

FROM THE CHIEF EDITOR

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Public Administration Efficiency and the Aggravation of Public Health Issues



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December 3, 2015, the President of Russia Vladimir Putin delivered his annual Address to the Federal Assembly. Having analyzed the Address, experts pointed out the President's worries and concerns about the efficiency of execution of development priorities he had set out.

Vladimir Putin repeatedly urged the Government to implement effective measures on specific issues in the shortest time possible. However, it has not been done so far; therefore, we think that the President's concern is reasonable.

Recent research carried out by ISEDT RAS reveals certain alarming trends in the social health of the regional society.

Currently, Russia has great influence on the decision of important international issues; consequently, it cannot stay away from global challenges related not only to the rise of

international terrorism, but also to the gradual eradication of the capitalist system (in the framework of which the majority of developed countries exist)¹, to the transition to a new

¹ Today the world accumulates causes for the crisis of structural nature, that is undecidable within standard political and investment decisions of our day. This crisis will be far more serious than the Great Recession that began in 2008... The limits to capitalism growth became apparent in practice already in the early 1970s, and since then the crises have not been overcome, but shifted from one area to another, transferred from one area of the world to another. This can not continue infinitely and over the next three or four decades capitalists of the world, overcrowding the global markets and hard pressed on all sides by the social and ecological costs of doing business may find it simply impossible to make their usual investment decisions (Wallerstein I., Collins R., Mann M., Derlug'yan G., Calhoun C. Est' li budushchee u kapitalizma? [Does Capitalism Have a Future?]. *Informatsionnyi portal "Russkii bastion" analiticheskogo tsentra mir-sistemnykh issledovaniy* [Information Portal "Russian Bastion" of the Analytical Center for World-System Studies]. Available at: <http://tower-libertas.ru/library/est-li-budushchee-u-kapitalizma/>).

technological mode (therefore, to the growth of competition in the near future)², and to the threat of “global resource crisis”³.

The response to these challenges can be found only in the creation of conditions for effective development and implementation of human potential. However, our country has objective circumstances that hamper the achievement of this goal. They include social health issues that are deeply rooted in Russian society and caused by the long-term practice of pursuing economic policy in the interests of oligarchic cliques.

It seems that since the beginning of the 2000s the country has entered a period of stabilization characterized by the gradual overcoming of crisis phenomena in the economy and other spheres. In the course of time, the overcoming of the consequences of the “turbulent 1990s” in the real economy began to have a positive impact on the demographic situation. For instance, in 2000, natural population decline was observed

² “The current global crisis, which replaced the long economic recovery of developed countries, is a natural manifestation of long cycles of economic activity, known as Kondratiev waves... During global technological shifts advanced countries find it difficult to keep the lead, because along with the development of a new technological mode it is developing countries that make a leap forward, since they have succeeded in the preparation of prerequisites for its formation” (source: Glazyev S.Yu. *Kak ne proigrat' v voine [How Not to Lose in the War]*// *Ofitsial'nyi sait S.Yu. Glaz'eva [S.Yu. Glazyev's Official Website]*. Available at: http://www.glazev.ru/sodr_ssn/368/

³ “Humanity is on the verge of a global resource crisis. Since the 1980s, people's needs have exceeded the planet's capacity. In 1999, they exceeded the limit by more than 20%. Recent estimates have shown that if the BRICS countries (Brazil, Russia, India, China and South Africa) brought their per capita consumption to the level of the U.S., then humanity would need five planets such as Earth (source: Malinetskii G.G. *Mezhdistsiplinarnye idei v sotsiologii i vyzovy budushchego [Interdisciplinary Ideas in Sociology and the Challenges of the Future]*. *Sotsis [Sociological Research]*, 2015, no. 4 (372), p. 157).

in Russia on average (-6.6 per 1 thousand people), and in 2015 the country experienced natural population increase (0.2 per 1 thousand people; *tab. 1*).

The dynamics of adaptation of the society to the conditions of life that changed after the collapse of the USSR is reflected most clearly in the trends of suicide mortality. It is no coincidence that suicide is the central idea in the scientific concepts of Pitirim Sorokin and Emile Durkheim, the classics of the Russian and world sociology. “The main general reason for the growth of suicides is the increasing loneliness of the individual, his/her isolation from society, which, in turn, represents the result of our randomly organized society. It is this common ground, upon which suicide develops. We owe to this ground the fact that the slightest failure is enough to cause an individual to commit suicide”⁴. Today, these views are still important.

It is possible to distinguish two periods in the dynamics of suicides in the Russian Federation (*fig. 1*):

1. In 1990–2000, the death rate experienced considerable fluctuations. In 1999, relative to 1990, the increase in the level of suicide mortality was 146%.

2. Since 2000, suicide mortality has been gradually declining. In 2000–2013, the suicide rate in the country decreased twofold, in the Vologda Oblast – 2.5-fold. According to the World Health Organization, in 2014, the level of suicides in Russia amounted to 19.5 cases (14th place in the world), it was 35.1 cases

