

## The Soviet Union: A Shaky Welfare State

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**Though the Soviet system’s ambitions were initially universalistic, the system of social protection that it established quickly proved discriminatory and insufficiently generous. In a recent book, Dorena Caroli uses social protection as a prism for considering the Soviet state’s broader dysfunctions.**

**Reviewed:** Dorena Caroli, *Histoire de la protection sociale en Union soviétique (1917-1939)*, Paris, L’Harmattan, 2010, 316 p. (with a preface by Roberto Sani).

In 1932, Beatrice and Sidney Webb, two of British socialism’s most prominent figures, traveled to the Soviet Union. They came back so impressed with its economic development and social policies that they spoke, in a work written upon their return, of a “new civilization.”<sup>1</sup> From his conversations with the Webbs, William Beveridge drew some of the material he included in his report on social security, which was released in 1942 and became the inspiration for Europe’s postwar welfare state. Distancing herself somewhat from the Webbs’ vision, as well as from the institutional approach that historians later adopted,<sup>2</sup> Dorena Caroli examines “social protection”—*sotsial’noe obespetchenie* in Russian—drawing on a rich body of sources: archives, printed documents, and letters. She focuses on insurance and social assistance, which underwent considerable change through the interwar period, both institutionally and in terms of the nature of the beneficiaries. She shows how social protection

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<sup>1</sup> The original title of the book, which was published in several volumes, was *Soviet Communism: A New Civilisation?* The first volume appeared in 1935.

<sup>2</sup> The historical studies that have dealt with social protection in the Soviet Union include: Berenice Madison, *Social Welfare in the Soviet Union*, Stanford University Press, 1968; and Stephen Kotkin, *Magnetic Mountain. Stalinism as a Civilisation*, University of California Press, 1995.

was shaped both by conscious political choices—which were, in a nutshell, ideological—and by the necessity of grappling with the widespread social problems resulting from the long period of war extending from 1914 until 1921. The result was a system of social protection in which the state intervened little and which primarily benefited skilled and unionized laborers. Caroli thus characterizes the nature of the relationship—one that was quite different from the image spread by the Webbs—between the state and the Soviet people during the regime’s early years.

### **A Swift Renunciation of Full Social Protection**

It was at the beginning of the twentieth century that the first social protection measures and the first factory funds for insuring workers against sickness were introduced in Russia. To address the demands made during the war for greater security, the Bolsheviks announced, a few days after the revolution, the establishment of full social protection (for the inability to work, medical assistance, maternity, unemployment, death of the head of the family), financed by workers’ withholdings. When economic conditions made honoring this promise impractical, the Bolsheviks quickly opted for choices that were more limited in scope. This retreat was not simply limited to social protection. In the case of nationalities policy, the equality that had been proclaimed between Russia’s peoples was quickly subordinated to “the interests of the proletariat,” to use the period’s phraseology.<sup>3</sup> The question of social protection was regulated by three successive decrees, announced between December 1917 and November 1921, which identified the beneficiaries and clarified the administration of different types of insurance: while social categories that had been excluded by the old regime (the disabled, women, and children) were now to receive benefits, workers were privileged at the expense of artisans and peasants. Insurance funds dealt with work-related protection, while local departments of social work handled the disabled and the unemployed. For years, benefits were paid in kind. Administered by the People’s Commissariat of Labor, a new organization was created in 1922 for managing social protection: the Central Directorate of Social Insurance.

The payment of social benefits required the disbursing institution to have at its disposal sufficient resources to make these payments. Yet the initial plan to offer full protection soon foundered on financial problems. At the beginning of the twenties, the New

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<sup>3</sup> On Soviet nationalities policy between 1917 and 1923, see Jeremy Smith, *The Bolsheviks and the National Question 1917-1923*, Palgrave MacMillan, 1999.

Economic Policy had partially restored the market economy in order to save the regime from the disaster into which the Civil War had thrown it. To finance the social protection system, the Bolsheviks opted for the principle that companies would make withholdings on a branch by branch basis. There was no plan for state financing in the event of imbalances. In other words, the social insurance budget was completely dependent on the country's economic growth. In 1923, the share that companies were expected to set aside for insurance funds was set (it ranged from 16% to 22% of total salaries) and four insurance funds were established, each dedicated to a particular form of insurance. The funds created the same year, which spanned the entire territory, covered in principle more than two and half million people. Yet in reality, only a tiny minority was actually eligible for social insurance: most companies could not make the entirety of their payments, so funds, faced with deficits or the possibility of deficits, were either unable or unwilling to pay out benefits. Moreover, the funds often directed their budgets away from their original purpose. As a solution to these problems, the social insurance funds for sickness and unemployment were fused in 1924. Next, two central insurance funds were created in 1926. New changes were introduced in the thirties, which reorganized insurance funds, planned health expenditures, and struggled against workplace accidents.

