Key Directions of National Social Policy in the Russian Federation

Creation of efficient governmental social policy and its implementation

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Abstract — The issues of the social policy formation and its budget support are always relevant in a civilized society, since it ensures the interaction of all spheres of society in solving social problems. The purpose of this study is to identify factors affecting the formation of the social policy of the Russian government. Its role and importance in improving the welfare of the population, ensuring high living standards, which are characterized by indicators such as income, employment, and life expectancy of the population, as well as indicators characterizing the state of health, housing, education, culture, and the environment, are examined. The article analyzes the internal and external factors affecting the formation of the social budget at the federal level, the mechanisms of its distribution and monitoring of implementation. Among the main negative factors, the following are identified: low level of labor productivity, difficulty of controlling the inflation, low economic and political culture of the business, entailing a decrease in real income of the business and the population, and hence tax revenues to the budget. Conclusions are drawn that the main objectives of the national social policy in modern conditions should be: creation of conditions for better meeting the needs of all social groups; strengthening social justice of the system of economic, legal, moral relations; assistance to economic development of business. The authors also proposed and considered a strategy to improve the living standards of the population on the basis of a system of redistributing citizens’ incomes, which will be effective under the following conditions: creating conditions that allow the working population to earn enough money so that the family does not live in poverty; creating an effective system of support for socially vulnerable groups of the population; countering discrimination against the poor when accessing free or subsidized social services.

Keywords — social policy; living standards; population; government; social equity; life expectancy.

I. INTRODUCTION

The social policy of the Russian government is carried out in extremely difficult conditions of a diversified economy, mindset diversity, and political pressure from a number of highly developed countries. Low labor productivity, inflation difficult to control, low economic and political culture of the business, as a result, a decrease in real incomes of the business and the population, and hence tax revenues to the budget are among the internal factors that negatively affect the formation of the social budget [1]. Therefore, the formation of social policy and its budget support are especially relevant in modern conditions. A mechanism should be created in the country to protect the population from such social risk factors as unemployment and inflation.

II. LITERATURE REVIEW

The issues of social policy of the state and the protection of the population were studied by A.N. Averin, E.I. Kapustin, T.K. Mironova, V.S. Kukushin and other scientists. Most of them considered various options for a system of social protection of the population, dwelling on the most socially unprotected parts of the society. In their works, types of social assistance to the population, legal and documentary principles of the system of social protection of the population in Russia and abroad are considered [2]. The federal authorities also take measures to develop a system of social protection of the population, designed to mitigate the negative consequences of a market economic structure and international competition to some extent. However, in our opinion, insufficient attention is paid to the problem of a systematic approach to the formation of the national social policy, analysis of its effectiveness, as well as the development of specific forms of support for vulnerable groups of the population (unemployed, disabled, and people with disabilities). This category justifiably includes teachers, researchers, doctors and other sections of society engaged in mental work, whose wages are closer to the poverty line than to the decent living standard.
III. RESULTS

Social policy in a civilized society is an essential component of the state’s internal policy. It is designed to ensure expanded population reproduction, improvement of public institutions, political stability, and social harmony. Usually it can be achieved through governmental decisions, social events and programs. It is actually the very phenomenon of positive interaction of all spheres of society in solving problems facing it. Its goal is to increase the welfare of the population, ensuring high living standards which can be described by the following indicators: income as a material source of livelihood, employment, health, housing, education, culture, ecology.

In accordance with the Constitution of the Russian Federation, labor and human health are protected in our country, a guaranteed minimum wage is established and state support is provided for families, motherhood, fatherhood and childhood, people with disabilities and aged people [3]. In the field of employment, the Constitution proclaims the right to work in the conditions that meet the requirements of safety and hygiene or even at home. Concerning the medical assistance, the state and municipal healthcare institutions are operating at the expense of budgetary funds, insurance contributions, and other sources. There are also guarantees concerning pre-school, basic general and secondary vocational education in state and municipal educational institutions as well as the use of cultural and leisure institutions and cultural property [3].

