The social budget policy process in Russia at a time of crisis

Khmel'nitskaya, Marina

Routledge
2018

Khmel'nitskaya , M 2018 , The social budget policy process in Russia at a time of crisis . in S Fortescue (ed.) , The Russian Budget . Routledge , Abingdon , pp. 9-27 .

<http://hdl.handle.net/10138/310797>

acceptedVersion

Downloaded from Helda, University of Helsinki institutional repository.

This is an electronic reprint of the original article.

This reprint may differ from the original in pagination and typographic detail.

Please cite the original version.

The social budget policy process in Russia at a time of crisis

marina.khmelnitskaya@helsinki.fi¹

Book Chapter published in *The Russian Budget*, Fortescue, S. (ed.) 2019, Abingdon: Routledge, pp: 9-27

Introduction

g_hk_lh^g_lg_lk_cqZkGZc^f^gv]b 2 k^eZ_fb g^dkZpbx^jbl_kva^kvZf
k_]hh[jh]hohjhr_]hgZkljh_gbybahjhvy^a 2

During his visit to Crimea in late May 2016, Prime Minister Dmitry Medvedev, responding to a question about the indexation of pensions from a local pensioner, used the phrase cited in the epigraph above. Slightly modified from its original, the phrase "≥g_] g_l, gh u ^jbl_kv " became an instant classic, inviting creative responses among the users of Russian social media.³

7KHUHLVQPRQEXWRXKDQW KHUHHQDSVXODWHVDKRVWRILVVXHVUHODWHGWRWKHILQ

of Russian government obligations in the social sphere in conditions of a severe revenue shortfall. Following years of economic growth since the early 2000s, which brought budget expansions and rises in personal income interrupted only by the impact of the Global Financial Crisis (GFC), in the last two years Russian policy-makers have started making adjustments to the new economic reality. The crisis into which the Russian economy plummeted in the second half of 2014 arose chiefly from the twin shock of the drop in oil prices and the introduction of international sanctions in response to the Ukraine crisis but was precipitated by the weakening of the Russian economy during the period of stagnant growth in 2012-2013 (World Bank 2016).

The crisis hit Russian government finances as well as Russian households hard. According to Aleksei Kudrin, former finance minister who recently resumed an important policy-making role,⁴ the fall in the oil price has led to a 4 percent reduction in GDP.⁵ This is equivalent to the entire

¹ The author is grateful to Stephen Fortescue, Markku Kivinen, Vesa Korhonen, Ben Noble and the anonymous reviewer for this journal for their help and helpful comments to the earlier drafts of this article.

² https://www.youtube.com/watch?v=WSq7oxM_fyo.

³ <http://fishki.net/1961862-deneg-net-no-vy-zdes-derzhites-kak-socseti-otreagirovali-na-slova-medvedeva.html>

⁴ <https://www.youtube.com/watch?v=HYB7oDOesg0>

⁵ The latest official Rosstat figures show that in 2015-2016 the GDP dropped by 3.1 percent.
http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/accounts/#

education budget and more than its health-care budget. In addition, average real incomes over the period 2014-16 have declined. In 2015 average household incomes dropped by 4.1 percent, and 5.6 percent in 2016. Average monthly real wages were 100.7 percent of their level a year earlier, whereas real pensions were 96.6 percent compared to 2015.⁶ Official poverty levels increased from 11.2 percent in 2012 to 15.7 percent in the first half of 2016 (Burdyak and Grishina 2016). In conditions of declining incomes and consumption, most Russians are reliant on state social support, in the form of pensions, welfare benefits, and salaries of public sector employees (Maleva 2016: 16). In an environment of decreased budget revenues, declines in real incomes and high expectations associated with state social provision make budget cuts in the social sphere a highly contentious issue.

