Chapter 3

Reorganizing Production: Economic Reforms and Women in Labour Market

Economic reforms in Russia are a part of the chain of economic processes of global capitalism, which were initiated in the 1980s under the general rubric of policies of globalisation. This era has been characterized by unprecedented historical trends of integrative processes, such as increasingly rapid movement of goods and investment, communication and exchange among countries and regions. Finance capital has become the leading engine of quick profits and growth. Trade liberalization and internationalisation of production transcending national boundaries has accelerated global integration of markets in goods and services. Diane Elson (2005), feminist economics scholar, notes the emergence in mid 70s of the ‘Washington Consensus’ which overturned Keynesian Consensus of the 50s and 60s according to which production had dominated with social reproduction and finance at its service. The ‘Washington Consensus’, on the other hand, put finance in dominating position, with production at the service of finance and social reproduction at the service of both.

Contrary to the myth of national governments being rendered helpless and ineffectual in the face of onward march of transnational finance capital, there is growing evidence of the important role that national governments play in globalising their domestic economies, society, politics and cultural life. Interventions by a host of international players like IMF/WB/WTO, the influence of foreign governments, private international banks and so on; also influence and determine policies in developing countries and creating areas like that of free-trade and common markets within any national boundary. This has meant economic freedom for many economic players and it has also meant the rise of a strong hand by national governments and
international institutions. In ‘The Great Transformation’ Polanyi (1957) points how global capitalist policies are a result of deliberate state intervention in the name of market freedoms, imposed top down and without a truly democratic process of discussion and decision making among all those who are affected by these policies.

Political structures and events often cater to the requirements of these transnational and national interests of big capital. ‘Wall Street Journal’ aptly noted in the case of Argentina, “The reforms were largely accomplished by the political will of a presidential strongman who invoked executive decrees over 1,000 times” (O’ Grady 1997). Tumultuous events leading up to the formation of the Russian Federation and the subsequent arbitrariness and undemocratic nature of shock therapy model of economic reforms imposed by Russia’s very own ‘presidential strongman’, Boris Yeltsin, indicate the crucial role played at both national and international level to bring about a neo-liberal market order from the ashes of a centralized command economy in Russia. The Russian Parliament, the Supreme Soviet, also extended the decree powers to the President for one year to implement shock therapy programme.

Polanyi (1957) also pointed out that alongside and as a part of creation of the markets, there are accompanying triumphalist statements and affirmation of discourses emphasizing norms and behaviour associated with economic rationality and efficiency. Benaria (1999: 64) points that this, “emphasis on productivity, efficiency, financial rewards, shifts in values and attitudes i.e. new emphasis on individualism and competitive behavior, together with apparent tolerance and even acceptance of social inequalities and greed,” comprise the set of factors symbolized by neo-liberal “Davos Man” who is valorized in well established weeklies such as ‘The Economist’. He is the rational economic man gone global.” Polanyi observed that the tendency is for society to become “an accessory to the economic system” rather than the other way around. It is in this context that we will evaluate the feminist critique of such mainstream economic theory in the following section.
Feminist Critique of Mainstream Economic Theory: An Introduction

Feminist research has developed many critiques of mainstream economic paradigms, whereby they attempt not to extend or adjust gender within the mainstream framework; rather they challenge the fundamental premises of neo-liberal model of economic development which is particularly relevant for the contemporary context of globalisation. The impact on women of economic policies, financial turmoil and crisis generated in the world, in particular in transition countries, has been profound. Not only is there an inadequate analysis of this impact, there is also a fundamental refusal to factor in gender as an integral category in mainstream macroeconomic theory and models. Therefore, the policies formulated and the response of the state and other influential institutions not only in crisis situations but also during non-crisis situations when they are building their social order fails to address gender disparity. Increasingly, feminist research is contending that perhaps it is impossible for neo-liberal economic framework to provide a solution to the vexing but resilient problem of gender disparity in the economy and is emphasizing the need to look for alternative paradigms and analysis to address this question. Growing body of feminist economics research points towards the gender-blind nature of macroeconomics, its lack of recognition and refusal to incorporate gender inequality variables and unpaid domestic work which is vital for social reproduction. They critique the mainstream view that ‘growth’ is the answer for gender inequality and gender equality is good for growth. Scholars like Seguino (2000) find no conclusive evidence to support the view that women do better in countries that grow faster. On the contrary, she points to the evidence that in many semi-industrialized countries gender inequalities in the labour market have facilitated economic growth.

Underpinning this last result is a more structuralist model in which low female wages stimulate industrial investment, in a profit-led process of growth. Russian former President Putin’s regime from the years 2000-2008 registered impressive growth rate, mainly due to a steep rise in oil prices in the international market. This growth has not meant a reversal of neo-liberal deregulatory economic policies that were implemented in a top-down manner in 1991 resulting in an instant pauperization of the majority of the population and the impact of which has been particularly detrimental to women as we shall see during our analysis in the chapter. Feminist
economists point that gender is not just another market imperfection and they attempt to incorporate persistent asymmetries in power and knowledge in their economic models. Feminist economists have studied the contradictory interrelation between gender and structural adjustment. Scholars like Kongar (2005) and Berik (2004) analyze gender wage gap with very different conclusions from mainstream analysis.

The area of finance capital has remained largely neglected in feminist economic scholarship because mostly their economic models are grounded in real, monetary capitalist economy. Some prominent feminist economists like Elson (2005: 205) "...propose an analysis based on the interrelation of three domains: finance, production and social reproduction. All three domains are considered to be 'bearers of gender' in the sense that they are structured through social relations which are gendered, implicitly, if not explicitly.” Social reproduction forms an important domain of research for feminist economics and in doing so they develop ‘heterodox macroeconomics.’ As explained by Elson (2005: 208), “Heterodox macroeconomics points to intrinsic limits of the ability of the money mechanism to co-ordinate capital accumulation that is set from within the money mechanism itself in the context of a necessarily uncertain world...monetary contracts are necessarily incomplete and contradictory...money is a fictitious commodity that ultimately rests on non-market relations for its value...the domain of social reproduction also constitutes an unsurpassable limit to the ability of the money mechanism to co-ordinate capital accumulation.” Building upon Marx’s formulation that the problem of capitalist monetary economy stems from dynamics of production governed by profits, feminists have attempted to establish the relevance of production processes (i.e. social reproduction) governed on a non-profit basis.

Kuzmanovic (2005: 209) brings three key areas under feminist economics research- market, state and household. She observes the central questions of economic science i.e. how limited resources are distributed, allocated and used by people at all, global, national and community, and household/individual levels. She challenges the assumptions on which economic science is built. These are assumptions of “...rational individuals and natural reproduction, according to which women’s work is infinitely elastic, and the belief that all the factors are equally mobile. Feminist analysis is based on understanding unequal power relations between men and women and the need to
transform the current power relations towards gender equality. They challenge methodological individualism of a rational and gender neutral economic agent which is premised on traditional gender roles, racial, class and national hierarchies and thus a privileged male agent."

Kuzmanovic (2005) points out how transition and privatization have led to an increase in women’s unemployment as a result of confluence of two opposing trends: fall in demand for women’s work and rise in the supply of women’s labour. While remarking on unpaid domestic work and women in Russian economy, eminent feminist scholar Khotkina (2005) has shown how living standards have deteriorated as a result of economic transformation crisis. It has resulted in a situation in which many services which families could formerly buy at the market or were provided by the state are now performed by the women at home. This has led to a significant naturalisation of household economy. The transition has resulted in changes with important consequences for increase in gender distribution of work within households and dynamics of gender equality in terms of economic opportunities for women.

Developing Capability Approach from a feminist perspective is also a part of the growing body of feminist economics research. Robeyns (2005) shows how the capability approach endorses an important feminist argument that non-monetary economy is an important source of well-being, especially the enormous amount of caring labour, which is mainly performed by women. Its ultimate aim is that the ends or goals of policies should be people’s well-being in all its dimensions i.e. their capabilities.

Ferber (Ferber and Nelson 1993), long regarded as a central figure in the development of feminist economics, was one of the first to challenge Gary Becker’s unitary model of family and household. Her ground-breaking anthology compiled with Nelson (1993) ‘Beyond Economic Man: Feminist Theory and Economics’ brought feminist critique into the mainstream discourse of economic science. As she aptly pointed out, “Models of free individual choice are not adequate to analyze behavior fraught with issues of dependence, interdependence, tradition, and power. Tradition, in particular, may be a far more powerful force in determining allocation of household tasks than rational optimization” (Ferber and Nelson 1993: 5-6). She observes that, “eliminating androcentrism would involve not merely localized
modifications but altering a self-image and a world view with deep emotional as well as intellectual roots."

Problematising the neo-liberal model ‘Davos Man’, his notions of rationality and choice, Blank challenges a central premise of this rational male individual at the center of neo-liberal economic model. She says, “Rather, the assumption that I find most problematic in the standard economic model is that in all cases choice is taken as the most useful characterization of how individuals respond to their social and economic environment. Our prototypical story about economic behavior describes an empowered individual. This person (male or female) who has a sense of choice in his or her life, who consciously seeks information on a broad range of subjects, and who engages in conscious and rational planning with the expectation that it will produce better results. In short, this is a person with a sense of control over his or her life, who perceives choices and acts on them. There is not a glimmer in this basic model that any individual might ever feel dominated, oppressed, passive, stuck, ill, unsure about his or her abilities, or unaware of alternatives. There is no recognition that many people in many situations will not perceive that any choices are available to them” (Blank 1993: 140-141).

One of the more recent and comprehensive attempts to take feminist research forward has been by Benaria (1999) who has made an insightful analysis in her essay ‘Globalization, Gender and the Davos Man’ in a comprehensive anthology ‘Women and the Economy’. While the anthology updates most of the research done in the field, there are significant contributions which take this research forward. In one such contribution, Benaria contextualizes gender within the mainstream neo-liberal context of globalisation. The neo-liberal model also shares a western bias in so far as it typifies western individualism. She notes how the links to the market have been historically different for men and women, with consequences for their choices and behavior. The impact of shock therapy programme based economic reforms in Russia have had a severe effect on both men and women in Russia but its impact on women has been different from that on men and has been even more sweeping. Benaria also points to the fact that parallel to the deepening of market relations, a large proportion of the population engages in unpaid production, only indirectly linked to the market. This is the sphere, such as agricultural labour, domestic labour, and volunteer work
and so on, in which women are disproportionately concentrated. She calculates how this unpaid work amounts to nearly 70% of total world output of which women’s work represents nearly 69%. She has also done important work exploring the link between the markets and expanding arena of informal economy which has far reaching implications for women.

As part of Benaria’s attempt to forge a non-profit based motivation for the economic order, she explores the possibility of looking at unpaid work or subsistence economies as sources of alternative economic models. The norms and behaviors associated with the market do not apply to these spheres that produce goods and services for use rather than for exchange. Benaria (2001: 318) claims that, “...to the extent that they are not subject to competitive pressures of the market, they can respond to motivations other than profit or gain, such as love, nurturing, duty, religious beliefs and practices and need.” Feminist scholars like Nelson (1993), Folbre (1995) and others have been keen to develop an alternative to economic rationality premised on the Hobbesian view of self-interested individuals and look for models based instead on assumptions of human cooperation, empathy and collective well-being. Some scholars like Benaria, Gilligan and Roldan are proposing women as more effective agents of this change than men as they have a better chance of exhibiting this type of behaviour. However, this proposition has been deeply contended within feminist theory for its essentialist trappings.