The Russian system of social policy is based on the principles of “who you are” (the availability of social pensions and a developed system of categorical benefits) and “what have you done” (the system of labor pensions). The “what you have” principle is partially used, for example, in determining housing subsidies and paying child allowances [4, p. 225].

However, we support the view that in modern conditions the main objectives of the state social policy should be:

1) taking into consideration the needs and interests of all social groups when designing and ensuring the rights and guarantees;

2) improving the system of economic, legal, and moral relations through imposing more justice and transparency;

3) speeding up economic growth, which helps satisfying the needs of all citizens while preserving a fair solution of the objectively existing collision between economic efficiency and social justice [5, p. 270].

Thus, national social policy is supposed to form the situation in the country which can ensure decent living standards and conditions for reproduction of population and development of people’s abilities.

A. The results of the social policy in Russia


Despite the difficult financial and economic situation in 2018, the measures taken allowed the government to maintain a stable situation on the labor market and increase the wages of key categories of employees of healthcare, education, culture, social services, and science institutions. For a number of indicators of social development, it was possible to ensure positive results. A regulatory framework has been created for subsequent, more active actions to improve the quality of life of our citizens. However, against the background of deterioration in the gender and age structure of the population (reduction in women of active reproductive age), a decrease in the birth rate took place (table 1).

**TABLE I. INDICATORS OF SOCIAL AND DEMOGRAPHIC SITUATION IN THE RUSSIAN FEDERATION**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>2017</th>
<th>2018</th>
<th>2018 in % of 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of births, per 1000 capita of population (January-December)</td>
<td>11.5</td>
<td>10.9</td>
<td>94.8</td>
</tr>
<tr>
<td>Number of deaths, per 1000 capita of population (January-December)</td>
<td>12.4</td>
<td>12.4</td>
<td>100.0</td>
</tr>
<tr>
<td>Natural population growth (decrease), per 1000 capita of population (January-December)</td>
<td>0.9</td>
<td>1.5</td>
<td></td>
</tr>
</tbody>
</table>

Population’s living standards

- Cash income (average per capita), rubles: 31296.9 – 32598.2, 104.2
- Real disposable cash income, %: 98.4 – 100.1
- Average nominal monthly wages per 1 employee, rubles: 39167 – 43445, 100.9
- Real wage ( %): 102.9 – 106.8
- Past due wages in December (as by January 1st of the next year), mln rubles: 2486.6 – 2419.9, 97.3
- Average nominal pensions (annual average), rubles: 12887.0 – 13360.2, 103.7
- Real pensions (%) (IV quarter): 103.6 – 97.61
- Subsistence level per capita (IV quarter), rubles: 9786 – 10213, 104.4
- Number of population with incomes below the subsistence level, mln people: 19.3 – 18.92, 97.9
- Share of population with incomes below the subsistence level, % of the general population number: 13.2 – 12.92

Employment and unemployment

- Number of employed population (year monthly average), mln people: 72.3 – 72.5, 100.3
- General number of the unemployed (year monthly average), mln people: 4.0 – 3.7, 92.2
- % of the economically active population: 5.2 – 4.8
- Number of the unemployed registered by the employment service (year monthly average), ths people: 816 – 713, 87.4
- % of the economically active population: 1.1 – 0.9
- Load of unemployed population per 100 registered vacancies (annual average), people: 65.2 – 53.8, 82.5

**Note:** The data are preliminary. **a** – Including the one-off payment (OP) of 5000 rubles in January 2017, set in accordance with the Federal law #385-FZ dated November 22th, 2016. **b** – Excluding OP in 2017. **c** – Since January 2017 the population aged 15 and older is surveyed.
According to table 1, it can be seen that in the “Demographic Situation” section in 2018 the number of births decreased by 0.6 thousand people, in the section “Living standards of the population”, cash incomes of the population increased by 1,301.3 thousand rubles, the share of the population below the minimum wage decreased by 0.28 %, in the section “Employment and unemployment”, the number of employed people increased by 0.2 million people, the total number of unemployed decreased by 0.3 million people.