Social policy is important for the Russian state both in ideological and monetary terms. It has occupied an important place in strategic documents – notably Concept 2020 and Strategy 2020 – and the May Decrees of Vladimir Putin. In these documents social policy is seen as an integral part of national security (Cooper 2012; Connolly 2013). This emphasis is due to a number of factors: the realization by policy-makers of the failings of the liberal social reforms introduced in the early 2000s, the growing developmental aspirations of the ruling elite, and electoral motives. All these factors have reinforced each other over the last decade to give special significance to social measures, leading the government to develop new policies and institutional structures in the social sphere. Even though over the last decade the growth of social spending was not out of proportion with the growth of the consolidated budget expenditure as a whole (Sutela 2012: 196-202 and Table 1 below), nonetheless it constitutes the largest part of budget outlays are directed to four broad sub-fields: (1) housing and housing services, (2) education, culture and mass media, (3) international role social spending has to be balanced with other significant budgetary items, particularly defense spending, the share of which in the 2016 federal budget is 24 percent (Visloguzov 2016a).⁷ Drawing on examples from different areas of social policy, this paper concentrates on the two most contentious issues involving the social sphere in the crisis budget

⁶ Rosstat http://www.gks.ru/wps/wcm/connect/rosstat_main/rosstat/ru/statistics/population/level/# and BOFIT

⁷ Also see Cooper (2017), in this volume.

process: the indexation of the salaries of state sector employees (*biudzhetniki*) and social payments, specifically old-age pensions and Maternity Capital, the latter by far the largest social benefit with implications for Russian demographic and housing policies.

7KH DUWLFOH EXLOGV RQKHDFDGHPLFOLWHUDWXUHFRYHULQODGLPLU3XWLQOHDGHUV thorough reading of official government and media sources for the period since late 2014. The EURDGIRXQDWLRQRUWKH DUWLFOHVDUJXPHQGHGHPHFWHve political science and social policy literatures, their institutionalist strand specifically - what can be summarized as \$ROLWLFVPDWWHUVLQHILQZHOIDUHDUUDQHPHQV&RRN7KL VVFKRODUVKLSDUJXH VWKI impact of structural factors, such as the effects of drastic reductions in state budget revenues on welfare policy decisions, is mediated by the influence of political factors. Thus, the article focuses RQKHLQHUUHODWHGLQXHEHRISROLFDFWRUVLQWHUHVWVWHQGHSHUWL of UHGXFWRQRFLDOVSHQLQRQLWLRQRISXVVLHQVQic political regime.

:LWKLQKH5XVVLDQWXGLHVOLWHUDWXUHWKHDQOVLVIROORZVLQWLWXWLRQOLVWDV SHUVRQOELVHGH[SODQWLRQRIWKHPRCSFin Russia (Fortescue 2015, 2017 [in this special issue], Remington 2015). This literature argues that the institutional structure of the dual executive, operating within an authoritarian political regime, leads to a slow and drawn-out process of consensus-building, the participants in which are bureaucratic agencies and non-state actors associated with them. There is a *de facto* partisan divide between left and right blocs of bureaucratic agencies which essentially act as representatives for societal constituencies. The president, who in this tradition is credited with setting the general direction of policy, reluctantly has to support one side to put an end to prolonged policy elaboration in which institutional policy-makers fear taking responsibility. The budget process occupies an important place in this policy dynamic, as the annual budget cycle provides impetus for actors to reach decisions (Remington 2014).

In terms of the aims and capacity of Russian social policy, this article speaks to arguments made by scholars of the Russian welfare state that in conditions of non-democratic politics, social policy priorities are defined by the interests of political and bureaucratic elites, rather than the popular representation of interests (Kivinen 2016; Sutela 2012; Cook 2007). Within this line of argument, however, it has been suggested that Russian social policy spending priorities have oscillated

between fiscal conservatism expounded by the economic and financial bloc of government, and active social SROLFDVVRFLDWHGZLWKWKHVRFLDOEORFDQLOQROYLQUHDWHUDPRXQRIIXQV PDGHDYDLODEOHDQWDUJHWHGIRUVRFLDOLVVXHVL.YLLEQKLVDUWLFOHSUHVHQQVHYLGE qualifies this argument. It shows that actors usually viewed as adherents of monetary restraint, such as Aleksei Kudrin, have advocated greater state investment in such areas as education, healthcare, DQKLJKHUOLYLQWDDUGV.XGULQHVVWKHVHDV\$URGXFWLYH\$UHDVVRIVRFLDOSROLFL which contribute to the coXQUWKXPDEDSLWDODQDUHLQLVSHQLEOHIRUWKHFUHDWLRQID knowledge-based economy.⁸ 7KLVLVLERQUDVWW\$RQGXFWLYHVSHQLQFOXGLQ unreformed pension provision, poorly targeted social benefits, and defence.⁹

The article first examines Russian social policy in terms of the interests and ideas of influential policy-makers. It identifies important administrative and policy structures in the social sphere. Specifically it refers to National Priority Projects, the May Decrees, and Priority Projects introduced during the summer of 2016. I then consider the process involved in defining indexation rates for *biudzhетnik* salaries, pensions, Maternity Capital and the freeing of contributions to the cumulative pension funds.

