

PARADOXES OF AGENCY: DEMOCRACY AND WELFARE IN RUSSIA

MERI KULMALA, MARKUS KAINU, JOUKO
NIKULA AND MARKKU KIVINEN
ALEKSANTERI INSTITUTE

Abstract: While Russia's leaders claim to have facilitated a "miracle" in welfare provision, an examination of the budget numbers shows that overall welfare spending has not increased as much as general budget outlays. Because there is little room for NGO or trade union involvement in decision-making, policies support state interests rather than those of the broader society. For example, Russian leaders have concentrated resources on raising the birthrate and increasing pensions rather than addressing the pressing issue of high male mortality. Paradoxically, however, in some cases, NGOs initiate the provision of new kinds of services, such as for AIDS patients, which are then taken over by the state. Federalism is important since there is wide variation across regions in social welfare provision. Ultimately, Russia's welfare policies are neither purely statist nor neo-liberal since the state is expanding its role in some areas, while shedding responsibilities in others.

It is difficult to overstate the social crisis that emerged as a result of the Russian transition from a socialist system to a market economy.¹ At the

¹ This article is a part of the "Choices of Russian Modernization" center of excellence funded by the Academy of Finland. The introduction was mainly written by Meri Kulmala and Mark

The authors are post-doctoral researcher (meri.kulmala@helsinki.fi); researcher (markus.kainu@helsinki.fi); senior researcher (jouko.nikula@helsinki.fi); professor and director (markku.kivinen@helsinki.fi), Aleksanteri Institute, P.O. Box 42 (Unioninkatu 33) FI-00014 University of Helsinki, Finland.

same time, the old welfare institutions are rusting and the emergent need for new solutions is evident. The creation of a new model of the country's welfare state is one of the most comprehensive unresolved strategic tasks of post-communist Russia. In this article, our intention is to propose an explanation for the contemporary Russian welfare model that is in the process of formation.

Since the collapse of the communist regime, Russian welfare structures have undergone constant reform and the state's social responsibilities have shifted back and forth among various governmental levels.² After the somewhat chaotic Yeltsin years, the Putin administration has increasingly emphasized welfare questions. Improving the quality of life of citizens has been one of the primary targets of the budget surplus that emerged thanks to the high price of oil on the international market. This budget surplus grew until the global financial crisis of 2008, which hit Russia hard. However, the Russian government has continued its commitment to welfare.

In short, since 2005 welfare-related questions have been at the top of the Russian federal government's agenda, with some concrete investments in welfare. At the same time, poverty rates have declined considerably and inequality has stabilized.³ Yet, the overall picture does not look as promising as one would perhaps assume after such substantial attention. In this article, we argue that Russian welfare policy is highly paradoxical. Despite the economic growth, and lots of talk about prioritizing social policy, Russia has not been able to develop a systematic approach to welfare and has not even addressed the major welfare challenges, as Figure 1 illustrates.

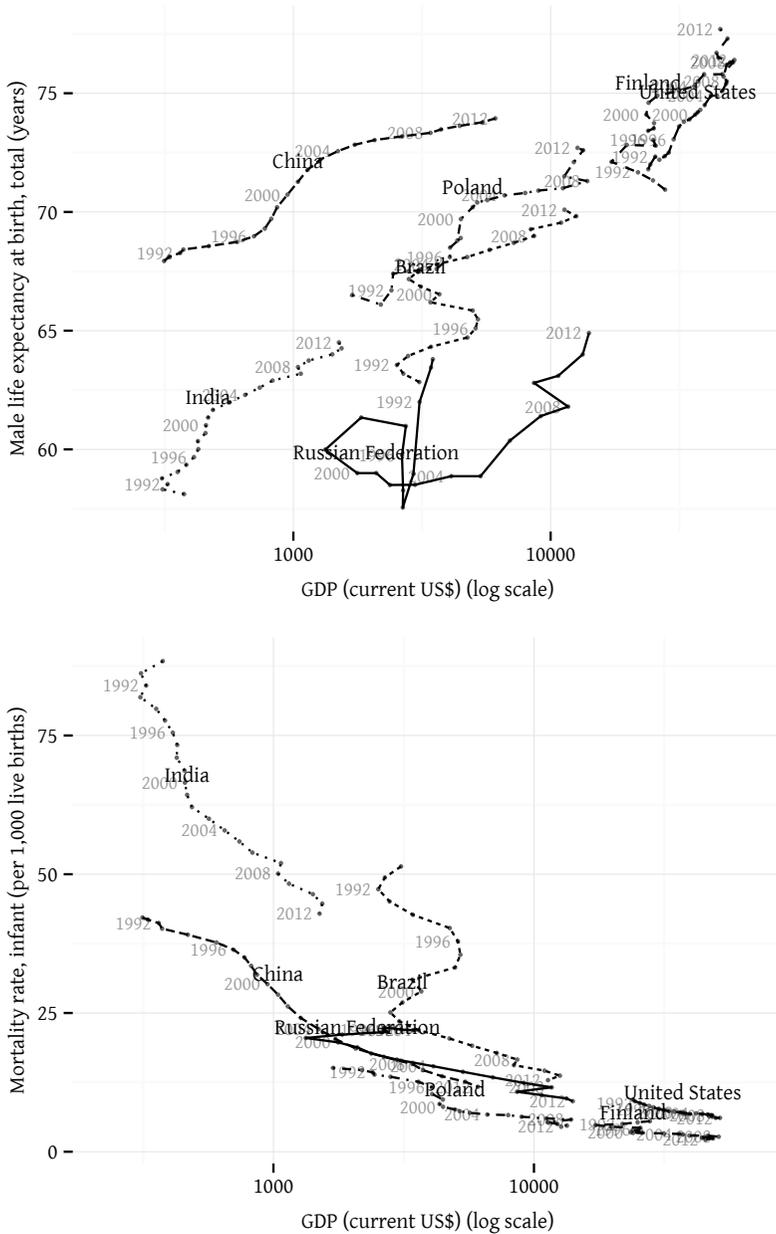
Figure 1 illustrates the pathways that certain countries have taken in terms of economic and social development. The horizontal axis shows GDP per capita in both figures. The vertical axis shows life expectancy at birth for men in the top panel and the infant mortality rate in the bottom panel. The lines illustrate the changes that have taken place in each of the countries between 1990 and 2012. Russian men have alternated between

ku Kivinen; "Conventional Storyline" by Meri Kulmala; "No Political Will in the Budget" by Markku Kivinen and Markus Kainu; "Elite Priority: The Birth Rate" by Meri Kulmala; "Withering Away of Organized Interest Representation" by Jouko Nikula; "Event-driven Agency" and "High Expectations with Low Trust" by Jouko Nikula, Meri Kulmala and Markku Kivinen; and "Regions and Localities Coping with Impossibilities" by Meri Kulmala. All of the authors contributed to the conclusions. Markus Kainu analyzed and illustrated the figures presented in the article.

² Meri Kulmala. 2013. *State and Society in Small-Town Russia: A Feminist-Ethnographic Inquiry into the Boundaries of Society in the Finnish-Russian Borderland*. Vol. 2013. 14. Publications of the Department of Social Research, Helsinki.

³ Markku Kivinen and Li Chunling. 2012. "The Free-Market State or the Welfare State?" In Christer Pursiainen, ed. *At the Crossroads of Post-Communist Modernisation: Russia and China in Comparative Perspective*. Basingstoke: Palgrave.

Figure 1 Gross domestic product, life expectancy for males and infant mortality in certain countries, 1990–2012.



Source: World Bank

having descending living standards and decreasing life expectancy during 1990s until the early 2000s. The year 2005, which is when the National Priority Projects for improving the quality of life were introduced, marked a positive turn. Compared to other countries, however, the situation of Russian men changed little over that 22-year period. Life expectancy is only slightly higher than what it was in 1990, although GDP per capita has improved substantially. Compared to Brazil and Poland, countries with similar levels of per capita GDP, Russia's life expectancy for men is five to seven years lower, even though those other countries started with similar conditions in the 1990s. A clear paradox in comparative terms is that despite rapid economic growth during the 2000s, the life expectancy of Russian men has not improved significantly. At the same time, however, infant mortality has been constantly in decline after being prioritized by the government. This contrast emphasizes the failure of Russian welfare policy to address the key problem of high male mortality.

Consequently, our main argument is not that the Russian welfare system has failed completely, but that the Russian welfare model is highly incoherent. In this article, we suggest an explanation for this policy incoherence. We argue that, in the absence of a mechanism encouraging democratic accountability and the articulation of interests, Russian welfare policy is produced by several somewhat disparate processes; namely, incremental bureaucratic practices, priority setting by the government, event-driven agency, and agency at the regional and local levels. We develop this argument by taking various policy outcomes and tracking them to their sources. Pronatalist policies are a top priority of the state; expanded pensions come in response to pensioners' protests; and NGO and citizen activism drive new initiatives.