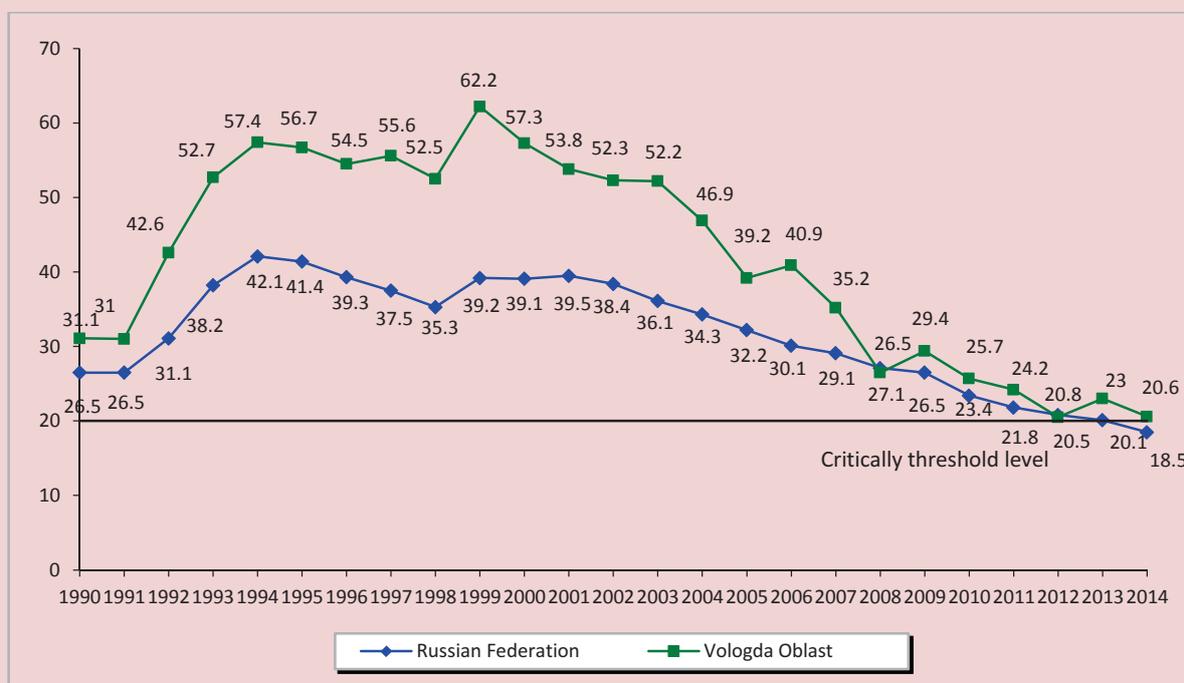
⁴ Sorokin P.A. *Samoubiistvo kak obshchestvennoe yavlenie [Suicide as a Social Phenomenon]*. *Naselenie i obshchestvo [Population and Society]*. Institut demografii NIU “Vysshaya shkola ekonomiki”; *Demoskop Weekly [Demoscope Weekly]*. Available at: <http://www.demoscope.ru/weekly/knigi/stati/stati03.html>

Table 1. Dynamics of indicators that characterize economic and demographic situation in Russia and the Vologda Oblast in 1998–2015

Indicators	1998		2000		2005		2008		2010		2014		2015	
	Russia	Vologda Oblast												
<i>Indicators that characterize the development of economic situation in Russia and in the Vologda Oblast</i>														
Real disposable income, in % to previous year	-	82.3	112	118.8	112	106.4	102.4	98.7	105.9	109.3	99.3	103.1	96.5*	103.1
Real accrued wages per employee, in % to previous year	-	94.1	121	128.0	112.6	112.3	111.5	108.3	105.2	105.6	101.3	98.2	90.3*	89.2*
Population with income below the subsistence level, % of the total population	23.4	22.7	84.96	25.5	87.76	18.3	100.5	15.7	12.5	16.8	16.1	12.9	14.1	-
<i>Indicators that characterize the development of demographic situation in Russia and in the Vologda Oblast</i>														
Resident population as of January 1 of the respective year, million people	147.8	1.339	146.9	1.324	143.8	1.245	142.8	1.219	142.8	1.202	1.437	1.193	146.3	1.191
Natural population increase, decrease (-) per 1,000 population	-4.8	-6.2	-6.6	-7.2	-5.9	-8.3	-2.5	-4.4	-1.7	-4.2	0.2	-1.2	0.2	-1.1*
Life expectancy at birth, years	67	67	65	66	65	63	68	67	69	67	70.9	69.7	-	-

* Data as of January – October 2015.

Figure 1. Level of suicide mortality in Russia and in the Vologda Oblast, per 100 thousand population



Source: Federal State Statistics Service database (www.gks.ru).

Table 2. Level of provision of the Vologda Oblast residents with commodities and real estate* (as a percentage of the number of respondents)

Type of goods; Real estate	10% of the poorest		10% of the wealthiest	
	2000	2015	2000	2015
Outerwear	10.9	40.7	56.4	78.5
Light clothing	12.4	45.2	64.2	83.0
Footwear	8.1	43.0	57.1	79.3
Sports clothing and footwear	9.4	29.6	51.1	66.7
Household chemicals	67.6	82.2	90.4	94.8
Kitchenware	64.7	80.0	85.3	91.9
TV-set (monochrome)	31.9	38.9	40.9	36.5
TV-set (color)	14.5	60.0	73.0	80.0
Tape recorder/stereo system	20.3	40.0	67.2	61.5
Video cassette recorder/DVD player	9.4	43.0	62.0	62.2
Computer	7.4	49.6	53.7	80.0
Mobile phone	8.8	64.4	76.5	85.9
Vacuum cleaner	15.9	50.4	67.2	80.7
Washing machine	33.3	54.1	66.4	83.7
Fridge	26.1	59.3	68.6	85.2
Furniture	18.1	39.3	63.5	75.6
Car	5.8	25.9	40.9	51.1
Apartment	19.4	26.7	54.7	69.6

* The wording of the question: "Please, assess the need of your family in goods and real estate". The answer used in the table is: "We are well-provided with them".
The answer options "Computer", "Mobile phone", "Household chemicals", "Kitchenware" are included since 2005, the answer option "Apartment" is included since 2007. The answer option "TV-set (monochrome)" are not included since 2003. The answer options "Sports clothing and footwear", "Household chemicals", "Kitchenware", "Tape recorder/stereo system", "Video cassette recorder/DVD player" are not included since 2013.

among men (8th place in the world), and 6.2 cases among women (47th place in the world)⁵.

Similar trends are characteristic of the Vologda Oblast; moreover, the negative impact of the global financial crisis is more pronounced at the regional level. The Vologda Oblast found itself among the regions most affected by the crisis, and from a donor region it turned into a recipient region with the greatest budget deficit in Russia (in 2010 it was 28%). This was caused by a decline in metallurgical production that forms about 90% of tax revenues of the oblast budget.

⁵ Predotvrashchenie samoubiistv: global'nyi imperativ [Preventing Suicide: Global Imperative]. *Ofitsial'nyi sayt Evropeiskogo regional'nogo byuro VOZ* [Official Website of the WHO Regional Office for Europe]. Available at: http://www.who.int/mental_health/suicide-prevention/world_suicide_report_russian.pdf

However, the negative impact of the financial crisis in 2008 did not have long-term consequences precisely because it was not accompanied by the breaking of the moral foundations of the society.

