Paradoxes of agency: democracy and welfare in Russia

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A severe demographic crisis emerged as a result of the Russian transition: a combination of the low birth rate and rise in rates of premature mortality (especially of Russian men) has led to a sharp decline in population. (Cook, 2011; Field, 1995) The old welfare regime seems to be rusting and there is evident need for new solutions. The issue of social justice (social citizenship) is now a central problem; while it was high on the Soviet agenda, but lost in the first times of transition. The creation of a new model of its welfare state is one of the most comprehensive and still very much unresolved strategic tasks of post-communist Russia. The Russian governments have since 1991relied on mixes of surviving Soviet practices, adoption of Western welfare policies, and ad hoc measures. Until lately the oil exports have produced a budget surplus that has been used for stabilizing the economy and providing more resources for social security. Further analysis is necessary to explain how, by whom, and to which priorities those resources have been channeled at the practical level. The current Russian welfare regime represents an informalized model where the state does not provide needed social protection, but improvised solutions are found by enterprises and individuals. In this article we study the interests and roles of different actors in formulation of welfare policies in Russia. We argue in the article that Russian welfare policy is oscillating between contradictory tendencies: between neoliberalism and state-based social policy, between individualisation of risks and strong administrative control and alternative, politically challenging grassroots services seem to have little space today.(see: Hemment, 2009). Therefore, we argue, the question of welfare model is in very fundamental sense also a question of democracy.

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1 Introduction

It is difficult to overstate the social crisis that emerged as a result of the Russian transition from the socialist system into the market economy. Increases in poverty, inequality, infectious diseases, alcohol and drug abuse and unemployment are dramatic indicators. At the same time the old welfare regime seems to be rusting and emergent need for new solutions is evident. The creation of a new model of its welfare state is one of the most comprehensive – and still to a large extent unresolved – strategic tasks of post-communist Russia.

After the collapse of the communist regime, Russian welfare structures have been under constant reformation and social responsibilities of the state have been taken back and forth among the different governmental levels (more in Kulmala 2013). What we have seen after the somewhat chaotic Yeltsin years, which were characterized by liberalization and recentralization of the state's previous social obligations, is an ever-increasing emphasis of the Putin administration on welfare questions. Improving the quality of life of Russian citizens has been one of the primary targets of the budget surplus that has appeared thanks to the rising state revenues from the high price of the oil on the international market. This budget surplus grew until the 2008 world-wide economic crisis, which hit Russia hard (Sutela 2012).[^1] However, the commitment of the Russian government to welfare continued even during and after the crisis. The welfare state was an important part of Putin's promises as he moved to reclaim the presidency in 2011 (Jäppinen, Johnson & Kulmala 2014).

Hence, we have seen many welfare related questions taking a top position on the agenda of the Russian federal government as well as concrete investments in welfare since 2005. At the same time, poverty rates considerably declined and rapidly growing inequality stabilized (Kivinen, forthcoming). Yet, the overall picture does not look that promising that one would assume after such substantial attention.

`Kuvion kuvaus ts. oikea kuvio on vähän skarpimpi`

In this article, our aim is to discuss what are the major reasons that would explain why the situation has not improved as one could have expected because of such "hype". In our discussion, we pay special attention to the questions concerning the relationship between the political regime(s) in the country and welfare arrangements. Since 1991, Russian governments have adoption of Western – often (neo)liberal – welfare policies, relied on mixes of surviving Soviet practices, and ad hoc measures. That is to say, Russian welfare policy seems to oscillate between contradictory tendencies: between neoliberalism and state-based social policy, between individualization of risks and strong administrative control (Hemment 2009). In this article, we aim to understand these sometimes controversial or even paradoxical tendencies in welfare efforts performed by the Russian state.