We show that controversial or even paradoxical tendencies in welfare efforts by the Russian state can be explained by the weakness of democratic agency. We do not deny the evident improvements in the quality of life that citizens have experienced and that these advances help legitimize the Putin administration. However, we do argue that the situation has not led to any comprehensive or coherent welfare policies. Citizens' high expectations are paradoxically combined with low trust. Consistent policy-making would indeed require democratic agency.

Our explanation differs from the conventional storyline and rejects overly totalizing categories. Russia's welfare state does not move in a single direction, toward liberalism or statism; rather it is a complex mixture that changes inconsistently, with the state taking on some functions as it sloughs off others.

The Conventional Storyline

The collapse of the economy in the late Soviet and Yeltsin years was disastrous for the lives of the Russian people and for the state's provision of health and social services. Under Boris Yeltsin, the priority was relieving pressure on the state budget. Basically, the trend was to liberalize, privatize, and decentralize social obligations, thereby reducing the role of the Russian state in welfare provision.⁴ Consequently, the conventional storyline of the Yeltsin era describes both the explosion of social problems, followed by the collapse and simultaneous demolition of the state-led welfare system, whereas the Putin–Medvedev era narrative is that Vladimir Putin rebuilt the welfare state with rising state revenues.⁵

In the 2000s, under Putin, social policy was designated as the most urgent task for all governmental levels; since 2005 in particular, the direction turned back towards so-called statist welfare policies. As Cook pointed out, instead of pursuing the liberal logic of state minimalism, “Russia’s central government began to play a much more activist and interventionist role in social welfare.”⁶ This activism resulted in the introduction of massive welfare policies, such as the National Priority Projects in health, housing, education, and rural areas, which, according to the president, aimed “to invest in people.”⁷

These investments were made possible by significant economic growth. In 2007, Russia’s GDP growth reached 8.1 percent, making it one of the fastest growers among the world’s major economies. Oil and gas exports contributed approximately 15 percent of GDP (60 percent of total exports), leading to a budget surplus that the Kremlin used to stabilize the economy and provide increased social protection for Russia’s citizens. Improving the quality of life was the primary target of the newly available resources.⁸ According to Cerami, expenditures for social policy

⁴ Alfio Cerami. 2009. “Welfare State Developments in the Russian Federation: Oil-Led Social Policy and ‘The Russian Miracle.’” *Social Policy & Administration* 43:2: 105–20; Andrea Chandler. 2013. *Democracy, Gender, and Social Policy in Russia: A Wayward Society*. Palgrave Macmillan; Linda Cook. 2007. *Postcommunist Welfare States: Reform Politics in Russia and Eastern Europe*. Ithaca: Cornell University Press; Kivinen and Chunling, “The Free-Market State or the Welfare State?”

⁵ Cerami. “Welfare State Developments in the Russian Federation”; Maija Jäppinen, Janet E. Johnson, and Meri Kulmala. 2014. *Shades of Grey: What Women’s Crisis Centers in Saint Petersburg Teach Us about State-Society Relations in Putin’s Russia*. Article manuscript under review; Pekka Sutela. 2012. *The Political Economy of Putin’s Russia*. London: Routledge.

⁶ Linda Cook. 2011. “Russia’s Welfare Regime: The Shift Toward Statism.” In Maija Jäppinen, Meri Kulmala, and Aino Saarinen, eds. *Gazing at Welfare, Gender and Agency in Post-Socialist Countries*, Newcastle upon Tyne: Cambridge Scholars Publishing.

⁷ See <http://www.rost.ru>.

⁸ In the beginning, a stabilization fund was established to balance the federal budget in case oil prices plummeted. The fund grew from USD18.9 billion in 2004 to USD156.8 billion in 2007. Cerami. “Welfare State Developments in the Russian Federation,” 112.

doubled between 2007 and 2010.⁹ Welfare benefits for citizens increased substantially and poverty rates declined considerably.¹⁰ Pensions were raised even in 2008–2010 despite the global economic crisis. Cerami called such oil-led social policy the Russian miracle, although its future remains highly volatile.¹¹

Putin's popularity among Russians derives from his ability to provide political stability while ensuring steady improvements in people's living standards.¹² During Putin's second term, it was Dmitry Medvedev who, as first deputy prime minister, introduced many of the welfare reforms to the public, including the above-mentioned National Priority Projects.¹³ Therefore, when Medvedev ran for president, he was well known and associated with improvements in well-being.¹⁴

Our argument in relation to this conventional storyline is that Russia's welfare system does not move in a single direction: neither liberalism nor statism serves as a totalizing hegemonic project or defines the overall logic of development. Instead, the system is a complex mix that changes inconsistently and incoherently. Therefore, our argument is that the oft-told "conventional storyline" from liberalization back to state-led welfare is an over-simplification. The complicated nature of the Russian welfare mix requires a multi-faceted analysis, incorporating different kinds of data and focusing on the different levels of government.

Explaining the Incoherency and Paradoxes

No Political Will in the Budget

In 2006, as Medvedev argued, political and economic stability had been secured and the country was able to focus on its future – and to face the social crisis. The National Priority Projects were allocated a budget equivalent to approximately USD7.6 billion, a sum comprising just 8 percent of the spending planned for these sectors. Although the projects were meant to be limited in time, their purpose was to get issues on these fronts moving. In his inauguration speech, Medvedev underlined that the programs had

⁹ Cerami. "Welfare State Developments in the Russian Federation," 113.

¹⁰ See also Jäppinen, Johnson, and Kulmala, "Shades of Grey."

¹¹ Cerami. "Welfare State Developments in the Russian Federation."

¹² Michael McFaul and Kathryn Stoner-Weiss. 2008. "Myth of the Authoritarian Model – How Putin's Crackdown Holds Russia Back." *Foreign Affairs*, 87: 1.

¹³ The projects were managed by a specially established presidential council with high-level participants and the intention of overcoming overly strict barriers between administrative branches. The council was presided over by Medvedev, who soon became the first deputy prime minister and, since 2008, the president of Russia.

¹⁴ Kulmala. *State and Society in Small-Town Russia*, 96.

proven their worth. They had already been made part of the budget, even though they were still often referred to as separate programs.

It is not easy to judge how significant the role of National Priority Projects has been. Cerami has presented evidence that forecast a 48 percent increase in social expenditure in 2008–2010.¹⁵ Sutela has noted that the budget actually grew larger overall and inflation increased beyond expectations.¹⁶ Consequently, nominal values are not the most relevant indicator, which is why one should look at real percentage distribution. Also, it might not be particularly useful to look at welfare spending at the federal level since, as Table 1 shows, a lot of welfare expenditure is not decided at that level. In fact, the National Priority Programs are one of the few examples – along with pensions and in-kind benefits (*l'goty*) – of federal social financing.

Table 1 Expenditure for social functions by tier of government as a percentage of total expenditure, 2006.¹⁷

	Federal	Regional	Local
Housing	8	49	43
Education	22	26	52
Health	22	59	19
Social welfare	81	14	5

In Russia, most social obligations are the responsibility of the regional governments. For instance, Table 1 shows that half of all public education is funded by local budgets and most public money for health is channeled via the regional level. Housing is almost not a federal issue at all, while social security expenditure is overwhelmingly federal, largely due to pensions and in-kind benefits.¹⁸ On the other hand, transfers from the federal budget to regional and local budgets should be taken into account. Table 2 shows the actual consolidated budget expenditure calculated according to the different categories.

¹⁵ Cerami. “Welfare State Developments in the Russian Federation.”

¹⁶ Sutela. 2012. *The Political Economy of Putin's Russia*, 200–201.

¹⁷ M.O. De Silva et al. 2009. *Intergovernmental Reforms in the Russian Federation: One Step Forward, Two Steps Back?*

¹⁸ Sutela. *The Political Economy of Putin's Russia*, 200–202.

Table 2 Social expenditure as a share of all consolidated budget expenditure, 2005–2011, Billions of rubles (percentage).¹⁹

Year	Total	Housing & communal utilities	Education	Culture	Health care, physical culture and sports	Social security
2005	6821(100)	471(6.9)	802(11.8)	86(1.3)	797(11.7)	1889(27.7)
2006	8375(100)	632(7.5)	1036(12.4)	130(1.6)	962(11.5)	2359(28.2)
2007	11,379(100)	1102(9.7)	1343(11.8)	172(1.5)	1382(12.1)	2852(25.1)
2008	13,992(100)	153(8.2)	1664(11.9)	219(1.6)	1546(11.1)	3766(26.9)
2009	16,048(100)	1006(6.3)	1778(11.1)	222(1.4)	1653(10.3)	4546(28.3)
2010	17,617(100)	1071(6.1)	1894(10.8)	238(1.4)	1709(10.8)	6178(35.1)
2011	19,995(100)	1195(6.0)	2232(11.2)	277(1.4)	2096(11.2)	6512(32.6)

Source: The Bank of Finland Institute for Economies in Transition 2012

¹⁹ The authors wish to thank Vesa Korhonen for preparing these calculations using the Bank of Finland Institute for Economies in Transition data. Our table is an updated version of the calculations initially published in Sutela, *The Political Economy of Putin's Russia*.

