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CURRENT SUPPORT BRIEF

RECENT CHANGES IN BENEFITS AND WAGES FOR WORKERS IN THE
REMOTE REGIONS OF THE USSR

OFFICE OF RESEARCH AND REPORTS

CENTRAL INTELLIGENCE AGENCY

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RECENT CHANGES IN BENEFITS AND WAGES FOR WORKERS IN THE
REMOTE REGIONS OF THE USSR

A recent decree revising the employment benefits for workers in the Far North and other remote regions of the USSR ^{1/} evidently is intended to insure that these regions are settled and that inequities and overcompensations that were common in the past are eliminated. Over the long run, the new decree and concomitant changes in wage differentials and taxes should assist materially in the solution of some of the morale and manpower problems plaguing these areas.

Background

After World War II the USSR established a number of benefits for work in the Far North and other remote regions, intended both to encourage workers to sign labor contracts and to induce workers who were "relocated" during World War II to remain in these areas. On 1 August 1945, the Supreme Soviet approved a decree providing the following benefits for workers employed in the Far North: (1) a longevity premium of 10 percent of basic wages every six months up to a limit of 100 percent of these wages; (2) one year's service in the Far North to be counted as two years for pension credits, and (3) special leave time of 18 and 30 working days per year in addition to regularly established vacation time for workers with fixed and irregular working hours respectively. ^{2/} Other benefits, such as travel pay, per diem, and living quarters were also added in order to induce workers to migrate into these regions. In addition, a decree of 18 November 1945 declared certain geographic areas to be equivalent to the area of the Far North in benefits, except that the longevity premium in this "equivalent region" was established as 10 percent per year, up to a limit of 100 percent; and that leave allowances were set at 12 and 24 working days per year for workers on fixed and irregular hours respectively. ^{3/} In September 1946, the regime also decreed a 20 percent wage increase for workers and technicians on important industrial and construction projects in the Urals, Siberia and the Far East. ^{4/} In addition, the various economic ministries were empowered to set regional wage differentials as required, subject to the approval of the planning authorities.

These wage and benefit provisions for the Far North and other remote regions were intended primarily to induce workers to sign short-term labor contracts (3 years) to work in these areas, although efforts to assure permanent settlement were also made.

The substantial growth of population in the remote regions (Table 1), however, has now provided a larger relative labor supply, thus reducing the need for offering extremely high rewards to short-term workers and for incurring the high costs of moving these persons from place to place. In addition, the planned relocation of servicemen now being demobilized could improve further the labor supply in Eastern USSR. Recent changes in benefits and wages reflect these developments, and primary emphasis is now being given to maintaining and expanding a permanently settled work force in the "remote" areas.

TABLE 1

Percentage Increase in the Population of Selected Remote
 Areas of the USSR 5/

	Percent Increase in Population
	1939 - 1959
Total USSR	9.5 <u>a/</u>
Remote Areas (1959 Boundaries adjusted to 1939 Boundaries where possible)	
Buryat-Mongolian ASSR	24
Irkutsk Oblast	54
Komi ASSR	152
Krasnoyarsk Kray	35
Murmansk Oblast	95
Novosibirsk Oblast	45
Primorsk Kray	52 <u>b/</u>
Kharbarovsk Kray	65-115 <u>c/</u>
Yakutsk ASSR	22

- a. 1939 data include Moldavia, Latvia, Lithuania, Estonia and the Western Provinces of the Ukraine and Belorussia.
- b. Figure represents a minimum because an accurate adjustment for the reduced area of the Kray could not be made.
- c. These figures represent minimum and maximum estimates. The extensive changes in internal and external boundaries preclude a more precise estimate.

