

Development of Social Policy Strategies¹

1. The majority of people are dissatisfied with the situation in the social sphere. Support of the authorities, maintenance of democracy and development of market economy largely depend on whether it will be possible to come up with a social strategy which would be a suitable basis for consolidating the Russian society. It does not imply populist promises which have been made by various parties of the opposition. The government must pursue an open and responsible social policy.

On the face of it there is almost no alternative to populism when according to the National Centre for Public Opinion Survey (VTsIOM) about 60% of people assess their situation as poor and or very poor and only 4% as good. In these circumstances abstractions implying that social policy is to be focussed basically on the most needy minority are hardly appropriate. Still less constructive are abstract appeals to re-establish e.g. the average real wages of 1991 (i.e. to raise the current level by almost three times) and at the same time prevent unemployment and sharply reduce inequality; as well as abstract references to West European systems of social guarantees which are based upon incomparably higher per capita GRP.

A social strategy should first of all be **specific** and appropriate here and now. The government, unlike the opposition, cannot speak for "all the good things". The objective is not to compile an exhaustive list of urgent problems, instead, it is to define the key ones and determine inter-related approaches to their solution.

The range of available social policy measures is relatively narrow and is well known. Realistic dilemmas include the following:

- should nominal guarantees in cases when the state at large or a specific section of the budget system is unable to reliably fund them be retained or cancelled;
- should drafting of new laws governing social policies be based on optimistic assumptions of economic growth or on the "guaranteed zero-growth minimum plus improvement bonus" principle;

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- should labour market regulation be focussed on ensuring maximum employment or on improving the situation of those who already have jobs;
- should there be incentives for job search or should the unemployed' habitual standards of living be supported;
- should efficiency of public services be sacrificed to their equal distribution;
- should priority be given to direct levelling of living standards including geographically, or to dynamic improvements for all the social groups except the wealthiest ones ("equal acceleration at different speed").

While defining the general direction of development one cannot avoid making a choice; another question is how radical should the policy be under specific choices.

2. It is not realistic to quickly fill the gap between the desirable and the available. It is realistic and necessary **to involve all strata of the population in the positive change process**. This can only be achieved by targeting policies (actions rather than appeals) at the most important needs, ideas and abilities of social groups, communities etc., which is incompatible with stereotyped levelling of living standards and implies differentiation on the basis of a common strategy.

Democratic nature of power implies that social policy priorities are driven by **values and problems** which are most **urgent for people**.

During 1990ies discussions on social policy were as a rule conducted in the context of socialist and neo-liberal values. In practice this was matched by the following alternative: whether to maintain the inherited system of social protection or to knowingly dismantle many of its sections. Meanwhile, results of sociologic research indicate that neither values are able to become a basis for social peace in the current situation in Russia. Socialist values are largely associated with totalitarian past and confrontation, particularly redistribution of property; they are nor supported by the most active strata of the population. Liberal values are not strongly rooted in either public consciousness or public practice.

The society is rather inclined to values associated with **conservatism**. It does not imply trying to maintain status quo or revive socialism, but rather a focus on "family" and "public" values, organic development, solidarity, justice etc. which is part and parcel of encouraging personal initiative and aversion to social engineering.

These sentiments are natural when formation of a market economy is ahead of civil society development, i.e. market-related institutions are not properly reinforced by non-market self-organisation institutions which would ensure protection of an individual and representation of his interests. As a result, there is a tendency to combine economic freedom with state patronage. In similar circumstances similar sentiments were prevailing in Western Europe; as in today's Russia, they were often associated with national peculiarities and had a nationalistic tint.

These sentiments are matched with a social policy which can be termed as "progressist paternalism" of Dizraeli of Bismarck kind.

In brief, progressist "bourgeois" paternalism, unlike the socialist one, implies active interference of the state into **opportunity-making** and moderate involvement in **distribution of welfare** (revenues, housing etc.). Thus, socialist approach includes detailed uniform regulation of labour relations (which restricts employment or forces it to use "grey" schemes under a market economy), while a conservative one implies creating conditions for maximum number of potential employees and employers concluding contracts to their satisfaction. Obviously, these approaches have matching different systems of labour law, distribution of housing etc.