Table 1. Consolidated government budget* expenditures - social policy share of total expenditure, %

	Social policy, total**	Housing and communal services	Education, culture and mass media	Health and sports	Social security, including pensions
2005	60,3	6,9	14,0	11,7	27,7
2006	61,8	7,5	14,6	11,5	28,2
2007	60,9	9,7	14,0	12,1	25,1
2008	59,6	8,1	13,9	10,9	26,6
2009	59,1	6,3	13,1	10,3	29,4
2010	63,6	6,1	12,8	9,7	35,1
2011	62,2	6,0	13,2	10,5	32,6
2012	61,7	4,6	13,0	10,7	33,4

⁸ Such views are close to the findings of recent studies.

importance of a social policy component for successful industrial development (Evans 2014).

⁹ Kudrin, speaking at the Sochi Forum, 30 September 2016, <https://www.youtube.com/watch?v=HYB7oDOesg0>.

2013	62,2	4,2	13,4	10,0	34,6
2014	58,5	3,6	12,9	10,1	31,9
2015	61,0	3,3	12,0	10,5	35,2
2016***	60-60,5	3,2	11,7	10,9	about 34,5

* federal budget, regional and local budgets, and state social funds

** sum of the four columns that follow

*** preliminary data

Source: Russian Ministry of Finance and BOFIT

The sources of budget policy-making in the Russian social sphere

The position of key policy makers on social policy and its funding is a function of their internalized systems of values, expert advice and interest in popularity and electoral votes. The most powerful actor in the Russian policy process is Vladimir Putin, and his set of views generally determines the direction of budget policy, including in the social sphere. The fundamental beliefs of the President regarding the economy, specifically fiscal prudence and macro-economic stability, are important for development and the teachers, doctors, scientists and pensioners, support the president.¹⁰ To these we may add such as a belief in strategic documents - and reliance on policy experts working in state ministries and affiliated non-together different levels of authority and policy areas when they bear on a specific problem, a process also mentioned by Cooper (ibid: 3).¹¹

¹⁰ As well as those working at unprofitable enterprises, as long as they have employment and stability (Crowley 2015).

¹¹ While popular in contemporary public policy thinking and practice, policy integration is a challenging task even in conditions of democracy and a well-functioning civil service. In Russia this approach to policy-making is further complicated by the weakness of formal institutions, lack of accountability, and corruption (Monaghan 2013, Huskey 2009).

████████████████████

involved in producing the program were based in the purpose-built Center for Strategic

HYHORSPHQ&65DQLQOXGHGHUPDQHI(OY LUD1DELXOOLQDURVODY.XJPLQYDQ

Arkadiy Dvorkovich. They have remained in prominent state and affiliated positions throughout

3XWLQOHDGHUVKLS7KHWRJHWKHUZZLWKSANVHE colleague of Putin since their days

in St Petersburg, have continued to be key defenders of tight monetary policy. This group of top

policy-PDNHUVUHPDLQDPRQWKHYHUIHZWRZKRPWKHSUHVLGHWDFWXDOO@OLVWHQ2UHN

2016a). In 2016 Kudrin re-joined mainstream politics when elected deputy chair of the Presidential

(FRQPLF&RXQLQDQSLQXWLQKDUJHRIZULWLQDQZVWUDWHJIRU5XVVLDPGHYHORSPHQSRVW

ZKLFKPLJKWEHFRPH3XWLQ[Webinar program (Khamraev 2016). As of autumn 2016

Kudrin has taken an active role in the budget process (Kriuchkova and Butrin 2016a).

