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4. MODERNIZATION OF THE RUSSIAN SOCIAL POLICY: SOCIAL CRISIS, INTERVENTIONS, AND WITHDRAWALS

Markku Kivinen et. al.

Abstract

This chapter suggest a new middle range theory for analyzing the problematics of welfare. We argue that the structuration capacity and vulnerability theory (SCV) opens new prospects for conceptualizing Russian social problems and social policy. The Russian welfare state of today does not fit any of the ideal-type regimes in the literature. The state withdraws itself from many tasks in a neoliberal spirit, but social policy still includes some conservative and social-democratic elements. Our analysis also shows that the privatization of Russian social policy and the abandonment of institutional care are linked to the global neoliberal trend. The low welfare budget and strong tendency towards the withdrawal of the state are at odds with the expectations of the Russian people. This is the most significant contradiction, and a domestic vulnerability, in Russian social policy. The external vulnerability of Russian social policy is linked with energy policy. Russia is not able to control the energy markets and cannot count on the volatile equilibriums present in the global arena. This enforces the elites to commitment to fiscal conservatism.

4.1 Introduction

Markku Kivinen, Meri Kulmala, and Jouko Nikula

It is difficult to overstate the social crisis that emerged from the Russian transition from the socialist system to the market economy. The creation of a new model of welfare state is one of the most comprehensive – and thus far to a large extent *unresolved* – strategic tasks of Russian society.

In this chapter we focus on the welfare *problematique* starting from structuration theory, and paying attention to both agencies and structures. ‘Welfare’ here refers to government support of the citizens, and governments assume this responsibility towards their citizens at various levels. Welfare may refer to benefits and services that provide a minimal level of well-being (safety net), but we can also speak about *welfare states*, which assume a higher level of responsibility for the provision of education, health services, housing, and social security. In his path-breaking comparative analyses of European and Anglo-Saxon countries, Esping-Andersen (1990) distinguished three ideal type welfare state regimes in the democratic OECD world, which he labelled liberal, conservative, and social democratic (see also Korpi 1983). Esping-Andersen, as well as many of his followers, adhered to the political school of welfare studies, highlighting the crucial impact of political resources on social welfare policy. New theoretical models and concepts have been introduced recently for the non-Western context (see e.g., Rudra 2007, and Wood and Gough 2006).

The post-World War II communist welfare regimes were distinct from any of these paradigms. Basic welfare was relatively comprehensive and secure, yet determined by the state rather than democratic politics. Furthermore, unlike in other regions, welfare provision was concentrated mainly at the state-owned enterprise level. The Soviet welfare policy was constructed of two pillars: firstly, the state provided non-monetary social benefits for particular social groups; secondly, most social benefits and services were based on work and distributed at the enterprise level. Both of these old pillars are vanishing within the contemporary market system. Gough and Therborn (2010) categorized post-

socialist states as *proto-welfare* states that have superior welfare outcomes in the context of the non-OECD world.

One can ask how such policies come about. Explanatory theories of social welfare have traditionally been divided into either actor-based (conflict) or structural (functional) theories (Aspalter 2006). Actor-based theories see the power and programmes of different actors as the key to the formation of welfare regimes. These actors comprise classes and the state, ruling elites, corporatist institutions, political parties, labour unions, other NGOs, and major international organizations. These theories claim that diversification of welfare regimes is based on the different power resources of various actors in particular contexts. Structural theories, in turn, see welfare states as based on common structural determinants, such as the degree of economic development, urbanization, modernization, or the advance of the capitalist market economy (Wilensky 1975), and they tend to predict the convergence of social policies based on broad state patterns of socio-economic development.

Crucial to our new theory is Anthony Giddens' idea of structuration and the "duality of structure". The constitution of agents and structures are not two independently existing phenomena (Giddens 1984, 27). An alternative analytical approach here could be one based on the seminal work of Michel Foucault, and the subsequent scholarship that engaged with ideas of governmentality (see Clarke 2003, 2004). However, Foucault, who offers a power-based structuralist approach that centres on discourses, does not take agencies into account, and does not offer conceptual tools to differentiate intended and unintended results in the institutionalization process. Thus, this approach does not include the full range of analytical tools that are required to explore the interlinked and agency-intensive processes involved in social policy formation. Therefore, preference is given here to Giddens' structuration theory.

Our approach is *structuration capacity and vulnerability theory* (SCV theory). Within this approach, the problems of social policy can be conceptualised into three aspects:

- (1) **The relationship between rules and resources** (Rules/Resources problem). Do the resources match the new institutional rules? Specifically, we examine whether the financial and human resources allocated by the hybrid regime for social needs match the institutional functions set by the same regime.
- (2) **The relationship between formal and informal rules and practices** (Formal/Informal rules problem). Do informal rules enable or contradict formal rules? We ask how informal networks and practices can influence policy choices, the implementation of reforms, and feedback mechanisms with regard to policy outcomes.
- (3) **The relationship between intended and unintended consequences of policy action** (Intended/Unintended results problem). Are the agencies involved capable of reflexive monitoring of the results and promoting institutional learning? We will examine the extent to which actors involved in policy-making and operating under conditions of political regime hybridity are capable of the reflexive monitoring of policy outcomes and of learning on these bases.

None of these problems has been systematically addressed before. Thus, our approach will move the explanation of hybrid welfare from ideology-based scattered empirical findings towards a *systematic explanation* and *actual theory building*.

In the first two sections of this chapter, our analysis focuses on the main elements of the exceptional social crisis in Russia, that is, problems of poverty, inequality, and health. As a recent, additional problem, we bring into the picture the vulnerable and marginalized living conditions of migrants. In the second section of our analysis, we analyse trends in the key spheres of social policy, including social protection, education, housing, and family policies, as well as the policy-making process in

those spheres. The policy-making process in the social sphere – as well as that in other spheres of policy in Russia – can be understood as involving personalist influences from the country's top leadership, specialist ideas, and the bureaucratic policy process in which different state (as well as non-state) actors have a share of involvement. For the third part, we analyze the role of different agencies in welfare policies. We start this section by analyzing the structuration of classes in terms of living conditions and welfare expectations. Then we focus in particular on trade unions and civil society organizations.

In the conclusions, we look at the interplay of all these factors. We argue that the *problematique* of welfare should be considered in the context of shifting environmental conditions, such as changing domestic and international economic factors (fluctuations in the price of oil, global financial crisis, and the international sanctions regime), social changes (for example, migration and population aging), and changes in public attitudes and values, as well as societal responses to government policies. From this perspective, we wish to understand how *politicised* social policy is in contemporary Russia. Who is actually allowed to decide matters of life and death in the social policy-making process – and why? We conclude by showing the major antinomies in contemporary Russian social policy.

4.2 Poverty and social exclusion in Russia

Simo Mannila and Markus Kainu

There is extensive discourse on Russian poverty and its development in transition (e.g., Manning & Tikhonova 2004; Shaban et al 2006; Korchagina & Prokofieva 2012; Ovcharova 2016; Gorshkov & Tikhonova 2014). The socio-economic transformation and privatization caused a manifold increase of poverty. However, the phenomenon is more complex (Mitra & Selowsky 2002); during the transition, the informal economy grew, making up at least partly for the demise of the formal economy, simultaneously, socioeconomic disparities grew and became more visible and therefore more easily measurable (e.g., Gimpelson & Kapeliushnikov 2014; Remington 2013). We may see this an unintended – but very typical – consequence of socioeconomic transition. Soviet social and economic statistics such as the Household Budget Survey (HBS) were unfit to describe the development, and were hastily updated by donors' support to comply with international standards. Major surveys such as the Russian Longitudinal Monitoring Survey (RLMS) were launched in order to assess the situation and compensate for the problems of official statistics. The RLMS still delivers interesting information on Russian society, and it is also extensively analyzed for poverty research (e.g., Kapelyuk 2015; Lukiyanova 2015; Jäntti, Kambur, Nyysölä & Pirttilä 2014; Tikhonova & Mareeva 2009).

During the first decade of the new millennium, the policy-making and research instruments were already in place for assessing Russian poverty in detail. Some myths have been abolished: for example, due to extended families, elderly people seldom live completely on their own, which means that they are usually *not* poor – in fact, the poor elderly were mostly women, since Russian men die prematurely. The poverty risk of families with children, as well as that of single parent-families has increased (cf. Ovcharova & Popova 2005; Korchagina & Prokofieva 2012; Denisova 2012). Inadequate education is linked with poverty, and there is a considerable difference between the urban and rural population; these two findings, plus the poverty risk of families with many (3+) children are rather typical findings globally. Most Russians are, however, urban and well-educated people (e.g., Shaban & al. 2006). During the transition, it has also been found that the poverty gap was not deep and that the poverty was often transitory: a large share of the population was oscillating around the poverty lines (Shaban & al. 2006). Manning and Tikhonova (2004; cf. Ovcharova 2016), adapting Peter Townsend's (e.g., 1988) concept of *social exclusion* to Russia, found, however, that there was

old and new poverty and therefore social exclusion with rather differing profiles. The *new poor* were mostly white-collar budget (public) sector employees, who were less marginalized when compared to the *old poor* with, for instance, low education. The new poverty was directly linked with the structural adjustment of Russian society.

Poverty is defined in various ways, both scientifically and for practical policy-making purposes, and instead of *poverty* we today tend to speak increasingly of *at-risk-poverty* and *social exclusion*. In Russian poverty research too, we see a similar terminological development (e.g., Manning & Tikhonova 2004; Korchagina & Prokofieva 2012; Gorshkov & Tikhonova 2014). However, poverty policy in the Russian Federation is still very much about *poverty lines*, defined regionally by minimum subsistence levels on the basis of quasi-scientific, consumer basket price calculations by Rosstat. Rather than by income data, which is often considered unreliable, household poverty is both internationally and in Russia often researched by using consumption data (cf. Deaton 2015). There are various views on the share of informal economy or informal employment: a large share of informal economy means that the society is wealthier than it seems. The estimates of Russian informal economy around the turn of the millennium were 40-50%. In official statistics and corresponding calculations the share has usually been presumed to be 20-25%, and it was supposed to have go down to 16% of the GDP in 2011 (Sutela 2012, 200). This may have been too optimistic a forecast, but there is nonetheless a tendency towards increased formalization of the economy, plus the Russian government tends to express concerns about widespread informality. For instance, in 2013 Vice Prime Minister Golodets commented that “in Russia 48 million persons out of 86 million persons of working age are employed in sectors that we know. Where the others are working, and what they do, we do not know” (Eremicheva 2016). This statement points out the difficulty of assessing poverty – or indeed any – policy due to informality; financing of policies is hampered, since the taxation does not capture all economic activity, and the proper targeting of policies is difficult. The causes of informality lie in the combination of rigid social and legal mechanisms plus weak law enforcement, as well as a lack of trust in government (Williams & Horodnic 2015). By this final clause at least, the present high popularity of Putin’s government should lead to a reduction of informal economy, at least in theory.

The subjective ways in which poverty is experienced very often gives results different to other poverty criteria, but it captures one key dimension of poverty, and is also considered reliable enough for scientific and policy-making use (e.g., Ravallion, Himelein & Beegle 2016). The level of subjective poverty is even today high in Russia; according to some recent results, two thirds of the Russian population still find that their income is inadequate for basic needs (Sutela 2012; Levada Center 2017; cf. EBRD 2016). More concretely, poverty today is most clearly reflected in the quality of nutrition and clothing, and whether it is possible to satisfy the basic needs without incurring debts (Gorshkov & Tikhonova 2014); it is also indicated by substandard housing (Korchagina & Prokofieva 2012). The discrepancy between findings by varying key poverty indicators is not uncommon with the increased prosperity of a nation, but in Russia the discrepancies are blatant. By Gorshkov and Tikhonova (2014) the share of those who were both poor by income criteria and also socially deprived was 19% in 2003, while in 2013 it was only 6%. Korchagina and Prokofieva (2012) found that approximately half of the population were poor by some indicator, while an accumulation of three poverty dimensions was limited to only 9%. The Welfare Survey (SDMS 2015) of the Aleksanteri Institute addressed subjective poverty by a scale of six items. The share of those with difficulties in basic consumption was only 12%, but the most common response alternative pointed out by the respondents was difficulty in buying durables, experienced by almost half of the respondents (45%). Summing the two response choices (57%) we come close to other findings on subjective poverty, but we must bear in mind that today basic needs and consumption mean different things than back in the 1990s. Tikhonova and Mareeva (2016) analyzed poverty complementarily by absolute and relative criteria, and they find that up to 30% of the population can today be defined as “the new periphery”

and they differ increasingly from the rest of the population; their main characteristic leading into poverty is some form of labour market vulnerability. Somewhat analogously, Remington (2011) found that rather than poverty, the urgent problem of today's Russian society is inequality.

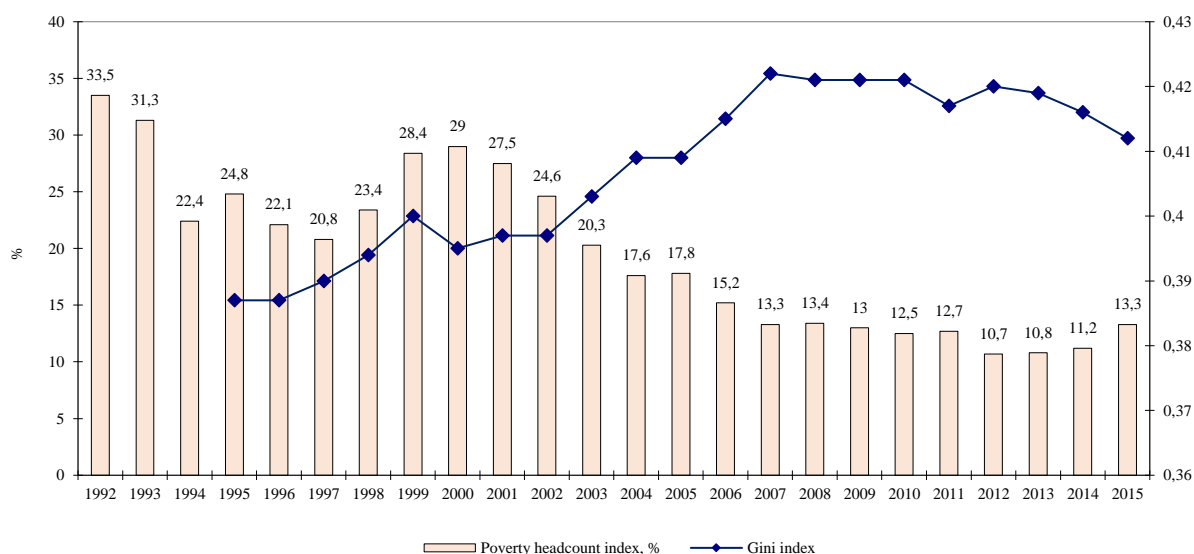


FIGURE 4.1 OFFICIAL POVERTY RATE BY HEADCOUNT INDEX AND INCOME INEQUALITY BY GINI

INDEX IN RUSSIA 1992-2015

Source: RUDENKO 6 SÄTRE 2017

The World Bank (Shaban & al. 2006; cf. Semenov & Kichigina 2012) had the alarming finding that most poor households had someone who worked, i.e., employment did not always bring enough income to let the household get out of poverty. This is typical of developing countries, but now also in developed countries we see the risk of an increasing "working poor" segment, whose earnings must be supplemented by other means, in particular, by public transfers (e.g., Pena-Casas & Latta 2004). In the Russian case, the at-work poverty, lately quite typical of public sector employees (Manning & Tikhonova 2004), is largely due to generally low productivity, and this does point out the need of major socioeconomic reforms and innovativeness to increase productivity and diversify the economy. This is a major task, and it cannot be accomplished by social policy solely (e.g., Government of Russian Federation 2008). The gap between Russia and some other emerging economies in productivity is, however, wide (e.g., Inozemtsev 2011), and the success of present policies in bridging the gap in the foreseeable future is – due to internal and external constraints – questionable (Aron 2015), indicating that any further reduction of Russian poverty might be difficult.

The key developments of Russian poverty and inequality in transition are summarized in figure 4.1. The World Bank report also shows that Russian poverty was halved around the turn of the millennium, and the poverty rate measured by absolute indicators went down from 42% in 1999 to under 20% already in 2003 (Shaban & al. 2006). This *very* positive development was largely caused by macroeconomic factors, such as a higher level of economic activity as compared to the 1990s, when a large part of the economy was on stand-still; the positive impact of the devaluation of 1998 in supporting domestic production, and, in particular, the high prices of oil, gas, and other raw materials. This boosted government budgets with a major surplus, which was largely invested internationally. These funds were later, and still are being utilized to buffer the population during the

economic crises. In this millennium, the poverty rate has bottomed at 13%, but having risen again lately, is still nonetheless well below 20%. In subjective terms, we may claim that slight increase of the poverty rate is insignificant, when compared to the very positive development since the 1990s. However, there has been certain criticism of the new apparent prosperity, pointing out the statistical bias due to the ultra-rich small fragment of population (Remington 2013). Not all people are as well-off as often described, and a large share of the population remains close to the poverty line. We must also take into account the potential impact of the formalization of the economy due to increased political stability; the positive GDP development may partly show a transfer of economic activity from informal to formal employment, and does not fully indicate increased prosperity (cf. Hazans 2011).

However, since 2000, Russian wages and salaries have risen significantly, and the pay gap between Russia and developed economies has been closing. Using the famous Big Mac criterion, purchasing power grew during 2000-07 by 150% (Sutela 2012). The surveys of Levada Center (2017) show a constant reduction of people's worries related to poverty and unemployment; the fear of impoverishment went down from 59% in 2001 to 45% in 2007, and the fear of unemployment from 54% to 33%. The key worries of the people today remain inflation and the possibility of rising prices, plus the fear of economic crisis has hardly gone down in the 2000s. As we will show below the middle class has grown in the new millennium, although there are conflicting views on its size and characteristics (e.g., Maleva 2005; Kivinen 2006; Hansl 2016; cf. Castren 2000; Kivinen 2002; Gorshkov & Tikhonova 2014).

The reduction of Russian poverty and increased social stability mean, however, that the Russian poor differ more today from the general population. There is an increasing risk of *poverty cultures*, which contain a vicious circle of negative incentives and that hamper development. While it is not very easy to point out the risk groups of poverty in Russian society – except, self-evidently, those with low education and labour market marginality – the regional variation of Russia with 10 time zones may pose a major challenge for poverty reduction. Looking at Russian regional development, we see that there are major disparities between the regions; while some regions show a high level of integration in global markets and good human development by the UNDP index, some others are largely outside the advantages of globalization – while nevertheless, suffering from its *disadvantages* – and are lagging behind (e.g., Zubarevich 2010). These differences between Russian regions are to a certain extent understandable (“Siberian curse”, cf. Hill & Gaddy 2003), although the Russian socioeconomic map has changed considerably during transition. Old GULAG regions, with harsh natural conditions, such as Tyumen, the Hanty Mansinsk Autonomous Region, or Komi prosper today due to their exportable oil and gas, although most of the new prosperity is concentrated in Moscow, and lately increasingly also in Saint Petersburg. Poverty is concentrated in particular in Southern Siberia and the Northern Caucasus, both with few natural resources, a rather traditional economy, and a low-skilled workforce (Zubarevich 2010) (cf. Figure 4.2).

There are also millions of temporary immigrants in the Russian Federation, their number and living conditions are not well known (cf. Cook 2015). These people, often of Central Asian or Caucasian origin, may be the most vulnerable segment of Russian society, to where they relocated due to their important role in the Russian work force. The number of immigrants was estimated to be over 10 million when peaking, but it has gone down during the past few years of economic stagnation, showing the flexibility of the Russian labour market, where the immigrants serve as a buffer for the Russian domestic work force during economic slowdown.