Table 3 shows the subcategories of social security in social expenditure. The “Russian miracle” is not evident at all in these tables. In fact, the rise in budgeted welfare was significant from 2005 to 2009 (125 percent), whereas the actual rise in all expenditure was even greater (132 percent).

Table 3 Subcategories of social security in social expenditure. Billions of rubles (percentage).

Year	Social security	Pensions	Other than pensions	Social services	Social welfare	Family & child-hood protection	Other issues
2005	1889(27.7)	1421(20.8)	469(6.9)	94(1.4)	269(3.9)	11(0.2)	95(1.4)
2006	2359(28.2)	1678(20.0)	681(8.1)	118(1.4)	490(5.9)	14(0.2)	60(0.7)
2007	2852(25.1)	1948(17.1)	904(7.9)	148(1.3)	646(5.7)	20(0.2)	90(0.8)
2008	3766(26.9)	2578(18.4)	1189(8.5)	190(1.4)	919(6.6)	37(0.3)	42(0.3)
2009	4546(28.3)	3235(20.2)	1311(8.2)	230(1.4)	989(6.2)	47(0.3)	45(0.3)
2010	6178(35.1)	4436(25.2)	1742(9.9)	260(1.5)	1383(7.9)	51(0.3)	47(0.3)
2011	6512(32.6)	4380(21.9)	2133(10.7)	293(1.5)	1308(6.5)	241(1.2)	290(1.5)

Source: The Bank of Finland Institute for Economies in Transition 2012

Perhaps the most striking finding from Table 2 is that the relative shares of most social expenditure categories remain almost the same despite the growing emphasis on social policy. Although there is a significant increase in social security, Table 3 shows that this mainly concerns pensions and family and childhood protection. In the crisis year of 2009, the share of social expenditure other than pensions (which, as noted, actually increased) declined rather steeply. All this seems to lead to the conclusion that, in spite of the increased budgetary resources, the Russian miracle in social policy is overstated.²⁰

The evolution of pension policy shows the complexity of political agency in contemporary Russian social policy. The fact that the Russian population is ageing rapidly implies a rising dependency ratio, especially because of the low retirement age.²¹ During the next 20 years, the number of pensioners is going to increase by 10 million, but the working population will decline by 11 million. By 2020 there will be approximately 800 retired persons for every 1,000 working-age citizens.

At the start of Putin's first presidency, the government started to reform the pension system, consulting closely with the Russian Union of Industrialists and Entrepreneurs, which was lobbying heavily to lower the social insurance tax and expand the private savings component. The government intended to create a three-pillar pension system to supplement the state-guaranteed benefit system. The first pillar is the basic flat amount payment from the federal budget. The second component, labor insurance, comprises mandatory contributions into individual accounts at the Pension Fund that are not invested in financial assets, but earn a notional return currently tied to average wage growth. The third pillar is a funded system consisting of individual savings that are invested by private or public asset managers.²² Table 4 shows that the share of the funded component has remained modest and pay-as-you-go remains the dominant element in the pension system. The government has offered matching contributions with the intention of encouraging people to move more of their pension money to a funded component. To date, budgetary transfers have increased rapidly and private funds have remained rather marginal. Paradoxically, people prefer to entrust their money to the state and the intentions of the elite and business lobbies concerning private saving funds were not realized. This lobbying process, which was expected to be effective, did not work out in practice. The actual outcome of the institutional structure was unintended.

²⁰ Markku Kivinen. 2014. "Financing the Welfare State Systems in the Russian Federation". In Christian Aspalter and Peter Whiteford, eds. *Financing Welfare State Systems in Asia*. Forthcoming: Routledge

²¹ Sixty for men and 55 for women – with some regional differences.

²² Thomas F. Remington. 2011. *The Politics of Inequality in Russia*. New York: Cambridge University Press, 67–69; Sutela, *The Political Economy of Putin's Russia*, 59–60; Frank Eich, Charleen Gust, and Mauricio Soto. 2012. "Reforming the public pension system in the Russian Federation." IMF Working Papers. International Monetary Fund.

Table 4 Financing the Russian pension system, 2007–2012, percentage of GDP.

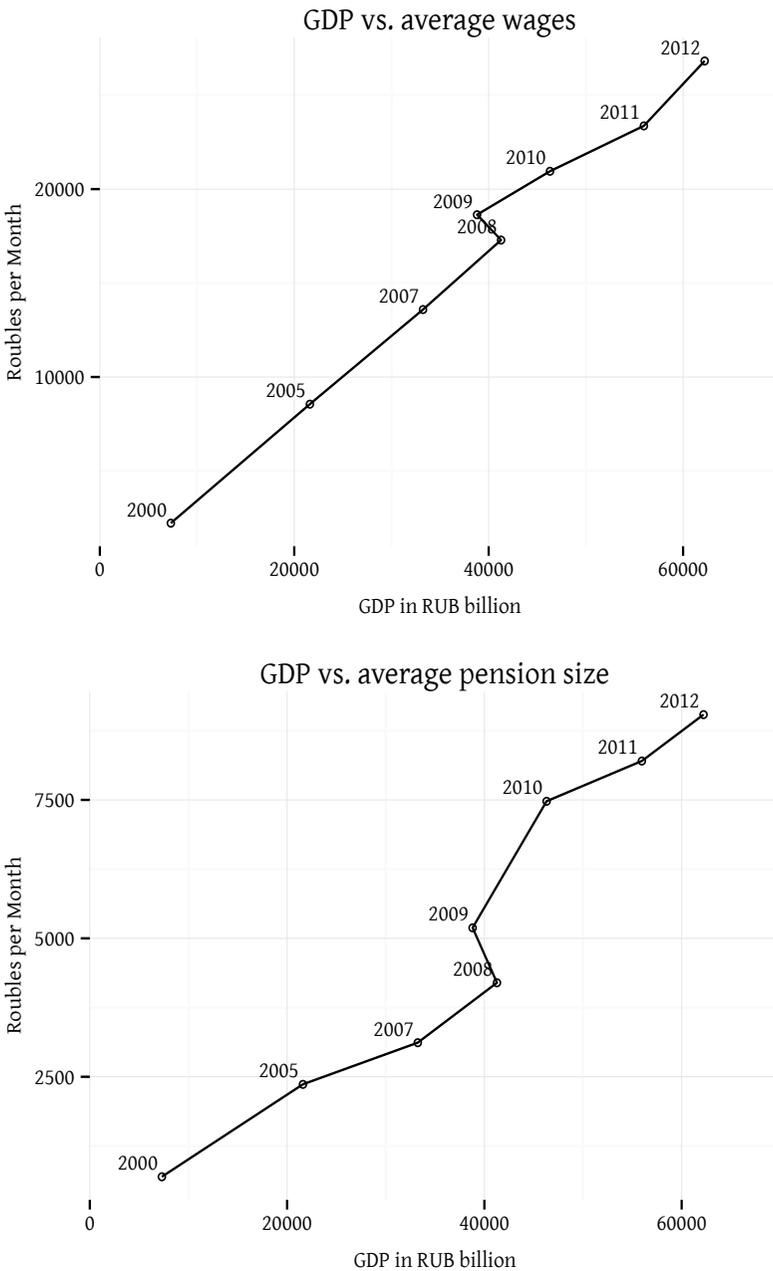
	2007	2008	2009	2010	2011	2012
<i>Work pensions</i>						
Basic	3.9	3.6	3.8	3.7	4.6	4.6
Funded	0.4	0.6	0.7	0.9	0.9	0.9
Budget transfers	0.6	1.3	2.2	4.2	3.2	3.2
<i>All pensions</i>						
Federal budget transfers for state pensions	1.0	1.0	1.4	2.0	1.8	1.7
All budget transfers to pension fund	1.6	1.0	1.4	2.0	1.8	1.7

As Figure 2 shows, a major increase in average pension size occurred in 2009 with the implementation of a new phase in the pension reform. However, it is not clear whether this investment should be treated as an intentional social policy or as an anti-crisis measure, which is how the World Bank and IMF usually treat additional pension payments. Regardless, the pension reform seemed to make social expenditures the priority in the crisis period; putting money in military expenditures would have been a more predatory solution. It remains to be seen whether this is sustainable in the long term with the challenging population structure.

Since 2005, social policy has been a priority and funding has increased accordingly, although not more rapidly than other outlays. Therefore, a more detailed analysis shows that politicians' claims to be devoting more resources to social outlays can hardly be seen in the figures. What is more apparent is the fiscal conservatism of Russian economic policy and the lack of strong political or trade union organizations (discussed below). On the other hand, rising living standards – experienced by people in real terms – and creating order out of the chaos of the 1990s have helped to legitimize the contemporary political elite in the eyes of ordinary people.²³ In practice, however, the major welfare policies have only benefitted selected groups of people.