For socialists and liberals equality is a priority (of revenues for the former, of rights for the latter). A conservative approach prefers integrity and adequacy. Under it, generally speaking, the aim is not to ensure maximum equality of a Daghestan peasant, Novosibirsk worker and Moscow entrepreneur, but rather to help each of them successfully fulfil their roles in life on the basis of their own rather than artificially enforced ideas of what is proper. This by no means eliminates concerns over consolidation of the society and social mobility, primarily through education. Integral elements of a conservative strategy are fearless recognition and overall accounting of social heterogeneity without its mandatory safeguarding.

During intensive public changes a conservative policy can and should be proactive. But it cannot be built on the basis of a priori schemes and formal comparisons (for instance, national indicators of revenues distribution, cross-country and cross-regional comparisons in terms of cash revenues etc.). Qualitative comparisons are only meaningful for these purposes in the context of specific way of living. From this point of view, it is more appropriate to compare social realities in Russia to the ones in Byelorussia or the Ukraine than to the ones in the US or Sweden. This is not a

reason to give up efforts in the social sphere but is meaningful for their reasonable distribution.

Concreteness of the conservative approach implies special attention to details, repetitive process of strategy development and amendment. The proposed thesis are an attempt to reveal some of its features.

3. Speaking of the three inter-related aspects of social problems - **poverty, inequality, instability** – there are reasons to believe that for most people instability is currently the most significant factor. The significance of poverty as such is comparable to instability for older age groups, disabled, a large portion of people living in depressed regions etc.

This is confirmed, inter alia, by materials of a recent survey performed by the Public Opinion Fund. For all the groups surveyed unemployment and proper government were priorities, while primarily elderly and low-income people were concerned over pensions and benefits, most of all in large cities where there are opportunities to adapt through subsidiary plots of land etc.

Objectively the poverty problem is very acute. Cash revenues of 43.8 mn people are below living wage (this is 29.9% of people vs. 23.8% in 1998 and 20.8% in 1997). Average newly-assigned pension is 70% of the pensioner's living wage (in 1998 it was 114.7%). The structure of food consumption is unsatisfactory for millions of people.

However, those who are directly facing this problem do not always think that there is no alternative to budgetary/distributional increase of their revenues to match the living wage. They are more interested in stabilisation of employment, timely payment of current wages and pensions, more opportunities to get extra work-related revenues including in kind. In brief, people are being more realistic than populist politicians.

This by no means justifies neglect of the poverty problem. At the same time, strategic choice should be aiming at **reliability of guarantees**, even if at the cost of their amount in a number of cases. Consolidation of the state including more effective co-operation of branches of power, federal, regional and local authorities, can help break the vicious circle of declared uninsured guarantees and their actual breach. Stability of social policies is obviously only attainable through clear **fixing** of realistically feasible level of social support for needy groups, unconditional guarantee that their situation is not going to **deteriorate** and gradually **raising** this level as far as

it is economically viable. In most cases consistency, irreversibility and universality of positive changes is more important at the moment than their rate, and the latter is more important than the final benchmark.

To the extent possible, fixing of guarantees should precede their rationalisation on the basis of target groups. We will have to temporarily fix, or rather openly recognise, existence of inequality, primarily territorial.

The difference in indicators of living standards, for instance, the ratio of average wage and social payments to living wage, average term of unemployment, real per capita health-care and education expenditures etc., is enormous by subjects of the Russian Federation and even more – by sub-regional territories. Production of GRP is very unevenly distributed across the country (its per capita level in 5 regions is over 1.5 times higher than Russia's average, and in 11 regions it does not reach 0.5 of the average). Forced levelling implies, on the one hand, intensive re-distribution incompatible with production stimulation, on the other hand, neglecting interests and needs of people living in relatively well-off territories in terms of formal indicators. For example, formally speaking issues of employment and health-care are generally solved better in larger cities than elsewhere, but surveys run there indicate a high degree of concern over the state of labour market and access to medical services.

Standards and way of living in the regions including ways of adapting to factors causing poverty inevitably reflect territorial peculiarities. Thus, the same amount of pension has different values for a rural family in the North Caucasus and an urban family in the Central Russia. It is vital to counteract further growth of inequality including between regions, and work on levelling of living conditions for all strata of population. However it is not an abstract "inequality in general" that is important, rather, peculiarities of inequality in contemporary Russia.

4. During early 1990ies, there was a dramatic growth of income differentiation (in 1991-1993 Gini coefficient went up 1.5 times). Later during certain periods inequality of cash revenues went down to a certain extent, in other periods, specifically after the 1998 crisis, it went up but on the whole the distribution model remains stable (thus, Gini coefficient for 1999 and 1993 is almost the same). Both the model itself and its rejection by the society have become habitual.