Policies developed by this group of reformers, including for the social sphere, were adopted in

2004. Yet, unexpectedly for them some of the measures, particularly the monetization of in-kind

benefits, provoked mass protests by pensioners during winter 2004-05. Mass demonstrations

prompted changes in social policy preferences towards a slower pace of reform and greater state

intervention (Wengle and Russel 2008, Remington 2011). In addition, the increase in budget

revenues due to rising oil prices allowed extra funds to be dedicated to social issues, producing an

RLGOHGVRFLDOSROLF&HUDPLHWGHFLVLRQRQRZWKHH[WUDUHVRXUFHVVKRXOGEHVSHQ

was determined by policy interests and ideas shared by influential actors at that time. The set-backs

UHVXOWLQURPWKHSRSXODUSURWHVWVWKUHDWHQGWKHWRSOHDGHUVKLSVKROGRQR

receptive to ideas expressed by many Russian social scientists outside the narrow circle mentioned above.

The alternative specialists argued that earlier policies failed to address important challenges facing

the country: an unprecedented deterioration of living standards, a rapidly worsening demographic

outlook, and the unaffordability for the majority of many social goods provided by market

structures, including housing (Zavisca 2012, Khmelnitskaya 2015). A strong emphasis on social

problems and a statist approach to solving them appeared in the presidential address to the national

assembly in April 2005 (Putin 2005), in which the president called for several National Priority

projects to improve health outcomes and birthrates, as well as educational standards and housing

affordability. Cooper (2012: 3) traces to this period the interest in developing strategic plans linking

Introduced in 2006, four National Priority Projects were supervised by Dmitry Medvedev and were developed in cooperation with the think tank associated with him, the Institute for Contemporary Development (INSOR) (www.insor-russia.ru/ru/priorities/national_priorities). The projects

2008-12. During his presidency the national projects, formulated as state programs,¹² became a regular part of the Russian budget (Kivinen 2016).¹³

The electoral cycle of 2007-08 saw another policy innovation relating to the social sphere, as well sponsored organisations aimed at leveraging budget funding with private funds for specific policy tasks. In the housing sphere, for instance, two state Funds (*fondy*) were set up in 2007 and 2008 (Khmelnitskaya 2015). In creating these structures policy-makers responded to the view in specialist circles that the state was unable to afford critically needed major repairs to their apartment buildings. Yet, the populist motives of the ruling elite during the pre-election period should not be overlooked. The poor state of housing and persistent increases in housing charges have consistently been among the most concerning issues for the public (Levada-Tsentr 2015: 9).

Key policy-makers, their interests and ideas in the areas of social spending

The ideological position of Dmitry Medvedev during his presidency and after has been characterized as a discourse of modernization, innovation, and participatory forms of government.

¹² For instance the state programme for housing, in its latest version from April 2014, available at <http://www.minstroyrf.ru/trades/realizaciya-gosudarstvennyh-programm/29/>.

¹³ Spending on national priority projects and federal targeted programs can be accessed at <http://datamarts.roskazna.ru/razdely/rashody/>.

With input from his INSOR advisors and other experts, it is a position which had a significant regime-legitimising effect in the post-GFC environment (Feklyunina and White 2011). Social policy-making included a rapid increase in benefits and pensions in 2009-10, evident from Table 1. This could be seen as an anti-crisis measure as recommended by international financial institutions (Kivinen 2016). At the same time, it was reinforced by the paternalistic social ideas of then Prime Minister, Vladimir Putin. We may also perceive an echo of the advocacy of increased budget VSHQLRQXPD QDSLWDOLQKHFRQHWRIWKHQHGWRFUHDWHDNQZOBHGH, something popular among the expert community and to be found in strategic documents written in DQ7KHLQUDHVHLQSHQLQGHVFULEHGDVWKH³ -PDRQHXHYHUHQLVVDJHGLater funding for ± DFFRUGLQWR.XGULQWHUPLQOKKHSURGXFWLYHSDUWRIVRFLDOSROLFKHLDOW education as well as R&D (Cooper 2012: 10, Connolly 2013: 7-8), at the expense of unreformed pensions and benefits and military and law enforcement spending. The importance of structural reforms, particularly in the area of pensions, was highlighted. Nonetheless, greater commitments to social spending in the aftermath of the GFC have generated policy challenges in the post-2014 period of budget consolidation.