²³ Pekka Sutela. 2007. "The Economic Future of Russia." *International Journal of Economic Policy in Emerging Economies* 1:1; Sutela. 2012. *The Political Economy of Putin's Russia*; Simon Clarke. 2005. "Post-Socialist Trade Unions: China and Russia." *Industrial Relations Journal* 36:1; Kivinen and Chunling. "The Free-Market State or the Welfare State?"; Chandler, *Democracy, Gender, and Social Policy in Russia*.

Figure 2 Change in dependency between GDP and wages and pensions.



Source: Rosstat 2013.

Elite Priority: The Birth Rate

As we have shown, even if social policy has been high on the Putin-Medvedev agenda, using the term “Russian miracle” to describe their accomplishments is something of an overstatement. Nonetheless, there has been a clear statist turn in social policies. Rather than addressing the concerns of the majority of the people, this shift addresses narrowly selected issues with a clear focus on Russian families, especially those with reproductive potential. Chernova aptly characterized the new focus on families as the “Fifth National Priority Project,” alongside the four official ones.²⁴ The primary purpose of these new policies 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.²⁵

In 2000, President Putin identified the demographic situation as a serious threat to “Russia’s survival as a nation, as a people...”²⁶ In the same year, the government issued the Concept of Demographic Development for the Russian Federation through 2015, and the most prominent measures were introduced in Putin’s annual address to the nation in May 2006. In this 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,” the president continued, 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, with 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.²⁷

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 is the so-called maternity capital (*Matkapital*), whereby women who give birth to a second

²⁴ Zhanna Chernova. 2013. “Sem’ia kak politicheskii vopros. Gosudarstvennyi proekt i praktiki privatnosti.” European University at Saint Petersburg. Saint Petersburg.

²⁵ Cook. “Russia’s Welfare Regime”; Michele Rivkin-Fish. 2010. “Pronatalism, Gender Politics, and the Renewal of Family Support in Russia: Toward a Feminist Anthropology of Maternity Capital,” *Slavic Review*; Anna Rotkirch, Anna Temkina, and Elena Zdravomyslova. 2007. “Who Helps the Degraded Housewife?” *European Journal of Women’s Studies* 14:4.

²⁶ Rivkin-Fish. “Pronatalism, Gender Politics, and the Renewal of Family Support in Russia.” 712.

²⁷ Elena Iarskaia-Smirnova and Pavel Romanov. 2013. “Social Workers Affecting Social Policy in Russia.” *Social Workers Affecting Social Policy: An International Perspective on Policy Practice*, 212; also Chernova. *Sem’ia kak politicheskii vopros*; Kulmala. *State and Society in Small-Town Russia*, 95–96.

(or subsequent) child receive a certificate for a substantial amount of money, which is to be spent on purposes predefined by the policymakers.²⁸ 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. The reform also included increases in parental leave payments and state subsidies for day care; these worked on a progressive basis: the more children you have, the more money you get from the state.²⁹

In addition to “Health,” the Priority Project “Housing” also carries a pronatalist focus, targeting its assistance to young families; that is, to those who have the potential for (additional) child-bearing. The program helps these families purchase their own apartment and provides increased subsidies with the birth or adoption of an additional child.³⁰ The state policies regarding young families expect “a well-functioning family” to “fulfill the reproduction norm”; that is, to have as many children as needed to secure desirable demographic development in their region of residence.³¹

Within this “Fifth Priority Project,” Russian families are defined in a very narrow and conservative manner. A nuclear family – that is, a couple in a registered marriage with two or more children – is the norm; partners without children are not even considered as families. Furthermore, highly traditional gender roles are enforced by assigning exclusively maternal roles for Russian women. The policy says nothing about changing the gendered structures within the family.³² As Rivkin-Fish argued, new family policies promote women’s role for Russian society as a whole, but as defined by the state’s needs.³³ Paradoxically, there is an underlying assumption that the demographic crisis is women’s responsibility (in other

²⁸ Also see Ekaterina Borozdina et al. 2014. “How to Use the Maternity Capital: Citizen Distrust of Russian Family Policy”; Cook, “Russia’s Welfare Regime”; Rivkin-Fish, “Pronatalism, Gender Politics, and the Renewal of Family Support in Russia”; Rotkirch, Temkina, and Zdravomyslova, “Who Helps the Degraded Housewife?,” 349–357. See for details: http://www.pfrf.ru/family_capital/.

²⁹ For details, see, e.g., Chandler. *Democracy, Gender, and Social Policy in Russia*, 107–132; also Cook. “Russia’s Welfare Regime”; Rivkin-Fish. “Pronatalism, Gender Politics, and the Renewal of Family Support in Russia.”

³⁰ Cook. “Russia’s Welfare Regime,” 27; also Kulmala. *State and Society in Small-Town Russia*, 94.

³¹ The Conception of State Policies on Young Families from 2007 (No AF-163/06) defines a young family as a registered marriage of two under 30 years old with one or more children; families as a well-functioning (*blagopoluchnaia*) family, while a single parent (under 30 years old) with one or more children is labeled as an incomplete (*nepolnaia*) and disadvantaged (*neblagopoluchnaia*) family. See also Chernova, *Sem’ia kak politicheskii vopros*”

³² Aino Saarinen. 2012. “Welfare Crisis and Crisis Centers in Russia Today.” In Yulia Gradskova and Zhanna Kravchenko, eds. *And They Lived Happily Ever After?: Family and Parenthood in Russia and Eastern Europe Before and After the Fall of Socialism*, 239, 244.

³³ Rivkin-Fish. “Pronatalism, Gender Politics, and the Renewal of Family Support in Russia.”

words, they must have more babies), despite the reality that the most pressing problem is in working-age male mortality, rooted in men's unhealthy lifestyles.³⁴ The name of the major policy measure in the field is another paradox: "Health" would indicate a focus on problems in health, but, in practice, family policy reforms make up most of the program.

Unlike Mikhail Gorbachev, who wished women to return to their traditional roles and therefore supported the ideology of male breadwinners,³⁵ the new openings by Putin somewhat resemble Soviet-era family policies, which were centered on wage-earning mothers. As in the Soviet era, the state is seen as having responsibility for facilitating child-bearing. In his 2006 speech, President Putin said: "If the state is genuinely interested in increasing the birthrate, it must support women who decide to have a second child." In this respect, as Chandler noted, the government did recognize, at least in theory, that most women in Russia choose to work.³⁶ However, one cannot say that there was any genuine societal input in forming these policies, which merely serve the interests of the state.

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.³⁷ Interestingly, the most recent major family policy document in the country, the "National Conception of Family Policies in the Russian Federation through 2025," was carried through as a "social project" (*obschesvennyi proekt*). The draft document, prepared by the State Duma Committee on Family, Women and Children's Issues, was published online and anyone could comment on it. Additionally, several working groups drew together social policy experts, NGOs worked on the document, and it was also discussed in the Public Chamber.³⁸ It would be interesting to find out how much of the input from Russian society and the expert community was taken into consideration for the final document, and which were the most influential stakeholders.³⁹

Opening such a process to society at large would suggest that the

³⁴ Maija Jäppinen, Meri Kulmala, and Aino Saarinen. 2011. *Gazing at Welfare, Gender and Agency in Post-Socialist Countries*, 3; Jäppinen, Johnson, and Kulmala. "Shades of Grey."

³⁵ Rotkirch, Temkina, and Zdravomyslova. "Who Helps the Degraded Housewife?," 353; Rivkin-Fish. "Pronatalism, Gender Politics, and the Renewal of Family Support in Russia," 709.

³⁶ Chandler. *Democracy, Gender, and Social Policy in Russia*, 131.

³⁷ Cook. "Russia's Welfare Regime," 29; Sutela. *The Political Economy of Putin's Russia*, 207.

³⁸ The revised draft was discussed in the State Duma during the summer and finally accepted by the government on August 25, 2014.

³⁹ One of the authors, Meri Kulmala, is starting collaborative research with Professor Zhanna Chernova from the Higher School of Economics (Saint Petersburg campus) that focuses on these questions.

government is more responsive to NGO input in the prioritized questions of welfare (that is, families), while NGOs working with issues to which the government has not shown a willingness to effectively respond have little influence on federal-level policy making, as Pape has well documented in the case of HIV/AIDS NGOs.⁴⁰ Despite the pressure of the international community and Russian NGOs, the attitude of the Russian state (or the majority of people!) has not been supportive of the region's most-at-risk population, such as injecting drug users, sex workers and men who have sex with men. This is why, as Pape argues, Russia has not adopted any effective national HIV/AIDS prevention programs, despite the serious nature of the problem. Yet, as with other Russian NGOs, HIV/AIDS NGOs have shown success in their work at the regional and local levels, as discussed later in this article.