1	Yaroslavl	7	Tula	13	Chuvashia	21	Volgograd	27	North Ossetia
2	Kaluga	8	Nizhniy Novgorod	14, 16	Tatarstan	22	Kalmykia	28	Chechnya
3	Vladimir	9	Ryazan	15	Penza	23	Adygea	29	Ingushethia
4	Ivanovo	10	Mari El	17	Ulyanovsk	24	Stavropol		
5	Perm	11	Udmurtia	18	Saratov	25	Karachaevo-Cherkessia		
6	Moscow-city	12	Mordovia	19, 20	Samara	26	Kabardino-Balkaria		

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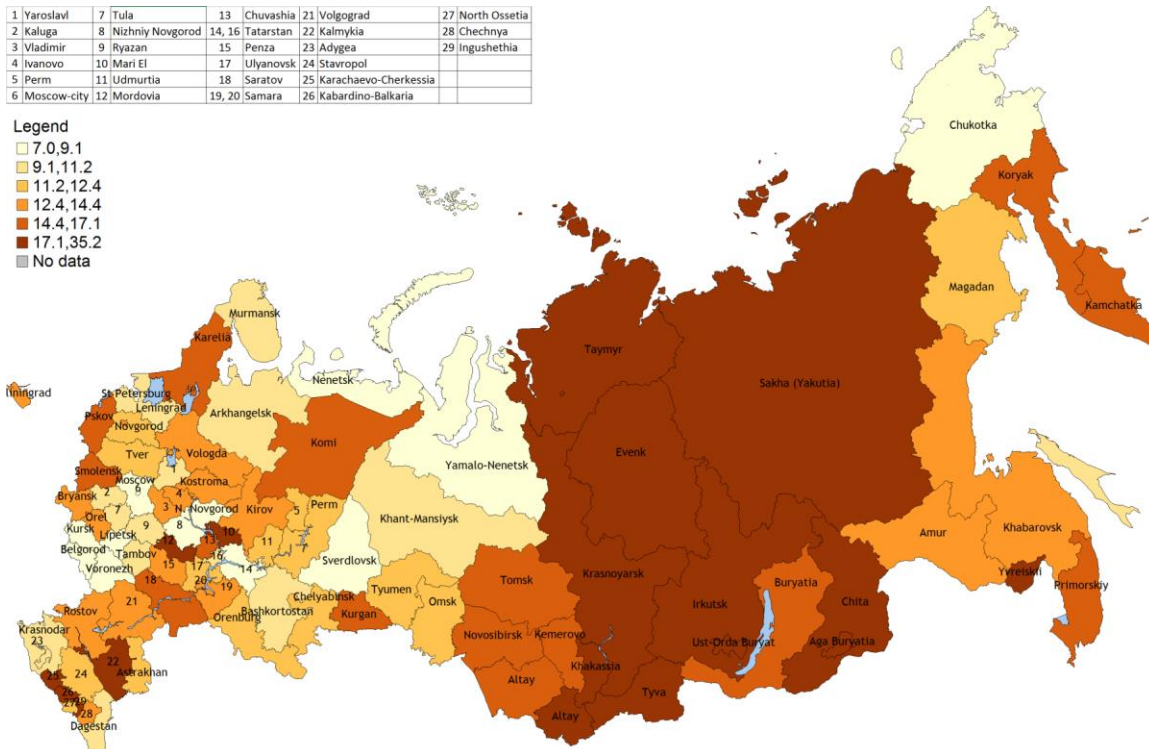


FIGURE 4.2 RUSSIAN POVERTY BY REGIONS IN 2014

Source: WORLD BANK DATA; HANSL 2016

Is the reduction of Russian poverty an expected result of government policy or a by-product of macroeconomic development? When the main policy emphasis has been on macroeconomics, poverty reduction seems to be a by-product but simultaneously something also aimed at, albeit indirectly, with the main focus having been on economy and political self-interest (cf. Gelman 2015). This approach was, however, also an adequate way to address poverty, due to the above-stated reasons. The long-term strategy (“concept”) of socio-economic development of the Russian Federation until 2020 (2008) envisaged, among other things, a reduction of poverty from 13% to 6-7% by 2020 and an expansion of the middle class to cover more than half of the population. Its goals also included increased income equality, better targeting of social benefits, and improved services for children and families with children. Very correctly, the document links positive socioeconomic perspectives with the development of the economy (Government of Russian Federation 2008). Today, the performance of the government towards the population has stagnated, and major investment is still needed for the upgrading of the economy. Social policies are threatened by an increasing need for investments in infrastructure, and the goals envisaged in the long-term strategy will not be fulfilled until 2020.

Poverty is most probably there to stay for approximately one fifth part of the Russian population, which means 20-30 million people, but it probably will not grow higher. The agency is with the government but also with the people, who respond to problems, if not politically, by individual choices such as informality, and internal and international mobility. Modernization may mean an increase in prosperity, but it does not seem to mean increased equality: by the Gini coefficient, there is a wide variation in equality between “modern societies”. Pekka Sutela’s (2012) standard comment

on Russia as “a normal country” is, for good and bad, valid. Globally speaking, Russia is not a poor country. By the multidimensional poverty index, which is calculated for UNDP from 10 indicators representing three dimensions (education, health, and standard of living) the incidence of poverty in Russia in 2004 was only 1.3%, moreover, 0.8% of the population were vulnerable to poverty (Alkire & al. 2011).

4.3 Russian health in transition

Simo Mannila, Laura Kemppainen, and Teemu Kemppainen

After the collapse of the Soviet Union, Russian public health started to deteriorate dramatically. Male life expectancy fell under 60 years and remained there until the turn of the millennium, while the positive development of health among women stopped around 72-73 years (Shkolnikov 1998; Marquez 2005). However, the negative development started already before the transition period. The expected length of life stagnated already in the 1970s, although the downward surge did not take place until the 1990s (Palosuo 2003). One of the key factors behind this long-term trend was the lack of focus on non-communicable diseases, plus the neglect of prevention. Men in particular suffered from the health collapse of the 1990s; the gender gap in life expectancy grew up to 10-12 years in disfavour of men, and in the working age population, male mortality was three times higher than female (Cook 2015). The deterioration of Russian health attracted much attention from the international community; the WHO compiled two books on Russian health care (Tragakes & Lessof 2003; Popovich, Potapchik, Shishkin, Richardson, Vacroux & Mathivet 2011), while the Marquez (2005) report on Russian health is one of the key documents of that period. In addition to the overall collapse of public health and gendered health differences, a further key finding was that the health decline took place among the working age population, reflected in the name of the World Bank publication “Dying Too Young” by Marquez (2005). Finally, since 2004, after a long decline life expectancy in Russia has increased (Carlson & Hoffman 2011; Shkolnikov, Andreev, McKee & Leon 2013; Grigoriev et al. 2014) and it has recovered to the approximate late Soviet levels: 65.1 for men and 76.3 for women (OECD 2015). Additionally, the maternal and infant mortality rates have been more than halved since 1990 (Popovich 2011).

It seems to us that Russian health problems and their causes are different from both the *developing* countries, where maternal and infant mortality and communicable diseases are still the key problems as reflected in the UN Millennium Development Goals, and from more *developed* countries, which have shown a continuous improvement of population health and life expectancy. The reasons for the deterioration of Russian health are diverse and intertwined, and they still remain largely unexplained, despite the extensive literature addressing the topic. Shkolnikov (1998) excluded several explanations and highlighted the importance of psychological experience analogously to what we find in research literature on the links between unemployment and health (e.g., Paul, Hassel, Batinic & Moser 2010). The Russian health shock refers to a quasi-total collapse of life orientation, leading to risk behaviours, supported also by Russian cultural traditions (Cockerham 2000). The key reasons for the high mortality rates in Russia are coronary and heart diseases, which explain approximately half of all mortality. Another key factor is alcohol and drug abuse: besides its direct impact, it has an influence on traffic accidents, occupational injuries, crime and violence and, of course, various forms of chronic ill-health, where the etiology and diagnostics often are very difficult (Leon, Sholnikov & McKee 2009). To offer an example, the mortality risk in violence and accidents in the Russian Federation of transition was 8-fold as compared to that in Sweden (Palosuo 2005).

The decline of the Russian health was partly also caused by the abrupt reforms of Russian healthcare, which aimed at increasing choice and relying more on market forces. The reform of Russian healthcare was largely based on the introduction of mandatory health insurance in order to improve the service delivery. The reform was carried out during the first decade of transition, and it transferred healthcare duties that were previously federal to regional and local governments. The funding, too, was transferred from the central government to lower government levels and, in particular, to households, who bear the key financial burden of the reform. To put it in figures, during the years 1995-2009 the share of out-of-pocket payments increased from 17% to 29%, compensating fully the cuts in the share of government funding, which went down from 48% to 39% (Popovich & al. 2011, 73). There are also other, more cultural, explanations of the health collapse. For example, Cockerham (2000) argues that unhealthy Russian lifestyles (e.g., related to alcohol abuse) are an outcome of (until recently) unquestioned societal and group norms and routine practices, which contribute to an unhealthy and life-shortening lifestyle, especially among middle-age working-class men.

According to Shkolnikov et al. (2013) the improvement in life duration found lately in Russian demography is largely due to the reduction of cardiovascular mortality, and the authors speculate on the possibility that Russia will enter the “cardiovascular revolution”, which has already taken place in most developed countries (cf. Puska & Bansilal & Narula 2016). This concurs with Grigoriev et al. (2014, 125), who argue that the recent decline in Russian mortality results from behavioural changes, such as improvements in diet and decreases in alcohol consumption, as well as from better implementation of health policies and improvements in economic conditions. This is also partly due to a stronger focus on health by the government, since the Putin regime sees ill-health and a declining population as incompatible with the superpower image of Russia: the yearly loss of population was 700,000 people at the turn of the millennium, caused by high mortality also by a low birth rate (Cook 2015). Health expenditure was growing again due to a favourable development of the GDP until 2008, but the GDP share of health financing remains around 4%. Thus, public health financing in Russia is very modest by European standards, but internationally on an average level. Cook (2015) points out that *inequality* is a key problem in present-day Russian health-care, which favours the better-off strata and leaves those with most needs with the lowest level of service. While public healthcare is still free in principle, its performance has weakened, and affluent segments of the population or the privileged sectors of the central government utilize new up-to-date services, for which they pay relatively *less* than what the general population pays as out-of-pocket-payments for lower level services. A stunning finding is that even during the general health collapse, the expected length of life for highly-educated Russians developed very positively (Murphy, Bobak, Nicholson, Rose & Marmot 2006). But despite the recent positive development, the health outcomes in Russia are still much lower than in other developed countries. In 2014, the probability that a 15-year boy will survive until 60 was only 66% in Russia, while in the USA it was 91% and even in India 76% (Marmot 2015; cf. Shkolnikov & al. 2009). There is also the stunning finding that the mortality of healthcare personnel in Russia is 40% above the average Russian mortality rate, indicating severe problems (Boyarkina 2017).

Since Russia is geographically a very large country, it is reasonable to also direct attention to the regional aspects of health. During the early 2000s, regional income inequalities in the country increased (Remington 2011). In a recent study, Lyytikäinen and Kempainen (2016) elucidated the contemporary regional reality in Russia by examining self-rated health across the Federal Districts (see also Walberg, Mc-Kee, Shkolnikov, Chenet & Leon 1998; Kennedy, Kawachi & Brainerd 1998; Carlson 2005). Self-rated health is generally considered one of the key indicators of public health, and a good predictor of mortality (cf. Manderbacka 1998). While self-rated health is, in general, worse in the former communist countries than Western Europe (Carlson 1998), Russia also compares unfavourably to the post-communist, new EU member states (Rose 2009, 90). Economic and social capital have been found to shape self-rated health in Russia (e.g., Rojas & Carlson 2006), and they have also been seen as important in the Russian mortality crisis (Kennedy & al. 1998).

Lyytikäinen and Kemppainen (2016) found a considerable regional variation in self-rated health in contemporary Russia. Consistent with earlier literature on self-rated health, the study found that social and economic capital predict good self-rated health at the individual level. Nevertheless, regional inequalities in self-rated health were not explained by the capital composition. A possible interpretation may be found by following Kennedy et al. (1998), who interpret crime as a proxy measure of strained social relations and low social cohesion. Compared to the Central District, crime rates are higher in the Far Eastern District and lower in the Southern District, in line with the corresponding differences in self-rated health. Additionally, in the Northwestern District, the crime rate is lower than the Russian average (Lyytikäinen & Kemppainen 2016). These findings may indicate regional differences in social cohesion, which might have public health implications.

Russia's recent healthcare reforms, which have aimed at modernizing the system and enhancing the quality of healthcare, have largely been implemented by cuts in secondary healthcare. As smaller hospitals and primary healthcare units have been closed, healthcare has become inaccessible, especially in more rural regions. Contrary to their objectives and the general trend, the reforms have instead led to higher mortality and morbidity in rural areas (Audits Chamber 2015; see also Grigoriev et al. 2014). Lyytikäinen and Kemppainen (2016) show that the lowest level of self-rated health was found in the Far Eastern District, which is the largest and least populated of the Federal Districts, and with understandably major problems for providing good healthcare for all. The Far Eastern District also spends most on public health per person, which may mirror bigger healthcare needs.

Modernization of societies usually includes improved health, and lately we have seen considerable health improvement, both in developed and developing countries: the gap between these two groups has narrowed (WHO 2015). The Russian performance is below the rest of Europe, and the recent positive turn in the health of the Russian population shows uneven development by population strata and regions. Health disparities tend to remain even during positive social development: health may improve for all population strata, but the differences between the strata remain (e.g., Puska & al. 2015). We may link the latest positive development of health in Russia to general socioeconomic development, e.g., increased prosperity that has enabled behavioural changes. In the light of the future scenarios, we foresee that the average positive development will continue at a slow pace, but the social and geographical disparities remain, although major structural development in healthcare is needed for a better sustainability.

4.4 Migrants as an inequality issue

Kaarina Aitamurto

Migrant workers are one of the most socially vulnerable groups in contemporary Russia. Their precarious position points out the limits and weaknesses of the Russian welfare system, but also poses a threat to the rule of law and democratization. Until the economic depression that followed the Western sanctions, the Russian Federation was the second biggest receiver country of migrants after the US. In addition, Russia has numerous ethnic minorities and the multi-ethnicity of the country is a popular catchphrase in political rhetoric. Nevertheless, both the actual migration and the minority politics in the post-Soviet Russia are characterized by frequent changes, which can be explained by the conflicting pressures and battle between different groupings with their own interests and ideologies.

Due to its demography, Russia needs migrants and Russian markets need a migrant labour force. A major alleviation to this privation are the migrant reservoirs from ex-Soviet Central Asian states, in which the unemployment is high, wages and living standards low, and the language and culture

barriers with Russia have been lowered by their shared Soviet past. These facts have been acknowledged in the Russian migration politics. However, in the discussions about migration, there is continuous struggle between different stances, which Vladimir Malakhov (2014, 1071–2), divides into liberal pragmatism, the humanitarian perspective, conservative-statist views, and cultural fundamentalism. Not infrequently, ethno-nationalist underpinnings have significantly guided policies. Revealingly, while the definition of ‘compatriots’ in state programmes designed to support them abroad and to facilitate their resettlement to the Russian Federation remains vague, these are clearly targeted mainly to Slavic, or even orthodox Christian audiences.

The weight of the ethno-nationalist approach is strengthened by pressure from below. The nationalist riots in 2011 seemed to have persuaded President Putin to incorporate some of their themes and rhetoric into his policies. In Moscow mayoral elections in 2013, virtually all of the candidates resorted to anti-migrant themes to attract popular support (Aitamurto 2016). In minority issues, the strengthening of the vertical of power and the weakening of federalism have impacted both federal and regional level politics. Even the attempts to preserve minority cultures and languages increasingly encounter suspicions of separatism, and may therefore be suppressed (Prina 2015).

In the media as well, social problems are often explained by cultural and ethnic differences. For example, when massive brawls broke out in a Moscow cemetery in 2016, the mainstream media tended to present them as an ethnic conflict between Central Asians and people from Northern Caucasus, not as a fight over the right to work in labour markets where the rule of law does not function. In addition to the culturalization, the de-politization of social problems is also done by the securitization of the migration issue (Doyle 2013, 266, 276).

Concerning racist language, the borders of socially-acceptable are much wider than in Western Europe, and in fact, Western political correctness is regularly ridiculed – and exaggerated – in the Russian media. Racist stereotypical are rife in the media and largely remain unchallenged. The hierarchy in the media constructions of the ‘otherness’ is multileveled, and can change relatively rapidly according to the political line, as exemplified by the demonization of Ukraine and Ukrainians after 2014 (Malakhov 2016; Tolz & Harding 2015). Ethnic discrimination remains under-represented in political or media discussion, or even in scholarly studies. When it is addressed, the emphasis is more on group rights and ‘intercultural relationships’ than on discrimination against individuals. Symptomatically, even the representatives of ethnic minorities organizations seldom use the concept of ‘ethnic discrimination’ when promoting their interests (Osipov 2010).

Post-Soviet Russia has become notorious for the prevalence of racist street violence. Though the police have adopted a stricter line toward ultra-nationalist and neo-Nazi gangs since the middle of the 2000s and again after the nationalist riots in 2011, racist motivation is still seldom acknowledged in court convictions. According to human rights organizations, the police may refuse to investigate reports of racist violence, and neither are incidents of police racism and violence toward ethnic minorities uncommon. The state has tackled the problem of racism with programmes to promote tolerance. Despite some encouraging results, these programmes also often contain problematic aspects. Quite often, the campaigns and formal education of tolerance is perceived as a mere empty formality, especially among youth. It can even be argued that promotion of tolerance frequently reproduces thinking patterns that nourish racism. Firstly, in the education of tolerance, cultures and identities are presented as demarcated, inborn, homogeneous entities. The common understanding of cultures as separate, or even incompatible, entities shows itself by the volume of publications on ‘conflictology’ (*konfliktologiya*). Even scholarly studies may take it as a proven fact that after the arrival of some given percentage of migrants, conflicts will inevitably emerge (Popov & Kuznetsov 2008, 228). Secondly, the emphasis on tolerance may present social, structural problems as *cultural* issues in a way similar to the media.

The discussion on the integration of migrants began relatively late in Russia. There were hardly any concrete policies before 2012, when President Putin publicly noted that the integration of migrants had been largely ignored in migration policy. In the discussions and policy implementations that followed, adaptation to culture figured as the core issue of the integration of migrants, instead of the social and legal problems they face. In addition, migrants are regularly perceived as the objects of education, not as active agents (Aitamurto 2017).

In the governance of both migrants and ethnic minority groups, the authorities favour established cultural organizations (*Natsional'no-kul'turnye obshchestva*), disregarding the internal heterogeneousness and power relations within migrant communities. In addition, the cooperation with diaspora communities is often based on the assumption of some form of ethnic collective responsibility (Berg-Nordlie & Tkach 2016). In ways similar to its dealings with religious and civil society organizations, the state cooperates mainly with actors that are seen as loyal and that refrain from political criticism. Non-conformist activism is easily labelled as extremism or separatism, and may therefore lead to legal problems (Prina 2015).

The policies that are actually adopted by the authorities are influenced by the dominant attitudes and federal state programmes, but also by the (occasionally conflicting) interests of different institutions. The internal power struggle, for example, seems to have been a major reason for the abolition of the Federal Migration Service and the transfer of its functions to the Interior Ministry in 2016. In addition to the authorities who issue visas, residence registrations and work permits, control of migration also falls within the responsibilities of border control and the police. The everyday work of many of the officials in these institutions balances between meeting the official quotas of, for example, the deportations of undocumented migrants, and acquiring financial gains from the bribes of undocumented migrants. Given the volume of these financial gains, institutions such as the police have real interest in resisting reforms that would diminish their space for corruption.