Challenging Soviet socialist political-economic order and arguing for the superiority of a neo-liberal free market capitalist political order based on efficacy, rationality and greater individual freedom and choice was the main contention of the ensuing reforms. The following nearly two decades of painful events in Russia point to the contradictions inherent in this premise. Feminist research has increasingly problematised the central arguments and premises of neo-liberal economic order from a gender perspective. A brief overview of the status of economic rights and participation of women in the Russian economy will reveal to what extent the ideological basis of overthrowing socialism in Soviet Union has been justified from the point of view of gender. It will also implicitly address the more general question of the conjunctures between patriarchal forces with that of capital and its resultant
impact on the position of women in the realm of production as understood in the classical sense.

I ideological Underpinnings of Economic Reforms in Russia

Russia’s political, social and economic order continues to undergo a fundamental change. First initiated by Mikhail Gorbachev, then General Secretary of the CPSU, reforms arrived in Russia as ‘perestroika’ (restructuring) and ‘glasnost’ (openness). The events subsequently culminated in 1991 in a dramatic, almost overnight disintegration of the USSR, dismantling of the CPSU and changeover from a socialist centrally planned economy to a free-market economic order.

The ideological underpinning of the transition was premised on a wholesale delegitimization of the Soviet Union and its system. Soviet system was identified with all possible vices; inefficiency, absence of stimuli to labour and innovation, priority to distributive justice over economic rationality and efficiency and state paternalism. The free-market was posed as the opposite of this and promised a western lifestyle, freedom of expression and initiative and consumer choice.

There was no debate and neither the citizens nor the parliament was taken into confidence for the package of economic reforms that were soon to follow. The economic reform process followed the ‘Shock Therapy Programme’, which were steps for instantly creating a free market economy, formulated by International Monetary Fund/World Bank and implemented by finance minister, Yegor Gaidar. Rapid privatization, at an unprecedented scale started. Therefore, “On 1st January 1992, a few days after the Soviet disintegration and the establishment of the new regime, president Yeltsin announced the privatization programme. Prices and administrative controls were lifted....and by the end of the year, inflation was an estimated 2000 per cent..... Companies were then allowed to buy foreign exchange for imports at floating rates and in exchange sell a share of export earnings to the government at fixed rates.....Russia’s currency, the ruble, was thrown into a state of intense fluctuation by the transition....There was thus, a dollarization of the Russian economy” (Chenoy 2001: 195).
As remarked by a Chinese Scholar, "...In the economic sphere the reform can be divided into two stages: the first was between 1992-1994 -- the stage of 'mass-privatization' (voucher privatization) -- which was coupled with the liberalization of prices and stabilization policy (fiscal stringency policy). Of approximately 250,000 state-owned enterprises when Russia became independent, 130,000 had already been privatized as the second stage began in July 1994. The major differences between the second and first stage are that all change of ownership in the second stage was carried out with money instead of "voucher" and that the procedure is geared towards encouraging the concentration of share ownership so that equity-holders can effectively participate in enterprise governance" (Liu, 2001). Hundreds of billion dollar worth state enterprises were sold at absurdly low value which was the book value. This was because inflation was about 2000% at this time. Zhurzhenko (2001: 34) pointed out that, "...the myth about the stagnation and inefficiency of the administrative-command system and the 'hero-entrepreneurs' undermining it with their 'market behaviour', became an ideological screen for the legalization of shadow economic structures and the shadow capital of the bureaucracy...and a legitimization of the redistribution of the property and powers."

It was told and indeed believed by millions of Soviet citizens that once IMF-WB prescribed remedies were applied Russian economy, growth, efficiency would soar unfettered by the much vilified state interference. It was taken for granted by the Russian advocates and policy makers (Gaidar, Chubais) and their neo-liberal mentors from international financial institutions that growth would come once the markets were deregulated, currency made convertible and trade liberalized. Growth ought to be and was left to market determination which would result in a more efficient and dynamic economic expansion. But a decade later also the promised growth had not materialized. In fact, "Russia's first attempt of capitalist catching-up saw the nation losing 50% of its gross domestic product and 60% of its industrial capacity, more than twice the loss that the U.S.S.R. suffered in World War II." (Schmidt: 10).

The model of privatization that was followed in Russia not only allowed a few favored elites, who had government connections, from concentrating state industrial wealth in their hands at absurdly cheap prices, the pattern also reveals that those sectors which yielded quick profits such as those which had extractive potential were
privatized faster than others. “For instance, in the first phase of privatization, public catering and consumer enterprises comprised 69% of privatization. Light industry and construction comprised 9%, heavy industry 2%, and agriculture was 2%” (Chenoy 2001: 199). Heavy goods and engineering sector with machinery manufacturing of Soviet Union and East Europe formed a major portion of the industrial output and was the major engine of growth of the Soviet economy. But the technological innovation and heavy investment that this sector needed was ignored by private sector, foreign capital and the state. This led the state to declare them as sick and unreformable and enabled the certain crumbling of what had been the foundation of Soviet economy. Consequently, a steep industrial decline and a rapid de-industrialization of Russia followed. Another alarming trend was observed that, “The relative importance of economic sectors changed significantly. Between 1991 and 2005, the share of the GDP derived from retail trade and services increased from 36% to nearly 58%, as the share of agriculture decreased from 14% to 5%. In the same period, the GDP contribution of industry dropped from nearly 50% to 37%....Throughout the early 2000s, raw materials exports have contributed a disproportionately high percentage to Russia’s economic growth” (Library of Congress 2006: 9).

Land is another key state production asset. Soviet state had prohibited private ownership of land. De-collectivization drives by the post-soviet Russian state through decrees, passing laws in the parliament (1992) and withdrawing all forms of state support through subsidies and infrastructure has nevertheless met with consistent resistance from farmers and has not led to a substantial change of ownership patterns. The 2006 Comprehensive Land Reform Legislation could not be passed. Without investing in much needed technological improvements and solving inequity in prices between agriculture and other sectors of the economy, the Russian state has taken a half baked approach at privatizing this sector with a view to largely change ownership structure in favor of private capital. This has been severely detrimental to agricultural output and has posed concerns of food security for the first time in Russia. “In the 1990s, Russia’s agricultural production fell sharply. After declines of more than 50% in every major crop, output began to increase somewhat in 1999. Between 2003 and 2005, the average annual increase was 3%. However, farm infrastructure has declined sharply, and farmers lack funds to purchase key inputs” (Library of Congress 2006: 82).
Not only has the danger of creating impoverished landless peasantry become very real but Russia has become increasingly dependent on food imports.

With all macro indicators of real economy on the verge of collapse, the share of black/shadow economy steadily expanded and by mid 1990s, it was estimated that the shadow economy was larger than the real economy. Illegal and mafia controlled economic activities characterize this sector which has further made inroads in sectors such as transport, retail and speculative financial transactions. “In 2005 an estimated 25 to 40 % of the gross domestic product (GDP) derived from “informal” economic activity, and organized crime continued to play a significant role in many types of enterprise” (Library of Congress 2006: 8).

The ‘Shock Therapy Programme’ made complete withdrawal of state from all sectors of the economy an imperative condition for the reforms to succeed. In this scenario, it was assumed that private domestic capital and foreign capital would replace the role of the state and take over the economic production and distribution once the markets were deregulated and opened up. However, drastic and sudden reforms, which had been drawn up by IMF/WB, were premised on uncertain western aid package that had been promised to Yeltsin. Not only the hopes of foreign capital coming into crucial sectors like infrastructure and manufacturing and reviving them were totally belied but a crucial aspect of Western capital has been speculative ‘in and out’ money. “For instance, according to authorities in the Central Bank in Moscow, the equivalent of $15.2 billion in foreign money flowed into the country in 1994, and a substantial portion was used in speculative transactions. This money has flown out of the country at times of crisis” (Chenoy 2001: 208). The interest rate on ‘Western loan not aid’, as pointed out by a Russian intellectual and critic of IMF policies, was exorbitant because chaotic conditions in Russia made it a risky investment.

A substantial portion of the loan money went into servicing high interest on debt, thereby almost leaving the country immediately. Noted Russian critic Kagarlitsky (2001) commented on this phenomenon and said that, “At the urging of its foreign advisors, the government decided to create a market in short-term state bonds. Sales of these bonds would allow the government to lower its deficits and dampen price rises. Lower inflation, the economy ministers gambled, would encourage investment and lead to economic growth, and as the tax system improved,
to steadily increasing state revenues. These, it was hoped, would allow the
government to service the additional debt. The State’s financial operations came to
resemble the notorious “pyramid scheme” investment funds of the early 1990s,
through which Russia’s gullible and reckless were stripped of their cash. Inevitably
the point finally came when there was no money in the budget to service the debt. In
mid 1998, it was announced that no less than 30% of the budget was being used for
that purpose. Economists calculated that if this trend continued, then by the year 2000,
60% of the budget would go there.” Shestakov (2000), another critic of neo-liberal
policies of IMF/WB imposed in Russia, pointed out that, “......In 1998, with the Asian
crisis still unfolding and with Russian default seemingly near, the IMF agreed to a
$23 billion loan package for Russia, seeking to maintain ruble’s overvalued exchange
rate. An initial $4.8 billion portion of the loan left the country immediately.” The
estimated capital flight from Russia by OECD in 1991-93 was US $26 billion
followed by an estimate by Central Bank in 1994 at US$300-400 per month (Chenoy
2001: 208).

Putin as President arrived at a particularly opportune international moment
when the oil prices were shooting up and injected a crumbling Russian economy and
social order with some stability. However, as the World Bank’s own report (June
2008) notes that despite these changes between 1999-2004 where GDP growth
averaged 6.4% every year, industrial production increased by 7.2% per year and real
income by 7% per year, the level of economic development is still very low and what
these figures fail to reveal is that the level of poverty is still very high and widespread
and living standards very low. “...From 1992-2002 the number of poor people with
income below subsistence level decreased very slowly from 33.5 % to 25%. In fact,
the economy of Russia has not yet reached the pre-reform levels for GDP and other
macro-economic indicators (Schimdt: 7)” By the end of 2009, World Bank report
stated that 17.4% or 24.6 million people lived below subsistence level of $185 per
month. This is an increase of 5% within last year (Gidadhubli 2010: 29).

The June 2008 World Bank Russian Economic Report notes that, “In 2007, the
economy grew by 8.1% on the heels of high oil prices...But inflation is rising,
productive capacity is strained, infrastructural constraints are tightening and real wage
increases are greater than productivity gains” (World Bank Report 2008: 3). The
report also notes the lack of diversification of the Russian economy in which in 2007, "...FDI is still heavily concentrated in extractive industries of oil and natural gas sectors (50%) and manufacturing received only 15%. The bulk of investment is in resource industries, in communication and transport services. All government measures to contain inflation are proving ineffective as inflation has registered double digit increase and stands at 14.3%. Prices of fruits and vegetables, bread and bakery products, meat, milk and milk products, with significant import content, have also contributed to food inflation. But the impact on poor sections has been drastic and poverty has seen a rise" (World Bank Report 2008: 7). Russia thus was becoming a highly stratified class society.