In addition to the policies to stimulate the birth rate among well-functioning families, the Russian state's recent policies have also turned attention to so-called disadvantaged families and children through a massive and on-going reform of the foster care system. Essentially, the reform promotes the idea of a fundamental right for every child to grow up in a family environment. Therefore, the reform aims to move children from large state-based foster care institutions into foster families. In addition to the large efforts to deinstitutionalize foster care in the country, the reform focuses on the prevention of "social orphanhood" – a problem that has traditionally been significant in Russia due to the system by which parental rights are terminated quite easily by international standards. More than eighty percent of Russian orphans are so-called social orphans, which means that their parents are alive but have lost their parental rights.⁴¹ Paradoxically, therefore the Russian state has been active in disbanding certain kinds of families, while strongly supporting the "desirable" ones. This situation now seems to be changing, with attention shifting to the vulnerable families and their children. Yet, instead of an actual rights-based approach to children, the names of the major documents reveal a paternalist take on the issue: "Russia without Orphans" and "Russia Needs Every Child" are the core documents of the on-going reform.⁴² In line with the mainstream family policies to increase the birth rate, the problem of

⁴⁰ Ulla Pape. 2014. *The Politics of HIV/AIDS in Russia*, London: Routledge.

⁴¹ Meri Kulmala, Maija Jäppinen, and Jouko Nikula. 2014. *A Child's Right to a Family: Deinstitutionalization of Foster Care in Russia as an Ideology and Practice*. Presentation at the annual seminar of The Finnish Centre of Excellence in Russian Studies – Choices of Russian Modernisation. Haikko, August 21, 2014.

⁴² The on-going reform builds on two primary federal-level documents: "National Action Strategy for Promoting Child Interests (2012–2017)" and "Russia without Orphans" (2013–2020). Additionally, in 2013, the United Russia Party launched a social program entitled "Russian needs every child" to be implemented throughout the country. Also, in the above-mentioned National Conception of Family Policies, foster care is one of the major issues.

social orphanhood is to be solved by Russians themselves. The preference is to place children in foster care with Russian families, whereas there have been restrictions limiting foreign adoptions.

From another angle, deinstitutionalizing state-based care into Russian families can be seen as the Russian state withdrawing from its previous social obligations. This is a wider tendency in the country (and obviously more globally): the Russian state has recently encouraged Russian NGOs and businesses to step in regarding welfare service provision. In the 2010s, in parallel to statism in certain priorities, several essentially neo-liberal welfare policies have been carried out. For instance, the federal government has enacted legislation that enables the state to outsource its social obligations to Russian NGOs, especially to those labelled as socially oriented NGOs, which will presumably increase the already dominant social orientation of Russian civil society.⁴³ These legislative acts can be treated as a key instrument of the state's attempt to withdraw from its previous obligations in the field of social welfare. Also, Russian enterprises are encouraged, if not expected, to participate in various social programs. In particular, large companies such as Intel, IBM, City Bank, and Coca-Cola are engaged in quite large social programs. The Ministry of Economic Development has made certain endeavors to reduce taxes on charity activities for large businesses.⁴⁴

Recently, large public charity campaigns have been conducted to attract citizens and companies to raise money for social welfare issues. For instance, an unprecedented telethon asked Russians to support people who were injured in the floods that affected Eastern Russia. A total of nearly 20 million euros was collected to help resolve these problems, which have traditionally been – and clearly remain – the responsibility of the Russian state.⁴⁵

⁴³ In 2010, a law (N 40-FZ) on socially oriented non-commercial organizations, followed by a presidential decree (N 713), allowed special state funds to be directed toward certain fields of activities for socially oriented organizations to implement governmental programs (OPRF 2012, 54–55). Generally, the Russian state has acknowledged a need for certain types of civil society organizations, such as social service providers, while the activities of others, such as human rights organizations, are being disrupted.

⁴⁴ Kulmala. *State and Society in Small-Town Russia*, 141; Harri Melin and Jouko Nikula. 2005. "Social Structure, Public Space and Civil Society in Karelia," Kikumora Publications Series B: 34, 147–148. For instance, Kulmala and Tarasenko (2015) describe how Intel and Rostelekom facilitate teaching computer skills for Russian pensioners through the nation-wide "Grandma and grandpa online" program, which was initiated by a local pensioners' NGO in Saint Petersburg. Meri Kulmala, and Anna Tarasenko. 2015. "The New Old-Fashioned? Russian Veterans' Organizations at the Crossroads of Social Services and Social Advocacy." In Vladimir Gel'man, ed., *Authoritarian Modernization in Post-Soviet Russia: Dilemmas, Challenges, and Constraints*. Forthcoming.

⁴⁵ "For the Whole World" (*Vsem mirom*) by Channel One (*Pervyi Kanal*), September 13, 2013; see more in Kulmala and Tarasenko, "The New Old-Fashioned?"

These examples illustrate recent trends to rearrange social responsibilities in the country. While becoming more interventionist in certain fields, the Russian state still attempts to withdraw from many of its previous social obligations. Rather than following the statist logic, these efforts can actually be interpreted as neo-liberal. Thus, another inconsistency in welfare policies is the fact that the statist turn in 2005 has been accompanied by neo-liberal policies. Furthermore, as we will show below, the federal policies that appear at first glance to be neo-liberal or statist might actually function through very different logics locally.

The attempts to resolve the demographic crisis through family polices have indeed returned the Russian state as the major actor in this particular, narrowly selected field of social policy. The top priority to increase the birth rate (through family benefits) has clearly been state-led and motivated by economic and security concerns. However, the pensions and salaries of public sector workers have also been raised. These improvements have concerned larger groups of Russian citizens, but it is important to note that they have not been considerably higher than the general growth in GDP. Rather than paying attention to changes in budgetary categories, people obviously care more about experienced change in their life, which has been real.

Withering Away of Organized Interest Representation

In the 1990s, radical reforms were necessary in order to prevent the complete collapse of the Russian economy. At that time, Russia went through virtually uncontested and non-negotiated welfare state liberalization that has no equivalent in democratic systems. Welfare state interests were disorganized and Yeltsin largely ignored the protests in the legislature against his reforms. However, the constant economic turmoil, which rapidly eroded the well-being of the population and efforts to reform the economy, was accompanied by an upsurge in political parties, trade unions, and social movements. In particular, the emergence of a multiparty system in the Russian parliament allowed some institutional representation of welfare interests. The consequences of the liberal reforms instigated growing protests among the political parties in the parliament and led to unprecedented unity across the political spectrum, from the Communist Party to Yabloko and Women of Russia, as well as to the Union of Industrialists. These political groups contested further liberalization, which resulted in policy deadlock.⁴⁶

As a result, even if Yeltsin rejected demands to restore controls over wages and prices, “he embraced many elements of the Communists’

⁴⁶ Cook. *Postcommunist Welfare States*.

social welfare program.⁴⁷ The government raised pensions and wages and reduced wage arrears. Therefore, one could perhaps argue that Yeltsin bought his victory with generous welfare spending, something that his government had set out to minimize just a few years before.

All in all, even if the developments in the late 1990s did not result in any comprehensive welfare policies, not to mention any positive welfare outcome, they do support the classical Esping-Andersenian argument that politics (that is, the political and institutional mechanisms of interest representation) clearly mattered in pro-welfare-state reforms.⁴⁸ Later, in the 2000s, the creation of the United Russia party and its further dominance in the Duma eroded the space for domestic politics since other parties have lost their influence.⁴⁹

In addition to the effect of the multi-party system in the 1990s, trade unions played a role, albeit marginal, in Russian welfare reforms. In the early 1990s, union activity surged: a number of new unions, such as the Independent Trade Union of Miners (NPG) and the Alliance of Russian Trade Unions (*Sotsprof*), were established and challenged the monopoly position of the old official union, the Federation of Independent Trade Unions of Russia (FNPR). Employees in the education and health-care sectors organized large strikes demanding wages and a continuation of budget funding. Also, workers in mining and industrial mono-towns protested against closures, lay-offs, and unpaid wages, and demanded government subventions. The FNPR had “no desire or ability to support the strikes,” which led to the alternative labor unions starting to lead labor protests.⁵⁰ The government made some concessions for the unions in order to stifle strike activity, while at the same time clearly starting a more aggressive policy towards union leaders and activists. Due to the government’s effort to isolate unions, their own failures to strike and represent the interests of their members, rank-and-file activity started to wane. As Cook noted, “Though grievances deepened, collective labor did not act effectively to defend its interests, and it found only ephemeral political allies.”⁵¹ Strikes continued sporadically throughout the 1990s, with public

⁴⁷ Elena Maltseva. 2012. *Welfare Reforms in Post-Soviet States: A Comparison of Social Benefits Reform in Russia and Kazakhstan*. Toronto: University of Toronto, 261.

⁴⁸ Gøsta Esping-Andersen. 1990. *The Three Worlds of Welfare Capitalism*. Princeton: Princeton University Press. Also Cook, *Postcommunist Welfare States*.