Changes in Benefits During 1960

On 10 February 1960 the Soviet government approved a decree which superseded all previous decrees on Far Northern benefits. The new decree lowered the special pension credit of two years for one year of service to one and one-half year and abolished special leave allowances for workers on irregular hours. In addition, the decree cut in half the longevity premiums in most areas of the Far North and in the "equivalent" regions--to 10 percent every year and 10 percent every two years, respectively. The 10 percent premium every six months was retained only for the Chukosk National Okrug of Magadan Oblast, the Koryak National Okrug and the Aleutian Rayon of Kamchatka Oblast, and the islands of the Arctic Ocean and its seas. Limits on the total amount of the longevity supplement which could be added to basic wages were also lowered--to 80 percent of the basic wage or 2400 rubles per month in the Far North and to 50 percent of the basic wage or 1500 rubles per month in "equivalent" regions, whichever is less. Previously earned longevity supplements are to be retained in amounts up to 3000 rubles per month. 6/

Two other provisions of the decree appear to be aimed specifically at encouraging the permanent settlement of the remote regions. First, benefits will be granted only to newcomers who have signed labor contracts for five years or longer instead of the three year contract required under the old system. The requirement for a longer contract

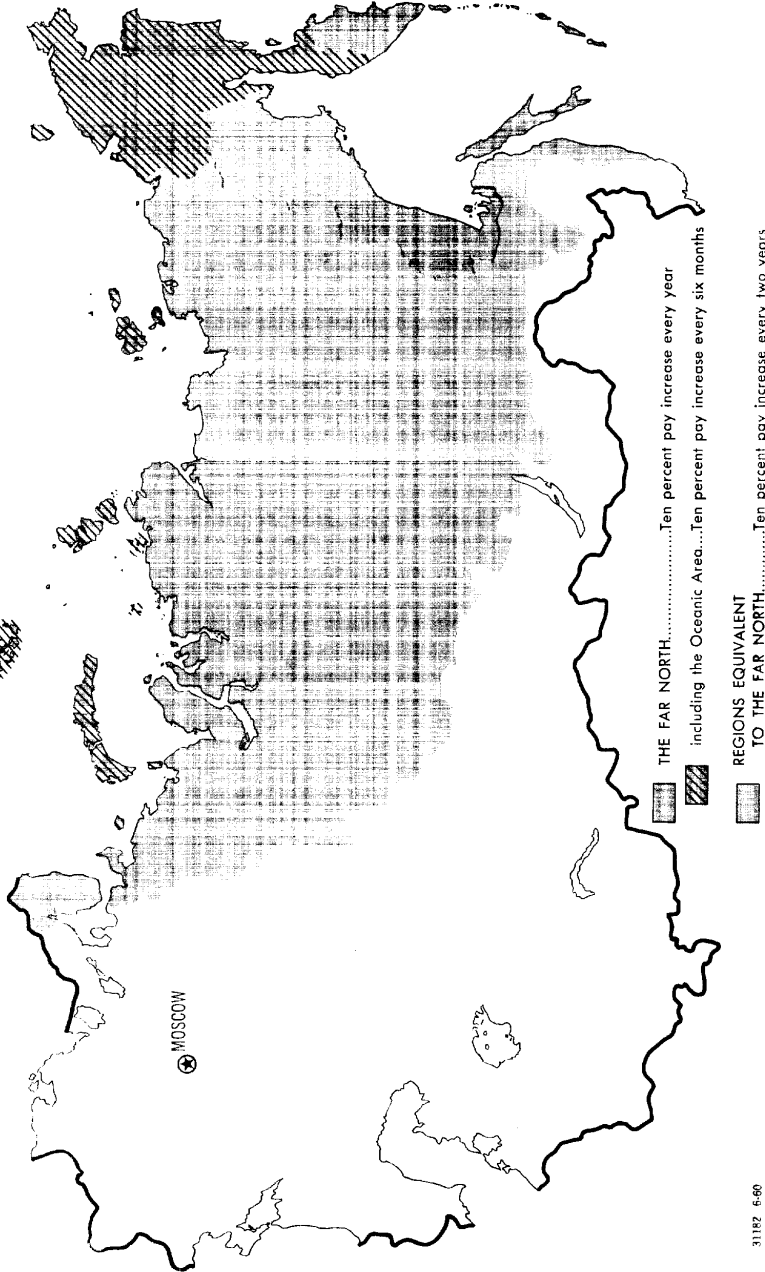
probably will effectively discourage the migration of persons seeking to earn high wages for a short time, but should not deter significant numbers of persons intending to settle permanently in the remote areas. Second, the special employment benefits for work in the remote regions are to be extended to the "native" population in these areas including persons who were reared there, as well as members of the families of migrants. These groups formerly were ineligible for benefits, with the result that there apparently was a costly cross movement of "natives" between regions and a major morale problem.