These figures show small changes in the social life of citizens, which lead to slow improvement in the economic situation in the country.

The past 2018 was generally favorable for the labor market. The level of employment, as in the previous 2 years, was close to 66 % of the population aged 15–72, and the unemployment rate updated the historical minimum and amounted to 4.8 % of the workforce, decreasing by 0.4 percentage points compared to 2017. The average workforce of 15–72 years old for 2018 was 76.0 million people, of which 72.4 million people were engaged in economic activities. Compared with the average annual value of 2017, the number of the employed increased by 0.2 million people, or 0.3 %, while the number of unemployed decreased by 0.3 million people, or 7.8 percent. At the average, in 2018, 713.3 thousand unemployed, which is 120.5 thousand people, were registered with the employment service authorities, or 12.6 % less than in 2017.

At the average, in 2018 it amounted to 0.9 % of the workforce aged 15–72 years.

In accordance with the Budget Code of the Russian Federation, the federal budget expenditures for 2018 are approved in the program structure. In accordance with the list approved by decree of the Government of the Russian Federation of November 11th, 2010, #1950-r, the Ministry of Labor of Russia was identified as the responsible executor for the state programs of the Russian Federation: “Social Support for Citizens”, “Available Environment” for 2011–2020, “Assistance to the population employment”, and is also a co-executor under the state programs of the Russian Federation: “Development of healthcare”, “Development of education”, “Provision of affordable and comfortable housing and utilities for citizens of Russia Federation”. The budget appropriations are provided by the Ministry of Labor of Russia and approved by the consolidated budget list, taking into account changes for 2018 in the amount of 290815788.5 thousand rubles. Cash execution under state programs and non-program part of the expenses of the Ministry of Labor of Russia for 2018 amounted to 279432646.05 thousand rubles. or 96.09 % of the budget allocation.

In Russia, by 2018, several programs have been prepared and implemented that reflect national social policy:

(i) First, in 2018, the salary of various categories of citizens increased (approximately 1.4–1.5 times).

(ii) Secondly, by the end of 2018, the average salary should be brought to the average salary in the corresponding region (we are talking about the salary of teachers and masters of vocational training at educational institutions of elementary and intermediate vocational education.

(iii) Thirdly, from 2020, it is planned to increase the number of highly skilled workers, given that this number should be at least one third of the number of skilled workers.

Social policy acts as a key element of the modern economy. It is aimed at ensuring the well-being of society and its effective development. Today, there is a need to increase the role of the state in managing social relations between people or broad social groups [6].

The biggest event in social policy was the adopted pension reform on October 3rd, 2018. Federal Law #350 of the Russian Federation, according to which from 2019 to 2034, the retirement age of men will be 65 years old, and for women 63 years old, when previously the retirement age of men was 60 years old, and for women 55 years old. The government has justified this measure with the following key arguments:

1) The healthy life expectancy of the population in Russia has increased in comparison with the times when the previous retirement age was approved. This is a global trend, and in almost all countries of the world the retirement age has long been raised up to 65–67 years [7].

2) The country's population is aging, many more elderly people are retiring than the younger ones start their economic activity. Fewer and fewer employees contribute pension money to the Pension Fund, as a result, the deficit of the fund has to be replenished from the budget, thereby reducing investment in the country's development.

3) It will be difficult to procure the economic growth with the labor resources without this reform.

4) Without reducing government spending on retirement, there's nowhere to get money for investments in the amount of more than 8 trillion rubles that are needed to fulfill the “May decree” of President V. Putin and transfer Russia to a “breakthrough” development path.

The government’s arguments are rather dubious, and probably situation is not that bad.

In his article, Yuri Byaly, Vice President of the ETC Foundation, member of the Political Council of the “Essence of Time” movement, deputy editor-in-chief of the journal...