The current global financial crisis is showing a tendency of a recession since 2008. The growth registered in the previous decade world over was showcased as the result of highly successful neo-liberal market strategy. However what is being unveiled now in the context of the global financial meltdown and its detrimental impact across countries is that this has been a sort of an artificial growth which generated very quick and high profits but with heavy risk and prone to severe fluctuations. The link with real economy has become more and more distant with the result that not only private big capital but public money with state banks has also been indulging in risky, unwise credit financing to reap quick profits rather than long term and steady, risk free investments. The squeeze is increasingly being felt by small scale industries, big multinationals cutting cost by widespread retrenchments and expansions.

The region of CEE has developed on the pattern of high risk, financial and lending growth. Therefore, "Most of the CEE countries are running wide current account deficits; an indication that the economy is unable to generate enough domestic savings. Economic growth has been financed by "importing" external funds – in the form of foreign direct investment or public or private debt. The banking sector has played a role, with strong lending growth – one of the main drivers of the retail and investment boom – being largely financed from abroad. The re-pricing of risk at the international level has led to an increase in the cost of such external financing, meaning a general tightening of monetary and credit conditions. Such tightening can be moderate, leading to some cooling of economic activity, or more
abrupt, meaning a strong correction in terms of growth. Countries with greater dependency on foreign funding and facing a higher cost of risk are more exposed to a correction” (businessneweurope 2008).

Russia’s high growth accounted for by disproportionately high share of oil revenues and other extractive industries is also vulnerable because of her exposure to global financial turmoil and “...While oil prices have been stabilising, the Russian economy has revealed imbalances related to its lack of diversification and to the dependency of some sectors on capital inflows. In the last months, the global financial turmoil (more than the Russia-Georgia conflict) caused large capital outflows, resulting in a stock market slump and liquidity shortages in the interbank market...lower capital inflows resulting in tighter credit conditions will combine with still high but lower oil prices to reduce investment appetite and income growth. As a consequence, real GDP growth will likely slow to 6.0% in 2009 from 7.4% in 2008” (businessneweurope 2008). Barely a decade and a half later of Russia having jumped a little late onto the free-market finance bandwagon with the belief in the assertion of neo-liberal invincibility, the world, reeling under continuing shocks of global meltdown, is already questioning the justification and greed of this model of development and growth.

Economic Development Ministry of Russia called the annual economic performance of the country in the year 2009 ‘highly depressing’ confirming the fears that Russia too had been severely hit by the global economic crisis. Gidadhubli (2010: 27) gives the latest statistics confirming the grim picture, “Gross Domestic Product (GDP) declined by 8.5%, industrial output by 11%, retail trade by 5.7%, investment by 17% and inflation rose by 7.5%. The budget deficit was 9% in 2009 and was likely to be 6.5% in 2010.” With no immediate relief in sight there are growing fears of Russia being dropped out of high economic growth group of BRIC (Brazil, Russia, China and India) if the current economic downturn is not reversed fast.

Many experts have expressed their doubts over the character of Russian capitalism that is in the process of consolidation since the transition. There have been various theories regarding the failure of ‘Shock Therapy Programme’ model of economic reforms that Russia has taken up. Despite the high growth rate over the last nine years, long term trends are hardly promising. Rising inflation, sharpening social
stratification and class differentiation, widening gap between the rich and the poor and between regions, increasing marginalization of the vulnerable sections of society like the old, women and children, who are disproportionately bearing the brunt of the impact of the economic reforms, are only a few of the long term trends that are entrenching themselves into Russian social and economic order. With most of the enterprises now dismantled, job intensive economic growth of the Soviet era seems like a distant memory. Unemployment is a reality now and the employment market has been radically restructured to the detriment of the interest of workers, particularly women.

Amongst the section that advocated economic reforms to create a free-market economy there are different views explaining the shortcomings of the outcome of reforms in Russia. Sachs (1995) gave ‘Initial Condition Perspective’ in which he contrasted China’s initial conditions with Russia’s to explain the failure of reforms in Russia. He noted that unlike Russia, China’s economy was liberalized on the micro level along with rationalization on the macro level and economic development. Russia in contrast had a more centralized planning before reforms and had already fostered a high level of division of labour across the whole society. While this division and coordination suddenly disintegrated, local areas did not have enough time to learn how to develop independently without central planning.

Stiglitz (1999) propounded the mainstream view which came to be called ‘Reform Strategy Perspective’. He blamed the unsuitable reform strategy which was called ‘radical reforms’ or ‘shock therapy’ that Russia followed instead of ‘incremental reform strategy’. He argued that market economy includes two elements – full competition and private property. However, ‘shock therapy’ placed too much emphasis on privatization, giving away of state assets which was the easier part. More difficult and time consuming task was creating good market conditions with a reasonable macro-regulation of government (tax, fiscal policy and so on), a viable legal system and a social organizational capital.

Another view was not to blame the reform strategies in themselves but their poor implementation as the reason of the failure to create a prosperous Russia. This view holds the larger share of “insider buyout” in privatizing state assets as per the populist mass privatization or voucher privatization model in the first phase in Russia.
responsible for poor performance of this reform strategy. The “insider buyout” induced “dominant employee ownership”, inevitably leading to the tendency of the stockholders to vote for increased wages, reduce investments, discouraging layoffs—all of which disfavor the growth of market economy.

“Analysts like Amsden argued that Russia has moved from pseudo-socialism to pseudo-capitalism and that none of the crucial institutions necessary for capitalist growth exist in Russia. Baran and Sweezy argue that in circumstances where capitalism already exists as a world system, the later a society enters into capitalism the more its surplus is drained away to the more advanced surrounding economies. Burroway and Kratov argue that Russian capitalism is mercantile capitalism and a transition to modern capitalism is yet to be made” (Chenoy 2001: 213).

While contrasting Russian and Chinese reforms and their outcome a significant observation by Daokui was that the Chinese government had not lost control over its economy as the Russian government did. The mild ‘financial pressure’ policy adopted by the Chinese government was very constructive in amassing capital and lessening the possibility of a fiscal crisis. He admits that although the imposition of government regulation violates ‘free market principles’ in essence it is helpful if the government maintains its competence amidst the chaos generated by the transition. Financial pressure policy meant a strict curb on capital outflows thereby insulating its currency and capital flows from the vicissitudes of foreign speculation and second monopoly of state-owned banking system. Russia in sharp contrast established banking market even before the Soviet Union collapsed and allowed massive capital outflows by lifting the ban on free exchange of foreign currency. Russian government relinquished its macro-regulatory role rather rashly (Yu Liu: online).

Frank Ackerman (2004) critiques the ‘cost-benefit’ foundational essence of economic theory which advocates an undesirable incremental movement towards an unattainable theoretical ideal of “perfectly competitive market conditions” in formulating policies. These policies require monetization of non-monetary benefits and welfare optimum proposed here is premised upon a host of unrealistic assumptions like perfect competition among small, powerless firms in every industry,
perfect information for all market participants, universal adherence to an implausible and unattractive model of consumer behaviour.

Most theories and analysis, largely those from the architects of the reforms themselves, have overlooked the fundamental role and responsibility of global capitalism in imposing such ‘rules’ and ‘frameworks’ on Russia. The transition followed a model which had neither been followed in the west where capitalism entrenched itself over centuries with the class formation in place to take it to its advanced developed level. Nor has this model been followed in any other third world countries where colonial encounters prepared very different conditions, albeit capitalist conditions, for such a system to develop from. There was no strategy to integrate the previously existing system of Soviet socialist economy; rather the aim was more an ideological one. It was to finish the cold war agenda and dismantle totally, effectively and as quickly as possible, any remnants of socialist system in the country without a thought of what would emerge in its place. The benefits to a very few at the top, the compradors who worked with western interests to implement the transition, far outran the costs paid by millions of ordinary Russian women and men. As we pointed earlier, the impact of the transition has not been gender neutral and differentially affected women and men.

**Gendering Economic Reforms**

Legitimization of the new socio-economic order was based on a new understanding of justice and market motivations linked to the principle of private initiative. Zhurzhenko (2001: 30-31) points that, “…for women this new system of motivations turned out to be ambivalent. The universal right of private initiative, in effect, turned out to be gender specific as it reconstructed the traditional separation of the private and public spheres. The abandonment of state paternalism and the collapse of the system of social protection caused the end of the social contract between working women and the state and pushed them in search of new life strategies and identities. In response, mass culture offered an already existing set of western identification models, ranging from the thriving businesswoman to the ideal housewife. Significantly distinct at first glance by the degree of their
'Progressiveness', these identities have in effect much in common, for they are ingrained in the consciousness by virtue of the mechanisms of the market and mass cultural consumption. The emergence of these new identities, professedly or implicitly based on the essentialist understanding of women's destiny, contributes to the integration of the newly forming market society, thus creating opportunities for the social inclusion of women. However, this inclusion is simultaneously a form of exclusion and the basis for the creation of new forms of inequality. The discourse of marketization represents this gender inequality as natural and justified by biological differences and is in no way connected with the universal institutions of the market society."

Policy changes affected women's participation and position in the formal labour market in both, public and private sector. The entire economic fabric and labour market structure were fundamentally altered and reorganized with a large scale reallocation of labour and capital. Informal economy came to occupy a large, shadow role in the economy and it had a sizable contribution to the GDP. It encompassed a lot of economic activity but has worked almost always to the disadvantage of labour rights and empowerment. The disproportionately large number of women participating in informal economy has also significantly contributed to their economic status. The link between the two spheres of economy is not as indistinct or distant as mainstream analyses tend to portray. Changes in the formal sphere have profoundly shaped the contours of the informal economic sphere.

The major changes in economic policies in the formal sphere were deregulating products and labour market, liberalization of prices and trade, privatization of state assets. Following the conditionalities of IMF/WB for allocating Western bailout loans, Russian state cut its social spending drastically, thereby severely affecting wages, incomes, pension, health, education, social security net and several other amenities provided by the socialist state earlier to its workers. As our analysis reveals that while shock therapy reform policies brought sweeping changes for both men and women, women's participation and rights in the formal Russian labour market were disproportionately affected to their detriment.
Deregulating product and labour market and an increasing emphasis on competition and dismantling of the Soviet socialist state have been a few of the significant changes brought about by the shock therapy economic reforms. Within labour market the increasing wage and income inequality, growth in relative poverty, increased use of flexible employment contracts (part-time, temporary, casual and self-employment) and persistently high level of unemployment have been seen as particularly alarming trends. In Russia, as directed by international institutions and neo-liberal reform policy advocates, trade liberalization and accompanying liberalization of financial and product markets called for labour market deregulation too. It was argued that without labour market deregulation, employers would be unfairly competing in a global market with ‘one arm tied back’. Since, this in itself was also not enough, it called for welfare and tax reforms.

The overnight lifting of controls over prices resulted in a long drawn out severe fluctuation in inflation after wiping out the life savings of millions of Russians. Under central planning, socialist state had performed the allocation functions that prices perform in a market economy. In 1992, the first year of economic reform, retail prices in Russia increased by 2,520%. A major cause of the increase was the deregulation of most of the prices in January 1992, a step that prompted an average price increase of 245% in that month alone. By 1993 the annual rate had declined to 240%, still a very high figure. In 1994 the inflation rate had improved to 224% (Chenoy 2001: 195-198). Sudden deregulation of prices and changes in fiscal policy also resulted in severe fluctuations in the exchange rate of the ruble. The neo-classical theory believes that decentralised decisions of firms and households make efficient allocation of resources and in a decentralised market economy; prices are the ‘invisible hand’ directing economic activity. Only when institutions such as the state, unions, employees intervene, the prices (wages i.e. price of labour) are not allowed to adjust normally. This in turn affects the invisible hand’s ability to allocate resources, thereby generating inefficiency. So, it is in the interest of economy and growth to let market forces have freedom to act without any state interference.