Under the circumstances of the weak rule of law, the migrants, and to some extent ethnic minorities as well, have to resort to illegal or parallel structures to survive and to defend their rights. Despite numerous reforms, and the announced political aim to increase the percentage of officially-registered migrants, securing this status is still so expensive and difficult that it remains unrealistic for many people. After the Soviet collapse, the system of residence permission (*propuska*) was abolished. However, the current registration rules in, for example, Moscow still serve similar purposes. In comparison to the Soviet *propuska* system, the current registration system has less real effectiveness because of loosened control, but it leaves an increasing part of the inhabitants of the city, even Russian citizens, in an 'illegal' position. Instead of official registration, many migrant labourers buy different kinds of registration from the blooming markets of such documents of varying quality (Reeves, 2013). Like when obtaining registration documents, migrant labourers are also compelled to resort to different kinds of intermediaries in their everyday life. The reason for this is not only their vulnerable legal position, but also the structural discrimination. For example, it is customary that big Russian employers avoid responsibilities for their migrant workers by not hiring them directly, but rather through various intermediaries (Urinboyev & Polese 2016). Furthermore, proprietors in cities such as Moscow often refuse to rent apartments directly to migrants (Reeves 2016).

Unofficial networks are crucial for migrants, who live outside the safety net of the public services. For example, in the event of illness or injuries, unregistered migrants have no access to public healthcare and the resources of NGOs and the migrant communities' own services are limited (Cook 2017). Because of their precarious position, undocumented migrants have little legal means to defend their rights against their employers, or in the event of illegal measures by the police. In order to demand unpaid salaries, for example, migrant workers have few options other than to resort to criminal racketeers. Thus the anti-migration nationalist claims about the connections between

migration and criminality are to some extent valid, even though the reasons for this relate more to the systemic failure than to ‘cultural traditions’.

The inefficiency and unlawfulness of the migrant policy in Russia raises the question of why has the state not taken more determining steps to reform the system? A part of the answer lies in the power struggle between different state institutions, but the current situation also provides benefits for the state. Migrants provide a cheap labour force for Russia, one easily discarded when it is no longer needed. The undocumented migrants do not burden social services, and the sick and the old among them usually return to their home country.

The bribes that undocumented migrants pay to police and the authorities who control migration, have become institutionalized as an addition to their salaries. Especially earlier, these additions were crucial for ordinary police to manage on their meager wages. In recent years police wages have been raised to uproot corruption, but they still regularly resort to such illegal measures as demanding bribes and the heavy-handed treatment of migrants. Matthew Light argues that the reason for this is that police must get signals from above that this kind of behaviour is accepted. He points out that for such cities as Moscow, the majority of incomes come from the enterprises, not from the taxes paid by its inhabitants, whereas social services form a substantial part in their expenditure. Therefore, it is not in the interests of the city governance to facilitate the legalization of the migrant workers but instead, to keep them too intimidated to revolt (Light 2013).

However, allowing the continued existence of the vast spheres of corruption, shadow economy, and parallel legal orders have far-reaching, negative political and social consequences beyond mere tax revenue losses. The corruption – especially that of the law enforcement authorities – nourishes disrespect for the rule of law. For people who have an ‘illegal’ status, it is very difficult to raise any public discussion of illegal police measures. The volume of labourers without legal rights allows employers to dictate the terms of labour, and significantly hinders labourers from organizing genuine and powerful political representation. Thus the current migrant policies are a significant obstacle to the development of the representative political system as well (Heusala & Aitamurto 2017).

4.5 Russian family as the government’s top priority

Meri Kulmala

In the Putin era, there has been a reverse trend toward greater centralization of social policy (Cook 2007a and 2007b). Putin designated social policy as the most urgent task for all levels of government and administration. By launching the Priority National Projects (in health, education, housing, and agriculture) the Russian government claimed to “invest the economic growth in people”. However, our closer scrutiny (Kainu et al. 2017; Kulmala et al. 2014), showed that this statist turn in social policy mostly concerns the sphere of family policy. A new, conservative protection of the family has served as a key task for the Russian government (Chernova 2013; Kulmala & Tšernova 2015; Rivkin-Fish 2010; Rotkirch et al. 2007).

Family policy is a key sphere of social policy, which intersects with several other policy spheres, such as child, labour, and care policies. Moreover, family policy solutions can be made, for instance, in the name of gender equality policy or under demographic or economic policies. The below-discussed priorities of Russian family policy all connect to the alarming demographic situation in the country as well as to the necessity to cut social spending.

4.5.1 Elite priority: The birth rate

The primary purpose of Putin's social policy has been to increase the birth rate, which obviously connects the top priority with the most severe decline in population seen among industrialized countries in peacetime: at its worst, the population was shrinking by 700,000 per year during the 1990s (Cook 2011, 21). In 2000, President Putin identified the demographic situation as a serious threat to "Russia's survival as a nation, as a people..." The most prominent family policy measures to address the crisis were introduced in Putin's annual address to the nation in May 2006. In his speech, the president named demographic development as "the most acute problem facing our country today." "Love for one's country starts from love for one's family," he said, thus setting family policy as the major priority through which the demographic crisis was to be solved. Ever since, the state has promoted traditional family values and carried out several reforms to support Russian families. This policy has a clear pronatalist focus, and an emphasis on reconciling work and family obligations. In addition, numerous actions, celebrations, special days, and other symbolic activities have been arranged to highlight the pronatalist mission of the new family policy (Kulmala et al. 2014; Rotkirch et al. 2006).

These new family policies were largely implemented through the National Priority Project "Health", which introduced many new forms of support for mothers and (young) families – with clear incentives for having more than one child. The essence of these new policies was the so-called maternity capital (*Matkapital*), whereby women who give birth to a second (or subsequent) child receive a certificate for a substantial amount of money, which is to be spent on purposes predefined by the policymakers (for details see, Borodina et al. 2014; Rivkin-Fish 2010; Kulmala et al. 2014).

In addition to *Matkapital*, expectant mothers and newborn babies were brought under a free-of-charge care system through "birth certificates" whereby the federal government compensates for certain services at the local women's clinics. Birth grants and child benefits were also increased, as were the payments of parental leave payments and state subsidies for day care. Since 2010, families with three children or more have been given a free-of-charge plot on which to build houses by the regional governments. Some regions of Russia have also opened their own maternity capital programmes (Kainu et al. 2017; Kulmala et al. 2014).

The guiding principle of the family policy measures is clear: the more children you have, the more money you will get from the state. As figure 4.3. shows, the increase in supporting families has been dramatic. Notably, the sharp growth coincides with the year 2010, when the first *Matkapitals* started to be given to mothers. The programme was launched in 2007, but only when the second-born (or subsequent) child had reached the age of three, the mother (or in some cases another caretaker) could use it to improve living conditions, to invest in the education of the children, or to invest in the mother's pension.

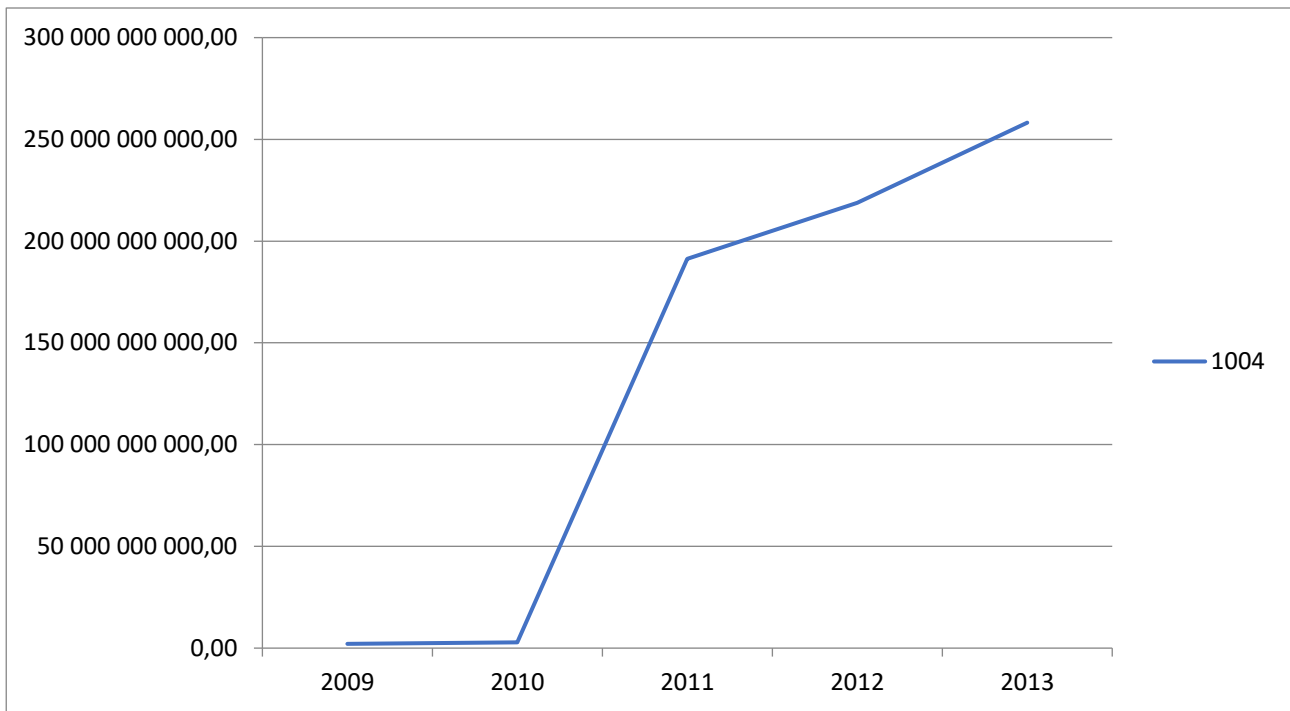


FIGURE 4.3 THE DEVELOPMENT OF THE BUDGET CATEGORY PROTECTION OF FAMILY AND CHILDHOOD (1004)

Source: STARODUBTSEV & KULMALA 2015

Matkapital is near 95% of the sub-category *Protection of Family and Childhood*, and clearly proves that the *Matkapital* has been the top priority of the Russian government. Even in the situation of the growing economic crisis (Kulmala & Tšernova 2015), the government has continued with the *Matkapital* – even if a few times there has been a decision that it be closed.

From the point of view of our structure-agency problematic of structuration theory, the shift in social policy was clearly structured by the demographic pressure. The country's robust economic growth during the 2000s, as an enabling structural factor, made it possible for the central government, as the main agent, to act (Gel'man and Starodubtsev 2016, 114). Since the new measures came with the federal level funding, the regional governments did not play a significant role in the picture. Obviously in the current political environment, such prioritization of an issue creates pressure for the regional leaders to invent related programmes of their own, but only those regions that had their own resources were able to do so.

Russian demographers and social policy experts have remained highly critical of official policies to address the demographic crisis, but this community of professionals has been kept at the margins of decision-making. (Kulmala et al. 2014). Rather paradoxical is the underlying assumption that the demographic crisis is women's responsibility (in other words, they must have more babies), despite the reality that the most pressing problem is working-age male mortality, rooted in men's unhealthy lifestyles (Jäppinen et al. 2011).

4.5.2 Family-friendly work environment for working mothers

In the 2010s, reconciliation of work and family has been brought increasingly to the governmental agenda in Russia. “If the state is genuinely interested in increasing the birthrate, it must support women who decide to have a second child,” stated the president in his 2006 speech. As Michelle Rivkin-Fish (2010, 702) pointed out, Putin seems to have absorbed the fact that child bearing might negatively impact on the position of women, and on the fact that the state should respond to this inequality. Putin’s regime has also acknowledged that a high proportion of Russia women are and want to be in working life. This differs from Mikhail Gorbachev’s ideology to restore women to their “natural role”, i.e., housewives and mothers (Chandler 2013, 130-131).

Putin-era family policy resembles the Soviet family policy, in which women were seen as “productive units” harnessed to the needs of the socialist labour force (Kulmala & Tšernova 2015). Women’s employment rate in Russia has been traditionally high due to the demographic crisis in the 1920s, when the construction of the state-based child care and supported maternity leave enabled women’s participation in the labour force (Teplova 2007, 287-288; Chernova 2014, 38). In today’s Russia, parents are entitled to paid parental leaves until the child turns three. Additionally, child care at public daycare centers is supported by the state. As Kulmala & Tšernova (2015) show, many problems in matching rules with resources prevail in these policies. In practice, for instance, a quarter of Russia families are left without a place in public daycare and ridiculous compensation of less than one euro paid for care leave after the first 18 months is not any real option for most of the people.

In practice, as Kulmala & Tšernova argue, it is much on the agency of Russian women, who must be able to find the means to combine their work and family life – often through variegated informal practices.

4.5.3 Every child’s right to a family

Russia ranks among the first in the world when it comes to the number of children left without parental care with its 2.4% of the total child population (Kulmala et al. 2017). Now new ideas and organizational principles have been introduced to a system that shapes the lives of over 600,000 children who do not live with their birth parents. The number of these children has been steadily, although not dramatically, decreasing in recent years but what has changed drastically is their placement in foster families instead of residential institutions: while in 2005 the proportion of children placed in foster families was only 2%, in 2014 it was 21% (Biryukova & Sinyavskaya 2017, 371, 374), as figure 4.4. shows.

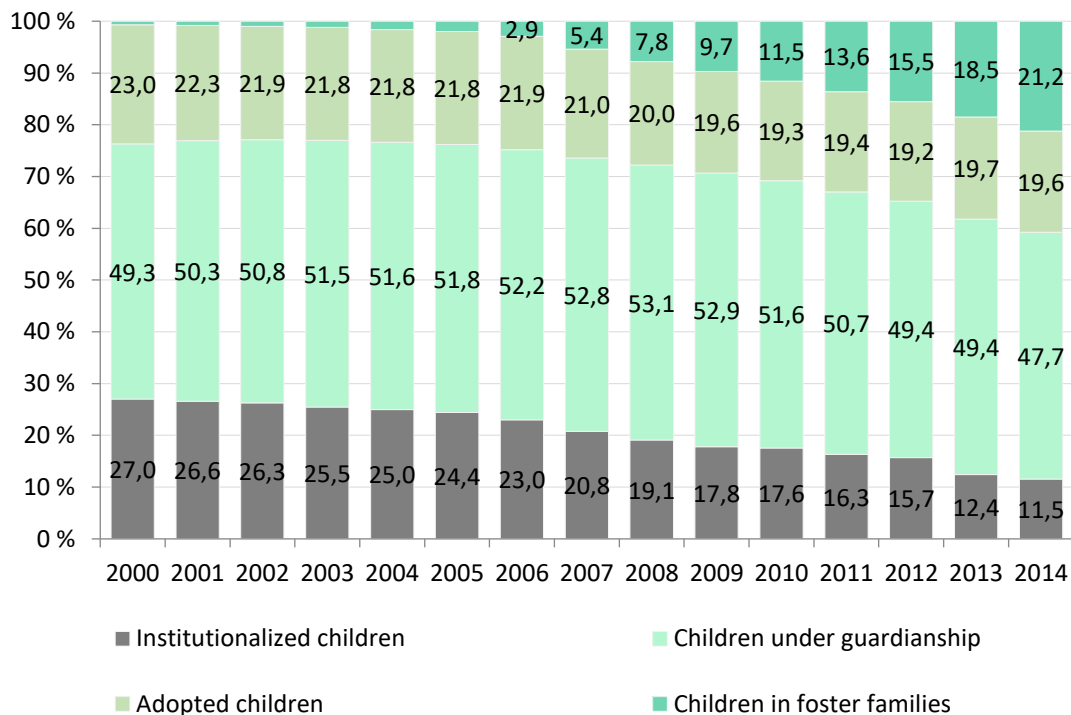


FIGURE 4.4 SHARE OF CHILDREN IN DIFFERENT FORMS OF FOSTER CARE

Source: BIRYUKOVA & SINYAVSKAYA 2017

In comparison to the Soviet-rooted system dominated by collective residential care, overhauling the system of residential care and prioritization of care in families became the primary principles of the child welfare reform. Although the issue of deinstitutionalization had been somewhat on the policy agenda (see e.g, Holm-Hansen 2005; Stryker 2012), systematic reform took place only recently. As often with radical changes (Khmelnitskaya 2015, 16-17), the Russian policy shift was triggered by the impact of an exogenous crisis. In 2008, the case of Dima Yakovlev, a Russian child who had been adopted from a Russian orphanage to the US and died as a result of negligence by his American adoptive parents, led to increased attention – also domestically – on the thousands of children living in state-run institutions in Russia (Bindman et al. 2019).

Russian child welfare NGOs played a crucial role in providing ideas on reform and designing the key documents, as Bindman et al. (2019) show. Political will at the highest level combined with external pressures opened the window of opportunity for NGOs (Kropp & Aasland 2018; Bogdanova & Bindman 2016). Russian NGOs had developed credibility and legitimacy as experts in child welfare through their ability to link international norms and practice to domestic grassroots experience. Their expert knowledge was something that the Russian government clearly needed. Thus, it was Russian NGOs as an expert community, which served as the agents of change.

The reform is now being implemented throughout the country at a considerable scale and speed, which makes the regional-level authorities and professionals important agents in the picture. As part of the reform, the government created a criterion whereby the “effectiveness” of regional governors would be measured by the proportion of children living in family care and the number of state-run institutions still operating in that region. As Kulmala et al. (2017) show, this situation encourages the ‘massaging’ of the numbers by the regional authorities. Many of the Russian regions however, lack

the resources to implement the top priority. This contradiction between rules and resources creates a major risk of focusing on superficial changes and decorative renovation. There is also real reason for the regional officials and local professionals to resist the reform. Unlike earlier, the care institutions in question no longer provide education, health care, and other services of their own, but according to the deinstitutionalization ideology, children living in them go to neighborhood schools and use municipal social and health care services. This obviously cuts the maintenance costs of the institutions remarkably, but on the other hand, it has been a major reason to resist reform locally because of lost workplaces.

Text Box: Gender Inequality in Russia

Meri Kulmala

The Gender Inequality Index (GII) measures gender inequalities in three important aspects of human development: 1) reproductive health (measured by maternal mortality ratio and adolescent birth rates); 2) empowerment (measured by proportion of parliamentary seats occupied by females and proportion of adult females and males aged 25 years and older with at least some secondary education); 3) economic status (expressed as labour market participation and measured by the labour force participation rate of female and male populations aged 15 years and older). The higher the GII value, the more disparities between females and males and the more loss to human development.

The Gender Development Index (GDI) measures gender gaps in human development achievements by accounting for disparities between women and men in three basic dimensions of human development: health, knowledge, and living standards, using the same component indicators as in the Human Development Index (HDI). The GDI is the ratio of the HDIs calculated separately for females and males using the same methodology as in the HDI. It is a direct measure of gender gap showing the female HDI as a percentage of the male HDI. Countries are grouped into five groups based on the absolute deviation from gender parity in HDI values. This means that grouping takes equally into consideration gender gaps favouring males, as well as those favouring females. The GDI shows how much women are lagging behind their male counterparts, and how much women need to catch up within each dimension of human development.

In international comparison, both women and men in Russia are relatively highly educated, and there are no significant gender differences in access to school: basically all boys and girls go to primary school regardless of their place of residence. Women's participation in the labour force in Russia has been traditionally higher than the average in the world, but the trend has been decreasing since 1990, being at its lowest (51.24%) in 1998. As the table shows, differences in income and earnings between men and women in Russia are high despite the fact that women are higher educated in Russia: even though the rate of the woman holding a higher educational degree is higher than men, women's wages are only 73% of men's average salary. The spheres of high politics and state administration remain highly masculine, while the domestic sphere (house and care work) is still in the hands of women: for instance, only very rarely do fathers use any of the parental leave, and 94% of sole parent families are with single mother. Even with the improved situation, the life expectancy in Russia still remains as one of the lowest in the OECD countries and this concerns men in particular. The premature deaths of Russian men are largely connected with unhealthy lifestyles.