HVSLWH0HGYHGHYVIDVFLQWLRQLWKLOQYOMREQKKLVSHUVRQOUROHLQURPRWLQDFWLY VRFLDOSROLFZDVPRGHVWHODVKHGGZLWKS\$HNVHL.XGULQKHQLOQHPLOQVWHULQXWLQ government, over the growth of military spending. Kudrin resigned in September 2011. 0HGYHGHYVLIQXHQKDVHHQSULPDULOLQKHVSKHUHRIDGPLQVWUDWLRQQPDLQDLQD EDODQHGSROLFGLVFRXUVHZLWKNH\$ULRULWLHVHWHWZLWKLQKRWKHHUSDUWRI5XVVL For instance, when presenting his reSRUWRQKHJRYHUHQVZRUNWRSDUOLDPHQLQULO month after the takeover of Crimea ± Medvedev stressed that Russia has a right to follow its own path to development, but noted immediately after that the country nonetheless could not ignore the universal laws of economics (Khamraev and Oktiabrev 2014).

7KHHPKDVLRQRFLDOSROLFDVDPHQWRLQHVWLQKHFRXQVYKXKPDQSLW in the late 2000s and has remained strong to the present (Kuzminov et al 2015), provided the ideational basis for a series of articles published by Putin in 2011-early 2012 and the May decrees of 2012 that set the tone for his third presidential term. Five of eleven decrees were devoted to

social issues: social support, healthcare, education and science, housing, and demographics.¹⁴ Apart from the provision of higher quality services and reaching certain targets for health and educational outcomes, the decrees contained a pledge to raise salaries of *biudzhetniki* - doctors, teachers and scientists - to levels above the regional average and comparable to those in the commercial sector.

Discursive commitment to the implementation of the May decrees¹⁵ has been maintained in recent years but came under pressure during the budget process in 2016. Progress in their implementation has been monitored by state-sponsored public organisations such as the All-Russian National Front (*Kommersant* 2015) and by the dedicated Presidential Commission on the Implementation of the May Decrees (Kolesnikov 2016). The sessions (*zasedaniya*) of the Commission have been highly publicized, as were government meetings (*soveshchaniya*) leading up to them (Kriuchkova and Manuilova 2016). This, paired with a series of executive dismissals and resignations ± arguably the most visible being the resignation of Vladislav Surkov as deputy prime minister on the first anniversary of the May decrees - and recurring threats to introduce administrative and even criminal responsibility for officials failing to meet decree-related targets (Kozichev and Shelkovnikov 2016), demonstrates the important legitimacy-seeking element in policy commitments in the social sphere. It also highlights the difficulty of implementation through UHOLDQHRQXWLQSRZHUWLNDQ (Dooley 2013). During the 2016 budget process the maintenance and further increase in *biudzhetnik* salaries became one of the most controversial topics.

In mid-2016, in circumstances of tough negotiations over the new three-year budget, parliamentary elections approaching in September, and presidential elections scheduled for 2018, the policy-PDNHUVFRQHUQRUSRSXODULWOHGWKHPWRUHYLYHWKHVRPHZKDWIRUJRWWHQQWUXPH Projects. Eleven priority projects - not equivalent to the May decrees, but still relating to the social and business environment - were originally to cost the budget R160 billion. This was reduced to R150 billion (1 percent of budget spending) in the draft budget approved by cabinet on 13 October 2016, while another R100 billion was reserved for various purposes, including the priority projects

¹⁴ The decrees (Numbers 596-606) were signed by Vladimir Putin on 7 May 2012, the day of his inauguration to a third presidential term. As an example, Decree N 606 on demographic policy is available at <http://www.kremlin.ru/acts/news/15257>.

¹⁵ The real commitment to the implementation of May Decrees has not been and could not be complete. Some of the targets set by decrees - such as 50 percent labour productivity increase - had an element of wishful thinking about them and were not borne out by the Russian economic reality.