There are many claims that labour market reforms have finally done away with paternalistic and cumbersome protectionist labour policies that were a burden on
both, employers and women by making women an unattractive and more costly labour force to hire. But gender analysis says that labour market reforms and deregulation has not been gender neutral. As reflected in participation rates, wages, and employment characteristics (form and conditions of employment), women have borne the brunt of this supposed ungendered process.

(b) Changes in Labour Code

Despite the Russian economy registering a high growth rate since 2000, the number of registered unemployed women was 1.5 times more than unemployed men. Women represent 72% among unemployed people staying without work for 12 months or more, and in 2003 the average duration of unemployment among women reached 8.6 months. Because of its long-term nature, women's unemployment is one of mechanisms of women’s withdrawal from the labour market. This fact is related to the lower competitive position of women in the labour market, which is the reflection, among other factors, of discriminatory practices of Russian employers (Mezentseva: online). Structural adjustment policies and changes in the labour market policies has made a radical departure from the erstwhile ‘gender-contract’ of the soviet state with women and has naturalized women’s unpaid domestic labour in keeping with the capitalist gender order. Not only are more and more women being pushed into unpaid domestic work back into their homes, the sheer inadequacy of one salary to enable a family to make ends meet forces most women to take up more and more work in low paid informal sector.

While outlining the objectives, principals and direction of labour legislation in Russia, the draft prepared by ‘Elf’, the Expert Fund of Labour Research, an international advisory body working in close conjunction with international monitory organizations, stated the priorities of restructuring labour legislation to facilitate the free market economic order. Consequently, labour policy, the same as social policy on the whole, should be based in modern society not on “the protection from market-driven forces” but rather on “the protection within the market-driven environment” based on the maximum use of market-oriented mechanisms, mobilization of the individual initiative of citizens, and mechanisms of their collective self organization”. The draft states that the “subsidiary state” and not the “welfare state” becomes the basic model of a social state. The reform of labour relations will contribute to higher
flexibility of labour relations and their adaptability to changes in economic conditions; structural reform of the economy, which will initiate economic growth. Outlining areas that need to be changed in the erstwhile labour law in Soviet Union, the draft states that this law had a negative impact on the labour market and the development of labour relations. (ELF, online: 1)

The old law was overburdened with a huge volume of guarantees and allowances to the employee, the main burden of which is laid on the employer. It was precisely these guarantees and allowances that had enabled a gender contract between women and the socialist state. The draft laid emphasis on removing these guarantees. By removing these, it effectively curtailed the possibilities and opportunities for women to remain in paid employment in the formal sector. Another important area for change paved the way for liberalizing or granting greater flexibility to the employer to hire and fire their employees. The old law was also highly inflexible on issues of employment and dismissal. This was another key area outlined by the draft for change. The ‘top priorities’ for the adoption (amendment) of the labour legislation would therefore be as follows:

1. The volume of such guarantees and allowances issued at the expense of the employer should be built down significantly and in cases, when such guarantees and allowances are determined by interests of the state, the latter should provide financial resources for their implementation.

2. With the objective of raising the flexibility of labour relations, law “On Labour Contracts” should increase the freedom of the sides in determination of the contents of labour contract. It should stipulate the mandatory minimum of the issues regulated by labour contract and the issues that may not be subject of labour contract.

The high-priority tasks also include amendment of:


The draft includes streamlining of procedures for mass dismissals and reduction of the volume of guarantees and allowances to dismissed employees, which have to be issued by the employer; cancellation of the insurance principle for the
payment of unemployment allowances (liquidation of the Employment Fund and transition to the payment of allowances from regional budgets, establishment of the uniform allowance amount, and the linkage of its disbursement to real needs of the unemployed); linkage of the allowance disbursement with the execution of a certain volume of public works; broadening of the notion “appropriate work”; streamline multiple collective labour contracts, which originate from the existing trade union pluralism, and to establish that collective labour contract covers only the workers, who are authorized directly or indirectly (through the union membership) a corresponding trade union body to conduct collective bargaining on their behalf (Elf: 2-5).

Significant shifts in the labour code have been made in line with such neoliber al policy recommendations which have undermined worker’s labour rights across the country but they are proving to be especially detrimental to women from the point of view of affecting their employment and participation in the formal sector of the economy. The new labour code expands employers’ rights to hire and fire, reduces the number of hours of work that are considered part time and allows only one union to represent a single company.

It allows employers to sign contracts for temporary and seasonal jobs for the ostensible purpose of restricting shadow transactions between employers and employees but what it does is push more and more workers outside the ambit of permanent jobs and securities and encourages them into seasonal and temporary jobs which can provide timely and adequate labour to employers without them having to bear the brunt of providing any safety net to their workers. The new Labour Code was approved despite fierce opposition from the Communist side of the aisle in the Duma who have opposed streamlining of firing procedure that can been enacted without the involvement of trade unions and the reduction of legal maternity leave from its current three years.

On December 29, 2004, the Russian Federation Law on the Budget of the RF Social Insurance Fund for the Year 2005 No. 202-FZ was enacted, which, in effect, put a ceiling on sick leave compensation for employees in Russia. Pursuant to the Law, the amount of sick leave compensation for the period of a full calendar month cannot exceed 12,480 rubles (approximately USD 450) (Baker and Mckenzie 2006).
Amendments to over 300 articles in the Russian Federation Labour Code came into force, as well as 13 additional articles.

In the Soviet period, there was a long standing tradition of paying maternity leave in the form of full salary without any limitation by the employer. The changes in new Labour Code included a changeover to the maternity leave being paid by Social Insurance Funds and establishing a legal minimum of such payments. It has also been indexed to minimum wage, which in 2006 was at its 2004 level of US$20 per month and was estimated to cover only 22 percent of basic living costs, was raised to US$40 per month, also not enough to meet basic living cost and rearing of children (Library of Congress 2006). Child care leave has been replaced by parental leave which is to be paid by the employer and is also made dependent on employment experience of women. The combination of such a financial structure of parental leave, inadequacy of the allowance to be paid and the conditionalities attached to it render women, particularly mothers, totally vulnerable and an unattractive labour force. Finding jobs after leave has become much more difficult for women as it is women who make up 90% of the parents taking childcare leave. Consequently, their shift from formal into informal labour market is encouraged by the labour policies as reflected in the New Labour Code (Teplova 2005).

Under the present Labour Code, the employer is authorised to ignore the emerging workers' union until it outnumbers the already existing ones, which is practically impossible while intimidation and repression is practiced by the administration and the officially registered trade unions exist in the position of underground organizations (Kagarlitsky 2008). Not only are labour rights of all workers undermined, women especially are even more excluded and loose their bargaining power. They often find themselves out of the work networks where information and negotiations are shared and worked out and therefore they lack insider knowledge which reduces their bargaining leverage. This was one of the reasons why women were even more marginalized in buying back shares of the companies where they worked under the voucher privatization model.
Participation and Employment Rates in Transition Economy

A peculiar feature of Russian transition was the lack of an unemployment rise commensurate with the severity of output falls. The Russian labour force has shrunk substantially since transition began, but the official unemployment rate in Russia has remained lower than that prevailing in most of Western Europe. The official Russian statistical agency, Goskomstat, reports that total employment fell by 8.2 million people between 1990 and 1995, with a slight increase in the size of the working-age population. Still, the level of registered unemployed in Russia was only 1.5% of the labour force in 1993-94 (Guy Standing, 1996). Registration counts severely underestimate the true level of unemployment, and highlight the fact that the jobless do not make much use of the state employment agency. There are perhaps 10-15 times of the official number of working-age individuals without gainful employment. Clarke explains this trend as a part of transition process to prepare the labour force for private labour market. According to him, Labour market flexibility was the goal as it would encourage the private investment which, in turn, would make the given economy more competitive. According to the chief economist of the World Bank, quoted by Clarke (1998) who said that the advantage of slack in the labour market is the consequent tendency of reducing pressures for wage growth in the economy. Low wage is a major factor motivating the creation of jobs in the private sector.

In mid-1997, the real wage averaged little more than one-half of the 1985 level, and 43 percent of the 1990 level. Many workers were not being paid on time. The Russian Labour Flexibility Survey, designed by Guy Standing (Director of the Labour Market Policies Branch of the International Labour Organization), shows that in 1996 one-third of the firms surveyed had been delaying payment regularly in the past year, involving two-thirds of their wage bill. Experts have shown that a large number of workers lost part of their pay because of “administrative” leave or short-time work after which the chances of getting the job back are very low. Administrative leave in effect is layoff; the enterprise seeks to avoid outright dismissal so as not to have to render severance pay (as labour law stipulates) (Grogan and Van den berg 1999).

Difficulties in categorizing the labour force status of individuals are compounded by the effect of policy incentives on employer behavior. The various
forms of “Excess Profit Taxes” which have existed in Russia since transition began encouraged firms to keep “ghost” employees on their books. Excess profit tax was calculated as a portion of the average wage bill of the firm, thus encouraging firms to keep employees on at extremely low wages, or sending them on long “unpaid leave”. Roxenborough and Shapiro (1996) have studied the impact of ‘Excess Profit Taxes.’ They pointed that, “...the 1994 form of this tax stated that if the wage bill divided by the number of employees exceeded more than four times the statutory minimum wage, the wage would be subject to a 35% “Excess Wage Tax”. Lowering real wages (which meant simply raising nominal wages less than inflation) also encouraged individuals to leave voluntarily, in which case firms would bear no responsibility for severance pay. According to the calculations of the fact that the “Excess Wage Tax” targets the average wage in an enterprise provides an economic incentive to maintain workers who add nothing to the productivity of the enterprise.” Many Russian workers are kept on at very low wages, or sent on administrative leave (often without pay) to reduce the average firm wage below the Excess Wage Tax threshold. According to the official Russian statistical agency, Goskomstat, the amount of workers on “officially-imposed administrative leave” nearly doubled in 1994.

The low reported unemployment rate is also because of concealing the actual rate of unemployment. The decline in employment had exceeded by far the reported rise in registered unemployment. Chetvernina (2009), who contributes to an extensive critique of the Russian unemployment compensation system, reports that, while benefits by law should equal 60 percent of an unemployed worker's wage, it averages but 23 percent in many regions. The low benefit further discourages registration. Explaining the tendency of low reported unemployment she says that officials look for new methods of further reducing the unemployment rate thereby reducing benefit payments and saving funds. In addition, labour ministry officials as well as business leaders believe that benefits encourage dependency and “parasitism.”

During the initial stages of economic transition in Russia, the probability of re­employment within one year for unemployed individuals was 0.52, high relative to selected OECD countries. However, by 1995-96, this figure had fallen 24 percent to levels typical of the OECD. Moreover, the probability of losing a job in 1996 had increased to 5.6 percent, 75 percent above its 1992 level (Foley 1997: 34). On 26th
March, 1998, the Russian Deputy Minister of Finance, Alexei Kudrin, announced the elimination of 208,000 government jobs. The cutbacks, he said, will allow “timely payment for everyone who now works in the national economy.” The crash of Russian financial markets in August 1998, and consequent failure of several major Russian banks, precipitated large-scale layoffs and a steep rise in the de facto jobless rate (Grogan and Van den Berg 1999: 26).