Official statistics and people's subjective assessments point out the gradual improvement in the standard of living in the 2000s–2010s. For example, according to the public opinion polls conducted by ISEDT RAS, the low-income groups of the Vologda Oblast population are now better provided not only with the essentials (clothes, footwear, kitchenware), but also things such as DVD players (from 9 to 43%), computers (from 7 to 50%), furniture (from 18 to 39%), cars (from 6 to 26%), etc. (tab. 2). The same can be said about the most prosperous population groups.

However, the improvement of statistical indicators and data of sociological surveys in a 15-year retrospective is just evidence that Russia's society is overcoming the crisis that it faced during the decade of the 1990s.

Back in 1985, the USSR was ahead of the majority of developed countries (except for the GDR and Japan) according to the growth rate

of national income and labor productivity in industry. While the Soviet Union was a leader in manufacture of separate kinds of industrial and agricultural products: iron, steel, milk, butter, etc. (*tab. 3*).

Today experts note the growing dependence of the Russian economy on imports concerning basic industrial and food products (*tab. 4*).

Table 3. Some indicators of national economy of the USSR in comparison with developed countries in 1985

Indicators	USSR	GDR	FRG	USA	UK	Italy	France	China	Japan
<i>Growth rate of national income, industrial output and labor productivity (compared to 1960, fold)</i>									
National income per capita	3.0	3.1	2.0	1.7	1.6	2.2	2.2	2.6	4.2
Growth rate of industrial production	4.8	3.9	2.2	2.6	1.6	2.7	2.2	5.9	6.5
Growth rate of labor productivity in industry	3.0	3.4	2.5	2.0	2.5	2.5	2.4	-	4.3
<i>Production of certain types of industrial and agricultural products</i>									
Cast iron, million tons	110	2.6	32	44	10.5	12	16	44	82
Steel, million tons	155	7.9	41	81	16	24	19	4.5	105
Iron ore, million tons	248	-	1.0	52	0.4	-	15	122	0.3
Mineral fertilizers, million tons	33,2	4.8	4.2	21	2.1	1.8	4.7	13.4	1.8
Meat, million tons	17,1	2.1	5.5	28	3.6	3.9	6.0	17.6	3.7
Milk, million tons	98,6	7.7	25	65	16	12	34	2.9	7.4
Animal oil, thousand tons	1605	-	510	540	190	81	560	-	85
Fish and seafood, million tons	10,7	0.3	0.3	4.1	0.8	0.5	0.8	7.0	11
Potato, million tons	73,0	12.2	7.7	16.5	7.5	2.5	6.2	142	3.7
Wool fabric, million m ²	666	91	78	150	98	520	125	294	330
Footwear, million pairs	788	84	90	300	120	415	190	184	115

Source: *Narodnoe khozyaistvo SSSR v 1985 g.: statisticheskiy ezhegodnik [Economy in the USSR in 1985: Statistical Yearbook]*. Moscow: Finansy i statistika, 1985. Pp. 582-591.

Table 4. Imports of basic industrial and food products in Russia (billion US dollars, in actual prices)

Types of industrial and food products	2000	2012
Foodstuffs and agricultural raw material	7.4	40.2
Textiles, textile products, footwear	2.0	17.4
Medicines	1.15	10.8

Source: Vazhenina I.S. *Sotsial'no-ekonomicheskaya suverenizatsiya Rossii: problemy i puti realizatsii [Social-Economic Sovereignization of Russia: Problems and Strategies]*. *Zhurnal ekonomicheskoi teorii [Russian Journal of economic Theory]*, 2015, no. 2, p. 9.

Meanwhile, the economy needs to keep up with the requirements of the time, which, in our view, involves the solution of important tasks, such as:

A. Meeting the needs of the population, which are increasing with the improvement of living conditions, and the people themselves have more and more demands to the government.

B. Provision of support to the military-industrial complex. In a period when Russia is one of the central participants in the events in Syria and Ukraine, when the “hybrid” warfare with the United States continues and the whole world civilization is standing up to a common enemy – international terrorism, this “article” of economic costs acquires paramount importance.

C. Development of science and technology, corresponding to the new technological mode; so that in 5–10 years, Russia would not be on the list of backward countries.

According to experts, the early 2020s will be the most dangerous period for Russia, when technological re-equipment in developed countries and China will begin; besides, at this period, the United States and other Western countries will come out of depression of 2008–2018 and will make a new technological leap. In 2021–2025, Russia may again fall significantly behind in technological and economic terms, which will devalue its defense capabilities and dramatically enhance internal social and ethnic conflicts, as it was in the Soviet Union in the late 1980s⁶.

⁶ Glazyev S.Yu. Kak pobedit' v voine [How to Win the War]. *Gazeta “Vzglyad”* [Newspaper “View”], 2014, July 24. Available at: <http://www.vz.ru/opinions/2014/7/24/697063.html>.

In 2007–2013, gross domestic expenditure on research has increased worldwide by almost a third. The investments are the greatest in the USA (in 2013 – 28.1%) and China (19.6%) that is now ahead of the EU (19.1%). **The rest of the world spends about 33% of the total (Russia – 1.7%). In 2013, Russia spent 24.8 billion US dollars on research and development (1.7% of the world expenditures; in 2008, the figure was 2%).**

For comparison: the USA spent 396.7 billion, China – 290.1 billion, Japan – 141.4 billion, South Korea – 64.7 billion, France – 45.7 billion, Brazil – 31.3 billion.

(Source: Opublikovannyi Doklad YuNESKO po nauke: Rossii meshaet “resursnoe proklyatie” [Published UNESCO Report on Science: Russia Is Hampered by the “Resource Curse”]. *Novaya Gazeta* [New Newspaper], 2015, November 10. Available at: <http://www.novayagazeta.ru/society/70666.html>).

Thus, new global challenges for the Russian economy are not the same (more precisely, there are also some new ones) that used to be in the early and mid-2000s. It causes the necessity of radical changes in all its aspects, and first of all, in the aspect of management. However, the same people with the same political consciousness and economic platform are still “at the helm” of the economic bloc of the Government. Experts, social scientists, economists, financiers, production managers who think about the development of economic and political independence of the country believe that the government is still

full of the representatives of those circles, for which the division and the wasting of national assets is a priority. Perhaps, this is the major problem of today, which is the cause of deep internal contradictions in the Russian society. This problem is not only inconsistent with the purposes of country's modernization and transition to a new technological way, but it also threatens Russia's national security.