⁴⁹ However, as Cook argued, Putin’s first term was not a return to the non-negotiated liberalization of the first Yeltsin years, but Putin’s “managed democracy” produced its own distinctive mediation process of liberalization negotiated within the elite, a process that accommodated and compensated social sector-elite and bureaucratic interests. See Cook, *Postcommunist Welfare States*.

⁵⁰ Irina Olimpieva. 2012. “Labor Unions in Contemporary Russia: An Assessment of Contrasting Forms of Organization and Representation.” *Working USA* 15:2, 268.

⁵¹ Linda Cook. 2012. “Russian Labor.” In Graeme Gill and James Young, eds., *Routledge Handbook of Russian Politics & Society*. New York: Routledge, 328.

sector workers being the most active, but according to the official statistics the strikes have largely withered away during the last five years.⁵²

The problem in Russia is that the post-Soviet trade unions have a weak institutional basis, which has led them to turn to political patronage and social partnership with the state.⁵³ The unions have either been too dependent on the state for their resources and possible influence (as FNPR), or too small (as is the case with most alternative unions) to represent any serious challenge to government policies. The erosion of their power resources, as well as the structural contradictions of trade unions, have contributed rather fundamentally to the demobilization of rank-and-file members. This increasing passivity is partly due to new labor legislation that makes it difficult to call an official strike.⁵⁴ In most cases, professional organizations of the middle class have followed this path as well: they seem to work in a “constructive spirit” with the government at all levels.

Since Putin came to power, in addition to the weakness of the political parties, the role of the unions has declined further. This is partly due to the favorable economic situation, which has guaranteed the stable growth of wages and improved labor conditions, and partly because the FNPR has become almost an organic part of United Russia, a para-statal organization that manages workers rather than representing them.⁵⁵ The 2001 Labor Code also removed much of the influence of the unions.⁵⁶

On the other hand, the Putin years have become associated with improvements in well-being in the minds of Russians because many of them have experienced positive changes. This subjective experience, combined with the ever-growing welfare rhetoric at the top of the political agenda since 2005, have undoubtedly resulted in the growing legitimacy of the current regime – albeit without a systematic welfare policy or any policy-making based on democratic interest representation.

Event-Driven Agency

The fact that political parties and interest organizations have lost most of their influence implies that popular agency has no place in welfare policy reforms in Russia. However, the government’s failures in the 2005

⁵² Kivinen and Chunling. “The Free-Market State or the Welfare State?”, 64.

⁵³ Simon Clarke, Peter Fairbrother, and Vadim Borisov. 1995. *The Workers’ Movement in Russia*. Edward Elgar: London.

⁵⁴ S. Klimova and K. Klenov. 2004. “‘Rol’ Novogo Trydovogo Kodeksa Reglamantatsii Trydovoyh Otnoshenii v Rossii.” *Stanovlenie Trudovoyh Otnoshenij v Postsovetskoj Rossii*, 18–20.

⁵⁵ Samuel A. Greene, Graeme B Robertson. 2010. “Politics, Justice and the New Russian Strike.” *Communist and Post-Communist Studies* 43, (1) cited in Gill 2010

⁵⁶ Cook. “Russia’s Welfare Regime”.

monetization reform show that agency might still play a role and that the system is, to some extent, receptive to popular demands and protests.

Initially, the monetization reform had large popular support: 68 percent of Russian saw the old system as unjust and ineffective. The government justified the need for the reform by characterizing the old system as over-sized, inefficient, and expensive. The system was also claimed to favor the non-poor and to be prone to corrupt practices. Consequently, the reform aimed to decrease welfare costs, change eligibility criteria to favor the poor, improve transparency of payments, increase social justice, and diminish poverty levels. Even if the population initially approved the goals and justifications of the reform, the government lost this trust by failing to implement the reform.⁵⁷

The result was massive protests: 420 protest actions between January and July 2005. After the first protests, the federal government and trade unions agreed to hold new negotiations over the reform. However, no meetings took place and the government was not willing to make any concessions to popular demands. In the Duma, the reform was passed by United Russia while the entire opposition was against it. Despite this success, the monetization was only implemented thoroughly in a few rich regions of Russia (such as Tiumen and Tatarstan), while more than half of the regions only saw minor changes and less than one-third of the regions saw moderate changes. This fact supports our later argument that federalism matters when looking at Russian social policies – even in the case of in-kind benefits, which are overwhelmingly a federal social responsibility. In the final evaluation, the monetization reform was too much top-down, which is why it failed in many respects.⁵⁸ As pensioners seem to represent a significant core of United Russia's loyal supporters, the government was forced to reverse some elements of the reform, such as the monetization of medicines and transport benefits.

The protests against the reforms in the welfare system did not represent any organized interest articulation in its customary sense. There were no parties or major unions involved in the organization of the protest, even if both political parties and trade unions made efforts to dominate the protests of pensioners. Instead, the protests were ephemeral outbursts of activity that attempted to defend limited interests. We call this event-driven agency, which indeed can have some influence if it happens in the right place at the right time.

However, the final outcome of such collective agency might again be paradoxical, as we see in this case. Putin's popularity has largely been based on increasing the welfare of large groups of the population, and the reforms – which were seen as attempts to undermine the wellbeing of

⁵⁷ Maltseva. *Welfare Reforms in Post-Soviet States*, 286–290, 336.

⁵⁸ Maltseva. *Welfare Reforms in Post-Soviet States*, 290.

some groups of the population – provoked a strong backlash and retreat of the government in fear of losing popular support. As a consequence, the failures in the above-discussed reforms led to new openings: increasing welfare rhetoric that manifested itself in the National Priority Projects. However, the prioritized areas of these projects were neither logically connected to the concerns expressed by the citizens nor mediated through organized interest groups, but merely served the state's economic and security needs. Shevtsova dismissed the projects as government handouts intended to stifle popular discontent prior to elections.⁵⁹

Hence, rather than being systematic interest representation, the public agency that largely influenced social policies in the country has, basically, been highly case-specific so far. Nonetheless, it is worth noting that the Russian war veterans' organizations, which usually represent a small number and highly selected fragment of the population, show some more systematic and sometimes even successful efforts in their demands for better social security for their members. For instance, the organization representing the victims of the Siege of Leningrad has been influential in lobbying the State Duma for increases in their in-kind benefits.⁶⁰ In addition, as discussed, the expert community and NGOs have recently been drawn into family-policy making. According to some estimates, parental organizations are the most visible citizen group in contemporary Russia, with their criticism of the shortages in the current day-care system and policies concerning work-and-family balancing.⁶¹ In other, non-prioritized fields, however, the Russian government has shown little willingness to accommodate proposals by NGOs and re-evaluate its approaches, as discussed concerning the HIV/AIDS policies.⁶²

High Expectations with Low Trust

Despite the government's efforts to withdraw from many of its previous social obligations, Russian citizens expect the state to act as the main provider of welfare services. The Levada Center, for instance, has frequently asked whether people would prefer free education and health-care or enough money to purchase those services. Since 2002, yearly, between 60 and 76 percent of respondents have preferred the former option. Other surveys also confirm that Russians want state-provided

⁵⁹ Lilia Shevtsova and Arch Tait. 2007. *Russia Lost in Transition: The Yeltsin and Putin Legacies*. Washington, DC: Carnegie Endowment for International Peace.

⁶⁰ See details in Kulmala, and Tarasenko. "The New Old-fashioned? Russian Veterans' Organizations at the Crossroads of Social Services and Social Advocacy."

⁶¹ The activity of the parental organizations was repeatedly emphasized by several social policy experts and NGO representatives in their conversations with Meri Kulmala in Moscow in June 2014.

⁶² Pape. *The Politics of HIV/AIDS*.

services. If services were provided by sectors other than the state, surveys show a preference for services organized by the citizens themselves, while services delivered by private companies do not attract much support.⁶³ In the last few years, Russians have expressed a readiness to increase the role of civil society organizations in the field of welfare services – though only alongside state responsibility.⁶⁴

Furthermore, the majority of Russians consider the right to free health-care services (56 percent) as the most important citizens' right, followed by the right to work (46 percent) and elderly care (44 percent). Meanwhile, only 10–15 percent of respondents considered citizens' rights, such as freedom of speech and access to information, to be priorities.⁶⁵ These results show that the primary concern of the Russian majority is regarding social rights rather than civil or political rights.⁶⁶ People expect the Russian state to ensure those rights by providing the appropriate services. The focus of the current leadership on welfare-related questions helps us to understand its legitimacy.

In addition to the preference of the state-provided services and social rights, popular views regarding the quality of the Russian welfare institutions have remained stable. The Levada Center polls show that almost two out of three Russians are dissatisfied with the health-care system and 65–74 percent feel that they cannot receive good medical service when they need it. An ISSP⁶⁷ health survey showed that only one-quarter of Russians trust health-care and more than half of the population consider the health-care system to be inefficient. The figures concerning the educational system are similar to those on health-care. Thus, high expectations toward the state are combined with discontent and low trust.