(<http://government.ru/meetings/24877/stenograms/>, Butrin et al 2016). In nominal terms this is the same as that allocated to the original 2006 national priority projects (Netreba 2016a); in real terms the present sum of USD 2.4 billion is less than half the funding of ten years earlier (over USD 5.5 billion).¹⁶

In late June 2016 a new consultative body, the Council for Strategic Development and Priority Projects, chaired by the president and including important figures from the economic and financial bloc of the government, was set up and began immediate intensive work.¹⁷ Between July and early October six sessions of the Council were held, two of which were chaired by the president. The meetings held in August, it was announced that a new set of priorities would be formulated only in 2017 (Orekhin 2016a). Yet, by early October 2016, at a session of the Presidium of the Council held at the Sochi Economic Forum, eleven priority projects were discussed. This session of the Council, chaired by Medvedev and with the participation of regional governors, underlined the regional dimension in the eleven priority areas. Medvedev summarized the important electoral rationale behind the projects when he closed the meeting with the following words:

We need results in the shortest term. You know what I am talking about, and hope you will do all that is necessary. In a year and a half people should be able to feel changes [for the good] in the spheres covered by our projects (<http://government.ru/news/24742/>).

First deputy prime minister Dmitry Shuvalov¹⁸ – a close colleague of Putin since the early 2000s and responsible for the financial and economic bloc of the government – is said to have a major influence over the president. Although seemingly he does not work directly with the social sphere, he supervises the Ministry for Construction (Minstroy) using affordability, a key socially-oriented policy issue. His policy position appears close to the fiscal conservatives within the economic and

¹⁶ ¹⁴ on the basis is figures cited in Netreba (2016a).

¹⁷ Members included from the economic-financial bloc: Kudrin, Siluanov, Uliukaev, but also the pro-growth presidential advisor Andrey Belousov and the president of Delovaya Rossiya Aleksei Repik, and the head of the ¹⁵ s, see <http://www.kremlin.ru/events/councils/by-council/1029/52297>

¹⁸ For biography see <http://government.ru/gov/persons/3/bio/>

the institutions of development.

This has meant reduced spending and increased supervision of state corporations and Funds. Putin spoke of the need to review these structures in his address to the Federal Assembly in December 2015 (Netreba 2016b). Work in that direction had already begun housing Funds.¹⁹ Evidence that Shuvalov is pushing optimization hard is the fact that the construction ministry was the only ministry which undertook the reform and disclosed its spending on Funds, while the Ministry of Economics struggled to get any action from other sectoral ministries.

However, the fiscal conservatism which Shuvalov demonstrates co-exists with his close connection to pro-growth actors in and close to the government (in the broad sense): presidential advisor Andrei Belousov and members of the Stolypin Club and *Delovaya Rossiya* business association. Belousov was one of the original sponsors of the Agency for Strategic Initiatives (ASI) and has advanced the implementation of its projects (Freinkman and Yakovlev 2015: 362). Shuvalov, meanwhile, has worked closely with experts in the housing sphere who participated in such ASI-
361).²⁰

Like Belousov, Alexandra Levitskaya is a presidential advisor, but with a more direct involvement in social policy. Before her current appointment in 2013, she held senior posts within the government
Elvira Nabiullina, Belousov and Andrey Klepach, and at the Ministry of Health in the mid-2000s when she worked closely with Medvedev on National Priority projects (Grishin et al 2013). Described in some sources as a close associate of Shuvalov,²¹ female politicians in contemporary Russia, whose experience and opinion is highly valued by the
Levitskaya keeps a low public profile compared

¹⁹ See The strategy of development of the joint institution of development in the housing sphere, from 26 February 2016, <http://www.minstroyrf.ru/odata/council-of-state/11641/>, page 5

²⁰ the head of the State Duma housing committee Galina Khovanskaya, and others - at an event at the Institute for Urban Economics, 4 June 2015, http://old.urbanecomics.ru/news/index213b.html?mat_id=1815#.

²¹ See http://echo.msk.ru/blog/echo_rating/1504966-echo/

variety of meetings with state and non-state organisations on diverse social issues, including housing, healthcare, childhood protection,²² youth, the elderly and disabled, as well as civil society development, including philanthropy and volunteering.²³ The last issue received significant attention during the most recent presidential address to the Federal Assembly on 1 December 2016 (Putin 2016). It is almost never reported what Levitskaya says in these meetings, but she receives high praise from many sources ± consider the above quote from Sergei Chemezov. She most likely acts as an important coordinator for social matters in the presidential administration and between it and the social bloc, is an outspoken public figure. She has a background in labor economics, and worked in high positions in large private companies (Norilsk Nickel) and regional administrations (Taimyr and Chukotka). She appears likely, though, that like Shuvalov Levitskaya holds pro-growth policy views.