Today no one has any doubt that the roots of the current demographic and socio-economic problems go back to the period of the 1990s, when the era of the Soviet Union (at the decline of its existence as one of the world's superpowers) was followed by perestroika and liberal reforms. The change in the social order was accompanied by ill-considered government decisions (primarily, a "predatory" privatization⁷), which threw the Russian society back for decades, foreshadowing Russia's lagging behind developed countries in terms of economic and scientific-technological development.

⁷ "In the 1990 actively opposing the formation of a independent state control system in the new Russia and, at the same time, vigorously triggering a priori fraudulent and predatory mechanisms of total accelerated privatization, the social forces standing for the federal executive bodies launched the appropriate ideological campaign simultaneously, including the dissemination of the idea of inevitability and even usefulness of corruption. Privatization held in the 1990s resulted in the criminalization of both the control mechanisms and the consciousness of new private owners. It was high-tech implementation of the carefully considered, including in relation to ideological support, multi-pass algorithm, and last but not least involving the conjugation of the external customers' interests to "reduce" our state and the interests of forming domestic criminal "elite" (Source: Boldyrev Yu. Yu. Korruptsiya – sistemnoe svoistvo postsovetskogo rossiiskogo kapitalizma: nauchno-publitsisticheskie zametki [Corruption – a Systemic Feature of Post-Soviet Russian Capitalism: Scientific and Journalistic Notes]. *Rossiiskii ekonomicheskii zhurnal* [Russian Economic Journal], 2011, no. 2, p. 24).

The liberal wing of the Government is still pursuing its economic policies not in the interests of the majority of the population, but in the interests of narrow groups whose needs contradict national development goals and the ideas of justice, law and order. We have to admit that the current Government has no fresh ideas and no comprehensive strategy. Granted, it has technocratic instruments like the Main directions of its activities until 2018, etc., but in fact, Russian ministers and officials have no deep understanding of Russia's problems, or a clear vision of its future. In addition to the low level of competence of many of them, they fail to go beyond the notions that liberal monetarist approaches are the only possible, non-alternative option, and that all that goes beyond them is notorious heresy and populism. Besides, the work of the current government is affected, of course, by obvious interests of big business and the so-called elite⁸.

The consequences that the ill-considered decisions have for the future management are not limited to technological and economic gap between Russia and developed countries. They affect the quality characteristics of the Russian society and are manifested in the deformation of social structure, social consciousness and behavior, i.e. they are expressed in deep systemic problems of social health, the solution of which can take decades – the time that Russia does not have.

One such problem is the lack of trust in the authorities. On the one hand, it is a widespread

⁸ Mironov S.M. Novaya real'nost' i starye illyuzii [New Reality and Old Illusions]. *Nezavisimaya gazeta* [Independent Newspaper], 2015, no. 247, November 18. Available at: http://www.ng.ru/ideas/2015-11-18/5_illusions.html

global trend. Thus, according to an authoritative international research by the Edelman Trust Barometer⁹, in 2011–2015, the level of trust in the authorities on average in the 27 countries decreased by four percentage points (from 52 to 48%). In some states, the decline of this indicator was very substantial (10–50 p. p.): for example, in the Netherlands (by 85 p. p., from 75 to -10), Japan (by 62 p. p., from 51 to -11), Italy (67 p. p., from 45 to -12), Spain (by 60 p. p. from 43 to -17), Argentina (by 87 p. p., from 54 to -33), Brazil (by 133 p. p., from 85 to -48) and others (*tab. 5*).

In Russia in 2008–2015, the level of trust in the authorities increased by 16 p. p. (from 38 to 54%). However, we cannot say that this change is sustainable. Obvious positive changes are observed only in 2015 (level of trust in the authorities compared with 2014 increased by 27 p. p.), which is obviously due to Russian

President Vladimir Putin's successful actions aimed to strengthen the international standing of Russia.

However, in the previous period (2008–2014), the level of trust in the authorities in Russia decreased (by 11 p. p., from 38 to 27%). While in some leading countries we note a gradual but steady growth of this indicator over the past three years (in Indonesia: 20 p. p. in 2012, 47 p. p. in 2013, 53 p. p. in 2014, 72 p. p. in 2015; in Germany: 33 p. p. in 2012, 48 p. p. in 2013, 49 p. p. in 2014, 50 p. p. in 2015; *tab. 5*).

The trust in the authorities is focused solely on the top level of the power hierarchy – on the President. However, as the results of the surveys show, Russians clearly share the success of the President in dealing with international political issues and in solving the problems of growth in the quality of life (*tab. 6*). “The citizens realize the gravity of the situation in the economy and do not believe that the government is able to steer the country out of the crisis. But those same citizens support Russia's foreign policy that restored glory to our country”¹⁰.

The feeling of uncertainty in the future combined with the crisis of trust in the authorities force people to plan their life prospects and achieve them by relying solely on their own resources. As a result, life goals of people become smaller. They are focused on consumer needs and concentrate within the closest social environment of an individual.

⁹ The Edelman Trust Barometer research results are highlighted annually at the World Economic Summit. Edelman Trust Barometer – 2015 represents the 2014 situation. Thirty-three thousand respondents in 27 countries around the world (in 2011 – 25 countries) are surveyed online. The survey involves the entire population aged over 18 and “informed respondents” (500 respondents in U.S. and China and 200 in other countries) that meet the following criteria: age: 25–64 years; education: higher; income level: upper 25% income group for each age group in each country; interested in the news of business and politics. The wording of the question is the following: “Below there is a list of institutions. Please, indicate to what extent you trust this institution, using the 9-point scale, where 1 means “distrust completely”, 9 – “trust greatly”. Respondents with the trust rating from 6 to 9 points are considered “trusting”. Countries where the share of those is below 50% are recognized as “distrusting”, from 50 to 59% – “neutral”, 60% and above – “trusting” (source: *Ofitsial'nyi sait kompanii Edelman Trust Barometr* [Official Website of Edelman Trust Barometer]. Available at: <http://www.edelman.com/>).

