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Principles and Main Elements of Social Strategy

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1. When Russia undertook systemic reforms in the 1990s, it had a quite heavy burden in the form of the people's notion, established over decades, that the state has exclusive responsibility for their fate and their living conditions. The conviction and belief in the duty and ability of the state to provide for the social welfare of its citizens based on the ideology and politics of the Soviet period were the dominant psychological tendencies of the majority of the population. Incentives for personal action and initiative were practically eliminated, and the people's natural capacity for caring for themselves, including in social life, was thwarted. Supremacy of the mass psychology of social dependency and passivity were the chief factor predetermining the public's reaction to the reforms begun in Russia and the nature of the public's participation in them, and largely predetermining their results and consequences.

The post-Soviet period may be characterized as years of increased attention by the authorities to social policy, and implementation of a number of transformations in the social sphere. Russia has constitutionally proclaimed itself a social state, and in this manner it has acknowledged as a priority the defense of basic social rights of citizens. This has stimulated the adoption of legislation regulating the development of social sectors (education, public health, etc.) and the socioeconomic status of certain categories of the public (the disabled, the elderly, refugees, those who have undergone forced resettlement, etc.), and aimed at resolving a number of urgent, "burning" social problems. The principle of equality of all organizational and legal forms for realization of social policy has been legally mandated, and the right of the coexistence and development of non-state structures and organizations of the social sphere has been declared.

At the same time, the social infrastructure has been altered. Agencies that are new for Russia have been established for management of the social sphere; new organizations and institutions have appeared; and the "game rules" for existing social structures have been changed. The introduction of new social and information technologies and the establishment of data bases have begun, and new social professions have arisen.

Principles for funding the social sphere as a whole and individual social policy elements have undergone certain changes. A significant portion of state budget resources have been redistributed to social extrabudgetary funds and have taken on an outwardly insurance-oriented natures.

A gradual redistribution of the responsibility of participants in social relations is underway, which is manifested in the transfer of a portion of powers in the social policy

sphere, as well as the transfer of the social sphere facilities of enterprises to regional authorities.

These changes have contributed to the establishment of a number of positive social tendencies, including the appearance of new social groups (entrepreneurs and the self-employed), and to the generation of new and the development of promising areas of employment. They have also dampened the shocks from the economic adjustments at the beginning of the 1990s and allowed portions of the country's population to "survive." A certain psychological adaptation of the people to the newly forming social environment has begun.

2. At the same time, as a result of the adjustments implemented in the last decade the people's situation in Russia as a whole has not only improved but also deteriorated, and measured by a number of parameters it has reached a critical level which represents a threat to the country's national security.

These detrimental processes include a rise in the mortality rate, deterioration of the health, and aging of the population. The increase in alcoholism and drug abuse has reached catastrophic levels and is contributing to the establishment of developed and highly profitable segments of the gray economy.

There have been negative changes in traditional family and marital relations, manifesting themselves in a decline in the number of marriages and the size of families and an increase in the number of children born out of wedlock. A phenomenon that is fundamentally new for Russia in recent decades is "street children"—social orphans whose upbringing must become the state's responsibility.

A real threat of a decline in Russia's educational potential has appeared, in part as a consequence of the flight of qualified personnel from the country.

The situation in the employment arena has reached a dangerous level, as characterized by the increase in the overall level of unemployment, its preservation in latent forms, and the increase in the scale of chronic unemployment. The passive state policy on the labor market in conjunction with a low and declining mobility of the population is inevitably giving rise to social conflicts.

Poverty has become common and widespread, embracing practically one third of the country's population. The Russian paradox is that the poor consist of not only those unable to work and the unemployed, but even employed people, predominantly those who are paid from the state budget.

Wages do not play the role of one of the main regulators of the labor market, inasmuch as the low level of wages does not correspond to the real value of the workforce, and the growth rate lags behind the change in prices for goods and services by multiples. In

addition, we still have both arrears and hidden (gray) labor compensation which is untaxed and does not participate in the generation of budgets of all levels and types.

The problem of the adaptation of refugees and those who have undergone forced resettlement on the territory of the Russian Federation remains unresolved.

3. What are the reasons for the current situation in the social sphere? The primary reasons may include:

- Non-acceptance by the state and the authorities of the individual, people, and new civil institutions as active social policy subjects, and an underestimation of the role of the social partnership.

- A reevaluation by the state of its own objective capacity and resources when assuming social obligations.