		Women	Men
Population (2017)		54%	46%
Gender Inequality Indexⁱ (2015) Russia 0.271 Ranking 52 of 159 countries - Maternal mortality ratio (deaths per 100,000 live births): 25 - Adolescent birth rate (births per 1,000 women ages 15-19): 23.4	Share of seats in parliament (2015)	14.5%	85.5%
	Population with at least some secondary education (ages 25+)	94.6%	94.7%
	Labour force participation rate (ages 15+)	56.6%	71.7%
Gender Development Indexⁱⁱ (2015) Russia 1.016 Group 1 of 5 (160 countries)	Life expectancy at birth	75.9	64.6
	Years of schooling (mean)	12.0	12.1
	Estimated gross national income per capita (2011 PPP \$)	17,868	29,531
	Gendered Human Development Index (HDI)	0.809	0.796
Family life	Parental leave		2%
	Sole parent families	94%	6%
Politics	Russian Government (Senior Russian Government Officials, 26 total)	3 (11.5%)	23
	Federal Duma (elections 2016, 448 deputies total)	69 (15.4%)	379
	Council of the Federation (total 170 members)	30 (17.6%)	120
	Party leaders (federal level)	None	100%
Business	Senior management positions	45%	55%

TABLE 4.1 GENDER INEQUALITY IN RUSSIA

Sources: POPULATION:ROSTAT; GII, GDI: UN

4.6 Education reforms and bureaucratic interests

Andrey Starodubtsev

The model of organization of the social sphere inherited by the “new Russia” from the Soviet Union at the beginning of the 1990s can be characterized as follows:

- *universalist* (i.e., all citizens received the right to have an equally decent level of social services)
- *state-centrist* (all services were provided by the governmental agencies or their allies)
- *non-market* (where the principles of the command system functioned at the same level as with economic policy)

The deep economic crisis, the deficit of public funding, plus the development of market economic mechanisms (including the emergence of non-governmental social service providers) undermined the possibility of implementing the Soviet model after its collapse. There was a need to develop large-scale reforms that would reconcile the educational system with these new conditions.

To demonstrate how reforms in the social sphere are processed in Russia, these educational reforms will be examined. These reforms are an illustrative example, which reveals the basic constraints during large-scale political changes in the social sphere. This sphere is distinguished by the successful experience of significant reforms in the 1990s and the 2000s. Compared with social reforms at large, education shows *the high effectiveness of the reformers*, who significantly changed both the *content* of education and the *principles of financing* of educational institutions.

4.6.1 Challenges

One of the main and most visible problems that the professional community faced was the inconsistency of the content, and the quality of education *vis-a-vis* the requirements and standards of the contemporary world. Many disciplines, chiefly in the fields of social sciences and humanities, had been permeated by communist ideological dogmas. The level of development of other subjects was low because of the long-term exclusion of Soviet science from the global processes in the same areas. Hence, both the government and the professional community had to bridge the gap between Russian and Western scholars and develop new programmes at all levels of education.

The second challenge was the lack of public funding for numerous state-sponsored educational institutions established by the Soviet government. The chronic lack of budgetary funding in the 1990s compelled educational administrators to compete for both governmental and private financing. However, at the start, there were no adequate legal frameworks to provide a transparent system for such competition. At the same time, the government was tasked with evaluating the performance of public educational organizations to ensure the most effective redistribution of the limited budgetary resources.

Finally, the third significant problem of the educational system stemmed from the high level of disintegration of educational space in Russia. Due to the Soviet system of assessment of learning outcomes in secondary schools (where the final exams were graded by the same teachers who had taught the pupils) there was no independent assessment of quality of school training. In addition, the university entrance exams took the form of personal tests and interviews. So, a school graduate had to find money to travel to a city where a university was located and live there for a minimum of two weeks. Since the chances of becoming enrolled in this university were uncertain, school graduates and their parents preferred to enter universities located in the regions where they live. As a result,

intra-Russian mobility of school graduates was extremely low. This fact restrained the development of the best educational institutions (because this restricted the number of the best school graduates able to be enrolled for such institutions) and supported many local universities even if they were characterized by a poor level of performance. A similar problem could be found at the level of secondary education; the “Soviet” institution of residence registration (*propiska, registratsiya po mestu zhitel'stva*) tied the inhabitants of relatively large cities to certain educational institutions, making it difficult for children to enter the best schools, and difficult for schools to compete for students.

Thus, all these challenges forced the government to put in place a set of reforms that covered not only the sphere of content and quality of services provided by schools and universities, but the problems of administration in the sphere of public education, as well as educational institutions' financial autonomy and performance assessment.

4.6.2 Structure and agency

To explain the outcomes of the reforms, three *structural* conditions should be considered. The first is that the Russian educational system is extremely centralized. The institutions of federal educational standards and licensing of educational activities allow the federal government complete control of all educational institutions in the country. Thus the federal government is the only actor in the Russian policy system that is capable of making any significant change in the educational system. That does not mean that non-governmental actors cannot influence the decision making — some strong institutions that act as think tanks (such as the National Research University Higher School of Economics and Russian Academy of Education in the case of educational reforms) extensively participate in elaborating concrete policy measures. Yet the only way to ensure the implementation of proposals is to get the approval of the federal government.

However, the federal government is hardly able to implement most of policy measures itself. That is why — and this is the second important structural particularity of such reforms — mid- and lower-level bureaucracy has the biggest role here. Any policy change should be implemented by numerous local and regional officials, administrators of social services' providers, as well as street level bureaucrats (Lipsky, 2010) whose practices have to be changed as a result of decisions made by a national government.

In the Russian context, reformers are successful in implementing the proposed policy change if they are concentrated at the federal level and do not actively involve lower levels of bureaucracy (Gel'man, Starodubtsev 2016). This factor positively affected the implementation of the tax and budget, as well as several economic reforms that had been initiated at the beginning of the 2000s. Against this background, the implementation of social reforms became the least successful (Belanovskii et al., 2016).

The bureaucracy is an influential and highly-adaptive policy player, which is able to have an influence on the implementation of a policy, as well as to adjust to changing situations and continue to extract rent from the new position. Bureaucracy skillfully uses both formal and informal institutions to achieve the most favorable results, which either can be accompanied by realization of the tasks set by politicians and top bureaucrats, or directly contradict them.

In Russia, the importance of the lower levels of bureaucracy is also explained by the federal structure of the Russian state. Most of the social sphere's policies — health care, protection of family, motherhood, fatherhood, and childhood, social protection, as well as education, science, and culture — are implemented at the regional and local levels, although all major decisions in these sectors are made by the federal government (Starodubtsev, 2018). As a result, the lower level bureaucrats often

have to implement decisions that are contrary to their own interests. This makes the process of implementing federal decisions in the social sphere even more difficult, and the role of the bureaucracy more important.

Finally, the third structural condition concerns the particularities of the Russian political system, as determined by its current political regime. The main particularity is the *absence* of any organized pressure by the reforms' target groups on the government, as well as the *restricted* possibilities of interest groups to influence the decision-making process. The Russian electoral process is structured on the basis of party characteristics at a minimal level; interest groups do *not* have developed clientele networks and consequently cannot offer their own electoral support in exchange for incumbents' advantageous decisions. The repressive legislation in the sphere of rallies and mass protests restricts the effective actions of trade unions, and as well as various associations representing the interests of various social groups.

All these structural conditions exacerbate the problem of loss of agency because the regional governments become the owners of a tremendous volume of information about the real situation in the social sphere while the federal center — due to the absence of effective channels of democratic representation and accountability — has to rely on the subnational agencies' reports. As a result, regional, local, and street level bureaucrats seek to implement the federal rulings and cheat the federal principals if the result of their activity is unsatisfying.

At the level of *agency*, such a system is characterized, first of all by a high degree of bureaucrats' discretion. At every lower tier, bureaucrats have *more* information than ones at the higher level, and therefore they are able to manipulate both the process of implementation of the reform and its results.

So the agreement or disagreement of the street-level bureaucracy with the ideology of the proposed political changes becomes the crucially important aspect of the implementation. Of course, under given political conditions, no one can effectively change the policy, but each individual bureaucrat has the ability to resist “top-down” instructions for a long time, making reform less effective.

At the same time, another consequence of this situation is the important role of the reformers themselves and the federal government's interest in the reform success. Even with considerable resistance from below, they are able to push the reform through the stage of implementation, having spent considerable administrative, political, and financial resources on the control. Obviously, this is possible only if such a reform is considered as a priority for the federal government (including the Russian president).

4.6.3 Educational reforms in focus

The proposed theoretical model allows us to understand why the federal government achieved success in reforming the content and structure of school education. Already in the 1990s, all Russian schools began teaching in accordance with new programmes, and in the 2000s the system of specialized schools (gymnasiums and lyceums, both on a par with general education schools) and classes (with specialization in math, sciences, history etc.) was successfully arranged. Having complete control over educational standards and having developed a “watchdog” system in the sphere of education, the main task for the reformers was to formulate their own vision of what should be taught in schools, and how. The elaboration of new standards required special efforts by the reformers; for instance, there were real ideologically-focused struggles around the content of disciplines in the field of social sciences, and discussions on the introduction of 12-year education continues up to the present day. But when the agreement was signed, the Ministry of Education used government-approved textbooks and other didactic materials to force schoolteachers to teach in accordance with the new standards.

Thus, centralized decision-making and the existence of direct control institutions over teachers and school administrators allowed for the implementation of the reform.

However, once the federal government has to introduce lower levels of bureaucracy to implement a particular political change, the implementation of reforms is slowed down and the results are distorted. For example, the policy reforms that require that the principles of financing the social sphere at the regional and local levels should be changed are noticeably stalled. To demonstrate this, the transition to the model of per capita financing of secondary schools can be analyzed. This reform aims to improve the system of financing of educational institutions under the circumstances of the systematic lack of financial funds for schools and universities and to establish competition between educational institutions for students. From the moment a school employs the per capita financing model, its funding depends mainly on the number of pupils. From the reformers' point of view, this is proof that the school administrators' motivation is to develop educational practices and advance infrastructure to attract more students.

The implementation of this reform in the regions means facing the regional governments' need to balance their budgets. Since the concentration of financing of school education at the subnational level in the 2000s was *not* accompanied by increasing regional budget revenue, many regional governments faced the problem of lacking sufficient resources to cover all social obligations. At the same time, the federal government imposed significant obligations on the regional governments to ensure balanced and responsible financial policy in the regions. Under these circumstances, regional governments use all opportunities to reduce budget spending, including social ones.

According to the federal laws "On the Principles of Forming Legislative and Executive Bodies of the Russian Federation's Subnational Units" and "On Education in the Russian Federation", the regional governments independently set funding standards that determine the sum that every school in a region gets for one student who visits the school. Such decentralization has been called to take into account individual characteristics of every region in providing educational services and determining their costs.

However, some regional governments prefer to avoid the establishment of any standards to be free in financing education. For instance, in 2016, only 53 regions designed and used methodologies to form funding standards. The rest of the subnational units had determined their volumes of financing for schools as a result of annual political negotiations, instead of technocratic calculations (Abankina et al., 2016, 9). In several regions, the methodologies have been adopted but not implemented. As a result, financing of schools in many Russian regions is incomplete. The regional governments manipulate different parts of the standards to reduce funding for educational institutions, thereby managing with limitations of their budgets.

It is not surprising that the school principals use similar strategies. The introduction of the per capita financing model was accompanied by the delegation of financial and administrative autonomy to the schools. School principals were then able to make significant financial decisions including the sizes of teachers' salaries. The reform provided the strongest and the most popular schools with the opportunity to select the best students. But the side effect has been a need to enroll as many students as the school can host so as to increase the public funding. In addition to the standard salary, every school can provide bonuses the size of which depends on number of pupils in every teacher's classes, the number of extra-curricular lessons that he or she gives, and many other factors. In addition, to decrease the expenses of individual classes, the teachers and principals tend to increase the number of pupils in every class and reduce additional expenses. In turn, the leadership of less popular schools have had to reduce their expenses due to the low level of public funding. This is a kind of vicious circle for such educational institutions; highly-qualified teachers and talented pupils leave them, and the lack of funding cannot prevent this from happening. As a result, schools with a small number of

students demonstrate an insufficient level of education. That has allowed the government to close these schools or join them to other – more successful – organizations.

Another problem that the federal government encountered during the implementation of the reforms is the bureaucracy's willingness to demonstrate the level of the regional public administration's effectiveness. The case in question is the introduction of the Unified State Exam (*Edinyi Gosudarstvennyi Ekzamen*, EGE) which is an instrument of centralized testing of school graduates to evaluate their knowledge by the end of school education. As a result of the reform, the institution of the exit school examination had two significant changes. Firstly, the teachers and administration of the schools where the students had studied lost the control over the results of their final exams. Secondly, these results became the most important part of the entrance exams for universities.

The results of the EGE became one of the most important instruments of the evaluation of advancement of educational system in a given region. The introduction of the EGE provided the federal government with an instrument of quality control for both individual schools and administrative units (municipalities and regions) whose performance was supposed to be measured by the EGE's results. Thus, the unified exam was transformed into a means of administrative control over bureaucrats, and even the political responsibility of regional leaders.

It is not surprising that the high significance of the exam results – not only for school graduates (and their parents) – but also for individual teachers, school administrators, heads of municipal educational agencies and their regional chiefs, led to actions by the bureaucracy aimed at minimizing the effects of the EGE. Under these circumstances, when they could not prevent the implementation of the EGE, teachers, administrators, and officials became involved in artificially inflating the test scores.

The domination of testing forms in the EGE led to change of the content of education in the higher school: teachers started to train students to carry out tests successfully instead of the traditional teaching of study materials. In addition, the mass media demonstrated how the lower- and street-level bureaucrats achieved the necessary results. For instance, the procedure of the EGE forced the regional and local officials to create the system of coordination of efforts, not at the school level (since according to the reform, schoolteachers could not participate in the exams of their pupils), but at the municipal and regional levels.

In such conditions, a high score of the USE became an indicator of the manageability of the whole system of government in a particular region: high results could only be achieved through the coordinated work of the governmental officials (who were supposed to exercise control over the examination) and school employees. From this point of view, it is not surprising that in the early years an abnormally high number of so-called “*stobalniki*” (school graduates who got the highest scores for their exams) was provided by the republics of the North Caucasus.

The situation was partially corrected at a time when the federal government excluded the USE indicator from the methodology for assessing the effectiveness of regional authorities. Following that, the system of regional control over the examination began to work more efficiently. Although even now the *Rosobrnadzor* – the agency responsible for federal control in education – has to request regional authorities to satisfy all federal requirements and ensure the honest process of final examination.

BOX: Commodification and corruption in Russian higher education

Roosa Rytönen

Alena Ledeneva has noted that bridging the gap between “the way things are formally declared to be and the way in which things get done in practice” is often presented as what Russian modernization is essentially about (2013, 3). The move away from the Soviet system meant that services, which were previously provided by the state free of charge, entered a new “regime of value” and became subject to new kinds of calculations (2005, 11). As a consequence of the post-Soviet de-regularization, the establishment of private educational institutions functioning on commercial basis was made legal, and state institutions, which were largely left on their own device to search for alternative sources of funding, started collecting fees from their students.

Elements of commodification in higher education have persisted despite the subsequent reforms, and this partially explain why practices such as buying term papers are not seriously addressed by the institutions. As Golunov notes, this is not in the short-term interests of the higher education institutions, as dismissing students could lead to losing fees and financial support from the state (2009, 250). The burden of controlling such practices is thus left to teachers who, in the absence of institutional support, have few practical tools to do this. With the introduction of fee-based tuition in higher education, students emerged also as an important source of income for the state institutions, not only commercially-oriented institutions. The establishment of the so called “money follows students” policy, according to which state institutions are allocated money based on the number of students they manage to attract, has further promoted the dependence of the higher education institutions on the number of students, and the institutions need to reimburse the state, if they expel students (Denisova-Schmidt 2016, 131). In addition, the high number of educational institutes in comparison to the number of high school graduates accentuates the competition for the students, which has led Volokhonskiy and Sokolov (2013) to conclude that students have turned into the “dominant group” of the post-Soviet university.

The same phenomenon can be seen at play with the plagiarism check. Based on an empirical study, in the examples provided by many students, constructing a term passable paper was a rather messy process. One student redid an existing work sentence by sentence, another started writing herself but ended up buying and then doing corrections herself, while a third told that he bought a paper to use as a source on a difficult topic. Some told stories in which the student had him- or herself written the paper, but the work did not pass, because it included too many quotes. What is noteworthy is that in all these cases, the sign of originality and the felicitousness of the act was defined by the result given by the plagiarism check, getting a pass, and successfully performing the defence, which normally required studying a paper, no matter how it was put together – or even by whom.

4.7 Housing policy in transition

Marina Khmel'nitskaya

The need for shelter is one of the basic human needs. Housing, therefore, is an area of policy with high social, economic, and political significance. It is also very diverse and includes such sub-fields as property rights, utilities & maintenance, and housing finance. Adjacent policy domains include

urban development, energy efficiency, and land administration among others. Housing, as the saying goes, is more than ‘brick and mortar’ and multiple social, economic, and political actors interact in the housing process. ‘The agency’ is represented by such actors as the country’s top leadership, central government policy-makers, and non-state policy experts. In order to regulate the activity of multiple players found in the housing sphere in Russia, as in other countries, government introduces policy measures that can be found among general economic, financial, banking, and social policy regulation. Also important for determining policy are business actors such as banks and the construction industry. The latter seek to influence policy by either direct lobbying the policy-makers in the government and the State Duma, or by influencing the stage of policy implementation through their connections with regional and local administrations. The importance of such connections demonstrates that the housing sector is also governed by informal social and political institutions. The preferences and attitudes of the Russian people, as this section demonstrates, have also proved to be consequential for the development of the housing sector. Finally, policy has also been influenced by structural factors including such macro-economic and social dynamics as the availability of budget funds, people’s income levels, migration, and long-term changes in public attitudes (Table 4.2.; Khmel'nitskaya 2015, 2017).

The housing policy of the post-Soviet Russia has built upon the legacy of the Soviet, predominantly state housing provision. Soviet housing policy was characterized by the persistent perception of housing shortages associated with insufficient quantity, quality, and diversity of housing supplied by the state, the eternal ‘housing question’ (see Attwood 2010; Khmel'nitskaya 2014, 2015; Zavisca 2012).

Russian housing policy over the last quarter of a century can be divided into two broad stages: (1) the introduction of liberalizing reforms already during *perestroika* years and through the 1990s that culminated with the adoption of the new Housing Code in December 2004; and (2) the deepening and refining of the earlier liberal reform measures in the process of policy implementation over the subsequent period.

The first stage involved the introduction of mass housing privatization. Housing privatization in Russia, as well as in the rest of the post-socialist world (Lux and Sunega 2010), was welcomed by the majority of the public. Privatization has reversed the state-dominated property structure to produce ‘super-ownership’ by the mid-2010s. Privatization was accompanied by tentative attempts by the policy-makers to transfer the cost of housing maintenance and utilities to housing users. Yet, in conditions of the post-Soviet economic downturn and sharp decline in income levels of the majority of the public, such attempts were politically futile. The development of mortgage finance – seen by the policy-makers as key to improving access to adequate and affordable housing, i.e., a way to solve ‘the housing question’ – saw the establishment of basic structures of the agency-based model of Russian housing finance. This included setting up of the Agency for Home Mortgage Lending (AHML). Yet, the actual volumes of mortgage borrowing remained low during the 1990s due to low income levels and the underdevelopment of the country’s banking system, resulting in prohibitively high costs of borrowing.

The transformation of the political environment during the first Putin presidency, the return to economic growth and the first increases in income levels paired with the tireless policy work of the supporters of liberal housing reform resulted in the adoption of the new Housing Code at the end of 2004. Among socially-sensitive liberal housing measuresⁱⁱⁱ were (a) the reduction of the share of people eligible for free social housing provision to the five percent of the public with the lowest income levels and (b) the transfer of responsibility for the costs of expensive major housing repairs (*kapital'niy remont*) from the municipal budgets to the personal budgets of individual apartment owners (Khmel'nitskaya 2014, 2015).

