

# *Social Policy in Russia: Promises and Reality*

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**Abstract**—The Constitution of the Russian Federation in 1993 proclaimed our country a social state. “The Russian Federation is a social state,” says Article 7 of the Basic Law, “whose policy is aimed at creating conditions for a decent life ...”

The Constitution implies that the main goal of a social state is to create conditions that ensure a decent life for all citizens. In addition, the social state, according to the Constitution, is obliged to direct its activities towards the free development of a person, the provision of guarantees for the social protection of the population, and the development of the social sphere.

In Russia in the past two decades, certain attempts have been made to create conditions for improving the lives of citizens. The state has formed a general concept, main directions and priorities of social policy, has created a legislative basis for their implementation. However, the presence in the country of 20 million citizens who are below the poverty line, other arguments and facts show that the political leadership, the government has failed to provide with conditions for a decent life for Russians.

**Keywords**—social policy; promises of power; reality

## I. INTRODUCTION

The president, the State Duma and together with the executive branch, is taking measures to improve the level and quality of life of Russians. Thus, in May decrees in 2012, quite specific and important tasks were set, namely: to achieve by 2018: 1) an increase in the average life expectancy of Russians at 74 years (the cumulative age of men and women divided by half); 2) an increase in the real wages of public sector employees by 1.4–1.5 times, and for certain categories, by 2 times, etc.

Unfortunately, the government has not fulfilled most of the social tasks set in the presidential decrees in 6 years. For example, it was not possible to increase the average life expectancy of Russians to the planned age. Despite the fact that teachers, doctors, scientists and other state employees received a certain salary increase, it was only felt until 2014: because of the crisis, sanctions, and devaluation of the ruble, this increase in salaries was eaten by inflation.

It is noteworthy that, by not fulfilling previous commitments to create conditions for a decent life, the Russian authorities are making new written promises in this area, and at

the highest level. The May decree of President V. Putin “On the national goals and strategic objectives of the development of the Russian Federation for the period up to 2024” promised that in six years the poverty level in Russia will be halved, the standard of living of citizens will increase significantly, comfortable conditions will be created their residence, housing conditions will improve at least 30 million families [4].

However, already in 2019, a number of laws of the Russian Federation came into effect, which, contrary to the Constitution, worsens the financial situation of the majority of Russians. Thus, the value-added tax (VAT) was increased by 2%, which means a significant increase in almost all consumer goods: clothing, shoes, food, etc. Raising excise taxes on gasoline and other motor fuels, the state thereby not only reached into the pocket for car owners, but also further increased prices for industrial and food products, since transportation costs play an important role in their education. As always, the increase in taxes and excise duties is felt more acutely than others by the ordinary Russian, the final consumer.

Not added optimism to the citizens of Russia and raising the retirement age, issued for the necessary and long overdue “pension reform.” As a result, veterans of labor, who hoped to receive their pension and as a supplementary income continue to work as best they could, had to part with their illusions. Now, for both men and women, the possibility of simultaneously receiving salaries and pensions is postponed for exactly five years. Depriving the labor veterans of these conditions for a decent life, the state thereby receives tremendous savings. If we take into account that the average pension in Russia in 2018 was 14,100 rubles per month, over five years its payment per person will amount to 840,000 rubles. And if you multiply this number by the number of pensioners (over 42 million people), then the saved amount will be measured in tens of trillions of rubles. The state will not pay this money to Russian citizens on the basis of Law No. 350-FZ on amending pension legislation [5].