Unemployed labour force would include spells of “no work”, “no pay”, and “no job”, as well as spells of unemployment as defined by the ILO. It is important to include the category of discouraged workers also since they have stopped looking for a job but want a job. Women who are unemployed are far more likely to be registered than men although despite that the official figures are much lower than the actual rate of women’s unemployment. This might be because men are less likely to qualify for the benefits compared to women which discourage them from registering. By the end of 2001 experts estimated the unemployment rate as being from 18 to 20% of the economically active population. This estimate includes general unemployment, those in part-time jobs in the informal sector, estimates of the number of workers with long standing wage arrears, and those in workplaces where they are paid for significantly below the subsistence minimum (which does not provide for the simple survival of the workers) (Glinkina 2003).

(d) Women in Labour Market

Several issues directly affect women’s employment and their participation in the labour market. Prior to transition, employment was viewed as both a right and as a duty for women and men, however, once the shift began, so did perceptions about women’s work. Some began to view women’s primary role as only that of caretaker in the home, rather than the previously prevalent view of her as caretaker and worker outside the home. This view, coupled with a preference for male labour, caused deterioration in women’s employment levels. Two of the most pressing issues for women are increased unemployment, both overall and in relation to men, and the prolonged periods of unemployment that they suffer. According to UNECE (online) between 1985-1997 the female labour force and employment shrank more than the male in all countries for which there are comparable data-- Hungary, Estonia, Latvia, Lithuania, Russian Federation, Slovenia, the Czech Republic and Poland. The largest
fall took place in Hungary where women’s employment declined by 40 percent while male employment by 30 percent.

The neo-liberal discourse in Russia in the early 1990s displayed blatant signs of an ideological and cultural “backlash” in all spheres (Buckley 1992, Posadskaya, 1994). Although in the Soviet period, attitudes to the gender division of labour and to women’s career commitments had been ambiguous and contradictory, but after the breakdown of the USSR, influential voices, politicians, journalists, “experts”, and well-known personalities in the media openly expressed discriminatory opinions. Katz has recorded this tendency which shaped the discourses on Russian women’s economic participation. Soviet women were said to have been “overemancipated”, deprived of their “femininity” and torn away from home and hearth. Voices amongst women also reiterated that, “… quite a few more women wish to return to the kitchen in order to be relieved of doing road work, construction jobs or factory work” (Lissyutkina 1993: 276). Kalabakhina (1995) agreed with this view as far as women manual workers were concerned, while deploring the loss of jobs for highly educated and committed female professionals. The real frustration of women from the “double burden” of paid and unpaid work was recognised, but only few and isolated voices proposed more equal roles in parenting and housework (Katz 2002: 4).

There are several reasons explaining women’s withdrawal from the labour market. Female job cuts in industry were related to the restructuring of light industries, such as textiles, which lost state support in the early phase of transition (as opposed to male-dominated heavy industry), and due to the shedding of clerical positions in industrial enterprises. Women were also affected by large cuts in the feminized public sector service jobs, losing jobs in transport and communication. This was not balanced by any meaningful increase in women’s employment in expanding market-related services, such as banking, insurance and business services. The deterioration of women’s position on the labour market is explained by the pattern of structural changes and labour market policies. Women were encouraged to leave the labour market through early retirement policies (the Czech Republic and Poland) and more attractive parental leave schemes (Belarus and Ukraine). Their withdrawal from the labour force was seen in many countries as a remedy for massive male unemployment and cuts in childcare provided by the state.
In the preparatory period of perestroika itself, enterprises were encouraged to reduce employment. The major part of redundancies was among female clerical staff. Pressure to reduce public spending meant reduced budgets for female dominated sectors like health-care and education. Lower real wages meant lower demand for domestically produced consumer goods - another female dominated sector of employment. Substitution of household production for previously purchased or free services and goods would also tend to increase the burden of housework. This trend was consolidated in post-collapse Russia. In a market economy where profit is the driving motivation employers are more sensitive to costs connected with maternity leave, absence for family reasons, protective legislation for women and special rights for mothers. The right to maternity leave was extended to three years which was not compulsory and the low benefits would make it impossible for many women to use the full length of the leave. However, social and employer pressure sometimes made women extend it beyond what they would have wanted, particularly since child-care fees were increased and wages fell. Insecurity and difficulty in finding a job after coming back from leave also forced women to seek informal jobs.

Einhorn (1993) expressed a standard view when she said that paid work as the norm for women would become “anachronistic”. Russian feminists like Posadskaya (Grunell 1998: 510) said that, “...prognosis of great losses which women would have to carry in the sphere of employment in the reform period, have come true.” Unemployment was said to “have a female face” (Khotkina 1994; Bridger 1996). In other words one of the results of economic reforms in Russia has been a rise in the phenomenon of feminization of poverty. Along with the expectation that unemployment was inevitable under restructuring, went the belief that such unemployment would fall on women first. This was also accompanied by an attitude that saw this as natural. Thus, Gennady Melikyan, Minister of Labour was able to say, “Why should we give work to women when there are so many unemployed men in our country?” without raising any significant voice of any protest (Human Rights Watch Report 1995: 66). Accounting and registration of unemployment was launched in Russia in 1992. Prevalence of women among registered unemployed in 1990s (70%) gave birth to the concept of “women’s face” of unemployment in Russia (Millenium Goals, UN).
In the years immediately following the transition, mass dismissals and cut backs of a much larger proportion of female labour force was noted by World Human Rights Watch Report. Their report noted that, in 1994 when the government defence industry reduced the number of working days per week (and hence the amount of compensation) for a large part of its workforce, it put only women on the new work schedule. In the same factories, men continued to work full-time and to receive their usual wages. The report notes that, "The release of women in those branches in which they traditionally constituted a majority of workers is proceeding at a rapid pace. But, in addition, today's employers are trying specifically to cut back and hire fewer women."

Unemployment is reportedly higher among women than men and Rimashevskaya (1992: 16) states that between 1989 and 1991, 60% of those made redundant were women, rising to 80% amongst managerial workers. Among women in Moscow and St Petersburg, 80% of those unemployed have higher education qualifications but are discriminated against in retraining programmes. This was a new experience for Russian women since pre-transition the rate of their participation in the labour market had been historically high. In 1989 women made up a majority of the workforce (50.9% - from 28% in 1924). Women comprised 44% of the industrial labour force, 45% of those working on collective farms, and 36% of state farm workers (Pilkington 1992, Buckley 1992, Shapiro 1992). Since 1970, the proportion of women aged 16 to 54 who were employed or in full time study was 89.7% and 39% of the agricultural force was female (Shapiro 1992: 15-16). Most commentators (Lapidus 1978) have argued that women’s employment rates were close to the biological maximum. The growth of women's employment had also seen a massive shift from agricultural work to non-agricultural occupations. In 1926 nine-tenths of women in the labour force worked in agriculture. By 1959 this had fallen to half and by 1975 under a third (Lapidus 1978: 165).

In contemporary Russia, women in Moscow, for example, represent 78 percent of the city's out-of-work residents. They also make up a large part of a new category to which Russians have only recently been introduced; the working poor. According to official government data, 39 million people live below the poverty line, while private market research organizations estimate that 53 million people, or 36
percent of the total population, cannot meet their basic survival needs (Rhein 1998). 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. Official statistics at the branch level also reveal that the largest cuts in employment in absolute terms have occurred in the machine-building and metal-working 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 (Satre Ahlander: 8).

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. 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 and from which women are now being ousted, 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 (Satre Ahlander: 8). The changing profile of Russian economy with finance capital transactions leading manufacturing and agriculture have worked to the disadvantage of women whereby, the more lucrative a sector in finance becomes, women are ousted faster from there. Whatever be the benefits accruing to more enterprising individuals amongst Russian labour force, women are still on the very margins of this economy.

(e) Gender Based Occupational Mobility and Segregation

Gender based job segregation is a phenomenon which occurs when the job market is characterized by sectors that are ‘female’ owing to the heavy presence of women in it and some sectors are ‘male.’ The existence of gender segregation is displayed through the differences in labour flows direction: men migrate mainly between “male” occupations, whereas women migrate between “female”. Normally significant changes in the occupational segregation level can be traced only at big time spans in any country’s economy. The transition and economic restructuring that followed changed such long-term patterns in the Russian labour force in a very short
span of time with specific implications for women. During the period of transition from administrative to market economy, Russian economy underwent significant structural changes, which lead to reallocation of the labour across sectors, industries, as well as between the state of economic activity and non-activity. The shift of employed population across occupations was also great. According to specialists up to 42% of employees changed their occupation during the period of economic reform in Russia (Sabirianova, 2002). Ashwin (2006) and her colleagues contend that the process and outcome of Russia’s labour force restructuring has been deeply gendered.

Wage is traditionally viewed as the basic reason for labour mobility. If all other factors are considered to be equal the lower the wage, higher is the chance of individual labour mobility. An approach which is based on this idea, underpins many of contemporary works on different aspects of labour mobility, including transition economies situation (Bellmann et al. 1995; Boeri and Flinn 1999; Earle 1997; Lehmann and Wadsworth 2000; Sabirianova 2002; Lukyanova 2003). It helps to explain higher intensiveness of female labour mobility, compared to male one. Since women are usually employed in low-paid jobs, the incentive of higher wages can account for their motive of greater labour mobility. Labour productivity is closely related to the level of accumulated specific human capital, a neo-liberal premise, which is lower for women due to the need of leaving labour market because of their reproductive duties (Blau and Kahn 1981; Becker and Lindsay 1996).

Neo-classical economic theoretical framework entails naturalisation of women’s labour in the household and legitimisation of their segregated, discriminated and exploited place in the formal labour market. It explains the existence of occupational gender segregation in the context of the human capital theory and the theory of discrimination. The main thesis of the human capital theory in this case is the idea of women being more prone to work in those professions which allow them to combine paid work and household duties. According to the human capital theory the choice of occupation is related to individual evaluation of return on working in it during life-time. As far as rational behaviour suggests women choose occupations with losses in wage due to the biological necessity of their being temporarily out of the labour market. The neo-liberal definition of ‘rational behaviour’ takes women’s tasks of reproduction and caretaking work at home as their natural unquestioned
destiny propelling their ‘choices’. They have to choose occupations with relatively high starting wage and low return on accumulated professional experience to meet with their domestic duties (Polachek 1981; Anker 1997).

Besides that women who perform the “double function” are able to spend less time on working for wage than men do. As a result women choose such spheres of activities and occupations which allow for more flexible working schedules, which can mean either working part-time or combining full-time days or days out of work. At the same time according to tradition men are supposed to be more attentive to the need of providing financial welfare of their family while making employment-related decisions. Many authors (Terrell 1992) speak about self reproducing character of occupational segregation. As far as the choice of occupation is made considering its expected returns, double function of women, as an employee and as a mother, alters their decision. Loprest (1992) has found that regardless of similar rates of job mobility, women are less likely to change their occupations when changing jobs, than men are (in 54% cases vs. 66%). Among main causes of this situation are both reasons of gender differences in preferences related to jobs and existence of discrimination practice of employers.