The second currently ongoing stage in Russian housing policy started in the mid-2000s. It is characterized by the gradual phasing-in of liberal policies and refining their details, while smoothening their political costs through targeted state intervention. A *state-led liberal housing policy* is therefore a characteristic of the contemporary housing sector in Russia. Such state-sponsored housing measures as the Foundation for housing repairs, the Foundation for housing development, and the Maternity Capital initiative as a part of the National Priority Project in Housing, were introduced during 2006-2008. These popular policy measures tapped into important concerns associated with the housing sphere – the deteriorating quality of the housing stock and low housing affordability. They also contributed to the positive assessment of the government’s work during an important election period (Khmelnitskaya 2017).

Assisted by such measures, and thanks to the outstanding rates of Russian economic growth, housing construction grew rapidly. It reached a historic high, with 85.3 million sq. meters of housing being built in 2015, surpassing Soviet records of mass housing development (Khmelnitskaya 2016). Important here is the increasing affordability and popularity of mortgage loans amongst the Russians (see also Burdyak 2012). In the mid-2010s, a quarter of all housing transactions were funded with mortgage loans. These predominantly are in the national currency.^{iv} Given that according to an opinion poll conducted by the World Bank in the early 2000s very few people in Russia knew about mortgage finance (World Bank 2003), the spread of mortgage borrowing since the turn of the millennium represents a remarkable achievement.

Because of the increase in housing construction, several important housing statistics have improved. Housing available per person increased from 16.4 sq. m. in 1990 to 24.4 sq. m. in 2015. An average apartment size increased as well, from 48 sq. m. to 54.6 sq. m. for the same years. Yet, this can also be partially explained by the population decline from 148.3 million in 1991 to 146.8 million in 2017. A positive demographic dynamic since the early 2010s should be noted.^v

The situation with the development of mortgage finance is far from rosy, however. Firstly, housing affordability remains fairly modest. According to the estimates of Russia’s leading housing think tank, just over one third of the Russians (35.3%) could afford purchasing an apartment of a standard size (54sq.m.) with the use of their own or borrowed funds in 2016. The figure was half of that for Moscow (17.7%).^{vi} Russia’s capital represents the country’s most expensive location, with house prices three and a half times higher than the country’s average (RUB 54,000 per sq. m. in Russia on average vs. 180,000 per sq. m. for Moscow properties). Secondly, the volume of housing finance remains low by international comparison: mortgage lending was equal to RUB1.7 trillion in 2014 or 2.26% of the GDP. Mortgage debt to GDP ratio stood at about 5% in 2015.

Nonetheless, it is fair to say that the private housing tenure is the preferred option of the majority of Russians, hence the ‘super-ownership’ of housing, 93% at the time of writing. However, the near total private ownership paired with relatively low average income levels plus other structural features of the housing sector produce several policy challenges. In terms of our theory these can be termed capabilities and vulnerabilities of the post-Soviet housing policy in Russia. These challenges will preoccupy policy-makers and shape the development of the Russian housing sector in the future. All the challenges identified below involve an important role for the local municipalities (see Shomina and Heywood 2013).

<i>Area of policy</i>	<i>Agency</i>	<i>Structure</i>	<i>Policy outcomes</i> <i>Capacity and Vulnerability (as interaction of Agency and Structure)</i> 
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Housing	Top leadership	Political institutions	Mass private home ownership
	Policy experts	Economic performance	Proliferation of housing finance
	Economic actors: property developers, banks	Informal practices	Low incentives for local authorities to develop rental housing
	Regional and municipal Authorities	Low general citizens trust	Low levels of owners' self-organization
	Individual citizens	Preference for private ownership	Maintenance of multi-apartment buildings problematic

TABLE 4.2 AGENCY, STRUCTURE AND POLICY OUTCOMES IN HOUSING

Source: KHMELNITSKAYA 2020

Firstly can be noted the organization of the day-to-day management of multi-apartment building blocks. Despite much policy effort by the policy-makers to promote housing self-organization, genuine home-owners' associations (HOA) are formed in only a minority of buildings (Borisova et al 2014). This represents an uneasy mismatch between the ideas held by the policy-makers and the reality of low social capital and interpersonal trust that exists in Russian society (see Howard 2003).^{vii} Besides, private housing units in multi-family apartment blocks are interspersed by non-privatized apartments that belong to local municipalities and constitute the social housing stock. In this uneasy setting, most of the blocks of flats are managed by local managing companies supervised by municipalities. The supervision over the use of housing expenses in this context represents a challenging task (Shomina and Heywood 2013). Secondly, costly major repairs of existing housing stock – again in absence of HOAs in most apartment buildings – are left to be scheduled and supervised by local and regional authorities. At the same time, quality housing renovations with the application of energy-saving technologies and upgrading district heating infrastructure are becoming increasingly important for the policy-makers, from the view point of the energy policy (Gromov and Kurichev 2014), and for the business community alike. For instance, the Russian Union of Industrialists and Entrepreneurs has recently proposed to develop mortgage products specifically designed for the purposes of housing repairs that improve energy efficiency.^{viii}

The development of housing rentals will be the third important and challenging avenue for the Russian housing sector. While the majority prefer to own, rentals are important for specific household categories, such as younger people and professionals. Rental housing is also necessary for the ease of labour mobility, which in its turn stimulates economic development. In conditions of 'permanent' housing privatization – a law to this effect was passed in February 2017 – municipal authorities have only weak incentives for the development of *social* rental housing. Policy vulnerability in this instance emerges as a result of a clash between popularity-seeking top country officials and the interests of the local and regional authorities. Nonetheless, committed to policy improvement, officials and experts will continue working on the elaboration of institutional norms and implementation of pilot projects in selected regions (e.g., Tatarstan) to develop forms of commercial rental housing.

4.8 Social protection: stakeholders and agencies

Anna Tarasenko

The chapter covers three elements of welfare provision, as defined by Richard Titmuss (1974): occupational welfare (pensions), social welfare (services), and fiscal welfare (allowances, benefits). All three components of the social security system in Russia are experiencing ongoing reforms, which are formally aimed at changing individual behaviour and giving citizens a choice to invest resources in their own well-being. The aging of the population is the key structural force behind these endeavors to reshape the pension system and service provision. The degree of agency possessed by the epistemic community and organized social stakeholders influenced these policy attempts, both at the stage of decision-making and policy implementation. In response to welfare transformations, citizens adopt coping strategies that do not reflect much evidence of a desirable shift in the individual behaviour implied by reforms.

4.8.1 The Russian pension system as immovable elephant

It is well-known that Russian pensions increased even during the economic crises in 2009 (Kainu at all, 2017, 294). The aging of the Russian population has been recognized by the government as a key threat to further sustainable reliance on the so-called *solidarity principle* (the pay-as-you-go model) at the core of Russian pension system, itself inherited from Soviet times. The demand for pension system reform obviously has roots in structural demographic shifts in Russian society. The increasing aging of the population, combined with simultaneously-existing small cohorts in younger age contributed to a huge Pension Fund deficit (Cook, Aasland, and Prisyazhnyuk 2017).

International agencies (the OECD and the World Bank) favour neo-liberal managerial principles such as competition, cost-effectiveness, and client choice. They have always encouraged national governments around the globe to relax welfare expenditure and create market schemes instead. Russia has obviously been impacted by the influence of the international epistemic community. In addition to this impact, domestic interest groups constitute two contested blocs. The first block, which favours the reform, is led by the Economic Development and Finance Ministries, supported by non-state (private) pension funds. The second block is against the crucial changes in managing pension, including the social ministries and the Pension Fund on the other (Cook, Aasland, and Prisyazhnyuk 2017; Remington 2015).

The key point of contention between the above-mentioned factions is a design of the pension system. The fully-funded public pensions, which have been refused in some post-communist countries, constitute the core of the Russian pension system. A mandatory private tier was introduced in 2004. This principle comprised a variety of individual investment options, including those of social insurance, individual savings etc. Due to the economic crises, and the 2014–2016 moratorium on individual pension accounts and partial reversal of privatization, reforms obviously have been backsliding, failing to establish sustainable pension systems that keep surviving as an “immovable elephant” (OECD, 2001; Cook 2007b). By now, the pension system remains controlled by the government and covers the entire population in a manner resembling the late-soviet scheme.

There are two main considerations in explaining the general inertia of the pension system. Firstly, pensioners have been always treated by the government as privileged category of citizens. It has been documented that the state withdrawal has been evident in many spheres *except* family (the increasing birth rate as a social policy priority) and pensions (Kainu at all, 2017). As Andrea Chandler stressed, the pension system and its priorities have been traditionally politicized in Soviet Russia (Chandler, 2004). This trend is still applicable in contemporary Russia. Political stability is tied with electoral

support of the elderly population in Russia, making the negotiation and bargaining over pension reform a complicated procedure (Dekalchuk, 2016). Secondly, the pension system is a matter of interest of many stakeholders who definitely display agency in promoting or resisting policy changes.

Before the latest raise of the pension age, two major reform endeavours took place in Russia. The first was initiated in the end of the 1990s when pensions were unpaid for many months, mainly because of the budget deficit. As an alternative to that existing system, the merit-based approach and leveling principle have been widely discussed in post-Soviet Russia. The programme of pension reform went through complicated negotiations and bargaining processes, and was finally adopted in May 1998. Yet it never took place due to the default in August 1998 (Dekalchuk 2016). The second reform endeavor was brought about in 2000s when the obvious ageing of Russian society has become the main stimulus. The pension reform of 2001 was “an endeavor to privatize the pension system” (ibid.). Russia’s three folded pension scheme, which was introduced to replace the previous one also included “basic amount payment from the federal budget... labour insurance... funded system consisting of individual savings” (Kulmala at all, 2014, 532). The implementation of this new system, and in particular the third part, has almost completely failed, as experts admit. The co-financing scheme encouraged people to invest additional money for a pension, which was supposed to be doubled by the state. It has failed, and was closed on December 31, 2014.

The categorization of citizens as a keystone policy principle of resource distribution inherited from the Soviet period has survived successfully in contemporary Russia. This principle is responsible for enormous inequality, which is produced by the pension system because it implies selectiveness based on political recognition and support for a limited number of social groups. In particular, the pension rate and retirement age vary, and this constructs a hierarchy of pensioners’ categories, at the top of which there are privileged former bureaucrats and state servants (officials, executives, deputies, former military employees), then veterans as well as disadvantaged ordinary pensioners (disabled). While the retirement age for ordinary citizens has been 55 for women and 60 years for men, for military employees and the Interior Ministry employees, the minimum working period is 20 years (though planned to be extended up to 25 years), and 15 years for state or municipal employees (planned to be extended up to 20 years), after which an official pension starts being paid. The amount of the minimum pension differs among categories. The result of this unfair distribution is well-known; the poor and unprivileged citizens have a scarce chance to obtain all the earned money. As stated, these pension principles create a hierarchy of pensioners, and distribute state pensions based on categorization rather than on the real needs of the elderly. The on-going economic crises triggers the reduction of social expenses, in particular, leading to a partial shrink of the benefits of prioritized pensioners – former civil servants. Protection of pensioners’ incomes thus becomes more uncertain and contingent since the indexation of pension is in question. The immediate remedy considered by the government in response to this problem, was the increase of the retirement age, which occurred after the presidential elections in 2018. As of spring 2020, a new joke appeared in Russia, “What is Coronavirus? It is the second round of the pension reform”.

4.8.2 Monetization of social benefits

Constituting one of the pillars of the Soviet welfare policy, the system of in-kind benefits enabled “deserving disadvantaged” and former or current civil servants to improve their living conditions relative to the entire population (Alexandrova and Struyk 2007, 154). In the 1980s it was the key mechanism of support for selected categories of citizens to survive economic hardships (Chandler, 2009; Kivinen and Li 2012, 72). Nowadays, experts agree that the very principle of redistribution of social benefits makes them ineffective in terms of fighting inequality. Disregarding the real person’s

need for state assistance, the only criteria for obtaining benefits is attachment to a selected category. As a result, despite annual spending on social benefits making up to 3% of GDP (Vedomosti 2017) the cost-effectiveness is extremely low. Under the pressure of the epistemic community, including international and domestic experts, the monetization (cashing-out), and targeting were introduced as a part of the reform launched in 2005 (Alexandrova and Struyk 2007). Yet, the agency displayed by mobilized recipients of benefits, built strong resistance to the reform. As Catherine Merridare stressed “pensioners and veterans linked their hardships and the heavy workload they endured during the Second World War and the Soviet Union’s formative years directly to the social benefits they received from the state. The question of the state’s responsibility toward its elderly citizens uncovered a painful issue of patriotism” (Chandler, 2004, 18).

The monetization reform aimed at delineating financial responsibilities between federal and regional authorities loading the latter with new obligations (Alexandrova and Struyk 2007). As a result, the principle of categorization has *not* been changed, and targeting has not been introduced.

The agency of veterans’ and pensioners’ organizations has been displayed through mass mobilization aiming to reduce the negative outcome of the reform (monetization). For example, in the case of St. Petersburg, Governor Valentina Matvienko created medical committees for veterans in order to make decisions on their physical conditions, including the right to grant a disability status that was crucial for obtaining federal benefits (Kulmala, Tarasenko 2016). This was not an exceptional coping strategy, and scholars claim that elderly people in many regions “flooded the disability commissions and were classified as disabled”, which resulted in steep “invalidization” in many Russian regions (Alexandrova and Struyk 2007, 159). Another coping strategy involving the grass-root agency of civic organizations, included lobbying for legal recognition of new categories, by privileged social groups who saw themselves as deserving social benefits provided by the government. The key example here is the activity of the All-Russian civic organization “*Deti Voiny*”, which promotes a similarly-named category of beneficiaries (Kulmala, Tarasenko 2016).

4.8.3 Social services

The sphere of service provision in Russia targets such marginalized categories of citizens as the disabled, homeless, families in troubles, the elderly, and children left without parental care. It was expected that the poor quality of services for these categories of citizens would be improved through the reform, which includes the modernization of public providers and outsourcing mechanisms.

Conceptually, the service provision reform is linked to the monetization. The shift from in-kind benefits to payments was an important part for further reform of the system of social service provision (Wengle and Rasell, 2008). Having obtained cash compensation (instead of non-monetary benefits), a recipient could choose among state and non-state providers of social services. For example, as an in-kind benefit, a citizen could rehabilitate in a given state centre, but with monetization a citizen was granted a choice to decide in which centre he or she will be treated.

This policy measure coincides with the general trend to reduce the scope of free-of-charge services provided by the state. Rather, the government pushes benefit receivers to rely more on non-governmental services, subsidized from the regional and federal budgets. This policy change also implies that instead of support for specific categories, the government tends to provide services on the basis of testing the need. 442-FZ omits privileged categories of citizens, imposing a principle of individual need that should account for state social provision (Varlamova, 2014, 115).

The federal law ‘*On the Basis of Social Services for Citizens in the Russian Federation*’ (442-FZ) enables socially-oriented NGOs (SO NGOs) and social enterprises to register as official service providers and deliver social services and obtain compensation from the regional government. Firstly,

it diminishes the monopoly on service delivery that belonged to state-owned enterprises and introduces competition among them for budget resources. Secondly, it considers citizens as *clients* who can choose between public organizations, NGOs, or social enterprises to obtain social services (the market principle of competition). Thirdly, it implies outsourcing some social services to non-governmental organizations (small enterprises and NGOs). The announced outsourcing does not necessarily mean *less* public funding, because non-state organizations might “partly or wholly rely on state subsidies” (Henriksen, Smith and Zimmer, 2015, 1595). This is exactly the case for Russian reform of service delivery, because the compensation for services provided extracts from regional budgets.

The strength of the epistemic communities seems to be compensating for the lack of proper discussions in the parliament. The epistemic community that consists of representatives of high profile experts, academics, and activists from NGOs and charity foundations has been influencing the federal law through such consultative entities as Public Council under the Ministry of Labour and Social Protection of Russian Federation (O Sovete, 2018). This tendency is also noticeable in other social policy issues (see the section on the civil society development in this volume). Yet, as the case of the pension reform demonstrates, the involvement of several contradicting factions of interests might, in fact, blocks the reform.

The organization of social service delivery based on new principles faced less open resistance at the stage of the decision-making. Yet, the diversification of social service providers is developing very slowly and the monopoly of public providers has not been shaken. The total scope of non-state providers amounts to 6% (295 organizations), while the public sector organizations possess a virtual monopoly occupying 94% (4,439 organizations) of the sphere of service provision in 2016 (Tarasenko, 2018). What is really happening is the individualization of social risks. Citizens now have to prove their actual need for social services. Interestingly, when the reform was announced, means-tested procedures had not been established and formal rules failed to meet people’s needs, therefore *informal networks* have been mobilized. In particular, in the Republic of Karelia, public organizations collect the information and documents needed to start service provision for a person who is expected to collect them by him/herself. While public organizations claim they are taking care of clients and seeking to escape delays in service delivery, their underlying motivation is certainly to keep budget funding, which depends on the scope of clients and services delivered. The agency of public providers becomes evident at the stage of the law implementation, even though it did not openly resist reform in decision-making.

The agency employed by the international and epistemic community is the key driving force of the above-described monetizing and modernizing endeavours in the pension system, social benefits, and services provision. However, a counter-tendency with the emphasis on state-lead welfare provision should not be underestimated (Kivinen and Li 2012, 106; Cook 2011). The involvement of several rather powerful agencies, and the political sensitivity of the pension issue results in protracted decision-making, and limited progress in adopting new pension schemes.

4.9 Classes, agency and welfare

Markku Kivinen

4.9.1 Class analysis and Russia

The Russian transition has intensified sociological studies on class structure in Russia. Russian sociologists, trying to get rid of an overly Marxist legacy, have been mostly reluctant to analyse the growing inequality in class terms. This has lead them to either, formulate the problematic in multi-

dimensional stratification terms or, try to locate the middle class in contemporary Russia. We have tried to show that analysis along these paths has not been very promising. We suggest a more ambitious structuration approach to conceptualizing class analysis in order to show the relevance of class contradictions. Class *position* has to do with the relations of ownership and domination within production, while the concept of class *situation* refers to such aspects as income, education, labour market position, and working conditions. We argue that by conceptualizing the structuration process of classes as a multi-dimensional process from class *position* to class *situation*, and after these steps to class *organization* and *consciousness*, we are able to show the specificities of classes in contemporary Russia (cf. Blom et al. 1993 and Wright 1990). In this way, we can both avoid neglecting class contradictions on the one hand, and class reductionism on the other hand. Using this approach we have recently published a comprehensive study on classes and welfare in contemporary Russia (Nikula and Chernysh 2020). In the current volume, we present briefly some of the key arguments and main results, refereeing to our previous publications in terms of the details of operationalization and elaboration.

In our analysis of the middle-class, the key strategic solution is to link up class theory with the sociology of work (see, Kivinen 1989). In the conceptualization of collective power resources at the level of the labour process, it is essential *not* to make the simple juxtaposition of two subjects (as in classical Marxist analyses), but also to take into account the power resources possessed by the new middle classes and the related forms of organizing the “relations in production”. This means that “mental labour” is no simple concept, but comprises different forms that involve different kinds of power resources, strategies, and historical processes. A crucial role in the analysis of the power resources of the new middle classes is played by professionalization. It is precisely in relation to “professional autonomy” that all other forms of mental labour should be characterized.

The processes of class relations that lie behind the different forms of mental labour can be conceptualized as follows:

- professionalization
- evolution of managerial hierarchies
- evolution of scientific-technical occupations
- separation of clerical work from management and the degradation of its content
- the development of caring as a specific form of wage labour, its professionalization
- changes occurring in the position and qualification requirements of skilled workers
- the position of small firms in the economic structure and the development of distinctive forms of organization (e.g., paternalism).