However, it is not differentiation of revenues as such that is rejected, but rather **unequal access** to their sources which is rightly related to the actual depth of inequality. Without accepting "getting rich through connections" people largely

approve of differentiation if it is due to differences in abilities, individual efforts, willingness to take risk etc. For example, in a survey in Perm Region only 21% of respondents believed that entrepreneurs' revenues were unfairly high, while 40% of respondents gave this valuation to revenues of state bodies' staff, and 34% - to revenues of directors of large enterprises; only 1.5% of respondents thought the same of revenues earned by cultural, art and cinema workers.

A strategy of **pro-active economic opportunity-making** and ensuring equal access to these opportunities could get more public support than mechanical levelling of revenues and, unlike the latter, would directly contribute to economic growth. Under this policy incentives created by the state are capable of playing at least the same role as guarantees.

5. From the point of view of opportunity-making **labour market** policies are top priority. Its key features in today's Russia are rigidity and dramatic segmentation. Not only territories (the difference between ratios of the number of registered unemployed and number of vacancies varied by regions by thousand times) but professional, age, gender and other groups are clearly in unequal situation. High rate of hidden unemployment is combined with high rate of hidden employment.

Maintaining balance at this market is largely ensured through forced leaves, overdue wages and various deviations of actual, including non-cash, remuneration from the official one. Thus, the Russian Statistic Agency estimated hidden (grey) wages in 1998 to be RR319 bn or about 25% of the reported ones.

In these circumstances there is an objective need for differentiated influence on various territorial, industrial, professional and other markets. Specific sets of motives governing employees and employers at each market have to be taken into account. Thus, for employees having personal plots of land the amount of wages in some cases is less important than other benefits of official employment. For aged employees maintenance of professional status often is the most important factor, especially if used to be prestigious one or two decades ago, while young employees are more targeted at maximising revenues etc.

At the same time, general focus of employment policy should be defined as **labour market consolidation**, i.e. removal of its numerous internal barriers. It implies enhancing labour mobility, ensuring transparency of labour relations, openness of the market for fair competition (including minimising the role of personal connections), ousting its grey segments and unreliable incentives.

For this purpose wages should become a real and flexible market mechanism which distributes labour resources by ensuring their most complete and effective utilisation. Accordingly, state interference in labour market pricing at this stage should be minimum.

At the same time, employees should be helped if they need to find a new employer, change occupation and place of residence. This is an expression of the state's role in opportunity-making. Only if one fails to find gainful employment including through significant but feasible changes in the way of living it would make sense to offer social assistance through unemployment benefits; eligibility to the benefit and its amount should depend on the family's financial position. Any other approach in the current situation will be adverse to economic modernisation.

Labour market consolidation also implies reducing employers' redundancy costs which under current laws are one of the key barriers for growth of legal employment.

6. In the long run, labour market consolidation is mostly dependent on elimination of structural disproportions. The key role in resolving this strategic problem is to be played by the **education system**.

It is currently more targeted at internal criteria of continuity and academic excellence rather than ensuring employment, broadening career opportunities for graduates, contributing to positive structural economic changes, effective utilisation of budget funds, satisfaction of solvent demand of companies and families for education services etc. Disregard of society's specific demands caused serious disproportions in vocational training system including transformation of a number of higher educational institutions into centres for training prospective unemployed and at the same time insufficient attention paid to primary and secondary vocational training as well as skills development system.

Training skilled workers and medium-level professionals is critical not only for dramatic improvement of the situation at the labour market and industrial growth but also for the formation of a large modern middle class as a basis of social stability (due to excessive number of certain professionals higher education in this country will not be able to guarantee high earnings in the near future). By ensuring high quality of primary and secondary vocational training, one can create a channel for social mobility which would be more adequate to current conditions and accessible for families from different strata and groups.

At the same time, it is important not to lose the advantages of the higher education system which is traditionally strong in Russia by focussing efforts primarily on supporting leading higher educational institutions and schools while changing training structure in favour of occupations guiding technological progress and demanded by the labour market.