Maltseva (2005: 8-9) discusses certain other dimensions related to mobility and segregation in which gender differences are influential. She cites two categories of benefits i.e. ‘monetary’ and ‘non-monetary’ which influence gender differences in labour behaviour of women and men. These benefits influence a woman’s choice more than a man’s because unlike the relatively unencumbered male individual worker, a woman has to consider her family responsibilities more. The first group includes, first of all, wage, bonuses, additional payments and other types of payments. Benefits can be further subdivided into labour conditions-related (working hours duration; degree of employment flexibility; level of comfort, work-place safety; job security, etc.) and additional labour motivation related (access to social benefits; fringe benefits; career promotion perspectives; possibility of on-the-job training etc.). It is evident that monetary benefits are influenced by many parameters, such as quantity and content (quality) of accumulated human capital, which allows employee to perform respective functions; field in which the company works and its functional performance; characteristic features of labour market.
Non-monetary benefits are defined by terms and principles of work organization, as well as a possibility of getting social benefits and moving further with career development. Accordingly, while making decisions on changing the place of work one estimates expected positive outcomes of this decision not only in terms of salary changes, but bearing in mind the whole range of parameters representing employment benefits.

Changes in gender occupational structure during the period from 1985 to 2002 reflect structural shifts in the Russian economy of the period i.e. decrease of industrial production and growth of service sector. Of the 75.1 million labour force in 2007, the profile of labour force participation sector wise has changed considerably. Labour force participation in agriculture was 10.8%, industry 28.8%, and service sector 60.5% (November, 2007). For instance, the proportion of people employed in service and trade grew significantly mainly due to women. Ashwin (2006) points that differentials in wages continue to favor men who dominate the more lucrative sectors of the new economy. Formerly feminised sectors such as banking and finance have become highly lucrative in the neo-liberal economy and have now come to be dominated by men.

Amongst the characteristics that are becoming more visible we can see that the spread of men across occupations is more uneven, even decreasing, than of women. For the period 1985–2002 there was growth of concentration among women and decrease among men. By 2002 male dominated occupations decreased to 44.47% from 54% in previous years. For women respective figures were 25.70% in 1985 and 30.13% (Maltseva 2005 10). It is significant that the basic occupations for women are those that require rather a high level of education (excluding those occupations related to trade and services). On the other hand the most wide-spread male occupations are not connected with higher educational level. These are occupations like craft workers and unskilled workers. Secondly, changes in gender structure of occupation demonstrate certain distribution of women among occupations typical of their gender, while men significantly increase their presence in other including “female” occupational groups. The proportion of working men is growing dynamically in simple trade and service occupations.
The results of the gender earnings differential decomposition by Ogloblin (2005: 13) show that the most highly paid industries are extractive industries, construction, and transportation, which are heavily dominated by men. And the lowest paid industries, such as education and health care, are largely “female” industries. Also, the earnings in the men-dominated private sector are higher than those in the state sector, where most women work. The main contributors of occupational segregation to the gender pay gap are highly paid “male” operator and craft occupations and lower valued “female” technician, clerical, service, and unskilled, occupations.

Experts like Maltseva (2005: 15) have analysed the deeply gendered character of emerging Russian labour market. She points that “...among 27 occupational groups only 6 or 7 can be called integrated, while the majority of occupations are dominated either by men or by women. In 1985–2002 women represented 90% of employees in occupational groups of the life science and health associate professionals, office clerks, customer service clerks, and teaching associate professionals. On the other hand women were virtually nonexistent in such occupations as metal, machinery and related trades workers, as well as drivers and operators of mobile plant.” Economic reforms in Russia and the countries of Central and Eastern Europe were accompanied by a significant growth of labour force mobility. While Russia was moving to market economy (1990–1995) occupational mobility facilitated the growth of gender segregation.

Patterns of occupational mobility were accompanied by the deepening of gender gap in wages. In 1996 gender gap in wages was 46.06% which demonstrated that if a man is employed in an untypical for his gender occupation then most probably it is an executive position which offers high income. In “female” occupations the number of work hours per month is significantly lower than in “male” and “integrated” ones. In general the percentage of people working full-time in “female” occupations is lower than in other two groups which has a decreasing influence on the wages, but at the same time it suggests that women prefer to work in occupations which not only allow them to combine work and household duties but also do not require significant work load. However, this trend should be seen in conjunction with economic realities in which women are forced to work in secondary
jobs to augment their income which makes the total number of working hours substantially higher for them.

Women view higher income per family member as a kind of reserve, which decreases mobility costs as far as it gives a chance to decrease time costs for household duties. Marginal effect of this factor for men is negative. In other words higher per capita income decreases men's desire to change occupation. Lehmann and Wadsworth (2000) say that in transitional economy specific capital accumulated earlier is frequently not only unnecessary, but also undesirable for an employer. In such a case longer tenure at one company for workers of both genders can partially reflect their unavailability for changing occupation and for competition at the labour market which results in a disadvantage for women. Costs of changing occupations for women are higher than for men. Women are more prone to have occupations which allow them to combine paid work and household duties, so they do not have incentives for changing occupations. So it is possible to say that those women, who do not want or can not decrease their household duties, implement a passive strategy of behavior without changing occupations or move to “female” occupations.

Labour mobility pattern in a free-market post-soviet economy reveal strengthening of gender ideology whereby women retain a double disadvantage. Not only are they contained within ‘low paying female’ occupations with a lower mobility into high paying sectors, they are also saddled with the responsibilities of unpaid domestic and family labour which then also becomes the rationale for their ‘choices’ and ‘preferences’ guiding their and employers’ market behavior.

(f) Relation Between Occupational Mobility and Gender Wage Gap

We began the previous section by explaining that higher wages are the basic incentive for labour mobility. Gender wage gap which marks all sectors including female-dominated ones is also one of the reasons explaining a lower mobility for women labour force. This factor combined with their domestic responsibilities make for much lesser attractive incentives for women to uproot themselves and migrate. Gender wage gap has been characterized by the tendency of women earning lower wages than men and secondly, even a significant growth of wages does not let women
achieve the level which can be compared to men's salary (Maltseva 2005: 26). Women demonstrate less intensive occupational mobility than men do.

Ogloblin (1999) found that in 1994-96 gender job segregation accounted for most of the gender earnings differential and concluded that the new economic conditions had not essentially changed the social attitudes and stereotypes that formed “female” and “male” jobs. The occupational mobility pattern suggests the existence of an “implicit contract” according to the ‘male breadwinner’ model which predetermines the differences in size and structure of costs and benefits of occupational mobility. The argument followed is that while changing occupation women think about non-monetary returns while the main incentive in occupational mobility for men is higher wages. Gender segregation level depends not only on the degree of women’s involvement in paid employment but also on the branch structure of the economy and the presence of employment opportunities for women in occupations untypical of their gender.

Ogloblin (2005: 9) analyses industrial distribution of employment by gender in Russia 2000-02. There is an indication that from 1994-96, these trends are not only continuing but reinforcing a decade after economic reforms were implemented. “More than 45% of the wage employed women work in trade, consumer services, health care, and education, whereas the percentage of men employed in these industries is less than 15%. On the other hand, more than 44% of men are employed in agriculture, extractive industries, construction, transportation, and protective service, while the respective figure for women is only about 17%. The index of industrial segregation, calculated at 0.365, is greater than in 1994-96 (0.324) and is above average by international standards. Industrial segregation by gender is also reflected in the distribution of employment by the type of firm. Since women dominated health care and education consists mainly of state budgetary organizations, the percentage of women working for these organizations (36.3%) is much higher than that of men (19.0%).”

Ashwin (2006) also agrees that the gendered phenomenon of labour market restructuring in transition Russia has favored men by giving them positive wage differentials and dominance in more lucrative sectors of the emerging economy. Culturally powerful arguments establishing women’s primary linkages to home and
motherhood lead employers to treat male and female employees differently during hiring, firing, wages and promotions. These social attitudes are likely to influence both employers’ preferences and workers’ choices. Standing (1994, 1996) found that in the early years of Russia’s transition, employers expressed strong preferences for men in heavy industries and for women in light industries. He explains these preferences are shaped primarily by employers’ perception of gender specific skills. And, apparently, “men’s” skills are valued more highly (Ogloblin 2005:15).

Grogan contends that individuals with the same level of experience and education cannot be expected to obtain the same earnings, if they are in vastly different occupations. This also has an impact on observed gender-based wage differentials. Occupations are highly gender-segregated despite similar levels of higher education (Grogan 1997: 4).

Meznetseva (online) agrees with the broad trends of rising gender wage differentials that have emerged in these nearly two decades of post transition in Russia. Women were and still are far behind men in earnings, and this gap has been widening in the past decade. While in the 1980s, the wages of women constituted, on average, 70% of men’s; by the end of 1999 this figure had dropped to 52%, and in 2000, to only 50%. The majority of women continue to work in public sector of the national economy. In social services, where females constitute for about 65-80% of personnel engaged, the size of their wages is less than 60% of the minimum subsistence level and represent about 60-70% of the national average. This has eventually led to the appearance of a new category with a female face, the “working poor” in Russia.

It has been argued that the segregation of women into subordinate lower-paid positions has always occurred; however, the transition to a market economy has been notably harder on women’s incomes. The income inequality between men and women in post-reform Russia is astounding. For women employed in the state sector of the economy, average salaries do not even reach the subsistence level. In 1997, the best year for the post-reform Russian economy, women comprised 87% of employed urban residents earning less than $21 per month while the national average wage level was over $160 per month (Hunt, 1997 and Russian Statistical Agency, 1999). Despite the fact that the educational level of Russian women is similar if not higher than that
of men, it has not been sufficient to help women successfully survive or benefit from the transition to a market economy.

In the course of market transition while women gained greater access to jobs as the transition progressed, the gender gap in the quality of those new jobs has widened. Even as the labour market has opened up to women in terms of opportunities for employment, it has become more segmented on the lines of gender in ways that increase women's economic disadvantages. Although these two trends appear to be opposite, Gerber and Mayorova (2006) argue that they are in fact closely related, and both are connected to the process of market transition and underpinned by gender ideology.

The real economic situation, characterised by high levels of hidden unemployment, a sharp decline in living standards, delays in the payment of wages, the absence of welfare guarantees and, anyway, the absence of real possibilities for business initiative, make women search for strategies of economic survival usually connected with the informal economy. These are women who have carried the brunt of the social costs of market reforms and who have had to elaborate alternative economic strategies out of their limited possibilities. Indeed, some marginal forms of economic activity may be openly called 'female', as they represent spontaneously emergent 'women's niches' in the transition economy. This area shows most clearly the paradox in the situation of women who are creative enough to evolve survival strategies simultaneously with their being marginalized more and more into small 'niches' of the emerging market economy. Zhurzhenko (2001:17) points that, "...post-socialist market transformations have, on the one hand, pushed women out of the formal paid labour market and led to women losing their status in the social sphere, and, on the other hand, mobilized the historical potential for female family leadership for their survival." Implications of both these factors are most clearly revealed in the ways in which women have negotiated their work experience and financial needs in informal economy.

(g) Women in Informal Economy

In economics the term informal economy is notoriously difficult to define. It generally refers to all economic activities that fall outside the formal economy
regulated by economic and legal institutions. It has also been referred to the general market income category (or sector) wherein certain types of income and the means of their generation are unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated. Usually it is taken up by individuals on a small scale which however can add up to a staggering amount in sheer terms of economic activity and earning. In times of stress, particularly like that of Russia during the transition, when formal institutions were crumbling and opportunities of employment were not developed, people in very large numbers took to such economic activities for their survival.