Veronika Golodets, a member of the social bloc, is an outspoken public figure. She has a background in labor economics, and worked in high positions in large private companies (Norilsk Nickel) and regional administrations (Taimyr and Chukotka). She appears likely, though, that like Shuvalov Levitskaya holds pro-growth policy views. Within the government Golodets supervises matters ranging from family policy and demography, healthcare, education, pensions, to life style and culture. She is a member of the government Budget Commission and presidential commissions and committees, notably the Council for Strategic Development and Priority Projects. In the recent period of budget consolidation Golodets protested against the freezing, cancellation or replacement with one-time payments of respectively *biudzhetik* salaries, social benefits, Maternity Capital and pensions, as will be discussed below. On such questions she clashed with Anton Siluanov, Minister of Finance, and Aleksei Uliukaev, Minister of Economics, who took rigid positions on the indexation of social spending (Kuvshinova et al 2016). Even when decisions were seemingly taken, as at the 24 June 2016 session of the Budget Commission, Golodets insisted that negotiations continue. Together with other ministers in the social bloc, notably Veronika Skvortsova of the Ministry of Healthcare, Maxim Topilin of the Ministry of Labour, and Dmitriy Livanov of the Ministry of Education and Science, Golodets held out against economic and financial bloc pressure and their limited impact of social programs (Manuilova 2016a).

²² See, for instance, the session of the presidential coordination council for the national strategy for children 2012-17, <http://xn--c1ackabuhcbecyrh.xn--p1ai/news/193>.

²³ <http://www.donorsforum.ru/reports/rabochaya-vstrecha-foruma-donorov-s-sovetnikom-prezidenta-po-voprosam-ekonomicheskogo-razvitiya-i-sotsialnoj-sfery-aleksandroj-levitskoj/>

sacrificed to spending cuts. The social bloc is prepared to appeal to ideology, arguing that such policies as Maternity Capital (a large cash benefit to mothers with housing policy implications) are the quintessence of the current social priorities of the government, particularly with respect to stimulating births and thus addressing demographic problems. This measure, popular with the public and construed by social bloc officials as existentially important for the country, has been retained ± albeit without indexation - in the next three year budget (Sapozhnikov 2016).

Protesting too hard, nonetheless, can be harmful, as Minister of Education Livanov learned when he ZDVUHSODFHGE2OJD9DVLOHYDLQDUO6HSWHPEAUa budget meeting (*soveshchanie*) held by Medvedev on 29 July Livanov presented a report demonstrating that the reduction in VSHQLRQHGXFDFWLRQOLVDJHGLQKHOLQVWURDLOQHVGUDIWGRFXPHQVZRXOGFDXVH significant damage to the higher education system and, moreover, would jeopardise the goal set in WKH0DGHFUHHVWRLQUDVDVHWHDFKHUVVODODULHV1HWUHEDF0HGYHGHYVXJJHVWHGWK ministries resolve their differences between themselves. The process clearly failed, as Livanov resigned on 19 August, and his stance was later dismissed by Medvedev as an attempt to use a difficult situation to score political points.²⁵ 1RQWKHOHVV/LYDQYVSURWHVWDJDLQWEXGJHWFxW UHVRQWHGZLWKWKHSXEOLFQZDVKDUIPIXOIRUWKHJRYHUQPHQVSRSXODULW1HWUHEDE result, by laWHVXPPHU0HGYHGHYVSRLWLRQVSUHPLHUIHOOLQGRXEWLVEOXQVWDWHP about indexation of pensions as quoted at the beginning of this article and comments regarding WHDFKHUVVODODULHVLEDUOXJXVW26THQWIKHOS was to a certain degree defused by /LYDQYVGLVPLVVDOKHWDV/HYDGD&HQUHGDDVVKRZWKHJRYHUQPHQVDQ0HGYHGHYVSH ratings suffered badly (<http://www.levada.ru/2016/12/15/dekabrskie-rejtingi-2/>).