The picture is clear but paradoxical: most Russians are dissatisfied with the quality of major welfare services traditionally provided by the Russian state. At the same time, most people do not trust these services (due to the dissatisfaction in their quality) or, more generally, the governmental structures. Still, most Russians want the state to be the main agent in terms of organizing these services. People believe that state-organized services better guarantee social equality, even if the quality of public services is mediocre. Thus, the social welfare norms established by Soviet

⁶³ See, e.g., Social Distinctions in Modern Russia (SDMR) surveys in 1999 and in 2007; ISSP Health and Health Care Survey 2010.

⁶⁴ OPRF. 2012. "Ezhegodnyi doklad Obschestvennoi Palaty. O sostoianii grazhdanskogo obschestvo Rossiiskoi Federatsii za 2012 god," Moscow: Obshcheshvennaia palata Rossiiskoi Federatsii, 53–54, 70.

⁶⁵ OPRF. "Ezhegodnyi Doklad Obschestvennoi Palaty. O Sostoianii Grazhdanskogo Obschestvo Rossiiskoi Federatsii Za 2012 God", 8, 11.

⁶⁶ Laura A. Henry. 2009. "Redefining Citizenship in Russia." *Problems of Post-Communism* 56: 6, 55–63.

⁶⁷ *International Social Survey Program*.

Table 5 Who should run the following services?

	Child care services	Child care services	Elderly care services	Elderly care services	Medical care services	Medical care services
	1999	2007	1999	2007	1999	2007
State	66.4	42.8	77.4	55.7	76.4	60.5
Regional authorities	2.8	6.1	4.2	8.4	4.6	15.0
Local authorities	7.2	9.1	9.3	14.1	11.3	18.6
Private enterprises	0.3	0.5	0.8	0.6	2.2	0.9
Citizens	18.8	36.7	5.4	16.2	1.4	0.1
Hard to say	4.5	4.8	2.9	5.0	4.1	4.9
TOTAL	100.0	100.0	100.0	100.0	100.0	100.0

Source: Distinctions in Modern Russia-surveys 1999/2007.

socialism still largely remain even within an environment in which the state is largely withdrawing from these responsibilities – except in a few prioritized fields.⁶⁸

Regions and Localities Coping with (Im)possibilities

As in other fields, welfare-related responsibilities in Russia are divided among three governmental levels.⁶⁹ Particularly in social policies, as Jäppinen, Johnson and Kulmala argued, Russia's federalism matters more than most observers acknowledge.⁷⁰ The 2006 administrative reform remarkably revised the division of powers in the major fields of welfare, and most obligations are currently under the responsibility of the Russian regions. In social policy as in health-care, the Russian federal state answers only for general principles and national standards, while the implementation of these policies is the responsibility of the regions,

⁶⁸ Stephen. J. Collier. 2011. *Post-Soviet Social: Neoliberalism, Social Modernity, Biopolitics*. Princeton University Press.

⁶⁹ The central government at the federal level; regional governments at the level of 85 federal subjects, and local self-governments (at their two levels) in approximately 24,500 Russian municipalities. Each of these three levels has both representative and executive bodies and its own powers and responsibilities defined by federal legislation. (See details in Kulmala, *State and Society in Small-Town Russia*, Chapter 4.)

⁷⁰ Jäppinen, Johnson, and Kulmala. "Shades of Grey."

which enact regional laws to organize, manage, and finance the related services. In social policies, exceptions are the in-kind benefits and first pillar in pensions, which largely belong to the federal responsibilities, and the targeted social assistance and social housing, which are in the hands of municipalities. The regions are rather autonomous in terms of organizing health-care.⁷¹ Obviously, no matter which group carries the main responsibility, the actual welfare services take place at the level of municipalities.⁷² The National Priority Projects (and their successors) are also the responsibility of the federal government, which means that the federal government distributes ear-marked funding to the lower-level institutions for concrete projects. For instance, a local maternity clinic receives finances in accordance with the number of given births. In reality, however, several disparities mean that the picture concerning federal funds and local circumstances might be quite complex, as illustrated below.

Since most welfare-related responsibilities lie in the hands of the regional governments, it is necessary to look at the lower levels to understand the functioning of the three-level welfare state in contemporary Russia. In fact, due to federalism, one can expect large regional variation throughout the country. When looking beyond the Kremlin, one can see some positive welfare developments and agency at the level of the Russian regions. In Saint Petersburg, for example, a uniform system of Family Centers was created with genuine input from female activists at the grassroots level. These centers currently operate in each district of the federal city and provide many kinds of social services for different kinds of families. This process was possible largely due to the fact that the regional government, having the legal power to restructure the social service system in the region, was open to initiatives from below.⁷³ Federalism and regional variation are indeed significant factors regarding the role and possibilities of NGOs in social policy-making and service provision, since many of the policies implemented are defined and most funds are available at that level. In addition, Kulmala and Pape's works clearly show that even if the opportunity structure for Russian NGOs for policy-making at the federal level is basically closed – with a few exceptions in certain policy areas – NGOs at the regional and local levels have successfully modified the welfare scene by introducing new programs and services. It seems that NGOs are more effective at improving local and regional responses to the problems they advocate for when they collaborate closely with local authorities and

⁷¹ See details in Suszy Lessof and Ellie Tragakes. 2003. "Health Care Systems in Transition, Russian Federation." *European Observatory on Health Care Systems* 5:3.

⁷² One possibility is to establish a state institution in a given municipality; another way is to delegate powers to a municipal institution. See concrete examples in Kulmala, *State and Society in Small-Town Russia*, 90–92, Chapter 7.

⁷³ See details in Jäppinen, Johnson, and Kulmala. "Shades of Grey."

relevant welfare state institutions. Thus, paradoxically, as Thomson has also argued, bottom-up changes might take place in an arena that cannot be truly distinguished from the state.⁷⁴

Moving beyond the regional level to the local one, one can see a range of hybrid efforts in local welfare, not least due to the insufficient resources of most Russian municipalities.⁷⁵ Resources to resolve local issues and arrange local services are sought from every possible available source, which creates interdependency between local authorities, locally functioning welfare service institutions, businesses and NGOs. Instead of pure state-, NGO- or market-based provision, one can find a complexity of combined efforts, which makes it difficult to draw a clear line between sectors that carry the main responsibility over a welfare service in question. Hence, even if the federal-level policies would indicate statist or neo-liberal principles of provision, a complex interdependence and overlaps between various actors seems to better characterize the local sphere of welfare provision, as Kulmala argued.⁷⁶

Local solutions might even follow a logic that contradicts federal policies. For instance, as noted above, although the federal state has made efforts to outsource its previous obligations onto the shoulders of Russian NGOs, in practice NGOs have performed a remarkable role as initiators of certain services – a role that was later handed over to state institutions. For instance, help for women suffering from domestic violence was initially provided exclusively by NGOs, while state-run service centers now tend to dominate the sphere. A similar logic can be seen elsewhere: HIV positive mothers are now served by state institutions in Saint Petersburg, as are mentally disabled people in Karelia.⁷⁷ Thus, many new services have been first initiated and tested by NGOs and later taken over by the official structures if they prove successful. This logic is completely opposite to the neo-liberally oriented outsourcing policies of the federal government, but is in line with the citizens' expectations of the state acting as the main agent in the field. It seems that in contemporary Russia, the state sector is still the most reliable place for welfare services. It remains to be seen whether

⁷⁴ Pape: *Politics of HIV/AIDS*; Kulmala: *State and Society in Small-Town Russia*; Kate Thomson. 2006. "Disability Organizations in the Regions." In Alfred B. Evans, Laura A. Henry, and Lisa McIntosh Sundstrom. eds. *Russian Civil Society: A Critical Assessment*, 229–245. New York: M.E. Sharpe.

⁷⁵ Kulmala, *State and Society in Small-Town Russia*; Jouko Nikula, Inna Kopoteva, and Miira Niska. 2011. "Social'nye innovacii i social'noe partnerstvo kak mehanizmy mestnogo razvitiia." In A. Nikulin and T. Shanin, eds. *Krest'janovedenie : Teorija. Istorija. Sovremennost' . Uchenye zapiski*. Moscow: Aspekt Press.

⁷⁶ Kulmala, *State and Society in Small-Town Russia*, Chapter 11.

⁷⁷ See details in, e.g., Jäppinen, Johnson, and Kulmala, "Shades of Grey"; Janet. E. Johnson and Aino Saarinen. 2011. "Assessing Civil Society in Putin's Russia: The Plight of Women's Crisis Centers." *Communist and Post-Communist Studies* 44: 1; Kulmala, *State and Society in Small-Town Russia*, 176–181.

the ever-increasing support for socially-oriented NGOs really increases the role of such non-state organizations in service provision.