7. In **healthcare** there is currently probably the largest vs. other spheres gap between nominal and real status of social policy institutions. Laws regulating provision of medical care are targeted at its assumed free character and general accessibility, compliance to standards of the most developed countries and use of most up-to-date technologies. At the same time, in terms of its actual resource base Russian healthcare is comparable to developing countries, and not the more successful ones. Current per capita healthcare expenditures in Russia is several times lower than in the West, and differences in capital supply of the sector are still more significant.

At the same time, structure of resources and operations based on them are not rational. The share of physicians in medical personnel is excessive. And less than a quarter of physicians provide primary care (while as a rule more than half do in West Europe). Surveys show that around a third of Russian physicians do not have the necessary information about modern methods of treatment. At the same time, the number of patients served by one physician is currently almost half of 1970 level. Two thirds of medical and preventive services involve hospital stays (around one third in West Europe), average hospital stay is unwarrantably long.

Lack of relevant equipment in most medical institutions prevents them from using the most current medical technologies. Additionally, equipment is very unevenly distributed both across the country and between institutions in large cities. Elimination of differences requires investment of a scale which in foreseeable future will not be available in the consolidated budget and Mandatory Medical Insurance Fund. Bearing in mind the role of modern technologies in ensuring quality of medical care, their general accessibility (on the basis of quality) is not going to be achieved in the next few decades.

In reality distribution of high quality services is to a large extent driven by two factors: users' social status and market forces. Additionally, the market of medical services is not sufficiently legalised and is therefore under-regulated.

According to a survey conducted in the framework of Boston University Project, direct user payments cover less than half of the total expenditures for medical

care and medicines. In its turn, about half of payments are to purchase medicines (it has become typical for hospital patients to buy their medicines). Only around one fourth of the remaining portion is "grey market" payments (probably, relevant amount were undervalued by respondents because from the law point of view it means bribes, and not only being bribed but also bribing is a crime). The rest is open payments to medical institutions for services which generally should have been provided free of charge.

However, because users' payments, including official ones, are interpreted by the laws at best as temporary and marginal, there are virtually no attempts to bring some degree of order in terms of their efficiency and fairness. In particular, there almost no differentiation of payments on the basis of patients' financial situation.

The ultimate obstacle is the concept of full and equal access to medical care for the entire population on which current legislation is based. Due to economic restrictions, this concept is certainly non-workable, thus causing inadequacy of healthcare regulation. At the same time, equating fairness to equal access is a barrier to a more just targeted distribution of mid range services.

Healthcare needs a transition from equal access concept to a **relative equality** concept. There is no workable policy which would ensure independence of high quality medical services consumption from patient's (or their employers, relatives etc.) solvency. However, this inequality can and should be compensated by preferential State funding of medical services for the low-income people.

For this purpose, it is necessary to fully legalise the system of additional payments in healthcare and to allocate a portion of the budget and MMI funds to cover additional payments required for obtaining services of general technological level by low-income people. As to services with technological characteristics (and respective costs) materially exceeding general level, their distribution should be made via a transparent and regulated market.

8. To enhance efficiency of education, healthcare and other sectors of the **social and cultural complex** it is necessary to significantly reform their organisational and economic mechanism. Key features of the current mechanism were designed for practically full state funding and were targeted mainly at **ensuring control over distribution** of public funds and services. This is matched, on the one hand, by restricted rights of institutions, on the other hand, by extremely weak regulation of market relations.

Such a mechanism has specific requirements to both the budget and social homogeneity. It can work only if average income groups were generally satisfied with the supply of public services and did not try to influence their producers through solvent demand (openly or semi-legally). To some extent these conditions are practicable in a highly developed welfare state which has never existed in Russia; equal access to education and healthcare during the Soviet period was a fiction which is confirmed by the analysis of departmental and territorial distribution of social and cultural resources.

Currently a non-civilised, predominantly grey market has spontaneously been shaped in the social and cultural sphere, where a consumers is unprotected and the state is not properly fulfilling either its regulatory or fiscal function. At the same time, elements of the social and cultural sphere in some cases started to be more flexible in reacting to consumer demand. However, as the state is passive and ineffectively spends funds "for network maintenance" instead of playing the role of the strongest agent in an actually emerged market, the demand mainly reflects interests of the most solvent families and companies. The private consumer demand is inevitable. The aim is not to make it grey but rather to make maximum use of it for developing social and cultural sphere and ensure more targeted spending of public funds for the benefit of the disadvantaged.