While prepared to fight hard over politically sensitive social spending, the social bloc is prepared to EHPRUHIOH[LEOHRYHUWKRVEHXGJHWDUPHDVXUHVZKLFKPLJKWEHSHUFHLYHGDVOHVV terms of public opinion. In order to increase budget revenues, the social bloc suggested QHDUQQ

²⁴ Vasilieva joined the government from the Presidential Administration, where she worked in the department for civic projects.

²⁵ At Government zasedanie, 13 October 2016, <http://government.ru/meetings/24877/stenograms/>.

²⁶ See <http://www.rline.tv/news/2016-08-04-vy-zhe-uchitelya-zachem-vam-dengi-sotsseti-kommentiruyut-medvedeva/> 4 August 2016 and <https://www.youtube.com/watch?v=QFKiMgrVnYQ>.

of social services used by them. The assumption is that these people are employed in the shadow economy. The suggestion was opposed by the Ministry of Economics as a measure that would immediately run into definitional issues.²⁷ It and the Ministry of Finance supported a different approach to increasing the collection of social contributions.²⁸ Other proposals were expected to be more popular with the public, including the suggestion of the social bloc to freeze salaries and gradually increase the retirement age for state officials (Manuilova 2016b). Generally, the Russian public negatively views rises in the remuneration of state officials (Gimpelson et al 2009: 231).

In some of its policy views the social bloc joins with those of the pro-growth actors around the Stolypin club. Golodets explicitly supports the initiatives of the latter because of the possible e[SDQLRRIHPSORPHQWKDWWKHLU6WUDWHJRIJURZWKZR XOGEUL6KHDOVRKDV EHHQRO LQROLGHUDWLRQIWKHLUSURSRVD OVZLWKLO WKHJR-ye-pa-cho-m-l working group.²⁹ Nevertheless, apart from potential gains in employment Golodets has not endorsed the central premises expressed by Stolypin Club members, Sergei Glaziev and Andrey Klepach³⁰ in particular, involving monetary emission and reducing Central Bank base rates to boost business activity %WULQ7KHVRFLDOEORFVSRVLWLRQ linked with the slow growth model based on internal demand applied in 2010-13. The financial and economic bloc, as can be seen in the Macro-Economic Forecast presented by the Ministry of Economics to a cabinet meeting on 21 April 2016 and which became the basis for the 2017-19 budget, aimed specifically to restrain *biudzhetnik* earnings. Their intent was to redirect funds from consumption towards investment (Butrin 2016b; Manuilova 2016c).

²⁷ See , 30 September 2016 17:03 available at <https://rns.online/economy/Mintrud-nameren-prorabotat-kriterii-dlya-platelschikov-naloga-na-tuneyadstvo-2016-09-30/>

²⁸ They backed the transfer of the administration of pension and other social taxes from the Pension Fund and other extra-budgetary funds to the Federal Tax Service to make the enforcement of tax collection more straightforward, improving the take up and thus budget revenues.

²⁹ See <http://stolypinsky.club/2016/08/02/pozitsiya-stolypinskogo-kluba-mne-blizka-golodets-podderzhala-opponentov-minfina/> and <http://stolypinsky.club/2016/10/19/titov-programma-stolypinskogo-kluba-strategiya-rosta-v-yanvare-budet-predstavlena-prezidentu/> ; also see Orekhin 2016b

³⁰ Sergei Glaziev and Andrey Klepach are members of the Stolypin Club presidium <http://stolypinsky.club/prezidium/>. In addition, since December 2016 Glaziev and Klepach have been on the research council of the newly formed P.A. Stolypin Institute for the Economics of Growth (Nikolaeva 2016, <http://stolypinsky.club/2016/12/21/predstavlena-struktura-strategii-rosta/>).

The position of Aleksei Kudrin ± who shares the same ideas as the key figures of the financial bloc, including Nabiullina, Siluanov and Gref in relation to monetary regulation ± differs from theirs in UHODWLRQVRSHUVRQOLERPHVDQVRFLDOVSHQLQHDGGVDQPSRUWDQYDFWLYHVRFLDOSRO component to the policies supported by the Ministry of Finance and the CBR. He has insisted on a change of emphasis in social spending priorities, towards those that enhance the development of human capital, and on introducing better means-