The basic idea in the analysis of the middle classes is that the working-class proper consists of those wage-workers who have a strong and empirically-unambiguous sense of being alienated from their work. These wage-workers have no decision-making authority concerning their work organization, either in investments, tools and equipment, or basic working methods. The working-class does not even have control of their work in the sense of being able to plan the product of their work or even the performance of the tasks. Middle-class wage-earners have the power resources they need to safeguard their autonomy. Strong middle-class groups comprise professionals, managers and engineers. Skilled workers, workers in care and healthcare, and certain autonomous groups in clerical jobs have less of the power resources and features of a middle-class position. A special kind of autonomy is retained in capitalism by employees in small companies as a result of the less advanced technologies and division of labour in these work organizations.

The hard core of the new middle-classes consists of all types of professional, scientific-technical, managerial or administrative-bureaucratic autonomy, regardless of managerial status. In addition,

people in leading positions of office work are included. By contrast, care workers, skilled workers, and small enterprise autonomy types, as well as those in performance-level autonomous office jobs, constitute a contradictory class location in the middle ground between the core of the new middle classes and the working class (cf. Kivinen 1989, 295–296).

4.9.2 New classes in Russia

In Russia, the weakness of the middle class was discussed even before the Revolution. It was pointed out that the bourgeoisie in Russia was small, and the same was said of the professions; doctors, lawyers, engineers, and teachers (Baltzer, 1996). Strictly speaking, this was not quite true, because these professional groups had a strong representation among Russian liberals.

In state socialist societies there was no middle class based on ownership. In some people's democracies there were independent farmers, but their holdings were very small; the majority had no more than 10 hectares of land. Russia, by contrast, had neither independent peasants nor an urban petty bourgeoisie. Although the position and situation of middle classes in the Soviet Union were in many ways dependent on their relationship to the nomenclature and to the party apparatus, it would be far too simplistic to suggest that these class groups simply served the nomenclature (Zaslavskaya 1992). As in the West, the question of the alienation and autonomy of labour in the Soviet Union was a crucial distinguishing dimension between the middle class and the working class (Kivinen 2006). The middle classes in the Soviet Union had far less resources to protect their own positions than was the case in advanced capitalist countries.

New property-based classes were born again in Russia during the rapid and dramatic privatization process (Crowley 2015). In fact, many or even most of the future so-called oligarchs were *not* part of the former nomenclature. They had exploited the market opportunities since the late 1980s by starting their cooperatives, and trading whatever was possible. These new 'NEPmen' were originally speculators and swindlers, who utilized the absence of the general rule and law in late-Soviet and early new Russia era, especially the legislation that would regulate financial and economic activities. If one was endowed with entrepreneurial spirit and had enough luck and energy, small fortunes could be made easily in several ways. These included, for instance, collecting huge profits by currency speculation in the era of hyperinflation, or releasing worthless 'shares' in investment funds in which the public was hurrying to invest. Another profitable activity was acting as an intermediary for managers of state property, especially buying state-owned raw materials at artificially low domestic prices and selling them illicitly to foreign markets at export prices. The accumulated money was used to become even richer, buying or collecting large amounts of privatization vouchers and becoming shareholders of, or entirely taking over, formerly state-owned companies. The shares of these companies were sold by the State Property Committee at prices that were ridiculously low, enabling the future oligarchs literally to steal the property of the state. As a consequence, a kind of a quiet revolution in ownership structure took place by or around mid-1990s. The new owners started to replace the old managerial elites, the rent-seeking 'red barons', who had based their success on state subsidies of non-competitive production rather than on market-oriented entrepreneurship. From early on, these future oligarchs had entered the banking and stock market sector in order to administrate their operations, with licenses received from state authorities on the basis of personal connections and corruption.

The oligarchs found their firm allies by mid-1990s in the market-reformers around President Boris Yeltsin, who then held the main government positions relevant to economic policy. After several failures in getting rid of the old conservative managerial elite, and not satisfied with the rather small-scale achievements of voucher privatization, the market-reformers were now interested in privatizing state property as fast as possible and for whatever price. Their final "victory" was the so-called loans-

for-shares approach, auctions that were organized to sell out the most lucrative natural resources and main state companies to the handpicked group of oligarchs. In this way, a handful oligarchs took over the largest and lucrative state-owned enterprises and resources, including those dealing with oil, metallurgy, and the pulp industry.

A third change of the ownership structure started with President Putin in the early 2000s. He first made a deal with most of the oligarchs that they would not overly interfere in politics. At the same time, the new ruling elite under Putin emphasized the necessity to re-establish the great power role of Russia, which naturally led to tightened control over so-called strategic or sensitive sectors, such as raw materials and energy. A new approach was introduced in which the state enterprises started to buy attractive private companies either at a high price, or the sale was forced and therefore the price was lower. While many oligarchs have, at least so far, retained ownership of these companies, others especially in the energy sector, have been forced out. The *siloviki*, people from security structures, as well as other people close to the Putin administration, were installed to lead many of the main Russian enterprises (Åslund, 2007, 250-259). Thus, what was labelled as *oligarchic capitalism* became what is currently labelled as *bureaucratic capitalism*. Yet the private sector is predominant, contributing around 65% of GDP in 2016 (Di Bello, Dynikova Slavov, 2019) and even critics of the current renationalization claim that Russia “became a market economy after a couple of years of transition, with no significant reversal,” and that its “economic freedom holds firm” (Åslund 177, 280).

4.9.3 Russia’s peculiar class structure

When analyzing the class formation and elite struggles in post-communist Central Europe and in Russia, Gil Eyal, Ivan Szelenyi and Eleanor Townsley (1998) make a basic distinction between these two. In the former case the revolution by the nomenclature was blocked by an independent intelligentsia. In those countries, privatization proceeded more cautiously than in post-Soviet Russia, and typically produced diffused ownership rights. The result was a ‘capitalism without capitalists’; pretty developed capital and labour markets, functioning mechanisms of stock exchange, and budding capitalist forms of corporate governance. All this was administered by the intelligentsia in its role as ‘cultural bourgeoisie’ but without being a propertied class. In Russia the nomenclature managed to convert itself into a propertied class via spontaneous privatization, (Eyal, 2000) and later with Putin bringing back the bureaucrats to the sources of economic power. The result is a powerful propertied class thriving in the context of weak, rudimentary, or even absent, capitalist market institutions – ‘capitalists without capitalism’.

Class /Year	1998	2007	2015	Total
Core of the middle class %	23.1	26.0	29.6	27.1
N	345	313	857	1515
Margin of the middle class %	15.8	23.8	25.8	22.7
N	236	286	747	1269
Working class %	61.2	50.2	44.6	50.3
N	915	605	1292	2812
%	100.0	100.0	100.0	100.0

Total	1496	1204	2896	5596
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TABLE 4.3 THE RUSSIAN WAGE-LABORING CLASSES 1998-2015 (%)

Source: ALEKSANTERI WELFARE DATA 1991-2015

Looking at the wage laboring classes the table (4.3) shows that during the period of economic growth and stabilization, middle class positions have increased quite significantly. More people belong now in the middle class groups than in the working class. Currently the most successful contributors to the middle class are the financial sector, trade services, education, and construction. The group is also evenly divided between the state and private sectors of economy. It is symptomatic that the “consumption” middle class of 2015 incorporated groups of regional or federal officials, as well as members of law enforcement that had been previously absent from it. The proportion of the authorities including local and federal officials, as well as law enforcement reached the figure of 5.7% of the entire group (Chernysh 2020). Our results on the work situation show that the potential middle class has become a real one, and the distinction between working class conditions of life has been growing.

When Russian sociologists have been seeking for the middle class, their efforts have had a strong ideological bias (See e.g., Gorshkov et al. 1999; Grigoriev and Maleva 2001; Gorshkov and Tihonova 2014; Golovlyanitsina, 2009; Shkaratan, 2008; Injasevskij et al., 2008). To a significant extent, this approach has been inspired by a rather essentialist approach to class identity, consciousness, and habitus of classes (cf. especially Grigoriev and Maleva, 2001; for a more developed view see V.V. Radaev, 2003; cf. Remington 2010 and Crowley 2015). Soviet society was ideologically constructed on the ‘sacred working class’, expressing all kinds of moral virtues, but in 1990s Russia this idea was replaced by an idealized middle class. Now this class was supposed to be the harbinger of the new capitalist Russia, being law-obeying and entrepreneurial. Empirical reality, however, in no way matched this idealized belief. First of all, the concentration to the middle class was disproportionate to the empirical reality. In fact, during the 1990s the salaried middle class was declining. While analysing the social mobility in Russia, Gerber and Hout (2004) found 30% more *downward* than upward mobility from 1990 to 1998. However, the new wage-labouring middle class positions have been growing stronger during the Putin regimes, having been in decline during the first ten years of transition. But our empirical analysis shows that the core of the middle classes is still less than 30% of the population, far from being the majority. In fact, most of the Russian analyses end up with similar figures.

On the other hand, our results do *not* confirm the critique that argues that looking for the middle class in Russia is like hunting for the Loch Ness Monster. Middle class groups are real. In fact, during the last decades, the inequality between the core of the middle classes and the working class in terms of incomes, education, and working conditions is quite similar to developed Western societies. Life chances are structured in class terms, and the contemporary neoliberal welfare model seems to enforce rather than eliminate these differences.

When we take into account the growth of inequality measured by the Gini-index, plus the regional differences, we can suggest the following conclusions concerning the relevance of income differences in contemporary Russia. Firstly, the growing differences in Gini-index should *not* be interpreted as a polarization of society, nor does this indicate growing relative differences between classes. The growing inequality during the Putin and Medvedev regimes seems to be due to *regional differentiation* instead. Secondly, the relative differences between middle class and working class

seem to have stabilized. They have a strong structuring effect on life perspectives in conditions that are characterized by paid and chargeable welfare services, and a lack of progressive taxation. Thirdly, for the working-class experience in Russia, the relative differences between classes may be less significant than the growth of real incomes and consumption possibilities. To some extent, the transition situation in this phase is similar to the decades after the World War II in Western Europe (Beck 1986 and Kivinen and Li 2012).

The structuration of class situation also has other dimensions that we are able to analyze using our survey-data. They indicate clearly that the ‘potential middle class’ improved its position significantly during the Putin period (Kivinen 2006 and 2020). Consequently, this group seems to be in the process of receiving a real middle-class position. But it is also the case that the improving corporate governance is a real phenomenon in contemporary Russia, touching all wage labourers in their everyday life. This underlines the result above that the absolute improvement may be more significant than the relative differences in contemporary Russia (cf. Melin 2020). On the other hand, this improvement seems to have stopped during the slow economic growth between 2007 and 2015. One striking change during the last decade seems to be in the mobility in the labour market. Even half of the wage-workers have changed their job during that period (cf. Epikhina 2020). This may indicate that the concept of *precariat* has become most relevant in contemporary Russia.

When we analyse the organization and consciousness of classes, the differences seem to be almost non-existent (Sippola and Järvinen 2020). From the point of view of traditional Western class research, based on expectations concerning Western Europe, this is a major anomaly. Although in Russia the differences between the objective life chances are clear between the middle class and the working class, this does not seem to determine the organizational activity or the attitudes. The irrelevance of class-based activism requires further analysis. One notable aspect of the results is that the attitudes – according to Western standards – are leaning rather clearly on traditional leftist expectations concerning the role of the state in economy and welfare. However, the Western type of social democratic political forces are very weak in Russia, and actual policy practices lean more on the neoliberal side, as opposed to any kind of leftist ideology. Nor do the attitudes seem to be linked with the public/private distinction. This seems to falsify Cameron Ross’ argument that this would be the most fundamental division within the Russian middle class (cf. Ross 2017)

Some prominent Russian sociologists make the point that Western class theories do not fit when applied to Russia. For example, Kordonsky argues that “imported theories” show Russian society as though in a distorted mirror. He suggests that a specific form of post-Soviet Russian estate hierarchy exist as a dimension of stratification that the Western theories do not take into account (Kordonsky 2008, 24-40). Tikhonova argues that given certain Russian peculiarities – such as the unity of political power and property ownership and the inequalities between regions and economic branches – Russia’s social structure does not correspond to neo-Weberian or neo-Marxist models of class. She argues for a distinct multidimensional class model based on each individual’s access to nine different type of resources (Tikhonova 2008). These critiques remain theoretically amorphous because of their vague conceptualization of class analysis. Rival theories are criticized without specifying the criteria for explanatory power and without concrete empirical anomalies. Thus the approaches suggested by Kordonsky and Tikhonova are not able to specify what class positions can explain, and what exactly is similar and different in the Russian structuration of class.

Yet, the major specificity, and indeed quite a surprising anomaly – as we have shown – is that in class *consciousness*, *organization*, and *class agency*, no differences at all are empirically observable! The attitudinal questions on welfare, politics, and religion tend to be quite similar in all classes. All Russian citizens put their hope in state-organized welfare. Religious commitment has dramatically increased in *all* classes, and reliance on institutions does not differ in terms of class at all. This is an

astonishing specificity of Russia regarding structuration and the relevance of classes. It is not evident why this is the case, but we can suggest four explanations.

First of all, absolute changes in Russian transitional society may have been much more significant for the experiences of wage labouring classes than the development of class differences. This may be true even in the conditions of growing inequality. Initially the 1990s crisis hit everyone, almost irrespectively of class position. When the economy then started to grow rapidly from the beginning of the new millennium, new consumption prospects started to open up not only for the middle class but for the working classes as well. Of course, the standard of living remained lower than that of the similar classes in the West. Yet, in comparison with the Soviet years and the crisis in the 1990s, the improvement was deeply felt. It may even be the case that small absolute improvement is more significant for the worst-off than the relatively more substantial change in the middle classes.

As the second aspect, Yeltsin was not completely delusional when speaking about millions of new property owners. This was highly incorrect with regard to *enterprises* but – as we have shown – home ownership concerns more than 90% of the population. This complicates the relationship between class position and long-term life chances.

The third explanation is the highly-atomized social reality. This individualization concerns both the middle classes and working class. Atomization and weak organizational participation is linked with many phenomena, some of them identified by Tikhonova and Kordonsky. These include, individualization dating back to Soviet years and enforced by individualization of risk because of neoliberal social policy, vast regional differences, and differences between industrial branches, lingering intersectional problems of monotowns, complex relations between enterprises, public sector, and civil society. When this reality is linked with the frail position of trade unions and weak tripartite representation, the power resources of working class do not amount to much. By contrast, the middle classes are co-opted by career prospects and influencing possibilities in professional structures. Traditional agency-based social policy analysis would analyse the structural preconditions of Russia's welfare choices starting from class structure. However, classes are not major actors in Russian politics or policy choices. They may have different interests, for example, in taxation and educational policies, but there is not much of a democratic class struggle in the Nordic sense.

The fourth aspect is the new conservative turn; a hegemonic project that addresses the issues in terms of order, security, tradition, patriotism, and religion. Even the Communist party is within the outer layer of the conservative bloc.

On the other hand, elite-driven political process seems to lead to comprehensive resistance as well. Russian society is not politically divided by classes, rather the conflict *potential* exists between the neoliberal and authoritarian elite and the vast majority of population with strong demands of more social justice and collective responsibility (cf. Kolesnikov & Volkov 2019).

4.10 Russian trade unions in the transformation of welfare regime

Jouko Nikula

4.10.1 The Soviet legacy

In the Soviet Union, the primary function of a trade union was *not* the promotion of the interests of the employees, but rather the controlling of welfare provision, which was concentrated mainly at the enterprise level. The trade-unions controlled distribution of housing, social and welfare services, and social security funds and pensions.^{ix} These benefits and services were transmitted to employees on

the basis of work discipline and the meeting of targets. Therefore, the social benefits were more a part of the payroll system than social policy as such (see Kulmala in this chapter).

Unions also helped the Party in the realization of its policies at the workplace by encouraging the intensification of labour, reducing labour turnover, improving the 'discipline' of labour and encouraging the educational, social, and moral developments of the class (Clarke, Fairbrother and Borisov 1995, 3) .

All employees of an enterprise, from janitor to general director, were members of the same union, which in turn belonged to the All-Union Central Council of Trade Unions (VTsSPS). Therefore, the trade unions were a means of representing the common interests of employees, enterprise management, and the state.

In the informal social contract between the state and workers, the regime promised full and secure employment, low and stable prices on necessities, a wide range of free social services, and egalitarian wage policies. In exchange for workers accepting the monopoly of the Party on interest representation, they agreed to the centrally planned economy and to the dictates of the authoritarian system.

After the collapse of socialism, All-Union Central Council of Trade Unions (VTsSPS) became Federation of Independent Trade Unions (FNPR), which inherited the organizational structure, members, and properties of its predecessor. A number of new, so-called "alternative" unions were also created as successors to the 1980s protest movements, which consisted of miners, air-traffic controllers, railroad workers, and others. These unions experienced a period of rapid growth of membership and influence during the early years of 1990s. However, the rank-and-file members turned their backs on the unions as their living standards continued to deteriorate. FNPR allied itself with the Union of Industrialists in 1992 and cooperated with management in efforts to acquire more subsidies from the government (Cook 2007, 108). Through this operation, it retained control over the properties and its role as distributor of benefits. FNPR remained widely perceived as stuck in a Soviet mode of industrial relations (Siegelbaum 2004, 650) and lost its potential to become a "truly democratic mass movement" in 1993 during the constitutional crisis (see A. Brown, 1993). The following year, the state started to monitor working standards, which had previously been done by the unions. Eventually in 1999, the unions lost most of their power resources when Putin noted that there is no need for trade unions to perform state functions. The centralization and monetization of social policy has stripped trade unions of their previous power resources and decision-making capacities, and therefore the unions are no longer involved in the planning of the social policy programmes in business enterprises. Enterprises have given up the maintenance of a benefit organization, and have outsourced most benefits to private companies through competitive bidding (Kozina 2010, 75). Yet the trade unions still have a role in the implementation of the programmes, which means that trade unions have retained their role as a social policy programme *assistant* and *agent* of distribution policies. Unions also propagate the social programmes of the enterprises, they distribute information, and act as mediators between the employees and banks or businesses such as private health-clinics or insurance companies.

4.10.2 Unions and the state – the rules

The reform of the Labour Code in 2000/1 had a decisive influence on the possibilities of trade unions to act, because it radically reduced the role of the trade unions in the regulation of labour relations.

The new Labour Code restricted the rights of unions to block the firing of a worker by the initiative of management. Unions lost also the right to call a strike – currently it has to be approved by all the employees of an enterprise. Even if the unions’ role became weaker, the reform strengthened the position of the workers; it obliged employers to provide a written contract and made them financially responsible for wage delays, and made payment in kind illegal (Ovsvyannikova 2016).

As a result, unions have very limited influence on the issues of hiring, firing, or wages, because, “The legislator only gives the right to provide an opinion on the matter.” (Table 4.4.) The employer can dismiss an employee, even if the trade union considers the dismissal to be groundless” (Lebedev 2016, 3). The Labour Code increased the number of sectors in which strikes are illegal, and now all solidarity strikes are prohibited. According to SDMR-survey from 1998, the trade unions’ possibilities were estimated as quite limited in most issues of working life, except in the matter of labour conditions.

Class/Issue (has a lot of)	Hiring	Dismissals	Labour conditions	Work security	Salary guarantees
Core of middle class	5.0	17.5	49.5	19.7	8.0
Margin of middle class	3.2	13.1	30.0	11.0	5.1
Working class	5.0	10.2	33.6	7.4	8.9

TABLE 4.4 TRADE-UNION INFLUENCE IN VARIOUS ISSUES ACCORDING TO CLASS (%)

Source: ALEKSANTERI WELFARE DATA 2015

The reform solidified the dominant position of FNPR when the protracted deadlock and struggles in the Duma were resolved by Putin’s involvement. After the successful creation of a coalition with some of the trade-union MPs, the government-favoured version of labour reform was adopted. A new law specified that the trade union organization, which represents the majority of employees in the enterprise, would be in a privileged position in the negotiations with the state (Grigoriev 2017, 194). In practice, it reproduced the operational mode of the FNPR, as in Soviet times, in which the main “model” was “distributional or bureaucratic mode, based on cooperation (social partnership) between the labor union and the employer” (Olimpieva 2012, 269).