### TABLE II. DISTRIBUTION OF THE BUDGET APPROPRIATIONS FOR THE STATE PROGRAMS AND NON-PROGRAM ACTIVITIES

<table>
<thead>
<tr>
<th>State Program</th>
<th>2018, the rubles</th>
</tr>
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<tbody>
<tr>
<td>Social Support for Citizens</td>
<td>234348204.1</td>
</tr>
<tr>
<td>“Available Environment” for 2011–2020</td>
<td>52767718.1</td>
</tr>
<tr>
<td>Assistance to the population employment</td>
<td>1262612.6</td>
</tr>
<tr>
<td>Ministry of Labor of Russia is the co-executor</td>
<td></td>
</tr>
<tr>
<td>Development of healthcare</td>
<td>91557.8</td>
</tr>
<tr>
<td>Development of education</td>
<td>1018678.1</td>
</tr>
<tr>
<td>Provision of affordable and comfortable housing</td>
<td>47462.2</td>
</tr>
<tr>
<td>and utilities for citizens of Russia Federation</td>
<td></td>
</tr>
<tr>
<td>Non-program part</td>
<td>1279555.7</td>
</tr>
<tr>
<td>Total</td>
<td>290815788.5</td>
</tr>
</tbody>
</table>
“Russia–XXI”, cites a number of refutation arguments against the explanations of the Government of the Russian Federation.

The life expectancy of citizens in Russia are unfortunately far behind its distant and closest neighbors. In particular it concerns the life expectancy of men. Thus, in the developed countries, the life expectancy of men is between 77 and 81 years. In the countries of the former USSR, it is noticeably smaller, but in Russia it is the smallest – about 66 years old (Figure 1).

Besides, the average values are far from being always indicative. Rosstat (Russian national statistical service) separately publishes data on life expectancy for various subjects of the Federation. According to the latest Rosstat data for April 2018, the average life expectancy of men in our country exceeds their new retirement age of 65 years in just over half of the most prosperous out of 85 Russian constituent territories of the Federation.

In the rest of them it is below 65 years.

But our statistics also contain data not on the expected, but on the actual life expectancy in Russia (Figure 2).

Fig. 1. The life expectancy of men

Fig. 2. Actual lifetime in Russia
We see that in 2016 the average age of mortality for men in Russia was only 61.4 years, that is, almost 4 years below the new retirement age.

Such state institutions as registry offices still exist in Russia which registers the death dates and ages. Thus, the registry office of the Cabinet of Ministers of Tatarstan, one of the most “prosperous” republics of the Russian Federation, has just officially announced that in 2018 the republic did not live to a new retirement age of 65/60: 46% of men and 18% of women died earlier. Similar data are provided in the World Bank report for 2017: in Russia, mortality of men under the age of 65 is the highest in Europe – 43%.

But, besides the age of mortality, there is another indicator in the world, which is calculated by the World Health Organization and the World Bank: the average age of healthy working capacity [8]. In Russia, for both men and women, it is a little over 63 years! That is, older than this age, most of our working citizens will work while being definitely ill!

Thus, as we see, there are no medical and age reasons for raising the retirement age in Russia.

The government also says that the number of pensioners in the country is growing rapidly, while less and less young people are starting to work and contribute the insurance pension payments. Supposedly, in 2019 for every pensioner there will be only two employees. And therefore, the collected contributions are not enough to pay pensioners, and every year the problem is more acute.

As a result, according to Rosstat at the beginning of 2017, there were 4.1 men of working age 15–59 for every man of retirement age (over 60 years). Today, the situation is about the same, that is, the ratio of male workers and male pensioners in the country is in reality twice as good as the government says.

Rosstat in its regular reports provides income data for the so-called deciles – the distribution of income among groups of every 10% of the population, from the poorest to the richest [9]. According to these data, the salaries for each decile (group) and the taxes on personal income from them are calculated.