¹⁰ Grazhdan ne volnuet rost bednosti. Vnutrennie problemy strany vyvedeny iz politicheskoi povestki [Citizens do not Care about the Increase in Poverty. Internal Problems of the Country are Outside the Political Agenda]. *Vedomosti* [News], 2015, June 14. Available at: <http://www.vedomosti.ru/opinion/articles/2015/06/15/596296-grazhdan-ne-volnuet-rost-smertnosti-i-bednosti>

Table 5. Level of trust in the authorities in the world*

Country	2008	2009	2010	2011	2012	2013	2014	2015	2015 compared to 2011, +/-
India	49	43	43	44	53	57	53	82	+38
Germany	27	35	43	33	33	48	49	50	+17
Russia	38	43	38	39	26	29	27	54	+15
Indonesia	n.a	52	62	40	47	53	72	+10	
Ireland	35	35		20	35	32	21	26	+6
UAE				88	78	73	88	90	+2
USA	39	30	46	40	43	53	37	41	+1
Canada	39	51		52	56	58	51	49	-3
Australia	n.a.	53		52	47	43	56	49	-3
Malaysia					49	60	54	45	-4**
Sweden	63	39		64	62	65	63	59	-5
China	79	80	74	88	75	81	76	82	-6
Singapore				77	73	82	75	70	-7
France	35	36	43	49	31	49	32	42	-7
Mexico	49	41		42	35	41	28	33	-9
Netherlands	64	74		75	61	62	60	65	-10
Japan	45	45	42	51	25	32	45	40	-11
Poland	11	33		42	28	30	19	30	-12
Italy	29	32	36	45	31	35	24	28	-17
South Korea		38		50	33	44	45	33	-17
Spain	37	34		43	20	20	18	26	-17
Hong Kong					62	63	45	42	-20**
Argentina				54	36	19	23	21	-33
Brazil	22	51	39	85	32	33	34	37	-48
UK	34	41	38	43	38	47	42	43	0
Turkey						40	43	41	-
South Africa							17	16	-
Average	42	45		52	43	50	45	48	-4

Source: Edelman Trust Barometer official website. Available at: <http://www.edelman.com/>

* Dynamics: 2015 to 2012, +/-.

** The countries, in which the level of trust in the authorities for the period between 2011 and 2015 increased by 10 percentage points or more are highlighted in green; the countries, in which the level of trust in the authorities declined by 10 percentage points and more are highlighted in red.

Table 6. In your opinion, how successful is the RF President in coping with challenging issues? (as a percentage of the number of respondents)

Indicator	2000	2003	2005	2007	2008	2009	2010	2011	2012	2013	2014	2015	Dynamics, 2015 +/- to		
													2000	2007	2014
<i>Strengthening Russia's international standing</i>															
Successful	42.3	44.9	47.9	58.4	55.1	49.5	49.9	46.2	43.1	45.6	50.4	51.4	+9	-7	+1
Unsuccessful	30.9	30.1	33.8	24.9	23.7	30.4	29.3	33.7	37.9	36.2	32.4	31.2	0	+6	-1
<i>Imposing order in the country</i>															
Successful	31.4	37.5	41.9	53.2	48.2	39.1	41.1	36.6	35.4	39.4	48.0	50.1	+19	-3	+2
Unsuccessful	49.2	45.1	45.1	34.0	34.2	43.5	42.5	50.0	50.7	47.5	39.1	37.9	-11	+4	-1
<i>Protecting democracy and strengthening the citizens' freedoms</i>															
Successful	23.5	29.9	33.6	44.4	39.9	36.7	36.3	32.4	28.8	31.8	37.5	40.3	+17	-4	+3
Unsuccessful	43.8	42.4	47.0	37.0	35.9	41.5	42.6	48.3	52.3	51.0	45.4	41.0	-3	+4	-4
<i>Economic recovery and increase in the citizens' welfare</i>															
Successful	25.6	29.6	35.1	47.2	36.7	31.6	33.5	30.7	28.5	31.3	34.8	34.8	+9	-12	0
Unsuccessful	52.9	51.4	50.8	39.1	46.0	52.4	51.6	56.1	57.9	56.8	53.4	51.6	-1	+13	-2

Source: ISED T RAS public opinion monitoring.

This phenomenon that science calls “social atomism” is noted by leading Russian scientists (M. K. Gorshkov, V. I. Zhukov, etc.) and by the results of regional sociologic research. Its essence consists in the fact that the interests, needs and hopes of Russians are concentrated at the micro level – the immediate social environment (family, closest friends and relatives). For example, the results of sociological assessments conducted by ISEDT RAS in the Vologda Oblast show that simultaneously with the growth of the quality of life there is a “degeneration” of life plans, they become more consumer-oriented, aimed at today and not at the future.

Thus, in 2001–2014, the representatives of the lowest income groups were less likely to plan for a year the implementation of the necessary medical treatment (the share of those who did not plan it increased by 22 p.p., from 23 to 45%; *tab. 7*), provision of children with high-quality education (by 17 p.p., from 32 to 49%), better nutrition (by 15 p.p., from 10 to 25%). However, during this same period, representatives of the same groups were more likely to plan the purchase of a car (the proportion of those who did not plan it decreased by 9 p.p., from 48 to 40%); the share of those who did not plan to spend their vacation abroad increased only by 4 p.p.

Table 7. Share of the least and most prosperous population who are not planning to... (as a percentage of the number of respondents in each decile group)*

Plans for the year	2001	2014	Dynamics +/-
<i>10% of the poorest</i>			
To implement the necessary medical treatment	22.5	44.9	+22
To provide children with good education	31.9	48.5	+17
To improve the quality of nutrition	10.1	25.0	+15
To buy a country house, a subsidiary plot	46.4	61.8	+15
To find a job	19.6	33.1	+14
To buy new clothes and footwear	6.5	19.9	+13
To improve living conditions	22.5	33.1	+11
To spend the vacation in a sanatorium (vacation hotel) in Russia	42.8	50.0	+7
To spend the vacation abroad	53.6	57.4	+4
To increase the salary	16.7	19.9	+3
To buy a car	48.6	40.4	-9
<i>10% of the wealthiest</i>			
To improve the quality of nutrition	19.0	41.2	+22
To buy a country house, a subsidiary plot	63.5	81.6	+18
To implement the necessary medical treatment	46.0	62.5	+17
To spend the vacation in a sanatorium (vacation hotel) in Russia	53.3	67.6	+14
To find a job	54.0	66.9	+13
To provide children with good education	59.1	72.1	+13
To buy new clothes and footwear	7.3	16.9	+10
To improve living conditions	41.6	50.0	+8
To increase the salary	19.7	27.9	+8
To buy a car	46.7	54.4	+8
To spend the vacation abroad	62.0	39.0	-23

* Those plans that people are now more likely “not to plan” (by 15 p.p. or more) are highlighted in red.

