

4. WORKER BEHAVIOR.

Labor hoarding. Direct consequence of uncertainty of supply.

Shturmovshtshina.

Ex: $\frac{3}{4}$ of production done in second half of month.

Excess labor needed of

$$\frac{3}{4} : \frac{1}{2} = \frac{3}{2} \Rightarrow 50\%.$$

Labor shortage

\Rightarrow absenteeism, voluntary mobility (2/3 of labor mobility in USSR was voluntary.

\Rightarrow low discipline.

\Rightarrow Schemes to attract labor: internal shops, benefits in kind, promotions,...

Wages and incentives.

- At micro level, made sense for managers to increase wages of individual workers.
 - At macro level, wages in excess of value of consumption goods => lower labor supply because lower “real wage” => lower output and aggregate consumption level=> lower labor supply => “supply multiplier”.
- => Wage control and centralization was crucial institution of socialism.

Also tendency towards more wage inequality. Why?

Paradox: laziest worker has highest marginal product.

Firms used more skilled and productive workers first.
Laziest worker helped fulfill the plan target!

Towards end of socialism, *shabashniki* : illegal workers proposing temporary help to fulfill plan. Had wages 2 to 3 times higher than official wages.

Short termism: production workers paid more than engineers.

Extra-economic discipline did not work.

- Stalinist labor laws.
- Andropov labor campaigns.