitional Russia as well, but for slightly different reasons. There are, for instance, informal networks for taking care of children in places where the state no longer provides such services. Informal networks for protecting private property have been formed. Another example is that it has become quite common for families to build houses together. Such informal local networks appear to become especially important as the situation in the transition process is unstable and it is difficult to know whom to trust. This is reflected in the fact that quite a large proportion of people, more women than men, receives private support of some kind.

The breakdown of the state sector in Russia seems to have affected women more than men, in terms of their position on the labour market and the burden of the transition to a market economy in many respects weighs more heavily on women than on men. Women are generally believed to be more affected than men by falling employment rates, the decline in social and public services, the deteriorating financial situation of families, as well as growing unemployment and its diversity. Firms would no longer be able to organise childcare for their employees. The
cut-down in social services has further contributed to make women politically inactive. While, however, women have lost positions in the political sphere, in some respect they seem to be on their way up in economic life. Russian women are well educated and they are used to working, working is their way of life, just like it was for their mothers and grandmothers. Women "back to the stove" is not realistic for economic reasons, simply because very few women can be supported by their men. Women who have that possibility can just keep such a situation if the husband maintains his position politically or economically, which could be especially uncertain in Russia today. Giving up a profession is therefore very risky. Russian women, who were used to find informal solutions to problems under the Soviet period, have found ways to survive also in the Russian transitional economy. There is, however, "a danger" that many women go from paid work in the state sector to un-paid work in the voluntary sector, which in effect means a development in the opposite direction compared to many other countries, for example Italy or Spain.
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