- An underestimation by the authorities of the need to create conditions for a psychological restructuring of the population and the formation of a new mass consciousness appropriate to the essence and pace of the reforms underway.

- An underappreciation by the authorities of the importance of coordinating/synchronizing social policy with the economic adjustments underway in the country (with regard to goals, methods, pace, etc.).

- Lack of adequate consideration of and lack of a systemic approach to decisions in the social policy sphere that were adopted in the middle of the 1990s as a result of the direct lobbying of certain political groups, sectoral ministries, and regional leaders.

4. We can posit the existence of the following major social problems in Russia, which need to be resolved:

- a real decline in the living standard and quality of life for a majority of the public;

- an unjustifiably high social and property/material differentiation of the population;

- a regional differentiation in conditions for the realization of the social rights of individuals;

- social dependency in combination with people's growing mistrust in the authorities and in the authorities' ability to fulfill the social obligations they have assumed.

5. Given the existing situation, we can consider at least three possible scenarios for resolving the social problems that are most critical for Russia:

- Preserving in unchanged form the present instruments for implementation; this threatens a deepening of the existing negative trends and, ultimately, social collapse.

- A return to the past pre-perestroika methods of managing social policy, with the use of centralized planning and financing, a strengthening of the administrative and control functions of the state, and non-economic regulation of existing problems; this contradicts the reform vector begun in the new Russia;

- Working out and implementing a fundamentally new social policy strategy; this requires the development of new conceptual positions and programming for its implementation.

Our choice is the third scenario.

6. The strategic goal of a new social policy may be formulated as follows: **Toward steady social development, via mutual responsibility of the state and the individual.”**

7. The achievement of the goal as posited and the resolution of specific tasks requires that social policy be carried out based on new **principles**, namely:

- Mutual and joint responsibility of all subjects of social policy—the state, non-governmental associations, entrepreneurs, and individuals—for the results of social development;

- Voluntary action and a multiplicity of forms by which people may participate in the development and implementation of social policy;

- Transparency and responsiveness of social policy to society and the individual;

- Tolerance among ethnicities, religions, groups, and individuals;

- Protection of the laboring public from social risks, predominantly using the principle of insurance;

- A guarantee that previously acquired social rights will be retained by people who actually enjoy those rights and whose material status is largely determined by them. And the development of a system of social welfare for individuals unable to work, via support from the relevant infrastructures (both state and non-state);

- Incentives (via the creation of legal, financial and economic, and organizational conditions) for active participation of individuals in the formation of their own prosperity and in social life.

8. The following may serve as criteria for the effectiveness of the new social policy:

- Improving the living standard and quality of life of the public;
- Retaining and developing the country's human potential;
- Increasing social and labor mobility;
- Improving the effectiveness of the generation and use of financial, material, informational, and personnel resources of the social sphere.

Each of these criteria may be further defined in the form of targets or parameters, including internationally recognized social development indicators.

9. In reforming the social sphere, the state relies on **civil society**, facilitating its establishment as much as possible. This is expressed in a constant dialogue between the state and society, transparency and responsiveness of the authorities, and soundness and gradualness of all adjustments. At the initial stage the state proposes to society that "game rules" be established and that spheres of responsibility be clearly distinguished, so that in the future basic social policy parameters may be formed as part of agreements between the state and representatives of civil society.

10. Basic areas with the most severe social problems should be distinguished; it is proposed that the following be carried out in these areas:

A. In the area of retaining and developing the country's human potential:

- Strengthening families (households).
- **Restoring the value of human life** in society with the assistance of the implementation of state measures affecting the entire spectrum of human activities:
 - ensuring personal safety;
 - preserving health;
 - establishing the resolution of ecological problems as a priority;
 - monitoring the provision to the public of adequate food stuffs and water quality;
 - monitoring labor and labor conditions;
 - creating favorable conditions for access to leisure;
 - organizing the process for the physical rearing of the younger generation;

- engaging in a wide-scale propaganda and educational campaign among all sectors of society. The main focus of that campaign should be to encourage a healthy way of life.

This unifying idea of the social renewal of society may lower tensions in the country, rally people, and become an attractive and uniting idea for youth.

- Investing resources in education, rehabilitation, and employment of youth and in support of young families should become a mechanism for improving the quality of a strategic resource of the nation—its younger generation.

- Forming a system of minimum social standards for education, public health, and social services to be guaranteed by the state across the entire territory of Russia, as the basis for a shift to a normative assessment of budgetary needs of the sectors of the social and cultural sphere, which will ensure rational use of financial and material resources. And a gradual transfer to families (households) of all remaining budgetary resources going to education, public health, and social services.