(from 54 to 57%), the share of those who did not plan to spend their vacation in Russia – by 7 p.p. (from 43 to 50%).

The difference is clear (2–3 times), and we recall that this applies to the 10% of the residents with the lowest income in the Vologda Oblast. The orientation toward consumer needs, the “degeneration” of life plans is noted among the most wealthy people as well, that is, among those who, it would seem, should not worry about the issues such as vacation abroad or the purchase of a car, i.e. the ones who have more opportunities to think about their health and the education of their children.

Thus, social atomism stems not only from the low income but also from the psychological insecurity and from the mistrust in the authorities, the factors deeply-rooted in public consciousness. The proportion of people who experience uncertainty about the future has been and remains very significant (46–63%;

tab. 8) in all the decile groups, except for the richest 10% of inhabitants of the Vologda Oblast. In addition, in all the decile groups, the proportion of people who are looking into the future with anxiety increased in 2015 compared to 2014.

The feeling of unpredictability of the future coexists with low levels of interpersonal trust: according to surveys, 79% of the Vologda Oblast residents believe that currently it is impossible to trust anyone or, in extreme cases, you can trust the closest friends and relatives (*tab. 9*).

Of particular concern is the fact that uncertainty about the future, the “degeneration” of life plans, people’s mistrust in each other are becoming a more and more familiar way of life to Russians. These phenomena coexist quite peacefully with the good mood and content with life, which 20–60% of people expressed in the 2000s and 50–90% express at present (*tab. 10*).

Table 8. Share of people who experience uncertainty about the future (as a percentage of the number of respondents in each decile group)

Decile groups	2001	2002	2003	2004	2005	2006	2007	2008	2009	2011	2012	2013	2014	2015
the wealthiest 10%	62.3	70.6	77.2	65.1	36.8	41.0	43.2	53.7	49.3	75.9	70.5	66.7	62.5	67.4
the poorest 30% (including the poorest 10%)	65.6	63.8	71.6	58.1	36.0	42.3	42.2	46.0	49.3	67.4	64.1	64.0	54.4	63.5
the poorest 30%	61.4	63.6	59.4	37.5	34.2	41.1	50.6	41.9	49.3	61.7	55.3	49.8	47.7	56.0
the wealthy 30%	63.4	53.9	54.7	37.2	30.4	45.7	45.8	36.6	43.7	63.7	50.0	43.6	45.5	52.2
the wealthiest 10%	47.4	46.8	30.7	17.8	29.4	42.4	38.1	30.8	30.4	40.9	39.4	31.9	24.3	37.8

Table 9. Who can you trust? (as a percentage of the number of respondents)

Answer option	2010	2011	2013	2014	2015
At present, I can trust no one	26.1	24.7	27.9	27.9	23.5
I can trust only the closest friends and relatives	58.1	56.5	52.5	53.4	55.7
Most of my acquaintances are trustworthy	12.8	16.1	15.2	12.2	12.6
One should trust everybody without exception	2.3	2.5	1.6	3.1	2.5

Table 10. Dynamics of social well-being indicators (as a percentage of the number of respondents in each decile group)

Decile groups	2000	2007	2010	2011	2012	2013	2014	2015
<i>The share of people with the "good mood, good condition"</i>								
the poorest 10%	26.5	49.1	42.7	41.3	44.6	40.1	44.9	48.4
the poorest 30% (including the poorest 10%)	30.7	53.8	48.6	49.3	54.9	51.5	54.2	56.2
the poor 30%	46.3	60.6	59.3	61.8	66.1	70.0	71.7	68.8
the wealthy 30%	54.1	70.1	72.0	74.2	76.5	80.4	80.9	78.9
the wealthiest 10%	65.5	77.1	80.4	76.7	85.1	84.7	84.8	81.9
<i>The share of people who are "satisfied; partly satisfied, partly not satisfied" with their life</i>								
the poorest 10%	22.9	59.5	63.5	58.2	70.6	46.2	43.3	35.1
the poorest 30% (including the poorest 10%)	34.0	59.5	71.1	67.7	75.0	54.6	58.4	53.4
the poor 30%	42.5	65.7	79.9	86.7	84.7	74.3	76.6	77.6
the wealthy 30%	61.1	73.8	81.4	91.3	89.2	88.4	85.5	86.0
the wealthiest 10%	73.5	85.5	86.9	94.9	92.7	90.9	96.3	87.8

In other words, social atomism is a product of modern civilization; it is the part of our lives that is not perceived by ordinary citizens as a global problem, which holds the potential danger of total consequences for all the spheres of public life. Meanwhile, experts warn that the consequences of the atomization of society can be very pessimistic – “from the loss of readiness to live through personal problems without hard protests during the likely new economic crises to the unwillingness to enlist in the army, while the very concepts of “state”, “homeland” as the ultimate guarantors of sustainable development and satisfaction of people’s needs are devaluating, and citizens cease to feel responsible for their fate”¹¹.

Major changes are taking place in the social structure of the Russian society and, first of all, in the middle class – the social layer that today

¹¹ Gorshkov M.K. “Russkaya mechta”: opyt sotsiologicheskogo izmereniya [Russian Dream: Experience of Sociological Measurement]. *Sotsiologicheskie issledovaniya* [Sociological Studies], 2012, no. 12, p. 3; Chuguenko V.M., Bobkova E.M. Nove tendentsii v issledovanii sotsial'nogo samochuvstviya naseleniya [New Trends in the Research of Population's Social Well-Being]. *Sotsiologicheskie issledovaniya* [Sociological Studies], 2013, no. 1, p. 23.

plays an important role in the viability and competitiveness of the country.