The social tension generated by the feeling of injustice is compounded by the natural fatigue of the population from three decades of reforms. The most painful and acutely perceived by the society is the extremely inequitable distribution of the burden of economic reforms in the country, the evidence of

which, first of all, is excessive social stratification. According to official statistics, the docile ratio (the ratio of the incomes of the richest 10% to the incomes of the 10% of the poorest) in Russia is one of the highest in the world and is close to 17 units. According to unofficial authoritative estimates, the scale of social stratification in the country is even higher. And the welfare state is removed from the solution of this social problem. Proof of this is the growing gap between the rich and the poor in Russia: the rich are getting richer year by year, and the incomes of the poor are significantly reduced by increased taxes, excise taxes, tariffs for utility services and inflation. Over the past ten years, the cost of housing and communal services has increased almost several times. Only for 2014-2018 The tariffs for heating and electricity increased on average in the country by 40%, for hot water - 45%, for gas, cold water and drainage - 43% [9]. In January 2019, the former head of RAO UES of Russia, A. Chubais, at the Gaidar Forum stated that electricity prices in Russia are too low, two times lower than the global ones. At the same time, he kept silent how many times the income of Russians is lower than the world. But the trend of the capitalists is clear: under any pretext of forcing the population of Russia to pay even more for their goods and services, despite their poverty. Due to the constant growth of tariffs against the background of a decline in real incomes of the population, only in the first half of 2018, Russians owed almost 65 billion rubles for utilities, according to statistics or 1 billion dollars.

At the same time, Russia has recorded a steady increase in prices for essential goods, including food. Thus, according to experts, for the period from 2014 to 2018 prices increased for certain types of food by 1.5-1.8 times. Even according to official statistics, the average price increase for products from the Rosstat consumer basket over five years was 30-40% [7]. But the income of the Russians over these 5 years has not increased by so many percent.

Moreover, the depreciation of the Russian ruble against the dollar and the euro 2-2.5 times led to a new round of wholesale and retail prices, especially for imported goods, to the depreciation of savings and the rise in the cost of loans. The devaluation is not profitable for the population. If as of January 1, 2014, 1 euro was worth 45.06 rubles, then two years later - more than 70 rubles [8, p.203-204]. Due to these reasons, the real incomes of Russians have been falling for four years in a row.

With the rise in price of foreign currency in Russia, imported goods are becoming more expensive, prices for foreign household appliances, clothing, footwear, cosmetics, food and other goods are increasing. In 2014-2015 Consumer goods due to the artificial decline in the exchange rate of the ruble increased in price by 1.5-2 times.

The population of Russia, in order to make ends meet, was forced to pay debts to banks, bringing it to 2.9 trillion rubles by 2018 [11]. And the majority of Russians have no opportunity and no money to pay off their debts. But since no one is doing any educational work in this direction, new private borrowers are still "lining up". And as a result, the consumer credit bubble continues to inflate. This and other similar facts confirm the

conclusion of a further deterioration in the standard of living of the majority of Russians.

The state budget of Russia for 2019 and the planned period of 2020 and 2021, the State Duma adopted with a surplus. Total for three years, the excess of income over expenditure will be 4.108 trillion rubles [12]. In this regard, the question arises: was it worth while taking such a state budget surplus to take additional measures to replenish it by raising taxes, excise taxes and fees from the population? In addition, as a result of the anti-popular policy (it is difficult to find another word), millions of Russians receive a salary below the established subsistence level. According to Rosstat, more than 12 million working Russians are below the poverty line, receiving less than the subsistence minimum for their work [13].

Judging by the numerous appeals of citizens to the authorities, the mass media and publications on social networks, there is practically no Russian who would express gratitude to the social state for the subsistence minimum established by law. Indeed, if from this minimum, not exceeding 11.3 thousand rubles, deduct the fee for the expensive LCD services, which in 2019 have to pay up to 5 thousand rubles, then to pay for the phone, the Internet, medicines, clothes, shoes, food and other goods necessary for a "decent" life is only 6.3 thousand rubles or less than \$ 100 per month, at \$ 3.3 per day. Practice shows that for \$ 3 a day you can not buy a decent life in Russia.