Crowley argues that in Russia “the notion of social partnership has been pushed to defuse conflict altogether, replacing it with a purported harmony of interests.” (Crowley 2016, 130) A deficiently-developed institutional base and weak monitoring of implementation of labour laws are, according to Olimpieva (2012) the main reasons for the inefficiency of the Russian model of social partnership. Therefore, the state has the upper hand in negotiations on collective agreements. Formally, the Russian type of social partnership matches the European model, where trade-unions, employers’ unions, and the state negotiate and make collective agreements at three levels, nationally, territorially, and at the enterprise level Lushnikova (2014, 92-93). There are three major issues hampering the

effective functioning of the tripartite system, the first of them being the fact that the trade unions, especially FNPR, are dependent on the state or enterprises. Since enterprises are obliged to pay part of the compensation of the head of the union, unions are thereby dependent on the enterprises. The unions have become an effective means of distribution of new managerial strategies in the workplaces, plus a channel of response towards management about the grievances among the employees, and therefore in large enterprises the management is willing to invest in trade unions by paying the wages of the shop-steward (Kozina 2010, 80). The shop-steward is then a member of the planning body of the social benefits of the enterprise.

The second reason is employers' low interest in participating in the tripartite negotiations; small and medium sized enterprises are especially very reluctant to enter the system. The third reason is the difference in the status of FNPR, compared with other trade unions in the system. Currently FNPR holds an absolute majority (27/30) of seats on the Russian Trilateral Commission on Regulation of Social and Labour Relations, the remaining three seats are occupied by the independent unions. (Lushnikova 2014, 114)

Since the late 1990s, Russian trade unions, especially FNPR, have been more successful in utilizing informal ties and various lobbying strategies through a political movement *The Union of Labour* and, through an inter-factional group *Solidarity*. The cooperation with *United Russia* has been politically the most successful strategy, i.e., recruiting a number of trade union representatives as members of State Duma. Social partnership and political lobbying are two institutions that complement each other: the social partnership as a top-down, state-controlled system of regulation, and lobbying as a more effective channel for promoting the interests of the trade-union (Olimpieva 2017, 7-9).

4.10.3 Trade unions in Russia – the resources

FNPR is the largest association of unions in Russia with 122 member organizations, including 42 all-Russian, interregional labour unions, and 80 territorial associations of the organizations of labour unions. The member unions of the FNPR represent more than 20 million members, 95 percent of all members of labour unions... FNPR, in turn, belongs to General Confederation of Trade Unions (Vseobshchaia Konfederatsiia Profsoiuzov), which represents approximately 75 million workers.

The alternative unions in Russia, such as All-Russian Confederation of Labour, (Vserossiiskaia konfederatsiia truda/VKT), and Confederation of Labour of Russia (Konfederatsiia truda Rossii/KTR), have a very different kind of organizational logic and mode of operation. The alternative unions accept only employees as their members and strive to defend the employees' rights through strikes and protests. The joint number of members in VKT and KTR is estimated to be 2 million workers in such branches as transport, construction, food production, as well as in culture, education, and health care.

The arrival of large international companies to Russia has given birth to new *corporate unions*. These unions act as an information channel between the enterprise management and the employees, and one of the main functions of these unions is the distribution of goods and services to employees (Olimpieva 2012, 269). The rapid expansion of production of Western cars in Russia during the early 2000s brought also more radical, "European" type of unions to Russia, especially the MPRA (National Union of Auto Workers), together with Interregional Trade Union Workers Association (ITUWA). The protest actions of workers, belonging to MPRA, at factories in Kaluga and in the Leningrad region received a lot of attention in 2007 and again in 2012. The workers demanded better working conditions and higher wages and later protested also the enormous lay-offs.

The overall rate of unionization^x in Russia has steadily declined from over 50% to one-third in 2015.^{xi} (Table 4.5.) The reasons behind this are the transformation of the industrial structure in Russia, for

example, industrial production dropped 60% between 1990 and 1998 only, and one of the largest losses was accounted by light industry, which lost 90% of its production (Christensen, 2016, 4). Between the 1990 and 2015, 7 million industrial jobs were lost, and the share of industrial jobs declined from 34% to 19% of the labour force, while workers in the service sector – trade and catering increased from 6.8% to 20.9 % between 1990 and 2015.

The SDMR-survey data shows that the rate of unionization in Russia has fluctuated since the late 1990s, the rate declined clearly between 1998 and 2007, and grew again after the beginning of the recession. By 2015 the shares were almost equal to those in the late 1990s. The unionization is highest among the state sector, especially in the “budget sector”, i.e., among the members of the “old middle classes”. The differences between the economic sectors are big; only 15% of work places have a trade-union organization in the private sector, while in the public sector the share is 54%.

	1998	2007	2015
Working class	45.0	25.3	55.7
Margins of the middle class	50.0	32.6	56.7
Core of the middle class	45.8	24.3	58.7

TABLE 4.5 TRADE UNION MEMBERSHIP AND SOCIAL CLASS 1998-2015

Source: ALEKSANTERI WELFARE DATA 1998-2015

4.10.4 Unions – a quiescent partner of the state?

The protest potential of the Russian unions is low as indicated by the number of strikes provided by Rosstat. During the years 2008-2014 the average number of strikes was less than 4 – the highest figure was 2012 with 6 strikes, and the lowest 2010 with no strikes. However, Rosstat records only “legal strikes”, but not wildcat strikes or work stoppages. The Center for Social and Labour Rights records these unofficial strikes and protest actions, and their statistics show that strike and labour protest activity has been increasing since the beginning of 2009 (Biziukov 2016).

The primary cause for strikes and protest were the extensive lay-offs and wage-arrears, especially in the public sector due to a rapidly deteriorating economic situation in many enterprises (Crowley and Olimpieva, 2016). The majority of strike activities takes place outside the legal framework, and a large part of them are spontaneous, without union representation. On the crest of increased labour protests are the budget sector employees, and especially workers from Russia’s numerous and ailing monotowns (ibid.).

Olimpieva notes that labour protests have predominantly been localized “pure economic”, unpolitical protests. The unions have kept a distance from all parties, both in terms of organization, support, or demands, because political participation is prohibited for trade unions. A parallel trend is the growth of inter-regional protests, where protesting group in one region support similar groups in other regions, but without the participation of the union leadership (Biziukov 2016). Despite the growing rate of unionization, the belief in trade unions’ possibilities to influence important matters is very low. For example, in a 2015 SDMR survey only 10% of respondents believed that unions can influence

hiring decisions, and 14% believed that unions can influence dismissal decisions. Those matters where unions have stronger influence concern their “traditional” sphere of activity; getting benefits (52%), work and leisure (49%) and dismissal guarantees (42%). In situations of conflict, the trade unions act as a buffer between the employees and employers, *not* as a representative of employees’ demands or interests. The narrowing scope of action has meant an increase of more individualized issues – individual rights and work-related issues, or drafting letters and advising in court cases, which means that the union has become a kind of a service organization for the members of the union (Kozina 2010, 86).

Indicative of the degree to which workers trust unions’ ability to defend their interests is the development where the president is the institution to which workers appeal. For example, the legendary case of Pikalevo, where only the interference of Putin guaranteed the payment of wage-arrears, and the recent case of Aeroflot air-stewardesses, who appealed Putin to protest against discriminatory practices of Aeroflot when selecting cabin-crew for international flights.

Despite the ensuing economic problems and growing strike activity, the likelihood of serious problems for social stability and order is very marginal. Most commentators (Olimpieva 2016, Crowley 2014) agree that the top-priority of the government is to maintain social order, and the means to achieve that are wage flexibility, backed with strong patriotic, even alarmist message, which proclaims that Russia is under the political, economic, and cultural assault of the West (Europe and the US), which suggests a need for strong national unity.

An important part of the policies of maintaining social stability and popular support of Putin, is the “market social contract” (Cook and Dimitrov 2017) “which aims to protect some segments of society against the turmoil of fluctuations of the economy. The existence of the market social contract is indicated by the inflexibility of labour market to the decline of economy – i.e., employment has stayed stable despite rapid decline of demand.

The survey data shows that people now trust trade unions more than before. In late 1990s, trade unions were among the least trusted institutions; only the president and private entrepreneurs were less trusted. In 1998, 73% of respondents distrusted mainly or completely trade-unions, and only some 10% trusted mainly or completely. By 2015, the share of distrusting has more than halved (34%), and the share of those who trusted unions had increased to one-third. The branch of economy where the unionization and trust to unions has increased most are the private services.

4.10.5 Conclusions

Renowned Soviet sociologist Leonid Gordon published an article in 1996, in which he analyzed the differences between “old” and new unions in Russia – FNPR favoured more “moderate” and state-orientated reforms, while new unions demanded radical market reforms. The extreme poles of the groups consisted of “anti-communist, anti-totalitarian bourgeois-democratic elite versus anti-capitalist, communist and nationalist elite” and between these poles are various combinations. Gordon was convinced that the division was only transient and after the struggle was over, the trade-union would develop either “a genuine trade union movement or abandoning all ambitions to the role of trade unions and an explicit transformation into a constituent (and useful) part of the administration of enterprises” (Gordon 1996, 71).

Gordon’s diagnosis was only partly correct; the division was not transient but more or less permanent, but he was correct in the consideration that “...forces of habits, traditional links, experience, acquired skills and work methods, pressure from the apparatus, the whole arrangement push the old trade union organizations on the second route” – i.e., they become a constituent part of the administration.

The role of the trade unions – at least the FNPR – is still, to some extent, to be a kind of a guarantor of social peace and representative of the employees in a partnership with the state. During the Putin era, the unions have become an even more silent and obedient partner of the state, because strikes and other forms of labour protest have been made truly complicated and difficult. Therefore, the widespread conviction that unions are mainly tools in the hands of managers and the state is not completely unjustified. The largest union has acquired a role of guarantor of social contract, where order, predictability, and the raising of living standards have been offered to the Russian people in exchange for social peace and their support of Putin’s government, and especially the ruling party United Russia.

The “oil-led miracle” of Russian development between during early 2000s and until 2008/9 was the basis of continuous growth of well-being for most Russians, and the basis for Putin’s support. The protest movements of 2011 and 2012 were predominantly a “metropolitan phenomenon” and did not shake Putin’s position. The economic recession dating from 2014 has led to declining levels of welfare and recurrent problems of wage arrears. Even if there are signs of increasing readiness to strike and take other forms of protest, the existing legislation and strengthening of patriotic tendencies, coupled with tightening control over almost all forms of civic activity, probably inhibit the unanticipated growth of social tensions. Finally, the fact that labour in Russia, as everywhere else, is divided according to strength of the sector of economy and by social and political weight, supports the continuation of existing status quo.

4.11 The Ambivalent civil society

Meri Kulmala and Anna Tarasenko

This sub-chapter looks the role of civil society organizations (CSOs) in Russian society, with a special focus on those involved with questions of social welfare. Civil society in Russia is often said to be weak, due to, among other things, its apolitical, practical, and social orientation (see e.g., Kulmala 2016). In this section, we provide a brief history of civil society development in the country and an overview of the sometimes rather contradictory policies toward CSOs during the Putin era. The state policies are understood as structural factors to set certain limits for the space of civil society. We debate the consequences of current trends, combining elements of continuity and change: we ask to what extent they constrain the activity of Russian CSOs and what kinds of opportunities they might open up. We look at the agency of Russian CSOs within these limits; to what extent do CSOs have the ability to impact social policy, and to what extent do they have a role in the implementation of social policy solutions.

4.11.1 Tolerated pluralism

Concerning the Soviet era, the commonly accepted argument has been that there was no independent civil society in the Soviet Union, but the state’s control mechanisms were pervasive. Apart from a small movement of anti-Soviet and pro-democratic dissidents, Soviet “voluntary” organizations – such as women’s councils, youth and disabled organizations, trade unions, and many hobby clubs – were controlled by the Communist Party, and membership and participation in them were generally mandatory (Evans 2008; Howard 2003). The then state-society design, as a factor structuring the social space, was undoubtedly statist.

Certainly, these organizations were not autonomous from the state, but they had *some* agency unlike what is often assumed. Recent debates have indicated that the impact of such Soviet “voluntary”

organizations might have been remarkable for the daily lives and well-being of the ordinary people. They offered many useful services for, and to some extent represented the interests of, those social groups that belonged to these organizations – yet on an individual, case-by-case basis, rather than challenging state policies (Evans 2008, 47; Kulmala 2013, 121-122).

In addition to the state-controlled organizations, a small group of pro-democratic dissidents operated, including people who fought for human rights and against state restrictions. Most often, these people were individuals who had moved abroad or, if they stayed in the Soviet Union, were forced to remain underground and/or were under constant pressure by the Soviet state. Yet, their grievances had little to do with the concerns of average Russian citizens (Kagarlitsky 2002, cited in Sundstrom 2006, 27).

All in all, under the Soviet regime, citizens' activities were heavily guided by the centralized state, Mikhail Gorbachev's politics in the mid-1980s, and finally the collapse of the Soviet Union in 1991, made independent civic activism possible and thus opened up many windows of opportunities for CSOs. This period was characterized as full of optimism. CSOs grew exponentially, both in their number and in their fields of activities. These organizations included some newly-established organizations and organizations that had operated also during the Soviet era, but only now surfaced from underground or transformed into new kinds of more or less independent CSOs.

The collapse of the Soviet regime made possible international collaborative projects and funding. At that time, Western funding – and consequently imported Western models and standards – played a major role in terms of funding and training for the development of Russian CSOs.^{xii} In the then lack of domestic resources, Russian organizations became highly dependent on foreign support. This window of opportunity was however uneven: the foreign support was directed only to a part of Russian CSOs – for instance, to those working with human, women's, and disability rights or environmental issues, whereas those so-called Soviet legacy organizations remained largely ignored by the Western donors (Kulmala 2016; Kulmala 2013, 301-302). The latter group of organizations has always benefitted better from domestic resources. In most cases, there was no funding in pure financial terms, but the local administrations gained some material benefits, such as a free or low-rent office space, or some maintenance costs such as phone line or electricity, from the administration (e.g., Belokurova and Iargomskaia 2005, Sevortyan and Barchukova 2002). Sometimes even now, when more domestic funds are available, it is often these organizations that receive subsidies and grants from the different levels of Russian government (Kulmala & Tarasenko 2016). These organizations often work with questions of social welfare – as do a large part of Russian CSOs more generally (e.g., Kulmala 2016).

The early years were followed by a period of institutionalization of Russian CSOs, lasting from 1995 to 2000, with new formal rules and legal regulations (Brygalina & Temkina 2004). President Yel'tsin also established a Public Chamber in 1994 under the presidential administration, a model that was followed by several regional governments (Tarasenko 2015). Thus, the second half of the 1990s was a period when the first mechanisms for cooperation between Russian governmental bodies and CSOs developed – mostly at the regional and local levels, but not so systematically and selectively as now. Since the first term of President Putin, Russian CSOs have been brought under the attention of the state – under simultaneous support and disruption. The opportunity structure is very different for different CSOs. This dualism has strengthened the division among the organizations and affected in many ways their abilities to act.

4.11.2 Desired and undesired

When the new president and government entered the Kremlin in 2000, the above-described dualism further developed, and new policies targeted to CSOs were introduced. But, the nature of the emerged

political regime, as well as social policy reforms, are essential structural factors for explaining the dynamics that concern CSOs. Among those mechanisms that institutionalized the division, consultative, deliberative bodies have been further established and various kinds of financial tools for certain kinds of activities were introduced. Aiming at securing and limiting agenda-setting and the policy-implementation process from the undesirable impact of CSOs, these policy measures do not always accomplish their initial goals.

The first attempt of Putin's government to select CSOs capable of "constructive cooperation with authorities" was the Civic Forum initiated by the Kremlin in 2001 (Nikitin & Buchanan 2002; Weigle 2002). Later as a continuation, in 2005 the Public Chamber of the Russian Federation was created by the president. The Public Chamber is a consultative institution, which monitors federal and regional legislation, acts as a societal control over the executive branches of the state power, and makes recommendations, among other functions. It consists of 126 members, the first third of whom have been appointed by the president; the second third are in turn selected by the first third from among the representatives of certain national umbrella organizations. These first 84 members then select the final one-third among the representatives of the organizations in the Russian regions. Many Russian NGOs have refused to take part in such a "presidential constellation" (Kulmala 2013; Richter 2009). Similar regional bodies operate nowadays in almost all Russian regions. The diversity among such bodies as that existed in 1990s is pretty much eliminated now. As a result, the principle of selectiveness (i.e., the state selects whom to include) and uniform format of state-society cooperation spread across the country.

Open public debate has been gradually shut down for last 17 years, and nowadays the opportunities to influence policy-making at the federal and regional levels of the government remain within the various types of state-led consultative bodies, which are however, many (cf. Kropp and Aasland 2018). The typical features to this cooperation, state-dominance in initiatives and selecting the participants, resemble the corporatist model of state-society relations (Tarasenko 2015). The policy making process remains open for only certain organizations that are recognized by the government to which, however, it might open up real possibilities to influence policy-making, as in the case of child welfare, as below-discussed. Following the corporatist logic, some selected organizations have started to monopolize the interest representation in certain spheres.

The Public Chamber, sometimes called the "Ministry of Civil Society" (cf. Richter 2009), has become known, and not only for voicing loyalty towards the federal and regional authorities.^{xiii} Bottom-up social demands have also been brought through such institutionalized participation. By knowing how to maneuver within the current political regime, many initiatives by CSOs have come into action: for instance, increasing the role of CSOs in social service provision was introduced by the law 442-FZ "On the Basis of Social Provision in Russian Federation", which replicates neo-liberal standards of service provision (targeting, means-testing, cost-effectiveness).

The state control over civil society was continued by the revision of the 2006 NGO law (i.e., legislative amendments into the Federal Law "On Nonprofit Organizations" adopted in 2006). These amendments gained new control mechanisms for the authorities: the new laws required the reporting by CSOs (both financial and administrative) of their activities to the state, as well as setting limitations for collaboration with foreign organizations. These amendments required and resulted in the reincarnation of the federal Ministry of Justice, which started playing a role in the selection procedure by obliging all CSOs to re-register, and thus provide the government with permission to decide on their existence. This procedure was heavily criticized by NGOs for its repressive and selective outcomes since such organizations as "Soldier's Mothers", "Memorial" and others has faced difficulties (Human Rights Watch Report, 2009 and cf. Javeline & Lindemann-Komarova 2010).

The bureaucratic restrictions and regulations experienced by CSOs coincided with the widening opportunities for specific types of CSOs. This policy direction is tightly bound to the idea of outsourcing service provision to non-state actors, characteristic of the worldwide spread of the neo-liberal trend in social policy. This trend calls upon the self-regulating capacity of societies. Echoing global tendencies, the Russian federal government introduced a contracting system to outsource former state duties to CSOs and private companies, further developed the system of state subsidies, and launched new financial schemes of state funding for socially-beneficial initiatives. This legal status opened opportunities for CSOs to obtain state financial support and choose among competitive procedures: the so-called ‘Presidential grants’, the competition arranged by the Ministry of Economic Development and local/regional state subsidies distributed on competitive bases. Importantly, CSOs can elaborate their own project, choosing an agenda and mode of implementation and apply for budget funding. Despite the fact that this framework gives rather broad freedom to CSOs, some of them employ rational strategies when “selling” specific project ideas popular with the government. Experts and scholars critically evaluate the distribution of Presidential grants, claiming biased decisions that support patriotic initiatives; projects affiliated with the Russian Orthodox Church, the Antimaidan movement and the all-Russian veteran’s organization “Brothers in Arms” (Kozlov 2016). In addition, the corrupt nature of direct subsidies for the All-Russian Society of the Disabled and the like has been revealed by the Audit Chamber of Russian Federation.^{xiv} In contrast, the competition held by the Ministry of Economic Development of Russian Federation has been evaluated as being relatively fair and transparent (Monitoring 2012).^{xv} Scholars admit that the conservative ideology is becoming more evident in many policy spheres, and the agencies that display it become more prominent (Holm-Hansen, 2018).