Along with the strengthening of the power vertical (this process in Russia has been going on from the beginning of Vladimir Putin’s first presidential term, i.e. from the beginning of the 2000s), the position of the middle class is becoming more and more important. “The strengthening of the state always leads to the blockage of communication channels between society and authorities. The system “pupates”, its bureaucratic apparatus grows, even against the will of the ruling elites. The movement along the vector of democracy slows down. In order to re-establish its “smooth flow” it is necessary to exert pressure on the middle class as the most responsible, wealthy and educated segment of the population and part of the elite”¹². “The fact of formation and development of the middle class is the most important criterion of efficiency of socio-economic development and strength of the

¹² Skorobogatyi P. Trevozhnyi i loyal'nyi [Worrisome and Loyal]. *Ekspert* [Expert], 2015, no. 45, November 2. Available at: <http://expert.ru/expert/2015/45/trevozhnyij-i-lojalnyij/>

entire system of economic, social, political and civil institutions. However, the development of the middle class is not only the result but also the source of economic growth”¹³.

The middle class is a social stratum, which has the most powerful potential for dialogue with the authorities. It comprises people who watch over the situation in the country; they are ready not only to criticize the government, but to come to an agreement with it. The pressure that the representatives of the middle class can and should exert on the government consists in active participation in political and public life, in the legitimate resistance to ambiguous initiatives of authorities, in the establishment of mechanisms and associations, i.e. the tools of influence. **If the active part of the population does this all outside the platforms for dialogue with the authorities, there arises a revolutionary potential. But if communication with the middle class is established, it creates the prospect of rapid development of the country.**

Due to the importance of the role played by the middle class in organizing the dialogue between government and society, its transformation attracts the attention of a growing number of researchers. Experts note that over the last 15 years the Russian middle class has become wealthier, but its size has declined; it is characterized by the processes of internal differentiation by income and ideological beliefs (some spokesmen advocate the stability of society, others speak in favor of its “soft” reform); active consumption in the middle class exceeded all other demands.

¹³ Maleeva T.M., Burdyak A.Ya., Tyndik A.O. Srednie klassy na razlichnykh etapakh zhiznennogo puti [Middle Classes at Various Age Stages]. *Zhurnal novoi ekonomicheskoi assotsiatsii* [Journal of the New Economic Association], 2015, no. 3, p. 109.

In 2003–2014, the middle class experienced a significant decline (from 36 to 15%) in the proportion of those who were able to improve their education or the level of qualification and in the share of those who were able to get a promotion at work or find a new, more suitable job (from 31 to 10%). These recent studies allow us to speak about the presence of a kind of “social imbalance” in the Russian society, which is manifested in the contradiction between the relatively peaceful (according to statistics) state of the labor market with low unemployment and a fear that one can turn out unemployed in the next two or three years, the feeling that more than 40% of working Russians experience. Experts are convinced: despite the irrationality of such a disturbing thought, it has objective and reasonable grounds that include social insecurity of Russians and the inefficient system of state social protection against unemployment¹⁴.

Negative trends in the many years of transformation of Russia’s middle class lead to the fact that its representatives express significantly negative opinions concerning the Government. **“The internal policy that is criticized by Russians remains the responsibility of the Cabinet of Ministers, and the external policy supported by Russians is associated with the President. In addition, it is necessary to point out an important feature: the anger of the middle class is primarily directed toward regional authorities, i.e. the very power that is responsible for the order and quality of life in Russia’s constituent entities”**¹⁵.

¹⁴ *Srednii klass v Rossii: 10 let spustya : analiticheskii doklad IS RAN* [Middle Class in Russia: 10 Years Later : IS RAS Analytical Report]. 2014, pp. 23, 27.

¹⁵ Skorobogatyi P. Trevozhnyi i loyal’nyi [Worrisome and Loyal]. *Ekspert* [Expert], 2015, no. 45, November 2. Available at: <http://expert.ru/expert/2015/45/trevozhnyij-i-lojalnyij/>

Today the society (represented by the middle class) formulates quite clearly its requests to the state. Meanwhile, even the most the critically-minded social groups do not want protests and revolutions and try to find ways for constructive dialogue with the state. For instance, according to VCIOM and the Levada Center, 76% of Russians believe that protests against the decline in the standard of living are unlikely, and 77–80% of Russians are not ready to participate in rallies and other protest actions¹⁶. According to ISEDT RAS, the level of protest potential in the Vologda Oblast in 1998 was 40%, in 2005 – 32% and beginning from 2007, it does not exceed 20%.

However, some representatives of the economic bloc of the Government, i.e. the people who deal with domestic economic issues, do not pay attention to the society; their interests are connected only with certain social groups that do not care about national and public interests. “...The power, following a path of state capitalism, suppresses small and medium business by pursuing its economic policy. It is difficult to say whether it is done consciously or not. But obviously, it is inconvenient for the authorities to have a wealthy middle class, because it puts forward its claims, protects its property and civil rights and requires transparency. If the middle class were large, the government would have to make agreements with it, to grant it a share

¹⁶ *Argumenty i fakty* [Arguments and Facts], 2015, January 23. Available at: http://www.aif.ru/politics/russia/1431347;Ofitsial'nyi_sait_Levada-Tsentra [Levada-Center Official Website]. Available at: <http://www.levada.ru/old/16-09-2015/rossiyane-gotovy-protestovat-tolko-za-kompaniyu>

in politics. But the “new Soviet power” is not used to it”¹⁷.