Changes in Regional Wage Differentials During 1959-60

The relative wage position of the "remote areas" also is being altered by changes in regional wage scales and income taxes. ^{7/} The new system of unified regional wage differentials now being put into effect will probably reduce somewhat the relative advantage of the remote areas. A recent statement by Kucherenko ^{8/} indicates that increased attention is being paid by the planning authorities to the preferential introduction of labor-saving technology into these areas. Such measures would reduce further the need to pay wage differentials of the previous magnitudes. In addition, because average wages in the remote regions are higher than those in other regions, the reduced wages and salaries for higher paid workers stipulated in the recent decree abolishing income taxes will reduce further the relative wage advantage of the remote regions.

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Longevity Benefits in the Remote Regions of the USSR, 1960 Moscow



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Coord:

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- Sources:
1. Joint Committee of Slavic Studies. "On Adjusting the System of Benefits for Persons Who Work in the Regions of the Far North and in Localities Equivalent to Regions of the Far North," The Current Digest of the Soviet Press, 16 Mar 60, p. 26-28. U. (Tr of Vedmosti Verkhovnogo Soveta, SSSR, no 7, 18 Feb 60, p. 70-72)
 2. Sbornik Zakonodatel'nykh Aktov o Trude, 1956, (Handbook of Legislative Acts Concerning Labor, 1956), Moscow, Gosurizdat, 1956, p. 31. U.
 3. CIA. FDD Translation no 434, 13 Jul 53, Trade Union Employees Handbook (Spravochnik profsoyuznogo rabotnika), p. 60-61. OFF USE.
 4. S. Figurnov. "Osnoviyye formy provysheniya real'noy zarabotnoy platy v SSSR" (Basic Forms of the Increase in Real Wages in the USSR), Sotsialisticheskiy trud, no 5-1959, p. 51. U.
 5. Foreign Manpower Research Office, Bureau of the Census. The 1939 USSR Census of Population: Organization and Methodology, May 1959, p. 128-9. U.
USSR Central Statistical Administration. Narodnoye Khozyaystvo SSSR v 1958 Godu (The National Economy of the USSR in 1959), Moscow, 1959, p. 9-18. U.
 6. The Current Digest of the Soviet Press, 16 Mar 60, p. 26-28. U.
 7. A. G. Aganbegyan and V. F. Mayer, Zarabotnaya plata v SSSR (Wages in the USSR), Moscow, 1959, p. 197-8. U.
 8. Speech of V. A. Kucherenko in the stenographic record of Plenum TsK KP SS, 24-29 Jun 59, Moscow, p. 264-5. U.

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14 June 1960
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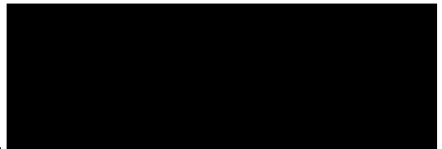
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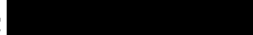
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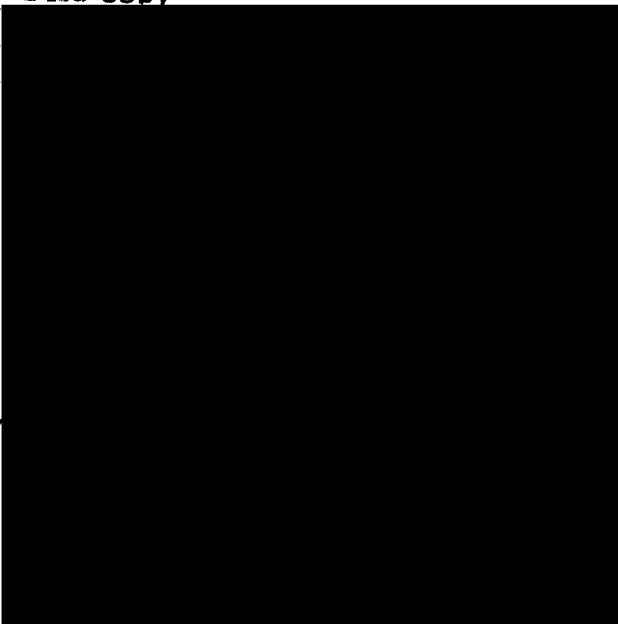
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