With the flat tax scale of 13% used today, the picture of salaries and personal income tax looks like in Figure 3. As we see, with today’s flat personal income tax rate, the total tax collected is about 4.25 trillion rubles.

However, if the first two deciles, as in many countries, are exempt from tax, the personal income tax for deciles from the third to the seventh remains 13%, the eighth decile is assigned 20%, the ninth is 30%, and the tenth is 40%, then the total tax sum collected will be almost twice as much as the current flat scale, about 8 trillion rubles (Figure 4).
Such a “tax maneuver”, as we see, will not only completely remove the government’s worries about paying the Pension Fund deficit from the budget, but – which is also very important – will make life much easier for our poorest citizens. However, our government says that it is impossible to change the flat scale, because the rich are cunning, and they cease to pay the increased tax at all.

Now let us see if the government’s assertion that without raising the retirement age the country will increasingly fill labor shortages. They say, unemployment has already fallen to 4.7 %, less that anywhere except for the USA.

The fact that the Russian labor market is not at all scarce is also indicated by official statistics on the dynamics of this market. In particular, the demand for jobs in Russia last year did not grow, but fell (Figure 5).
Thus, what will happen to the labor market as a result of pension reform? For new youth and for the current “pre-retirement generation”, it will be necessary to create, according to the most conservative estimates, at least 3–4 million new jobs. According to experts, the creation of a new job costs the employer an average of at least 3–4 million rubles. That is, only the employment of young people and retirees will need to spend at least 9 trillion rubles per annum. That, we emphasize, is an order of magnitude more than the “reform” budget savings promised by the government of up to 1 trillion rubles per year.

B. The problem of poverty in Russia

Another recent study revealed a sharp and very rapid increase in the negative attitude of Russian citizens to the government in December 2018 compared to November. If in November 33 % of respondents were for the resignation of the government, then in December it was already 53 %. Against the resignation of the government in November were 52 % of respondents, and in December already only 40 %.

Thus, as we see, the pension reform has led to a sharp deterioration in the socio-economic situation in the country, a catastrophic increase in mistrust of the masses to power, a deepening of the social gap between the masses and the elite, as well as to creeping, but increasingly obvious political destabilization. Moreover, this destruction of the “social contract” occurs, which is especially dangerous, in the conditions of continuous exacerbation and expansion of external threats [10].

Having examined the above arguments, we can note that only these listed “deficiencies” of our legislation and enforcement could, if corrected, fully cover the annual deficits of the Pension Fund and would not lead the country to further economic and social difficulties, despite the fact that, according to the Ministry of Labor, the social sphere of citizens is improving, there are jobs. But what will happen in the future when the next generation begins to grow, and pensioners will still work, will there be enough jobs for the entire population of our country?

Poverty is an extreme insufficiency of a person’s, family, region, state’s property values, goods, money for a normal life and livelihoods. The threshold, the poverty line, is the normatively established level of monetary incomes of a person or family for a certain period, which provides a physical subsistence level.

It cannot be denied that the government uses various programs to reduce poverty in our country. All industrial countries of the world constantly improve their systems of social support for the poor. They are trying to find the line beyond which this support should not go, so as not to undermine the basis of the economy – people’s desire to work, because this is the only way to ensure a worthy and, moreover, comfortable existence for themselves and their loved ones. It can be concluded that poverty cannot be eradicated completely. However, this does not mean that poverty should not be fought. At the same time, there is no single method for both the definition of poverty and its measurement. A particularly important place in the national social policy is taken by the development and application of the most effective mechanism for generating population’s income.

Today, the importance of the state income redistribution policy is very relevant as today Russia is experiencing very difficult times, which have a significant impact on the development of its economic, social and political spheres of life. The greatest “blow” was the imposed sanctions against the Russian state, an increase in VAT, an increase in the retirement age, etc. The imposition of sanctions in 2015 caused a significant depreciation of the ruble against foreign currencies, and then an increase in inflation (Fig. 6), and a slowdown in the growth of real incomes of the population. To date, in 2019, the inflation rate is 5.5 %, which is 1.5 % higher than in 2018 [11].