It is necessary to improve state funding of education and healthcare. But in foreseeable future it is impossible to achieve a situation which was the basis for designing the purely distributory mechanisms. An alternative could be a model which is not directly targeted at distribution but primarily at **high efficiency of services production** and on this basis – their **broad accessibility**. Under this model an organisation offering services is an independent entity which can design its own strategy in response to incentives offered. Therefore, state and municipal funding should become an incentive focusing producers at both effective operations and socially preferable distribution of services. State funding should be performed predominantly in the form of orders placed on a competitive basis. This is an example of switching form direct distribution of funds to creation of economic opportunities.

State (federal and regional) and municipal orders can be combined in the framework of one institution and be complemented by orders from companies, individuals etc. As a result there could be a standard, effective and transparent mechanism for formation and use of budgetary and extrabudgetary funds in the sphere

of social and cultural services. The actual inequality of social and cultural servicing including by territories will not be immediately eliminated. However, elementary prerequisites for influencing it by legal methods, namely transparency and legality of the object of influence itself.

State's participation in the market of social and cultural services should not be limited to the role of the main source of demand. This market needs regulation including state control of the quality of services.

9. In the field of pensions, social payments, housing and utilities it is viable to make policies more specific on the basis of **targeted guarantees and incentives in the broad sense**. This approach is in principle characteristic of the reforms implemented in the last few years, but it was not always used consistently and adequately.

Thus, social guarantees should in most cases be targeted at families (households) living in specific regional, urban or rural conditions, rather than at an abstract individual. This is to some extent taken into account for the purposes of defining social housing standards as well as criteria for payment of social benefits to people having children. Generally speaking, the same principle is provided for in the Federal law "On state social support". However, it makes sense to gradually spread this principle to other types of social payments (pensions, unemployment benefits), on the other hand, it should be implemented on the basis of a more detailed analysis of social and economic context.

For example, the objective of reforms of housing and utilities sector can only be achieved if federal standards are changed taking into account dynamics of people's cash revenues. Additionally, specific accounting of the context implies territorial differentiation of shape and timing of the reforms. For example, only through targeted differentiation the actual discrimination of residents of some regions in terms of the cost of housing services and utilities can be eliminated. Thus, the ratio of the maximum cost of housing services and utilities and revenues in Moscow is 3.7 times lower than Russia's average, in Aginsky Buryatsky Autonomous District – 4.4 times higher than the average. Average values do not reveal stratification by the level of revenues in all regions without exceptions including the ones with the highest revenues.

In Moscow subsidies are offered to residents who cannot pay for social living space standards in the amount adequate to federal standards of maximum cost of

housing services and utilities and permissible share of expenses for these purposes. At the same time, in regions similar to Aginsky Buryatsky Autonomous District absolute number of residents are unable to pay for the social standards of housing space under the model currently selected.

10. On the whole, **regional character** of social policy should be one of the key features of a strategy for the next decade. It should be borne in mind that given broad differentiation of territorial communities' living standards direct uniform rationing of certain parameters at the federal level is not an unquestionable achievement.

People who are in most need of social support (vs. opportunities and incentives) are mostly part of local communities. Strictly speaking the issue is not to ensure that all the unemployed, disabled or pensioners have the same living standards, but rather make sure that living standards of each of them is comparable those of working neighbours. Discussion of specific ways to implement this principle is only possible in the context of reforming inter-budgetary relations.

There is no simple way to reform them, i.a. because at the moment **asymmetric and unregulated inter-budgetary relations are disguising the general imbalance** of the state's social liabilities and extended budget potential. The state's inability to fulfil its functions is incompatible with clear and transparent distribution of resources and liabilities between its elements. The situation when each element can re-direct public's claims to other elements makes it possible to avoid responsibilities in the short and sometime medium term.

A kind of a "social non-payment" mechanism currently implicitly present in the Russian version of budgetary federalism ensures spontaneous adaptation of social policy institutions to macroeconomic restrictions. In this respect analogy to usual non-payments is suitable; they ensured "mating" of mutually unmatched micro- and macro-processes. In both cases incentives for economic activity are severely damaged, and in case of "social non-payments" federal unity is disrupted in the long run.

The actual amounts of funding of many social policy areas significantly vary across the country. The situation in healthcare, e.g. is typical. Per capita public healthcare expenditure in Moscow was 2.3 times higher than Russia's average, while in Daghestan it was three times below the average. Inter alia, there are large differences between neighbouring regions (e.g. Lipetsk region's per capita healthcare

spending was 1.4 times more than Voronezh region's). Revenues from mandatory medical insurance were even more varied. Subregional differences are often a lot higher than regional ones.