The share of informal sector in the overall economic activities dramatically increased from the Soviet time to the years immediately following the collapse of Soviet Union. This was because of the total collapse of all institutions and the state which had so far regulated the centrally administered socialist command economy. Systematic dismantling of all regulatory processes before the transition without putting relevant institutions and laws in place to meet with the emerging capitalist economic order resulted in large scale pauperization of most of the population. With a crumbling state public sector, which was the main employer till the transition, informal economic activities became the only source of survival for most of the population. In 1996 shadow economy accounted for about 51% of the over all economy and 40% of its cash turnover. The share of shadow economy in terms of its criminal and illegal component has been better regulated over the next decade but the share of other economic activities which characterize an informal economy is still sizable. In 2005, the share of informal economy was as high as anything between 25-40%.

Informal economy is growing in developing, transition and developed countries and taking on new forms. Benaria (2001) has worked extensively on the shifts marking informal economy across countries. She explains that patterns of informalization differ from region to region, but the overall trend is discouraging in terms of prospects for realizing women’s rights and wellbeing. Globalisation and cost-cutting generated by competition have led to job-eroding growth. New trends marking the informal sector include the decrease in the traditional components of the informal economy i.e. small and micro-scale independent entrepreneurs and self-employed
workers in proportion to the new casual, home based and hired workers, whose status is less secure and who earn less than the self-employed. Both the old and the new components of informal employment are without social protection virtually everywhere. Informal economy workers make significant contributions to the economy. It is a major component of national income, generating up to 60 percent of GDP in some countries, particularly where some agricultural activities also form a part of this sector. Workplaces in the informal economy have shown rather pronounced gender segregation horizontally (various types of work) and vertically (different statuses). Men dominate here (like everywhere) among employers, and women among hired workers.

Women have suffered disproportionately from massive unemployment following the collapse of socialist economies and decline of social services. They have been pushed out of high-income and comparatively high-status positions in areas such as public management or universities, and many highly educated women have been forced to turn to prostitution, street-vending, or begging. Women predominate in the informal economy, which covers a wide range of income generating activities, including declining handicrafts, small-scale retail trade, petty food production, street vending, domestic work, and prostitution. It also includes home-based contractual work (Jagger 2001: 305-6). Work conditions are characterised by distinct hierarchies between employers who extract a semi-legal, non taxed income from hired workers who work for pennies. Usually workers in this sector work to meet their survival needs and are in no position to ask for any labour rights. Women are often exploited sexually and even in this sector they occupy the lowest paid jobs.

The current trends which are restructuring industry and employment towards service sectors, casual, part time and informal work, might appear to be beneficial to women. But our analysis reveals that because traditional economics ignore the importance of women's work in the home, community, and informal sectors, economic development policies are rarely structured to encompass women's socio-economic reality and are more usually exploitative than beneficial. The current recession, high rates of unemployment, and massive cutbacks in welfare provision accompanying the globalisation of the economy, have led to many poor women
moving from full-time to part-time employment, and family livelihoods increasingly depend on women's earnings.

Harcourt (1994: 11) notes that women's ability to participate in 'informal' income generation is "...circumscribed by the new demands on their time. Women's informal activities are already likely to be characterised by requiring little capital outlay, and thus assertions that neo-liberal structural adjustment policies have actually benefited women by encouraging them to work profitably within the informal sector must be treated with caution. The reality is that women who have benefited through private enterprise are likely to have class or other advantages which mean that they have more assets and resources at their disposal." Experiences all over the world show that the avenues more easily accessible to women are highly disempowering and exploitative ones for instance in developing countries of the South where the only formal sector option open to many Southern women is employment by transnationals, often in Export Processing Zones (EPZs), which share the characteristics of flexible, unregulated employment. They have no labour rights and often have no opportunity to apply for help or assistance to an official agency; employment and social protection services or financial institutions.

As the new forms of informal economy expand in the service of global capitalism, there appears growing ranks of vulnerable, marginalized workers with no access to justice and are socially excluded. This exclusion occurs at many levels, from legislation via the institutional level to everyday practices of interaction between employers and hired workers. Women are hardest hit since as an impact of gender segregation and social exclusion they are most exploited at the lowest rungs of informal economy.

Informal economy plays a key role in present-day Russia. Women's disproportionately large participation in this sector makes it crucial to understand the relationships and tradeoffs between paid and unpaid work. Over the last decade, as we saw in the previous section of this chapter, incomes obtained in the formal sector of the economy have dropped substantially. Unpaid work and non-declared or hidden paid work (including trade, informal finance, barter, and mafia or black market activities) have become a way for people to maintain their material well-being or adapt to its deterioration. The growth of household production and production on
small farms or dachas (mostly of agricultural goods and services) is aimed not only at everyday subsistence needs within families, but also for savings or a safety net for the uncertain future. However since this work is not officially recognized it results in underestimation of the total public product. Specifically women’s contribution to the economy remains unrecognized and unremunerated.

Available data presented by Khibovskaya (1996) reveals that while women with higher education usually have more possibilities of finding secondary work out of 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 modest business activities. Women often combine small-scale business activities with non-paid work or homemaking. Since women are also more likely to receive benefits, however inadequate, from the state or from private sector, they may have a tendency to engage in activities outside the labour market (Khibovskaya 1996; 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 2000). Abova, in an interview to Satre Ahlander said that many women employed within consumer co-operatives also work in this field without pay.

In the years immediately following the transition, the first types of informal economic activities that could be seen in Russia were barter, shuttle trading and other practices taken up by firms in formal sector linked to profit oriented operations. Such practices included self-employment and wage work directly or indirectly linked to more formal production processes like micro enterprises or sub-contracting arrangements. These activities can enhance possibilities of capital accumulation unlike the second kind of activity. The second types of activities include subsistence agriculture and various household strategies employed especially by women in Russia to survive the tumultuous times of the transition.

In Russia, just as everywhere, women's work plays a very important role in providing stability and families' survival. Social science research on post-Soviet society and Russia in particular has shown that substantial numbers of people exited
formal employment and became self-employed in the informal sector. Examples include petty reselling, repair work, small-scale manufacturing, gardening and selling produce, day labour, teaching and tutoring, barter activities and shuttle-trading with goods imported from the near abroad (Southworth and Hormel 2003). Both Khibovskaya (1995) 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).

“In Russia there are approximately 844,000 registered small companies, with over 6 million full-time employees. In total through the decade of 90s over 12 million people were engaged in the small business sector, including self-employed and temporary employees. As a result, about 27 million Russians lived on incomes from working in small businesses. Over half of Russia's small firms are in trading and other services, 21% are in construction and only 12% are manufacturers. By official data, during 1997 small companies produced about 12% of national product. A great part of the activity of small enterprises is hidden within the shadow sector. Depending on the company, its proportion of informal activity varies from 10% to 90%. After the financial crisis of August 1998 non-payment reached absolutely crucial figures. According to official sources only 6% of tax payments due were paid by companies to the state budget. Before the crisis it was 20%” (Barkhatova 2000: 657-658).

Left without jobs and/or adequate incomes, millions of Russian women turned to self-employment. The overwhelming majority of them joined the ranks of “informal” one-person businesses in activities such as the resale of consumer goods, shuttle trade and home-based businesses (sewing, repair, cleaning, day-care, tutoring, etc). By 1996, of the 12 million people in Russia engaged in small business of various kinds, both informal and registered, an estimated 35% were women. Women's share of all officially registered small businesses, which was approximately 844,000, was estimated in a 1996 nationwide survey to be 31%, or less than 300,000. In that year, women comprised 23% of owners of cooperatives and 18% of all entrepreneurs hiring wage labour (Russian Statistical Agency 1999, 2000). Further, women-owned small businesses accounted for 12% of all goods and services produced in Russia (Kishkovksy & Williamson, 1997).
Among officially registered businesses, women are predominantly represented in services, public catering, textiles, food processing and retail trade. This was so that women could utilise their earlier leadership work experience in these sectors during Soviet years. In the course of mass privatization in Russia in 1994-95, some of these executives were able to transform their enterprises into private firms. However, very few women have been able to branch out to traditionally male-orientated business sectors such as manufacturing and construction (Babaeva & Chirikova, 1995). The home business approach has been a crucial survival strategy for many women. Since start-up costs are low, it is an option available to women of low income categories. It has been seen as a viable option also because it allows women to combine their additional roles as mothers and household keepers. In the decade following the transition home businesses were also generating goods and services at low cost, making them accessible to the poor. However, the lack of up dated skills and ouster from lucrative upcoming sectors such as small computer-based businesses, sales of computers, software development, data processing and Internet commerce have inhibited women from taking greater advantage of such opportunities or to build upon their previous work experience.

Russian women are on average markedly better educated than men. But, unlike male entrepreneurs, many of whom have arisen with connections and experience of black-market economy, few women had any business experience before Russia’s free-market transition. Lack of knowledge about market economy (money and credit system, forms of entrepreneurial activities, how to evaluate where to deploy resources etc.) among aspiring women entrepreneurs, availability of ‘starting capital’ and other assets and weak or inefficient social connections or poor social network and insider knowledge, makes them the underprivileged players in the new Russian economy and effectively curtails any real possibility to do profitable business in the longer run (Korel 1996).

The characteristics of Russian women entrepreneurs generally parallel that of women entrepreneurs in Eastern Europe (NFWBO 1996; Zapalska 1997). The average Russian woman business owner is married, has children and is in her early 40s. According to a recent study, 24% of the Russian women entrepreneurs are under the age of 35; 37% between the ages of 35 and 40; and 35% are over 45. Russian
women-entrepreneurs possess higher than average educational levels, with 79% having a college degree (NFWBO, 1998). Approximately 40% of the Russian women-entrepreneurs are former engineers, research scientists or educators, and 15% had the equivalent of a Ph.D. (IPSDSA, 1998).

Dachas denoted any plot of land used by urban residents for summer gardening or leisure. Plots vary in size and distance from urban housing and may contain a lowly shed, a summer cottage without utilities, or a full-fledged home. Most plots are cultivated, and nearly half of urban Russian households grow food on their dacha plots (Zavisca 2003: 786). For women caught up in losing enterprises, work on the household plot is likely to be an increasingly attractive alternative to the uncertain future of redundancy or the continued withholding of pay or long overdue wage arrears. “Women are the majority of workers in the rural service sector and in livestock farming, and both these areas have suffered substantial cutbacks since 1992. Whether or not they register as unemployed at the one extreme or remain officially employed by an institution that does not pay them at the other, the results are likely to be much the same in terms of forcing them back into a reliance on subsistence farming as a means of feeding their families” (Bridger 1999: 47).

By the mid-1990s, “...'private subsidiary agriculture' (lichnoepodsobnoe khoziaistvo) the private household plots or 'dachas' allocated by the former Soviet state to urban Russian families in the rural suburbs and collective farm employees accounted for 46 percent of Russian agricultural production, compared with the mere 3 percent produced by the much publicized private peasant farms. Private subsidiary agriculture produced 90 percent of the country's potatoes, 76 percent of vegetables, 55 percent of meat, and 47 percent of Russia's milk” (Bridger 1999: 42-43).