We claim that to establish a more comprehensive understanding of the Russian welfare policies (and consequently of the system) requires multi-level analysis which in parallel

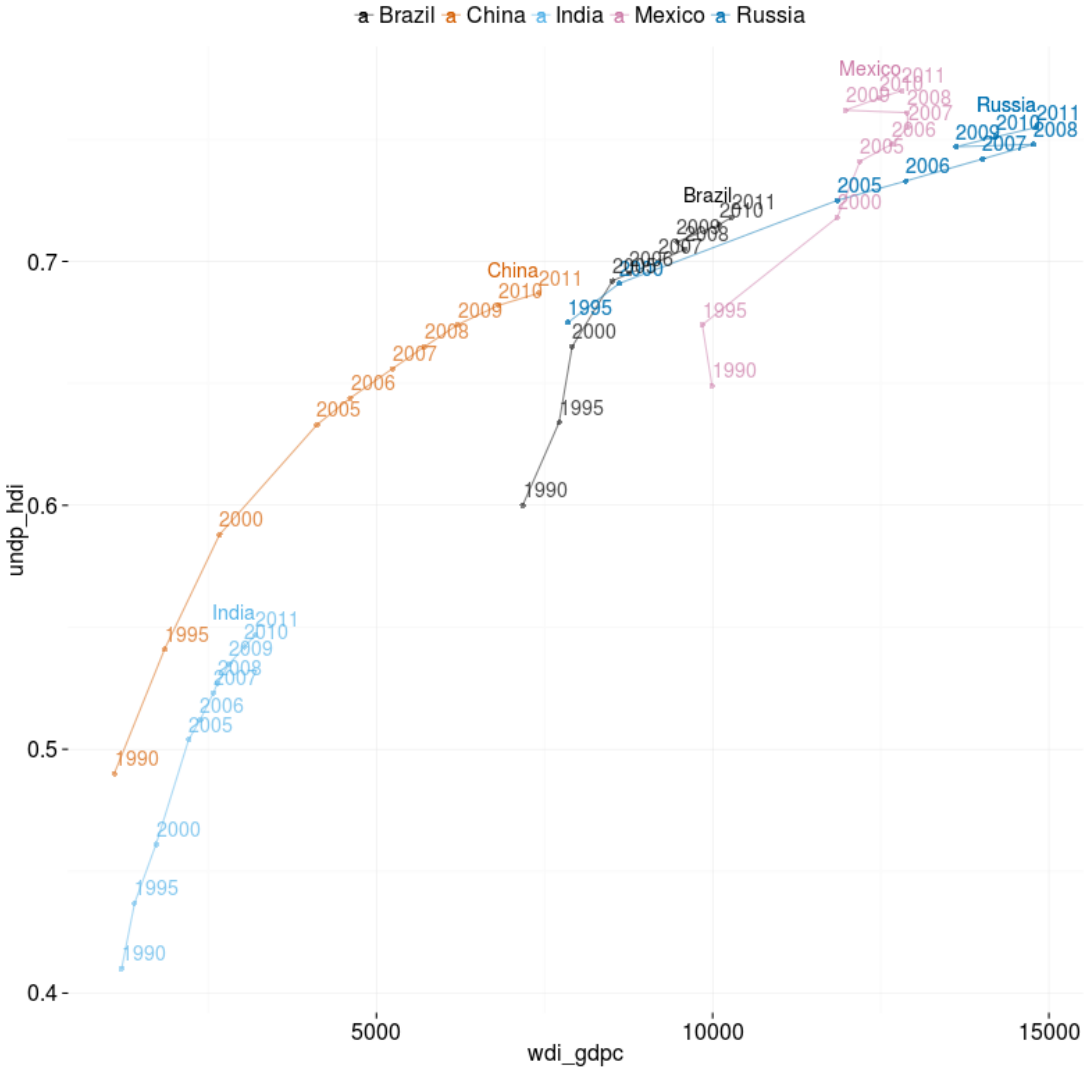

Figure 1: File from thegadget

with the consideration of the structural factors brings in agency (and/or lack of agency) of multiple actors in the field. Moreover, we claim that the investigation of the federal (i.e. macro) level social policies is to be linked to the solutions at the regional (i.e. meso) level, where most responsibilities of the social policies lie and thus become implemented, and importantly to actual practices at the local level, where many of the upper-level policies take their concrete form – as welfare services, for instance.

In this article, we first shortly introduce "the story of the major trends" concerning the Russian (federal-level) welfare policies since the collapse of the socialist system until the very recent years. This story builds on the scholarly literature focused on Russian social policy. In the next section, we debate and partly challenge such "conventional wisdom" by providing our insights that derive from our efforts to overcome the dichotomy of structure and agency and to combine different levels in our analysis. We claim that through such an approach enables us to build a slightly "thicker" picture of the Russian welfare system as well as to understand some evident contradictories within it.