- Providing for a restructuring of the system of training, retraining, and professional development of specialists within the national economy in accordance with labor market requirements.

- Strengthening state control over development of the non-state sector in education to retain a unified educational space and provide for social mobility.

- Continuing to provide state support for especially valuable items of the Russian Federation's cultural heritage.

- Working out a mechanism for a financial leveling of conditions for providing free medical assistance under a program of state guarantees with regard to the regions, depending on the state of health of the population, the level of their socioeconomic development, and provision of public health resources.

- Preserving levels of in-patient medical and social assistance, predominantly by organizing day hospitals and in-patient assistance at home.

- Using interdisciplinary medical and social rehabilitation to restore health, ability to work, and the social status of the population.

- Ensuring state support for individual housing construction and attraction of the public's savings for investment purposes. And development of a system of mortgage loans for the construction of housing.

- Gradually transferring to the public, in the form of additional income, budgetary funds going to subsidize housing and communal services.

B. In the area of modernizing labor relations:

- Developing and adopting new labor legislation, which should provide for real protection of the rights of workers while observing the interests of employers, increase the flexibility of labor relations and opportunities for their adaptation to the changing economic situation, and contribute to an increase in the mobility of the workforce and to a squeezing-out of “informal” labor relations.

- Reorienting employment policy from the artificial support of inefficient employment in combination with the payment of a small benefit to the registered unemployed toward the creation of an effective system for the return to work of persons who have lost jobs, the prevention of chronic and long unemployment, and the creation of a system of socially oriented restructuring of enterprises.

- Raising to a new level efforts to improve labor conditions and labor protections, which will require uniting on the basis of principles of joint partnership the efforts of state authorities at all levels, trade unions, and employer associations.

- Gradually including in wages current budget expenditures (over and above minimum social standards guaranteed by the state) on education, public health, and social services, as well as expenditures on maintaining housing and communal services.

- Gradually increasing (in accordance with financial and economic capacity) the amount of the minimum labor compensation to the level of the subsistence minimum, simultaneously eliminating the connection between the amounts of numerous social payments and the minimum wage.

- Developing contractual relations between workers and employers in the process of defining labor norms and conditions.

- Creating a system of social assessment of federal laws, programs, standards, and norms under development, considering aspects of their influence on the position of the population, including in the employment arena.

C. In the area of social insurance for the able-bodied population:

- Establishing clear boundaries between social insurance and social assistance, and completely exempting state social extrabudgetary funds from making payments of a non-insurance nature.

- Introducing mechanisms to ensure that amounts of insurance payments are dependent on insurance premiums paid, while absolutely preserving minimum state guarantees of material security for the insured. Fully developing joint data bases with personalized (individual) registration for all types of social insurance.

- Resolving at the federal level the problem of laundering of hidden labor compensation will make it possible to establish a wage (income) limit upon which insurance premiums are assessed.

- Examining the issue of redistribution of obligations to pay insurance premiums between workers and employers with a view to a gradual shift to payment of insurance premiums on a parity basis.

- Strengthening insurance-based principles in the arena of pension security, maximizing use of the capabilities of the existing joint pay-as-you-go system, and developing professional and territorial pension insurance stipulating the introduction of savings fund elements using targeted employer deductions. Introduction of savings fund principles for financing pensions at the expense of the worker for those employed under common labor conditions may begin only after several years of stable economic growth, in other words no sooner than 2004–2006.

- Developing and introducing a unified system of personalized registration of insured people for all types of social risks.

D. In the area of providing effective social protections for vulnerable families:

- Supporting on a priority basis the least protected families on a selective, targeted basis and, in this connection, streamlining the provision of social payments, benefits, and concessions. The main criteria for granting social assistance should be per capita income in the family, and not the characteristic of belonging to a certain category of individuals, as is established by legislation in effect.

- Developing an industry of social services for the disabled, as well as social service institutions for children without parents, the elderly, and the disabled.

- Developing a comprehensive program for fighting poverty aimed at overcoming indigence through labor activity and social rehabilitation.

- Studying the economic nature of all types of social benefits, payments, and concessions for the purpose of shifting funding of expenses for their payment from the budget to social insurance.

- Ensuring that payment of concessions granted to staff of federal departments for professional reasons does not occur from local budgets, as is the case now, but rather by their inclusion in the expenditures of the relevant departments, where said concessions are necessary.