Active efforts to mitigate the historical differences including those which would comply with the requirements of the current laws, would result in a material intensification of inter-regional re-distribution. In the situation when economic growth trend is not yet stable and tends to be sporadic, intensification of re-distribution is hardly allowable. Therefore, at the moment there is practically no alternative to openly recognising of the existing inequality and such a reform of social laws and inter-budget relations which would properly take into account that it will be impossible to eliminate this inequality in the near future.

It appears that the objective of the reform for the near future is to focus efforts on resolving three types of specific problem and leave aside the abstract issue of reducing territorial inequality. Firstly, it is necessary to **prevent uncontrolled intensification** of social differentiation during uneven economic growth. Secondly, it is necessary to **encourage activities** of regional and municipal governments aimed at independent settlement of social problems. Thirdly, the inter-budget flows should to a greater extent be aimed at funding **programmes**, staged, not automatically renewed and targeted at either eliminating specific social and political risks or at supporting specific positive trends of social development.

11. While determining forms and methods of social policy it is not permissible, as emphasised above, to ignore specific status of the civil society. This status greatly restricts the range of practicable options. At the same time, supporting development of a civil society as such is an integral element of social policy. In the long term this element is the most promising one, however, relevant changes are likely to take a long time.

Due to Russia's historical peculiarities civil society's control over the State has never been effective. Civil society was growing stronger at the turn of the 19th century but the process was interrupted by force. In the following decades citizens' attempts at autonomous self-organisation were suppressed and persecuted. The pressure was only removed just over a decade ago. Moreover, legal prerequisites for the development of public associations and other non-governmental non-commercial organisations, charities etc. were created. However, these changes can be characterised as necessary but insufficient for the formations of a mature civil society.

Various groups of Russia people were prepared to self-organisation to varying degrees. This readiness was most strongly demonstrated by the business community and representatives of the middle class in larger cities. The majority of viable non-governmental non-commercial organisations are concentrated in these cities. At the same time, the business community tends to be targeted at solving its own most urgent problems, rather than at contributing to resolving more broad issues related to the society at large. Russian middle class is relatively small. Many of the most reputable non-commercial organisations are relying on foreign sources of funding.

For a considerable share of people public organisations are still associated with either pseudo-independent Soviet style structures or with organisations which are explicitly or implicitly aimed at political struggle. To put it differently, public structures are too often assumed to be involved in the State's activities. The desire to participate in re-distribution of its resources often prevails over the intention to independently look for and use other means to reach social objectives. Self-organisation and mutual assistance as such are common in forms characteristic of traditional family and friendly relations.

Another urgent problem is related to many cases financial abuse by non-state non-commercial organisations. Many of them have actually commercialised their activities, some are criminal. Forms of non-commercial organisations are sometimes used by profitable businesses to avoid taxation. Therefore, there is a trend to reduce tax benefits for the non-commercial sector. In its turn, this trend does not encourage development of non-commercial organisations, including respectable ones.

Thus, it was not enough to just eliminate barriers to effective self-organisation of people. As a result, in foreseeable future the State will have to assume the social functions? Which in a more mature society could be fulfilled with less involvement of public bodies. This makes targeted efforts to support autonomous self-organisation of people even more urgent.

It includes, e.g. using non-public non-commercial structures (including state-funded) for servicing old and disabled people, providing subsidies and reduced-rate loans to various consumer co-operatives etc., tax benefits for companies and individuals for voluntary medical and social insurance as well as charity. However, all of this is justified only in conjunction with reviewing legislation on non-public non-commercial organisations. The requirements to them should be much more specific,

thus allowing to be more accurate in discriminating between profit-making businesses and non-commercial activities.

Priority social policy measures should be aimed at:

- Improving federal and regional laws on the basis of an analysis of its compliance to both resources of relevant elements of the budget system and priorities defined by people during sociological surveys;
- Removing provisions restricting employment in legal sectors from labour laws while retaining work safety requirements;
- Switching to funding of social and cultural organisations predominantly through purchasing services offered to the population;
- Making stages of the social reforms more specific taking into account territorial peculiarities of income formation and utilisation;
- Enhancing incentives, through tax and other benefits, for charity, voluntary medical and social insurance and other forms of self-organisation for the purposes of solving social issues.