2 "Conventional storyline": from shock therapy to statist welfare

2.1 Post-socialist liberalization

As noted, after the collapse of the socialist welfare system, basically, the trend has been to liberalize, privatize and decentralize the social obligations and thus to restrict the role of the Russian state in welfare provision. This was motivated by restricting the role of the state in welfare provision (Cerami 2009; Cook 2007; Kivinen, forthcoming). The collapse of the economy in the late Soviet and Yeltsin's years was disastrous for people's lives as well as for the state's provision of health and social services. Under Yeltsin, the priority was relieving pressures on the state budget.

2.2 Russia oil-led welfare miracle

(Cut from: Jäppinen, Johnson & Kulmala 2014): As part of the story of Putin's (and Medvedev's) popularity among Russians, a second usual framework is the idea that social services have been bolstered, leaving to improvements in people's lives (McFaul and Stoner-Weiss 2008). In the 2000s, under the Putin regime, in parallel to continuing of downsizing the old social policy, there has been a reverse trend toward greater centralization of social policy. Social policy was designated as the most urgent task for all levels of government and administration, and particularly since 2005, the president seemed to turn the direction back towards statist welfare policies (Cook 2011; Remington 2011). With rising state revenues from the high prices of oil on the international market, the narrative is that Putin rebuilt the welfare state—though, in practice, most

prominent economic growth and consequent reforms took place under Medvedev's presidency [^1]. In 2007, GDP growth reached 8.1 per cent, becoming one of the fastest in major economies (Sutela 2012, 38). Oil and gas exports, contributing approximately 15 per cent of GDP (60 per cent of total export, Cerami 2009, 105), produced a budget surplus that has been used for stabilizing the economy and for providing an increase in social protection for the citizens[^2]. Improving the quality of life of citizens has been one of the primary targets to which the available financial resources have been used. Between 2007 and 2010, expenditures for social policy doubled (Cerami 2009, 113). At the same time, poverty rates considerably declined and rapidly growing inequality stabilized (Kivinen, forthcoming). Cerami (2009) called such oil-led social policy the Russian miracle—the future of which, however, remains highly volatile and unpredictable.

The budget surplus grew until the 2008 world-wide economic crisis, when Russia had one of the most severe contraction among G20 countries in 2009 (Sutela 2012, 217; also Kivinen, forthcoming). Yet, the commitment of the Russian government to welfare continued even during and after the world-wide economic crisis in 2008.[^3] Welfare benefits available for citizens have substantially increased and the government even raised pensions in 2008-2010 (Cerami 2009, 113-114; Kivinen, forthcoming; Sutela 2012). The Russian government even raised pensions. The priorities of the welfare efforts are most evident in the introduction of the "National Priority Projects" (implemented in 2007-2012) which, combined with ambitious demographic policies, were to address the administration's concerns about declining population being a threat to Russia's national security and economic development (Cook 2011, 14). They attempted to increase birth rate by supporting motherhood and young families in particular, despite the reality that the most pressing problem is in working-age male mortality (Sutela 2012, 207-209).

The welfare state was an important part of Putin's promises as he moved to reclaim the presidency in 2011, ramping up social spending that neoliberal economists argue are too costly for long term growth, even if the Russian economy has been recovering from the crisis rapidly and Russia's fiscal situation is still among the best of the world (Kivinen, forthcoming).

2.3 Increasing neo-liberalism in the 2000s'

Under the Putin/Medvedev tandem, in parallel to statist turn – continuation of downsizing the old social policy, recent tendencies to rearrange social responsibilities prompt us to think whether such shifts in division of those responsibilities, previously dominantly carried out by the state, can be displayed as a neoliberal turn of new principles in social provision. out-source its previous social obligations onto the shoulders of Russian (socially oriented) NGOs (cf. Kulmala & Tarasenko 2013; Kulmala 2013, 128, 288).[^4]

Also Russian enterprises are encouraged – or better to say somewhat expected – to actively participate in various social programs. When it comes to big (especially, international) companies, social programs (educational, social assistance etc.) are embedded into their activity. For instance, Intel, IBM, City Bank, Coca Cola and others are quite

active in this sphere. There are certain endeavors made by the Ministry of Economic Development to (cut) reduce taxes on charity activity for a big business. Small business is encouraged to develop activity in social spheres as well.[^5] The Federal law on "Business accounting" was passed to release from business accounting (first reading in the State Duma) can be mentioned among other policy measures for encouraging enterprises to get engaged into social projects.