We are convinced that the number of poor people in Russia should be considered not by their income, but by what real opportunities Russians receive, who receive these incomes, in order to give their children a good education, buy housing, medicines in case of illness, go on vacation, etc. . That is, can ordinary people in this country ensure a decent life for themselves with such salaries, pensions, disability benefits, child care, etc. In this case, the poor are considered a person or a family whose consumption of goods and services does not meet the accepted social standard. If we apply such a method, called the "deprivation method," then the real level of poverty in Russia will not be 20 million, according to the current methodology, but about 36 million people, that is, almost twice the official one. The largest mass group of the poor in Russia is families with children; they make up more than half of the total number of families whose incomes are below the subsistence minimum. According to the data for 2017, half of all large families in Russia are poor, if we consider using the "deprivation method" [15], that is, they cannot afford the fact that most Russians consume

But there is no doubt that the government will reduce the number of the poor, at least twice, to report on the execution of the presidential decree of May 7, 2018.

## II. PROBLEM STATEMENT

In their study, the authors tried to answer the main question: why the welfare state cares about ordinary Russians in words rather than deeds, why numerous promises to improve the level and quality of life are not realized in capitalist Russia.

Studying published scientific works of domestic and foreign authors, analyzing numerous official documents, Russian statistics, publications in the open press and other

materials, the authors concluded that the main reason is that the capitalist state allocates very little financial, material and other means to improve social policy. There are enough examples of this.

Indeed, in accordance with the May decrees of President V. Putin, the salary of a state university professor should be 200% higher than the average salary in the region. Now the average salary in the Belgorod region, where one of the authors of this article works as a professor, according to official data of the Federal State Statistics Service (Rosstat), is 30,910 rubles. [18]. It is not difficult to calculate that 200% of this number is 61820 rubles. The difference or how much the state does not pay the professor every month, ignoring the presidential decree, amounts to 23,120 rubles (277,440 rubles year-on-year). As a percentage, the government and the Ministry of Finance failed to fulfill the professor's salary increase of at least 37.4% that is, more than a third.

Under the tsarist government, the professor received half of the money of the governor. For 25 years of experience, the professor's pension was equal to his previous salary, i.e. 100%. And under Soviet power, the professor's salary was only 50 rubles. less than the salary of the minister. For comparison: in 2016, the salary of Finance Minister Anton Siluanov was 1730000 rubles. per month [19], which is 44 times more than the professor's salary. And the head of the state corporation Rosneft, I.I. Sechin official salary reaches 20 million rubles. per month, and with payments of various bonuses, his income is 1 million rubles a day, including weekends and holidays [20, p. 35], twice the annual professorial salary. This is how capitalist Russia today assesses the work of an official and a professor differently.

For comparison: in France (Sorbonne) the professor's salary is 9,800 euros, in Italy it is 5,210 euros, in South Africa - 6,531 euros. In the United States and Singapore, university professors receive a salary of 48-54 thousand dollars a year, the highest paid have annually 90-100 thousand dollars, or more than 500,000 rubles a month. The highest paid educators work in Luxembourg. Their average annual income is from 80 to 100 000 euros or more than 600 thousand rubles per month [21]. Multiply these euros by the rate of about 75 rubles / euro and get the amount from 300 000 to 750 000 rubles per month. And no decrees, no may, no new year, no election. Just in other countries, the work of professors is valued much higher than in the social state.

Due to low wages, some teachers leave high school, and another part in search of a profitable share goes abroad, where working citizens with high qualifications receive several times more than in Russia. Statistics should alert the country's leadership: if only 35 thousand people went abroad in search of a better life in 2010, then in 2015 it was ten times more, 353 thousand [25]. Olga Golodets, who oversaw the social bloc in the previous composition of the Russian government, recognized that according to various estimates, more than 1.5 million people with Russian passports work outside the Russian Federation, and this is a dangerous trend. According to the former deputy prime minister, the brain drain abroad is due to low wages in Russia [26]. These figures and facts convincingly show that millions of citizens simply do not see

any prospects for themselves in Russia. They are not satisfied with the low wages, combined with the need to constantly earn extra money, unstable economic conditions, and increased risks to personal and business security, lack of opportunities to move up the social ladder and failure to fulfill promises of the country's leadership in social policy, etc.