These dachas are of insignificant size in terms of productivity but they provide substantial quantities of those products which are essential for the maintenance of the family itself. While the significance of this sector was inflated by the huge fall in output of the large scale commercial farms, it is clear that families across rural Russia had significantly increased production on their household plots to offset the loss of income from waged employment (Bridger 1999: 45). However, as Polanyi points this is also because during transition, the population’s dependence on official wage was very limited. It was subsistence agrarian labour that constituted one of the crucial
survival strategies employed by most families, particularly single women headed families (Sanchez-Andres and March-Poquet 2002: 715).

Women have been participating in informal economic activities in increasingly large numbers all over the world and even more so in transition countries since they have been driven out of formal paid employment in disproportionately large numbers. Social roles guided by gender ideology have forced women to look for work in this sector to better accommodate their twin responsibilities of economic survival and family care. This arrangement is, as contended by many feminist scholars, not only not a transitory one rather it suits the needs of today's finance capitalist economic order. All the markers of new forms of informal economic activities such as marginality of urban workers, their low level of earning, poor access to social services and absence of fringe benefits, the near absence of bargaining power of workers and their low rate of affiliation to labour organizations, illegal and quasi legal work (like tax evasion) mark the current Russian informal economy.

The relationship between formal and informal sector is often perceived as independent of each other. In fact the popular perception is that once formal sector has been well established and regularised, informal sector will shrink and eventually be absorbed by the former. So, the question remains if the informal sector is a transitory phase which will disappear when the formal sector will absorb marginal workers? Disputing this view, feminist economists like Seguino (2000) and Benaria (2001) have shown the linkages between the two. Benaria and others have revealed that far from absorbing informal activities, formal sector often relies and feeds on the former as a way to increase its competitiveness and profits (Benaria and Roldan 1987; Portes and Castells 1989).

Seguino (2000) contends that gender disparity has in fact stimulated industrial growth and profit. Benaria (2001) explores the interdependence between the two and shows that the specific features of formal sector give rise to an expanding informal sector. She classifies two types of informal activities which are: a) Those linked directly or indirectly to industrial and service work in more formal settings and b) Those representing survival activities organized at household level. Links between formal and informal sector, legal/illegal are blurring with the introduction of neo-liberal policies. "Informal sector is no longer an anomaly, waiting to be absorbed by
the formal. With increasing global competition, lower production costs are often justified in terms of lower consumer price. It is not an unattractive option anymore with the public sector and its budget cuts, retrenchments and continuous erosion of wages and benefits” (Benaria 2001: 13).

Elaborating these linkages reveals more than mere association between the two. Benaria explains the complex process by which formal sector utilizes informal economic activities to enhance its profits. She says, “The traditional association of informal employment with lowering of skills and productivity still holds but outsourcing and sub-contracting have made them the center of gravity in informal sector. So, core firms take up a principal role in the generation of informality and poor working conditions. But the productivity they generate might not be associated with marginality or low productivity if technology transfers take place through outsourcing and sub-contracting involving use of modern equipment. At micro level restructuring has profoundly transformed the linkages between core firms and different levels at which production has been decentralized for instance in sweat shops and decentralized production through outsourcing” (Benaria 2001: 16).

An important but unconventional service in Russia's economy in the entire decade of 90s was “shuttle trading” — the transport and sale of consumer goods by individual entrepreneurs, of whom 5 to 10 million were estimated to be active in 1996. Traders bought goods in foreign countries such as China, Turkey, and the United Arab Emirates and in Russian cities, then sold them on the domestic market where demand was highest. Yevgeniy Yasin, Minister of Economics, estimated that in 1995 some US$11 billion worth of goods entered Russia in this way. Shuttle traders have been vital in maintaining the standard of living of Russians who could not afford consumer goods on the conventional market (Izumov and Razumnova 2000). However, this had a detrimental effect on domestic industries such as textiles which suffered from this infusion of competing merchandise. These activities were a part of the large grey economy whose movement was unmonitored, untaxed, and often mafia -controlled and which marked the post-collapse economy of Russia.

Another remarkable feature of the economy that appeared in the decade of 90s immediately following the transition in Russia was barter economy. According to Polanyi, barter involves the direct exchange of a diverse array of goods, such activity
appearing to be based on the value of use itself that is assigned to the product that is
the object of exchange. In Russia it is estimated that in 1992 bartering constituted 6
percent of commercial operations, while in 1997 it represented 41 percent and
appeared to be increasing (Gerry, J.C et al 2004: 269). Initially barter took on a simple
form with the firms acquiring the goods they needed directly. The population in
general survived by bartering whatever they had in the households, or they got from
the enterprises where they worked which gave the commodities produced instead of
wages, or small handicraft products from self employed small economic activities in
return for basic subsistence items such as food, medicines and so on.

However, the extension of this type of phenomenon has transformed it into
something more complex. "...Specifically, some systems of multiple compensation
(clearing) between groups of firms have been established that have granted the
mechanism a greater fluidity. In spite of being transformed into a more complex part
of the barter system, it has not lost its essence that is, the search for the value of use
rather than that of exchange. Additionally, the establishment of barter determined the
relations between the distinct participating agents, given that some were excluded (for
example, because their production was thought to be of little use to potential clients)
while certain productive activities were favored over others in terms of the
possibilities that the barter itself presented" (Sanchez-Andres and March-Poquet
2002: 718). A significant part of business activities of newly mushrooming firms was
barter activities. Barter system is not formally institutionalised and is not built around
barter exchanges and in terms of turnover it is possibly the largest in the world.

In a poll taken late in 2005, 47 percent of respondents favored a state-run
economy, and only 16 percent advocated a free-market economy. Plans for extensive
privatization in 2007 concentrated on firms in non-production spheres, agro-industry,
and the defense industry. In 2005 an estimated 25 to 40 percent of the gross domestic
product (GDP) derived from "informal" economic activity, and organized crime
continued to play a significant role in many types of enterprise. In 2005 the richest 10
percent of the population accounted for 30 percent of Russia's income, and the
poorest 10 percent accounted for 2 percent of the income. This distribution remained
constant between 2004 and 2005. The disparity between average incomes in Russia's
In 2005 the services sector contributed 57.5 percent to GDP, the industrial sector 37.1 percent, and the agricultural sector 5.4 percent. Regional contributions to GDP vary sharply; in 2005 the city of Moscow contributed 20 percent and the oil-rich province of Tyumen' added 13 percent, while 72 of Russia's other 87 jurisdictions made a collective contribution of 37 percent (Market Research in Russia 2008). Women have carried the brunt of the social costs of market reforms and have had to elaborate alternative economic strategies out of their limited possibilities. "Indeed, some marginal forms of economic activity may be openly called 'female', as they represent spontaneously emergent 'women’s niches' in the transition economy" (Zhurzhenko 2001: 17).

The principal income source of the overwhelming majority of citizens remains the wage. Its share in total income (including the hidden wage; that is paid "in envelope" to escape taxation and government notice) fell drastically during the first decade of transformation, from 75% to about 60%, Unofficial or hidden forms of payment are prevalent in the non-state economic sector. Fictitious wage rates, based on official wage levels in the public sector, are often not reflected in the accounts, again, to evade taxes. The real wages exceed the fictitious rates dozens of times, and are not officially reported. Often, a worker may not be officially on the organization’s books at all, and his wage is simply not entered in the bookkeeper’s accounts. Unreported wages concealed from taxation constitute from 65 to 71% of the official wage bill in both the state and private sectors, according to different estimates (Glinkina 2003: 18, 30).

Informal employment of all groups of labour resources and informal relationships are mostly spread in the framework of additional (second) employment. By the end of 2001 experts estimated the unemployment rate as being from 18 to 20% of the economically active population. This estimate includes general unemployment, those in part-time jobs in the informal sector, estimates of the number of workers with long-standing wage arrears, and those in workplaces where they are paid for significantly below the subsistence minimum (which does not provide for the simple survival of the workers).

A simultaneous shrinking of formal employment and registered unemployment led to even larger percentage of the economically active population in
a marginal situation on the labour market. This labour force was without a definite formal status; neither employed, nor officially recognized as unemployed. Under these conditions, activity in the informal sector became an important mechanism of survival for a considerable part of the population. Secondary or additional employment has widespread among the Russian population. On average, incomes from second jobs or sources amounted to half or more of the earnings made in the principal workplace. 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. According to official statistics, in 1997, 1.3 percent of the officially employed had a second job in a small firm (Rossiyskiy statisticheski yezhegodnik 1998). According to Khibovskaya (1995), 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 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.

A new labour code to permit greater flexibility came together with the elimination of price controls, mass privatization of state assets and currency reforms. This was done by abolishing obstacles to dismissals and ending the old company system of welfare benefits. “What this reveals is a typical trade-off where the push for increased labour market flexibility and increased competitiveness are compelling the state to intervene in the market by pressurizing companies to cut labour costs and engage in more flexible labour practices. Yet, the fear of social unrest leads to greater reliance on informal norms and networks to ensure collective subsistence” (Schmidt: 2-3, 6).

Khotkina (2005) observes that “…the tendency of growth of informal sector has a global character, and that everywhere poor women are involved in this type of activity more than men. But the specific feature of Russia is that women involved in informal sector have (in many cases) high level of education. There are former engineers, teachers etc. Her survey shows that 55% of men and women employed in informal economy have professional education (more then high school — they finished collage or university). Their entry into this sector is absolutely necessary, as it is often sole source of income for themselves and their families. Economic crisis,
unemployment and open discrimination in the Russian labour market denied them the opportunity to attain professional employment commensurate with their level of education. They have no other opportunity but to work in the informal sector and they cannot reconcile their identity with such a reality.”

The informal economy in Russia has different impact on the social and economic status of men and women. Her study has shown that the problems faced in the informal economy first and foremost affect women. Unemployed women, especially divorced and single mothers as families’ sole bread-winners and young girls coming into the labour market for the first time, agree to any work on any terms, which they usually find in the informal sector. These so-called “terms” can include conditions like women cannot marry or have children while they work. They do not have any worker’s rights and are particularly vulnerable to exploitation.

Russian reforms and their outcome indicate a flawed transformation model chasing a chimera of 'perfectly competitive market conditions'; a grand master plan which would suddenly replace the government and its role with free-market and sweep away all the problems. The patriarchal context within which globalisation, labour market regulation and welfare reforms took place rendered women much more vulnerable. Remarking upon the impact of globalisation in transition countries Moghadam (1999) says that women’s vulnerability culturally and economically increases due to the latent and manifest patriarchal attitudes.

One of the main consequences of the free market ideology in Russia has been the destruction of the ‘working mother’ gender contract (Zdravomyslova and Temkina 1997: 85). This gender contract assumed, in particular, the combination of family and work functions by women for which the state provided the necessary support (health care, benefits for working mothers, childcare) and guaranteed the preservation of their jobs. The politics of paternalism, which provided full employment and social benefits for working mothers, was subject to criticism in the beginning of perestroika from the standpoint of economic efficiency and also because of the ‘lack of freedom of choice’ for women. Free market gender policy places the main difficulties of the transition economy firmly on the backs of families. The destruction of the socialist welfare system, the increased cost of social services, the deterioration in the quality of medical care and the commercialization of education forced women to accept the
burden of additional social responsibilities which earlier had been managed by the state. The radical reorganization of social reproduction tied to the destruction of the working mother social contract and the privatization of most functions which were previously provided for by the government through the intermediation of state enterprises have today led to an increased burden on the family and, above all, on women. We will analyze this dimension of women’s reproductive labour in the following chapter in greater details.