### **From Solidarity to Discrimination**

Over the course of the twenties, the number of the insured increased steadily. In 1928, before the country was forcibly industrialized, they amounted to nearly ten million. The measures of the twenties not only identified new categories of beneficiaries (educators, peasants, and agricultural laborers), but also defined compensation procedures. Reserved for a limited number of individuals, these benefits proved inadequate to guarantee the survival of the insured. Consequently, the urban proletariat had of necessity to preserve a connection with the agricultural world. The legislation triggered protests. Complaints and appeals, the author maintains, led the authorities to modify their position. Thus unemployment compensation was increased in January 1928 to calm widespread dissatisfaction. This benefit was, however, eliminated a little more than two years later, in October 1930, shortly before unemployment disappeared as a statistical category.<sup>4</sup> Deleting all references to phenomena associated with capitalism from official studies and speeches was, in practice, a way of indicating that Soviet society had undergone a profound upheaval. At the turn of the thirties, social policy became

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<sup>4</sup> On the concept of unemployment, see Cécile Lefèvre, "Note sur les notions de chômage et d'emploi dans les années 1920 et 1930 en URSS," *Cahiers du monde russe* (38:4): 1997, 617-627.

tougher. People who were already in fragile situations were deprived of assistance, thus becoming ever more marginalized. During this period, social insurance ceased to be an instrument of solidarity and became, according to Caroli, a tool of “pitiless discrimination.” A major step in this direction were the measures taken in 1932 to fight worker absenteeism, correct the classifications of disabled groups, and review the status of medical assessment commissions. In keeping with Elena Osokina’s study of food rationing, social protection made it possible to reward some segments of the population while punishing others.<sup>5</sup>

### **Unions: Tools for Controlling Workers**

With the disappearance of the Labor Commissariat, unions took control of social protection in 1933. During the second half of the thirties, when Stakhanovism reigned triumphant, they were one of the primary institutions for controlling workers. According to official figures, nearly 85% of workers belonged to a union in 1936. The bureaucratic apparatus was enormous, with tens of thousands of employees. Forced to operate with a reduced budget, unions did not hesitate to make the disabled work and to increase verifications. Medical assessments, when they were deemed suspect by the insured, could lead to protests. Some of these challenges received answers and a few cases were reconsidered. The author is not, however, always clear about the outcome of these procedures: one rarely finds in the archives the complete correspondence between various administrative services. The coercive function of unions became apparent during the Great Terror, beginning in July 1937, when conditions for receiving disability pensions were toughened, just as labor legislation was itself becoming more draconian. Heroism was no longer enough to mobilize people. Instead, penalties were used to increase productivity. Thus in Moscow, the Social Protection Council was created in the “ZIS” car factory, limited indemnification and closely observed workers to prevent possible abuse.

Through her study of social protection, Dorena Caroli shows us the daily lives of the Soviet people, presents the phenomenon of categorization, and depicts a dysfunctional state. In doing so, she brings to light the regime’s ambivalence towards its own citizens as much as the reactions of employees to authorities. Caroli’s book is thus an important contribution to our understanding of the interwar Soviet Union, through a study that considers multiple perspectives and levels of analysis: microhistorical counterpoints from below punctuate

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<sup>5</sup> Elena Osokina, *Our Daily Bread; Socialist Distribution and the Art of Survival in Stalin’s Russia, 1927 to 1941*, M.E. Share, 2001.

macrohistorical analyses from above. Yet the variation of levels and the alternation of analyses take the form of a series of parallel developments; the increased knowledge that might have resulted from comparing these points of views is partially diluted by the fact that they are simply juxtaposed. More generally, the work's organizing principle is not made as clear as it might have been: chapter introductions and conclusions would not only have helped readers to orient themselves, but would also have clarified an argument that nonetheless remains persuasive.

First published in [laviedesidees.fr](http://laviedesidees.fr). Translated from French by **Michael C. Behrent** with the support of the **Florence Gould Foundation**.

Published in [booksandideas.net](http://booksandideas.net) 10 April 2012.

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