The global companies doing business in Russia recorded a decline in profits due to the decrease in consumer sentiment among Russian citizens, and some of them reported the export of their capital from Russia.

According to the Central Bank and the Ministry of Economic Development, Russia’s GDP growth in 2018 amounted to no more than 1.5 %. The world is growing on average by 3.2 %. Since 2013, the GDP of the Russian Federation has cumulatively fallen by 1.7 %, and the lag behind the growth rate of world GDP for this period is 19 %. The main increase in GDP was due to high oil prices relative to 2017.

In 2019, however, according to all forecasts, it will be very difficult for Russia’s economic departments to go beyond growth even of 1 %. The reason for this is the increase in VAT, the continued fall in real incomes of the population and the likely decline in oil prices.

At the moment, most of the population cannot provide themselves with necessary goods except for food and some personal items. The share of low-income population is relatively high, and it should be taken into account that Russian national statistics considers a person poor only it his income is below the subsistence rate.

In the current situation, an effective mechanism for the state redistribution of income cannot be dispensed with. Redistribution of income through taxes and subsidies as well as voluntary transfers is of highest importance at the present moment [12]. State participation in the redistribution of income in order to reduce inequality is implemented in three main ways:

1. Transfer payment;
2. Public control of prices and tariffs set by market forces (through interaction of supply and demand);
3. The progressive personal income taxation.

The social groups that for some reason are not able to provide for their own satisfaction of minimum needs are especially in need of an effective income redistribution system [3, p. 270]:

(i) in socio-demographic terms, these are pensioners, orphans, disabled people, etc.;
(ii) territorially – residents of small villages and most remote areas;

(iii) in the socio-professional terms – low-paid employees;

(iv) in economic terms – families without housing, refugees, etc. [13]

Fig. 6. Inflation dynamics in the Russian Federation by years, % (Information from the website fincan.ru)

IV. CONCLUSION

Thus, the state, organizing the redistribution of income, should assume a significant share of responsibility for observing the inalienable human right to a decent life.

What to do to raise the standard of living of citizens? In our opinion, to raise the living standard of Russians, the government needs to study the politics of more developed countries, where the living standards are much higher. An example is a country like Norway [14]. In Norway, the management of the national economy developed well in the early twentieth century.

Norwegian oil and gas companies have established a strong petrochemical industry. Net profit is about 19 % of the total budget revenue, thereby ensuring the development of the country's economic and social sphere. As a result of these actions, Norway, according to the UN, was on the leading line in the world in terms of living standards and quality of life. [15].

It is also necessary to increase the level of social security. Such matters as children's payments, unemployment, pensions, and medical assistance should be available and take such size and quality as to actually help those who need it to lead decent life, not just physically survive. Even minimum wages should be compared with living expenses, instead of the set subsistence level which no one can survive of.

An effective socially-oriented market economy is unthinkable without a democratic system of distribution of citizens' incomes. Incomes of the population determine the social situation in society, and the level of income of each person depends on the economy of the country where he lives. Thus, the implementation of the effective redistribution of income should be carried out through the development of state programs that provide specific measures in the field of regulation of citizens' incomes, fair taxation and social protection of citizens.

Our key conclusion after the performed study is that the strategy of the living standard improvement can not be effective only through direct tax redistribution but requires the decisions to form the following conditions:

1. Elimination of the “working poor phenomenon” that is creating such state of the labor market where every employee can earn enough to be able to support his own life and his family without additional help from the government. Any such help is designed and attributed only for those temporarily or permanently incapable of work;

2. The level of the social support system efficiency where the vulnerable groups of the population can really keep normal life instead of everyday struggle for physical survival;

3. Provision of the access to the vital and constitutionally guarantees services (especially healthcare and education) for all population regardless the level of income.
References