Charity campaigns – to attract attention, win public trust and raise money for the activities that have traditionally belonged to the state's social responsibilities in the Russian context.[^6]

3 Challenging the conventional stories

3.1 No political will

Even without these cuts, while welfare funding has increased rapidly in real terms since the early 2000s, federal social outlays overall have not increased more rapidly, perhaps even declining, relative to the other outlays.[^7] The Russian miracle in social policy is overstatement, since the political will can hardly been seen in outlays in their relative numbers (Kivinen, forthcoming).

3.2 Selected priorities

Instead, state policies have been family centered and pronatalist, reinscribing maternal roles for women (Cook 2011; Rivkin-Fish 2010).[^8] The underlying assumption is that addressing the demographic crisis is women's responsibility (to have more babies), even as the crisis, as noted, is rooted in some men's unhealthy ways of life (Jäppinen et al. 2010, 3). Emphasis on heteronormative nuclear family can be seen in many other policies as well, not least in 2011 reforms restricting abortion for the first time since Stalin. A National Family Strategy proposed in 2013 reinforces traditional family values by defining the ideal family as "a family formed by a married couple and their two or more children, or a family oriented to childbirth" (Kontseptsiia gosudarstvennoi semeinoi politiki 2013).

2000-luvun alusta lähtien on valtiollisissa ohjelmissa vallinnut perhekeskeinen ideologia: perheen ja perinteisten perhearvojen suojelu on nostettu yhdeksi valtiollisen politiikan tärkeimmistä tehtävistä. Kehitys liittyy myös uuskonservatismin nousuun maassa. Perhepolitiikan tärkeimmiksi tavoitteiksi vuoteen 2025 mennessä on määritelty 1) perheiden hyvinvoinnin lisääminen, 2) perheen sosiaalisen roolin vahvistaminen yhteiskuntaelämässä ja 3) sellaisten yhteiskunnallisten olosuhteiden luominen, jossa perheet voivat täyttää keskeisiä funktioitaan. Hyvinvoivaksi perheeksi määritellään "taloudellisesti turvattu ja sosiaalisesti aktiivinen avioparin ja heidän kahden tai useamman lapsensa muodostama tai lasten synnyttämiseen orientoitunut perhe" (Kontseptsija 2013). Perhearvojen korostaminen on eittämättä kytköksissä maan väestökriisiin ja sen tavoitteena on

erityisesti syntyvyyden lisääminen (Cook 2011). 2000-luvun pronatalistisen perhepolitiikan keskiössä ovat olleet nuoret, etnisesti venäläiset, heteroseksuaaliset ydinperheet ja heidän (potentiaaliset) lapsensa. Raskauden ajan palveluja on tehostettu, lapsiperheetuuksien tasoa nostettu ja perheitä on kannustettu lapsiluvun lisäämiseen toisesta ja sitä seuraavista lapsista maksettavalla äitiyspääomalla.

`Summa summarum: national security interests --- directs social policies`

3.3 No politics in welfare

- No coherent policy-making behind the different and sometimes controversial tendencies: better to speak about ad-hoc measures?
  - No organized interest representation
  - Before Putin, liberal reforms largely blocked – due to multi-party system ("politics matter by Cook 2007)
- Instead of politics welfare bureaucracy in power
  - No-one to blame in the elections

3.3.1 Citizens expectations

`datoja: levada, ESS`

In the end, neither the government has totally abandoned the principles of state provision in the social field nor have the Russian citizens changed their expectations towards the state. In the middle of the described, often controversial state policies, the liberal idea of an individually based social responsibility has never been widely accepted among Russians. On the contrary, the social welfare norms established by the Soviet socialism still largely retain (Collier 2001, 3) and Russian citizens still expect the state act as a main provider of social welfare (Henry 2009; Kulmala 2013).[^9]

3.4 Federalism: regional variation

More so than most observers acknowledge, Russia's federalism matters. This is most evident when looking at social policy. According to law, the Russian federal state answers only for the general principles and national standards: social obligations were almost entirely removed by the 2006 administrative reform from the municipal level mostly to the regional level the implementation of these policies is under the responsibility of the regions, which enact regional laws to organize, manage and finance the related services and subsidies.10 The services themselves naturally take a concrete form in municipalities (Kulmala 2013, 90-92.)