Even in those cases where there is clear federally assigned funding for local public services, serious shortcomings might appear in the local implementation. For example, through the National Priority Project “Education,” information technology was brought into all Russian schools. While this federal program led to local schools being technologically equipped, computers and Internet connections are not much use if the roof of the IT room is leaking and there is no possibility to use state-level resources to fix the roof. Numerous similar problems usually result from the fact that the public buildings – such as clinics, hospitals, and schools – are municipal property and thus under the municipality’s insufficient budgets, yet the earmarked federal resources cannot be used for any purpose other than what they are designated for. In other words, the most evident flaw in the local implementation is the disparity between the federal ideas and the local circumstances and infrastructure.⁷⁸ Nonetheless, people have also benefited from these federal programs. For instance, school buses run in remote areas on a daily basis thanks to “Education”; salaries of the medical staff have increased through “Health”; young families have gained their new homes thanks to “Housing”; and mothers received the Maternity Capital certificates.⁷⁹ However, the fact that citizens find many of these federal programs bureaucratic is why they remain underused in practice.⁸⁰

All in all, when looking at the localities, it becomes evident that the local manifestations of the upper-level decisions might function very differently than initially thought. Therefore, a bottom-up approach to social policies – that is, consideration of the actual practices at the local level – shows how the state policies function in practice, which enables us to understand the intended and unintended results of the federal policies. Furthermore, such an approach leaves room to consider how the local-level agency modifies the upper-level policies.⁸¹

Even if civil society in Russia has not developed according to the liberal model, NGOs exist and are effective in the areas in which they can cooperate with the state. This reality could partly be interpreted as a legacy of the Soviet institutional structure that works within the contemporary hybrid system. Since the political opportunity structure is basically closed

⁷⁸ Kulmala. *State and Society in Small-Town Russia*, 92–96, 118; cf. also Collier. *Post-Soviet Social*.

⁷⁹ Kulmala. *State and Society in Small-Town Russia*, 118.

⁸⁰ Borozdina et al. “How to Use the Maternity Capital”

⁸¹ Kulmala. “Missä Valtio Loppuu Ja Yhteiskunta Alkaa?”; cf. Gerald W. Creed. 1998. *Domesticating Revolution: From Socialist Reform to Ambivalent Transition in a Bulgarian Village*. University Park, Pa.: Pennsylvania State University Press; Adrian Smith and Alena Rochovská. 2007. “Domesticating Neo-Liberalism: Everyday Lives and the Geographies of Post-Socialist Transformations.” *Geoforum* 38: 6, 1164–5.

at the federal level, it is worth going to lower levels to consider developments there. We argue that federal welfare policies cannot be treated as static, rather, they become negotiated by people at the lower levels. Thus, the literature on the Putin era might have exaggerated the overreaching ability and totalitarian nature of the Russian central government.⁸² In our opinion, the current hybrid regime is more sensitive to lower-level solutions than an authoritarian regime would be. In many cases, however, local efforts – and federal interventions – are too sporadic to change the overall welfare outcome.

It is obvious that local settings in contemporary Russia operate within tight constraints; the federal state is present and functioning in the local setting but there seems to be room for local maneuvers as well. In the end, however, it seems that the number of paradoxes outnumbers the positive efforts.

Conclusion

In this article we have shown (1) that no “welfare miracle”⁸³ took place in Russia in budgetary terms; (2) that the welfare rhetoric and actual policies have not been consistent with one another; (3) that the welfare efforts of the Putin administration have been targeted to narrowly selected priorities, which (4) merely serve the state interest instead of citizens’ welfare concerns.⁸⁴ This (5) provides evidence that there is a lack of democratic agency in welfare policy-making. However, we also illustrate (6) that positive developments have taken place – mainly at the level of the regions, which is why we claim that (7) in the Russian context it is necessary to look at the regional and local levels to seek possible agencies and new resolutions instead of focusing exclusively on the central government and its policies.⁸⁵ However, we have shown (8) that there are serious discrepancies between the federal policies and local circumstances, which largely contribute to the overall paradoxical situation.

Our main methodological argument in this article is that establishing a comprehensive understanding of Russian welfare policies requires a multi-faceted analysis, including triangulation of different kinds of data and focusing on the different levels of government. It also necessitates structuration analysis, which, together with the consideration of the structural factors, brings in agency (or lack of it). The controversial and

⁸² Kulmala. *State and Society in Small-Town Russia*, 310.

⁸³ cf. Alfio Cerami. 2009. “Welfare State Developments in the Russian Federation: Oil-Led Social Policy and ‘The Russian Miracle’.” *Social Policy & Administration* 43: 2.

⁸⁴ cf. Cook, “Russia’s Welfare Regime”; M. Rivkin-Fish. 2010. “Pronatalism, Gender Politics, and the Renewal of Family Support in Russia: Toward a Feminist Anthropology of ‘Maternity Capital’.” *Slavic Review* 69: 3, 701–25.

⁸⁵ cf. Jäppinen, Johnson, and Kulmala, “Russia’s Shades of Grey”.

paradoxical tendencies in Russian welfare policies are largely explained by the weakness of democratic agency. The weak organization of civil society and of all social classes leads to the non-existence of a systemic link that would connect social policy to citizens' welfare concerns. Political parties and trade-unions are not organizations for interest articulation and representation, but merely submissive partners of the government. When looking at the local level, however, one can see that agency is not limited only to event-driven bursts of activity; instead, at the grassroots level there are multiple forms of informal organizations and groups that not only voice the concerns of their members, but also fill the gaps in social support in their communities. Resources to resolve these issues are sought from every available source; this creates complex interdependences between the local actors (authorities, social services, citizens' groups and businesses), which in turn endorses collaborative relations. However, due to various kinds of shortages and disparities, local efforts rarely have the capacity to change the overall welfare outcome.

Aspalter argues that explanatory theories of social welfare may be characterized either as actor-based (conflict) theories, or structural (functional) theories. The former suggests that the power and programs of different actors are the keys to the formation of welfare regimes.⁸⁶ Structural theories are apt at predicting a convergence on social policies based on common structural determinants, such as the degree of economic development, urbanization, or modernization. There is not much evidence that the Russian development could be explained with these basic structural aspects. For instance, significant economic growth has not produced significant positive welfare outcomes at large. Our analysis here adheres to action-based explanation. On the other hand, none of the actors are omnipotent and specific historical structures must be taken into account as well. Hybrid regimes are not democracies.

The Russian political system underlines the role of the elite, which has been emphasizing social policy since 2006. Welfare funding has increased rapidly, but our analysis of the relative share of welfare in the federal budget proves that strong political support for such reforms is hardly visible. Even if we take the National Priority Projects into account, we cannot empirically observe any coherent or comprehensive welfare policies, except more systematic efforts in family policies. In its efforts to encourage women to give birth more frequently, the Russian state has recognized women's willingness to work by focusing on measures to reconcile work and family life. Otherwise, what we witness is an event-driven constitution of social policy agency. After monetizing Soviet-era non-monetary benefits, pensioner demonstrations led to the National

⁸⁶ Christian Aspalter. 2006. "New Developments in the Theory of Comparative Social Policy." *Journal of Comparative Social Welfare* 22: 1, 4–7.

Priority Programs, which did not really address the major problems of citizens concerns but were targeted to narrowly selected priorities, mainly motivated by nationalistic interests of the state. Demographic policies most clearly show the inconsistency: despite the vast problem of male mortality, the focus of the policies has been on family policy. As a result, there are considerable improvements in infant mortality and growth in birth rates, but very little progress in reducing working-age male mortality. Somewhat feeble efforts to promote preventive measures for popular health, especially for males, indicate that the government has decided to focus on the next generation instead of high middle-aged male mortality. In this context, bypassing the expertise of demographers is striking evidence of the limited power resources of the professions in the formulation of the targets of social policy. The role of corporate structures is strong in pension policy, but the actual outcome is not what the government intended. Generally, the statist turn concerning the top priority of the birth rate has been accompanied by neo-liberal policy measures in many other fields. Furthermore, regardless of whether they are statist or neo-liberal in their essence, in practice high-level decisions might function in a very different way than initially planned when they are implemented on the ground.

Russian welfare policy oscillates between contradictory tendencies: between neoliberalism and state-based social policy, between individualization of risks and strong administrative control. Our analysis indicates a serious endogenous vulnerability within the Russian welfare system. If the growing financing is not connected to democratic institutional reform, vast questions concerning contradictory approaches and incentives will not be solved. Consequently, our argument highlights the interdependency between various challenges of Russian modernization. Eventually, successful social policy depends on economic diversification and democratization of the political system.

Far from being omnipotent, the Russian federal government appears paradoxical and contradictory in its social policy. Many fundamental issues have not been addressed and political interventions are event-driven rather than based on systemic hegemonic projects. However, the hybrid regime is open to some forms of interest articulation if it is represented in the right way at the right time. This is especially the case at the regional and local level, where positive developments are visible. The highly incremental development of social policy at the federal level indicates that the Russian elite has not created an actively predatory state that cuts welfare in a planned and systematic way. The recent, widely reported, event of using pension funds to support the Crimean annexation as an “anti-crisis measure” may indicate a change in this respect – even though the Russian government is certainly not the only government to have used pension funds for other purposes than pensions.