Note that Prime Minister Dmitry Medvedev, describing the new state budget for 2019-2021, called its main objectives "the full implementation of all social obligations" [22]. President of Russia V.V. Putin, presenting the strategy of socio-economic development of the country until 2020, also promised teachers and professors an average monthly salary of \$ 2,700 [23].

Analysis of the state budget approved by the president for 2019-2021. clearly shows that it does not allocate funds for the unconditional fulfillment of "all social obligations", as the Russians assured V.V. Putin and D.A. Medvedev.

In the Concept for of the Socio-Economic Development of the Country up to 2020, the government set itself the task to increase the proportion of the middle class by several times, to 52–55% [24]. Although earlier President V.V. Putin set himself the task of bringing the middle class to 60 or even 70 percent [23]. But this promise is not fulfilled by the authorities. The middle class in Russia by 2020 will be no more than 15% of the population, since by January 2019 its share was less than 10% . .

### III. RESEARCH METHODS

The following methods are used in this study. Comparative method that allows comparing the social policy of Russia, the level and quality of life of its citizens with developed European and even Asian countries. This method, together with the method of historicism, allows us to show a significant difference in social policy pursued under Soviet power, that is, under socialism and under modern Russian capitalism.

The system and structural-functional approaches allow us to form a holistic view of the social policy pursued by President Vladimir Putin, its achievements and shortcomings, mistakes and miscalculations made in 2000–2018.

Institutional approach allows analyzing the influence of various state institutions on the formation of social policy in Russia, eliminating the causes of social inequality and growing poverty, which already exceeds tens of millions of citizens.

### IV. FINDINGS

1. Thus, for many reasons, the main constitutional principle of the social state - the creation of conditions ensuring a decent life for all citizens - has not yet been implemented.

2. One of the contradictions of Russian reality, which arose during the period of the restoration of capitalism, is that the welfare of the overwhelming majority of Russians does not directly depend on high prices for oil and other energy sources. Therefore, social policy needs modernization. Modernization in order to drastically reduce poverty, reduce the large income gap between the poor and the rich, create conditions for the free and full development of the individual, whatever social group they belong to. the gap between the triumphant reports

from above and the current state of affairs becomes more obvious with each passing day for an increasing number of our citizens.

3. While the statistics tells us about the increase in real wages, the reality reports that effective demand is falling, huge shopping centers are becoming empty, the population's debt on loans is growing, and the opportunity to find a part-time job is almost exhausted.

4. The course of gradual stagnation and mild impoverishment has remained the same. People are constantly annoyed by the growing gap between glossy pictures on TV and what they are watching around them.

5. It is necessary to change the strategy of social policy, its priorities and financing of measures, so that Russia can rightly be called a social state that creates conditions for a decent life for citizens.

## V. CONCLUSION

The May presidential decree of 2018 on the socioeconomic development of the country for the next 6 years provides for the solution of social problems in the following areas: demography and life expectancy, health and education, housing, environment, growth in real incomes of the population and poverty reduction, etc. How these will be solved tasks, time will tell.

But in order to have more chances for positive results, it is necessary to significantly increase the financing of social policy, and for this, the authors propose to reduce constantly growing defense spending (according to this indicator, the country ranks third in the world), as well as to maintain a huge bureaucracy, law enforcement agencies, find other sources of funding for the full implementation of the planned activities in order to fulfill a number of new promises to improve the level and quality of life. At the same time, it would be right to refer to the earlier given promises, including those outlined in the Government-approved "Concept of the socio-economic development of the Russian Federation until 2020", the May decrees of 2012, annual messages to the Federal Assembly and other election promises of V. V. Putin's

Only in this case, the Russians will be sure that the state cares for them not in words, but in practice and does not distribute numerous unsupported promises.

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