`Good reason to look at the lower level`

In this respect, the regional level again proved its importance in understanding the functioning of the three-level state in contemporary Russia.

3.4.1 Disparity between the federal policies and local circumstances

- Scarce of resources at the local level – produce hybrid efforts
- Even neo-liberal reforms end up resembling "Soviet" at the grassroots
- Empirical examples – opposite logic to federal outsourcing policies – it seems to be more reliable to arrange services for citizens' at the public sector (instead of NGO, cf. voluntary failure – Kulmala 2013) – NGOs invent social service that are to be later transferred to the state (see Kulmala 2013; Jäppinen, Johnson & Kulmala 2014).

- No clear-cut boundaries between the state-based services, NGO-based services and business involvement..

4 Discussion

- What we need in order to understand welfare developments in Russia (or in any other context?) is multi-level and –layered analysis
- New questions to be asked

5 References

[ˆ1] Russia had one of the most severe contraction among G20 countries in 2009 (Sutela 2012). However, the Russian economy has been recovering from the crisis rapidly and Russia's fiscal situation is still among the best of the world (Kivinen, forthcoming). [ˆ1]: According to Cerami (2009), it was under the executive of Medvedev when social interests became a priority for the first time, by combining strong liberalization efforts with social awareness (also Sutela 2012, 199). [ˆ2]: In the beginning of 2014, a Stabilization Fund was established to balance the federal budget in a case of cut-off in oil prices. The stabilization fund grew from 18.9 billion $ of 2004 to 156.8 billion $ in 2007 (Cerami 2009, 112). [ˆ3]: Since 2005, year 2010 presents the highest share of social expenditure of the national GDP (Korhonen 2013). [ˆ4]: In 2010, for instance, a new law (N 40-FZ) on socially oriented non-commercial organizations was introduced and in 2011 followed by a presidential decree (N 713), which created state funding for certain of socially oriented NGOs to implement governmental programs. Such normative measures can be treated as a key instrument of the state's attempt to withdraw from its previous obligations in the field of social welfare. Generally, the Russian state has largely acknowledged a

need for certain types of civil society organizations, such as social service providers, that serve state interests, while the activities of others, such as human rights organizations, are being disrupted (Kulmala 2013, 126). Zdravomyslova (2005, 204) labeled such a dualism as selective corporatism. [^5]: For instance, the outsourcing mechanism provided by state contract preserves 15% of the whole amount of money for NGOs and small business. (Kulmala & Tarasenko 2014). [^6]: For instance, September 29, 2013 the television Channel 1 accomplished unprecedented television marathon "Vsem mirom" aiming at involving Russian citizens and their organizations into charity activity to support people who were injured in the massive floods in the Far East of Russia. "Vsem mirom" proved to be successful: as a result of this one-day project nearly 20 million euros (almost 830 million rubles) were collected to resolve the problems that clearly would belong to the state structures. (See more in Kulmala & Tarasenko 2014.) [^7]: The actual rise in overall expenditure (132 per cent from 2005 to 2009) has been bigger than in the rise in budgeted welfare (125 per cent) (Kivinen, forthcoming; Sutela 2012, 201). Sutela (2012, 202) showed that other social expenditure than pensions declined in 2008-2009. Sutela (2012, 206), also pointed out that the budget funds given to these socially oriented priority projects was only less than 8 per cent of other spending planned for these sectors. [^8]: The only possible gender-equality promoting reform is a 2003 law criminalizing the trafficking in persons, passed early in Putin's reign, under threat of U.S. sanctions, but this too was framed as one of protecting women much more than assuring women's rights (Johnson 2009; 2013). [^9]: Yet, today Russians seem to be slightly readier to increase the role of NGOs, for instance, in the field – though, only alongside the state responsibility (Kulmala 2013; OPRF 2012, 53-54, 70). Moreover, it seems that Russian citizens are also ready to undertake some social responsibilities on a more individual basis: the above-mentioned project of "Vsem mirom" proved to be successful: as a result of this one-day project nearly 20 million euros (almost 830 million rubles) were collected to resolve the problems that clearly would belong to the state structures.