Developing further such principles of social policy as outsourcing, marketization of social service provision, and individualization of social risks, the federal law ‘On the Basis of Social Services for Citizens in the Russian Federation’ (442-FZ) came into effect in January 2015. The law allows that SO NGOs and social enterprises can register as social service providers to deliver social services with compensation from the regional budget. This law is considered an example of the neo-liberal approach toward service provision for several reasons. Firstly, it diminishes the monopoly of public sector-based service delivery and introduces competition for state budget resources. Secondly, it considers citizens as clients who can choose between the different providers, i.e., follows the market principle of competition. Thirdly, it allows outsourcing of some social services to enterprises and CSOs.

Linda Cook (2017) argues that 442-FZ creates perverse incentives for regional authorities that are obliged to open opportunities for SO NGOs to deliver social services. In fact regional experience of implementation of 442-FZ varies. Generally speaking, among all registered providers of social services in all Russian regions, only 2.9% are NGOs and 3.3% are private companies (Tarasenko 2018).

The described funding instruments for Russian CSOs differ in terms of the content and the basis (competitive and non-competitive) of distribution. These policies seem to maintain and deepen the existing division of Russian CSOs into desired and useful, and undesired and harmful (cf. Salamon, Benevolski & Jakobson 2015; Aasland, Berg-Nordlie & Bogdanova 2016).

Simultaneously with widening financial support for CSOs, the federal government diligently shrinks opportunities for foreign resources. The Foreign Agent Law (2012) and Law on Undesirable Organizations (2015) have been adopted to limit Russian CSOs to access foreign funding. These laws placed limitations on the political activity of CSOs, including attempts to impact public opinion or

influence the authorities. The law implementation has created perverse affects, targeting various organizations including those struggling for human rights and assisting the state in social service. Following the fear of “colour revolution”, the Kremlin has gradually cut any financial support from Western organizations for Russian CSOs. Yet, among the (perhaps) unintended consequences, the development of charity volunteering and of crowdfunding started to flourish in many Russian regions to support initiatives important for ordinary citizens. Not only fundraising for children with diseases is popular, but also crowdfunding for politically-independent activity or freedom of speech, which the state tends to deny.

In sum, when looking at the developments at the macro level, the increasingly authoritarian regime shrinks the opportunities for civil society to operate, while the welfare transformation opens up some space for agency, especially in the sphere of social rights.

4.11.3 Policy meets reality

The above-described developments offer clear evidence that the state-society model is statist, top-down in design, and that Russian CSOs operate within a highly-constraining structure. The state’s attitude towards CSOs is obviously dualist, and strengthens the division among CSOs between desired socially-oriented service providers and undesired politically-oriented critical voices. Such a model is not exceptional, but similar developments are seen in other hybrid/authoritarian regimes (Maltseva 2012; Pierobon 2016).

Moreover, the emphasis on the service provision role of CSOs and their inclusion in different cross-sectoral consultative bodies cannot be considered only as a statist control mechanism, but rather as a global neo-liberally-oriented new public management tool. Such principles might result in shrinking the advocacy function of CSOs while increasing their consultative and expert role. This has seemingly happened in Europe and United States (Selle 2010; Garrow and Hasenfeld 2014). The new public management bureaucratizes the activities of CSOs by promoting cost-efficiency and shared responsibility over social issues.

In the Russian or other non-democratic contexts, such a model seems to fit neatly with a kind of “carrot and stick” design in which “desired ones” are rewarded with new tasks and social obligations, but with governmental funding. Thus, even if the driving motives might be others, economic for instance, such policies might serve as a co-optation mechanism.

All this said, the reality seems to be more complex. Especially in the sphere of social policy, there are many cross-sectoral consultative bodies, to which CSOs are actively invited (Bindman et al. 2019; Kropp and Aasland 2018). Whereas they are often seen as diminishing the independence of Russian CSOs by making them apolitical helpers of the state, some scholars have argued that they might open a window of opportunity for CSOs to influence social policy in this state-dominated, restricted space. For instance Kulmala, Rasell, and Chernova (2017; also Kulmala 2017; Bindman et al. 2019) showed how Russian child welfare NGOs as an expert community served as the agents of change by providing expertise for the massive child welfare reform. The de-institutionalization of the out-of-home care system for children left without parental care was a high priority on the government’s agenda in the early 2010s, which led to the establishment of various cross-sectoral platforms under the different governmental bodies to design the reform. These bodies functioned as channels for new ideas from the NGOs. By being well-connected to transnational epistemic communities, Russia child welfare NGOs brought expertise on a globally-accepted ideal of family care, and largely set the content of new policy. These experts had enjoyed international collaboration since the 1990s within which they developed professionalism on the issue and could therefore act as transmitters of global norms and

trends. Without the tolerated pluralism in the 1990s and early 2000s, this might not have been possible.

In the Russian context, such a bottom-up impact on policy-making is anything but obvious, especially at the federal level. Several scholars however, have found that CSOs might serve as influential actors in social policy-making at the regional level through collaboration with the authorities (see e.g., Johnson et al. 2016; Kulmala & Taraneko 2016; Bogdanova & Bindman 2016). Thus, even if the structural factors set the limits, CSOs show some agency to navigate within the structure, and sometimes even quite successfully inserting the issues to the governmental agenda, showing not only agency, but agency with impact. Moreover, as Kulmala (2016) has shown, many at first glance apolitical, socially-oriented issues might be highly political in their essence, which obviously challenges the general picture of Russian CSOs as orchestrated, apolitical helpers of the state. Furthermore, it is not always so that the governmental policy follows a certain, straightforward logic towards CSOs; there are also various actors in the government with various interests, which are far from always being coordinated (Salamon et al. 2015). As Skokova et al. (2018) put it, sometimes the left hand does not know what right one is doing.

4.12 Conclusions

Markku Kivinen et al.

In order to go beyond the currently-dominant scholarship, we have addressed several theoretical lacunas and anomalies in previous empirical studies. This critical evaluation forms the basis for a completely new approach to explain welfare policy in hybrid regimes. We have argued that in order to consider regime-welfare dynamics, we need a *middle-range theory*. Our contribution to the Russian studies paradigm stems from the middle-range theory-building process, and from our project's interdisciplinary empirical focus on the case of Russia. Furthermore, our approach goes beyond the traditional dualism of welfare studies through a ***conceptualization of both structure and agency***. Although previous approaches are invaluable for our analysis, there is a lack of systematic theoretical work on Russian social policy. We need more conceptual specification, more solid empirical evidence, and fewer ready-made totalizing answers, as elaborated on below.

First of all, our results show that welfare reform in Russia has been a complex and dynamic structuration process. After the Soviet Union's collapse, both the rules and the resources of the welfare system have fundamentally changed. However, this systemic change has not been based on any form of structural causation: neither the economic nor political system directly determines the welfare policies. Our analysis shows that structural constraints have to be specified in concrete and historical terms, both with regard to changing resources (especially economic) and rules (especially formal legislation). That said, in various policy fields we have concrete agencies with their specific incentives, interests, and power resources. There is also a complex and dynamical interaction between the vulnerabilities and capacities in the reform process. In general, we would conclude that there has not been an all-encompassing choice of Russian welfare model. Rather the whole process seems to be reactive in terms of the vast social problems and complex interaction between the rules/resources problem, informal structures and agencies, and intended and unintended results within the reform process.

Looking at the Russian welfare regime as it now stands in the light of our results we would like to highlight the results of welfare development in Russia. Substantial improvement in living standards, income levels, and social service provision is an observable social fact. Yet, inequality increased dramatically. This includes economic inequality, inequality between regions, between citizens and migrants, as well as urban-rural inequality. Furthermore, our analysis outlined several important

trends. The *first trend* is associated with the structures of decision-making and policy implementation in the social sphere. Within the conditions of a hybrid regime with a strong state control, there nevertheless exists a degree of controlled pluralism as multiple societal actors participate in policy discussion and implementation. Many institutional forms at the different levels of administration have been set up to accommodate this participation. While some analyses consider these institutions to be mechanisms of cooptation, we highlight that they, nonetheless, allow a voice to different societal groups and civil society organizations. *Secondly*, contemporary Russian social policy features major global trends such as outsourcing, de-institutionalization, the increase in the pension age, and a shifting work-family balance, to name a few. *Thirdly*, this chapter's analysis reveals many intersections and types of policy integration both between different sub-fields of social policy, and between areas of social policy and other policy fields. The examples of the former trend are housing-family policy link, as well as family and labour policy; of the latter – overall welfare and regional policy, and industrial and regional policy fields. *Fourthly*, with regard to a distinct emerging model of Russian welfare we would underline its liberal character, albeit developing within conditions of a hybrid political system and heavily controlled pluralism. We discuss these trends in somewhat more detail below. We also put our conclusions in a theoretical context concerning capacities and vulnerabilities of the Russian welfare system and the process of its structuration.

In Russia, the economic transition towards a market-based society, including elite and mass privatization, has fundamentally transformed social structures. The transition has created *new capitalists* as well as *small employers and petty bourgeois* social groups. However, these groups remain a minority in a *wage-labour-based* society. In Russia, the new wage-labouring middle class positions have been growing stronger during the Putin regimes, having been in decline during the first ten years of transition. The working class economic situation has also been improving over the last twenty years. This may be more significant for the working class experience and consciousness than the growth of relative differences. However, the relative differences in life chances and working conditions have been increasing in the conditions of growing inequality. Our results show that specificities in Russian structuration of classes are connected to two major processes: on the one hand absolute improvement in all living conditions, but with weaknesses of class organizations on the other.

Traditional agency-based social policy analysis would analyse the structural preconditions of Russia's welfare choices starting from class structure. However, *classes are not major actors in Russian social policy*. They may have different interests, but there is not much of a democratic class struggle in the Nordic sense (Korpi 1983). *Class agency is weak*. As our analysis shows, the importance of social classes in struggles over social welfare has been very limited and the existing tripartite structures remain weak. This is mainly due to the frail position of trade unions. At the same time, our results also show that in attitudes on welfare, no class differences exist. All Russian citizens put their hope in state-organized welfare. However, social policy affects the life chances of various classes in different ways. Social policies not only *reflect* but also *reproduce* stratification outcomes, in terms of power, as well as class and other forms of inequality. Class differences remain a significant determinant of individual life chances, but collective class organizations remain weak with state-oriented expectations dominating.

The Russian political system is based on a power vertical that underlines the role of the elites (cf. Sakwa 2008). There is no doubt the elites have been emphasizing social policy since 2005. Indeed, welfare funding has increased rapidly. However, a more detailed analysis of relative percentages of welfare in the federal budget reveals that in these figures the political will can hardly be seen. Social federal outlays have increased, but not more rapidly than other outlays. Russian social policy seems to be hovering between fiscal conservatism and active social policy. Since everybody is aware of the social crisis, all political forces tend to place any social policy issues on the agenda. In real terms, fiscal conservatism has so far been more significant.

The link between economic development and welfare is strong, and Russia has experienced *considerable improvement in their incomes and welfare since 1990s*. The vast poverty problem has been solved mainly by simply by economic growth rather than social policy. At the same time, *inequality has quite dramatically increased*, Russia now having the highest gini-coefficient among the Eastern European transition countries (Remington 2018). However, among the BRICS-countries, Russia does *not* have exceptionally high inequality. Furthermore this growing inequality has not led to a polarized society. The *absolute improvement* in the economic situation seems to be one of the key elements to the legitimacy of the contemporary elite. The social structure is complex and social classes play a very limited role, leaving a lot of room for other agencies, especially for the elites, ministries, NGO's, professional organizations, and epistemic communities.

However, the elite is not driven by any coherent ideology, rather its ideological starting points are contradictory. Western analysis of Russian social policy tends to emphasize the ideological aspect of social policy, in most cases with a straightforward distinction between liberal and statist social policy. This dualism fails to conceptualize the simultaneous and contradictory nature of the ideological frames. The ideological bias also bypasses the institutional implementation, outcomes, and reflexive monitoring of the social policy results.

When it comes to other actors, the role of *professional organizations tends to be quite different in terms of the issue*. Marginalization has been most visible in the demography programme in which the vast problem of mortality is not given priority. On the other hand, in many fields the latest development opens new institutional structures for pluralistic expert participation. However, the role of epistemic communities or professional organizations is kept under the elite's control.

At the local level, quasi-formal corporatist institutions, such as regular consultation between governors and major enterprises and between the executive and the heads of party factions in the Duma (Remington 2011, 213), establish an arena for political compromises. In many cases, this has created hybrids of public and private welfare structures. For many regions, matching the rules and resources remains a complicated problem. Only the energy-producing regions are doing well in this respect. Incentives remain contradictory, for example, between employment and liberalization. Governors are supposed to deinstitutionalize in the conditions where the large welfare institutions are big employees in the region. Even in more general terms, Russian welfare policy seems to oscillate between contradictory tendencies: between neo-liberalism and state-based social policy, between individualization of risks and strong administrative control.

In many fields of welfare arrangements, we observe that the Russian state is continuing to *withdraw* from its previous social obligations. Our empirical results show a *major antinomy exists between this withdrawal of the state and people's expectations*, which focus almost exclusively on the public sector. For instance, the family policy focus demonstrates an important liberal undertone. The Maternity Capital programme, which linked family policy with the housing sphere, has aimed to encourage families to have more children while also leveraging private investment to promote housing development and to fill in for the diminishing budget funding (Khmelnitskaya, 2020). The government has also made certain endeavors to reduce taxes on charity activities for businesses, which are thus encouraged, if not expected, to participate in various social programmes. In this respect too, some legacy of the labour collective seems to exist in people's expectations.

Alfio Cerami argues that contemporary Russian welfare policy is *highly vulnerable*. He emphasises that this form of social policy expansion, which is based on the volatile equilibriums present in the global arena, is unlikely to be sustainable in the long run, even in the presence of the additional surplus reserve fund (Cerami 2009b, 216). The external vulnerability has been most recently realized during the time of writing (2015-2020). As the price of oil declined and the Western sanctions have cut key Russian banks from sources of long-term funding, *Russia's state finances have become significantly*

squeezed. This placed a significant strain on the budgeting policy process, in which the decisions related to the social sphere represent an important part. The shrinking economy has also brought cuts to family benefits despite its priority position within social policy (also Kulmala & Tshernova 2015), excepting the new top priority concerning family replacements of children in state care (Kulmala et al. 2020). The position of the social bloc of government in most cases amounted to resisting budget cuts whenever possible, but being flexible when the political sensitivity of a matter required it, as in the case of the indexation of *biudzhetnik* salaries. Meanwhile, fiscal conservatism, consistently promoted on behalf of the president by the Ministry of Finance and Central Bank, represented the baseline for the social budget (Khmelnitskaya 2017).

Except for this exogenous vulnerability, there seems to be endogenous vulnerability as well. Paradoxical and contradictory policy seems to be here to stay. If the increased financing is not connected to institutional reform, huge questions concerning contradictory approaches and incentives will not be solved. Consequently, the Russian welfare system has not failed completely, but the Russian welfare model is highly incoherent. We have shown (Cf. also Kulmala et al. 2014) that, in the absence of a mechanism of democratic accountability and articulation of interests, Russian welfare policy has been produced by several disparate processes: namely, incremental bureaucratic policy-making that incorporates priority setting by the top leadership, but with the involvement of other government and societal, expert actors, event-driven agency, and agency at the regional and local levels. The evident improvements in the quality of life that have been truly experienced by the citizens, and have thus greatly contributed to the legitimization of the Putin administration. The government has also made certain endeavors to reduce taxes on charity activities for businesses, which are thus encouraged, if not indeed expected, to participate in various social programmes. However, the policy dynamic observed has *not* led to any comprehensive or coherent welfare policies.

Key elements of exogenous and endogenous vulnerabilities are presented in table 4.6.

Exogenous	↔	Endogenous
Oil price	Hybrid regime	
Economic growth	Formal and informal institutions	
Stabilization funds & avoiding foreign debt	Event driven agency	
Fiscal conservatism	↔	People's expectations
Withdrawal of state	Institutional reform	
Stabilization of budget	Level of benefits	

Middle class	Working class & marginal groups
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TABLE 4.6 EXOGENOUS AND ENDOGENOUS VULNERABILITIES OF RUSSIAN WELFARE SYSTEM

Source: KIVINEN ET AL. 2020

So far, Russian elites have been quite effective in dealing with this external vulnerability, e.g., by connecting the value of the ruble with the oil price and thus keeping budget stability. However, this has implied putting the responsibility of resilience on the shoulders of ordinary citizens. All this seems to imply that Russian welfare model is becoming *a poor man's version of the liberal model*. This policy is more acceptable for the middle class, since they have more market resources to face the individualization of risk. Working class and marginal groups have neither individual market resources for resilience, nor collective power resources for resistance.

All in all, our conclusion is that institutionalization of Russian welfare policy comprises two antinomies. The **first** is *the contradiction between withdrawal of the state and people's unanimous expectations* that the welfare system *should* be run by the public sector. The **second** antinomy is between *the external and internal vulnerability within the system*. This does not mean that everything has failed in Russian social policy. But it makes the contemporary poor man's liberal model difficult to stabilize in the forthcoming years. Summarizing our structuration analysis of economy, politics, and social policy, we can conclude that key antinomy also exists *between the elite and the major social classes* – the middle class and the working class.

ⁱⁱⁱ These had previously been impossible to introduce due to the resistance from the side of the opposition in the first to third State Dumas.

^{iv} The small percentage of mortgage borrowers whose loans were in foreign currency suffered greatly when the Ruble exchange rate dropped in the late 2014.

^v Source of data here and further in the section unless otherwise stated, Rosstat, www.gks.ru

^{vi} Source of data Institute for Urban Economics, available at the institute website:

http://www.urbaneconomics.ru/research/analytics/dostup_zhilya_1998_2016_IUE

^{vii} Yet, there is a hope here that with time greater housing self-organization will be achieved as the Russian civil society since the early 2000s has demonstrated trends towards maturing, as the respective section of this Chapter argues.

^{viii} Kriuchkova, E., Kapremontu prochat perestoiku, *Kommersant*, 2 March 2016,

<https://www.kommersant.ru/doc/2928041>

^{ix} In typical industrial enterprise the trade union committee fulfilled 170 functions (Chetvernina 2009, 2).

^x The trade union density rate shows the number of union members as a percentage of the total number of employees.

^{xi} Christensen (2016) notes that “the highest estimate of trade-union membership was in 2015 approximately 24 million workers, which means that union density is just under 35 percent”.

^{xii} On the other hand, the involvement of foreign agencies has brought along several broadly discussed, unintended, and negative side effects. More about the controversial effects in, e.g., Johnson (2009); Hemment (2007); Henderson (2002); Sundstrom (2006); Wedel (1998).

^{xiii} Ezhegodnye doklady Obschestvennoi palaty RF, available: <https://www.oprf.ru/documents/1151/2459/> accessed June 20 2017

^{xiv} The official issue of the Audit Chamber of Russian Federation #8 (August, 2015), available at:

<http://audit.gov.ru/activities/bulleten/854/23287/>, accessed 18 March 2017

^{xv} Monitoring by Transparency International (Russia); https://transparency.org.ru/images/docs/research/sonko_final.pdf