As a result, a tangle of contradictions is accumulating. Experts have repeatedly drawn attention to this situation, but their opinion is not taken into account. So today, you can hear the proposals of concrete actions¹⁸:

- provision of the Security Council of the Russian Federation with the powers of the civil General Staff that forms an adequate strategic plan to counter the threats, the implementation of which involved all the bodies of economic administration of the country;
- establishment of a special unit in law enforcement bodies that would fight against corruption, it is due to the pressing necessity of “purging” the elite given the possibility of war;
- establishment of a center for development management, which should unite leading Russian experts regardless of their

¹⁷ Kostikov V. Ukroshchenie stroptivnykh. Kak bednost' ubivaet volyu k demokratii [Taming of the Shrew. Poverty Kills the Democratic Will]. *Argumenty i fakty* [Arguments and Facts], 2015, no.32, August 5. Available at: http://www.aif.ru/society/opinion/ukroshchenie_stroptivnyh_kak_bednost_ubivaet_volyu_k_demokratii

¹⁸ See for example: 1. Glazyev S.Yu. O neotlozhnykh merakh po ukrepleniyu ekonomicheskoi bezopasnosti Rossii: doklad na zasedanii Soveta bezopasnosti 15.09.2015 [On Urgent Measures to Strengthen the Economic Security of Russia: Report on the Security Council Meeting September 15, 2015]. *Biznes online: delovaya elektronnyaya gazeta* [Business Online: Business E-Newspaper], 2015, September 15. Available at: <http://www.business-gazeta.ru/article/140998/> 2. Tikhonov S. Khoteli posadok? [Did You Want Jailing?]. *Ekspert* [Expert], 2015, no. 40 (959), September 28. Available at: <http://expert.ru/expert/2015/40/hoteli-posadok/> 3. Dal'she “sushit” ekonomiku nekuda [It is Impossible to “Dry” Economy Anymore]. *Ekspert* [Expert], 2015, November 2. Available at: <http://expert.ru/expert/2015/45/dalshe-sushit-ekonomiku-nekuda/> 4. Mironov S.M. Novaya real'nost' i starye illyuzii [New Reality and Old Illusions]. *Nezavisimaya gazeta* [Independent Newspaper], 2015, no. 247, November 18. Available at: http://www.ng.ru/ideas/2015-11-18/5_illusions.html

views on urgent measures necessary for the “recovery” of Russia’s economy;

- establishment of a government of national trust composed of representatives of different constructive political forces.

These options have different content, but one thing unites them – their direct accountability to the President. This suggests that the country has realized the true reasons underlying the backlog of social health issues. The political and scientific communities are ready to work on the various ways to eliminate them. It is understood that the ineffectiveness of the Government’s domestic policy is now the main obstacle to the improvement of the quality of life of Russia’s population and provision of its competitiveness on the world stage.

Thus, social health issues are a question of strategy rather than tactics and of the future rather than the present. Today is not a threat of growing protest moods, but primarily the issue of the weakening of human potential – the main factor in national security in a competitive struggle for the next few years and decades.

The false paradigm, concept and the lack of scientific strategic planning has led to the low growth and development of Russia. That is why the achievements and recommendations of economic science and international experience are neglected. That is why, despite the availability of rich natural and other

resources, the quality of life is low. And this is the main criterion for the low efficiency of power, of the ruling elite¹⁹.

The Russian society has changed over the last 20 years. Today, public consciousness, social needs and requirements to the government are quite different than in the early 2000s; that is why the solution of internal economic and political issues requires a fundamental change in the management system. And Russia has little time for this, because the global competition for the dominant position is going on under the conditions of a new technological mode, and Russia’s internal life will soon face a change in its the political cycle (2018).

Sustainable human development can be ensured only through effective management, strategic planning and the adequate perception of global trends – in health, education, culture, the standard of living and quality of life of the population of different countries – by the ruling elite. Here the term “adequate perception” means not only an objective assessment of the situation prevailing in the above mentioned aspects of human potential, but also the formation of appropriate policy, i.e. a set of elaborate, science-based solutions for the medium-term (3, 5, 10 years), and long-term (20, 30, 40 years) perspective.

These solutions include the transition to strategic planning carried out by many developed countries²⁰, the transition that in

¹⁹ Korchagin Yu.A. Ekonomicheskaya nauka RF v zagone [Russian Economics is Neglected]. *Elektronnaya biblioteka Viperson.ru* [Viperson.ru Electronic Library]. Available at: <http://viperson.ru/articles/ekonomicheskaya-nauka-rf-v-zagone>

²⁰ “Japan, China. PRC has been developing very rapidly for the last 30 years... By the way, China has established and is operating a system of indicative planning. When working out plans the Chinese authorities attract a lot of organizations, including research institutes, public organizations and business, and it results in the most important thing – environment of trust... The tools of modernization, such as large-scale adoption of technologies and methods of management, indicative planning, import substitution and active support of export were at certain stages of modernization common to all countries, which managed to transfer from “developing” to “developed” (source: Polterovich V.M. Voprosa o sisteme, porozhdayushchei rost, ne oboiti : interv’yu [It is Impossible to Bypass the Question of the System that Generates Growth: Interview]. *Ekspert Yug* [Expert South], 2015, February 24. Available at: <http://mse-msu.ru/v-m-polterovich-voprosa-o-sisteme-porozhdayushhej-rost-ne-oboiti-intervyu-zhurnal-ekspert-yug/>).

Russia is so far “reduced to hosting the Olympic Games and world championships”²¹.

The extension of the powers and responsibilities of the Federal Assembly is no less important. A coalition of representatives of all parties must be formed in the Government. The coalition should include people who can not only offer solutions in the interests of the majority of the population, but also take responsibility for the implementation of these solutions. Civil investigations currently carried out by the All-Russian People’s Front should be organized at the federal level. Only in this case will they acquire systemic character and their results will influence all the areas of domestic policy.

The managerial mind should be, on the one hand, flexible and adaptive to changing realities; on the other hand, it should be hard and ready to show political will in addressing the most complex issues. It is necessary to introduce the practice of the change of elites capable of offering effective response to dynamic and successive internal and external challenges. It is essential to create the general ideological vector for domestic and foreign policy. If these steps are absent, it will inevitably lead to the alienation of power from society, the growth of social unrest, the new and more stringent requirements of the population. This may be a factor in the aggravation of social health issues, lingering and increasing in Russia; they affect its social structure (deformation of the middle class,

precariat²²) and spiritual and value foundations of the Russian society (social atomism, the dominance of consumer interests). According to experts, this can lead to extremely serious consequences for the country in the long term, up to the loss of national identity.

Vladimir Putin during all his presidential terms and especially in recent years conducts an independent foreign policy, regularly drawing the world’s attention to threats inherent in a unipolar world, to the inevitable decline of civilization dominated by one power. This is the keynote of all his public speeches. At that, the conceptual theoretical promises and concrete actions of the President enhance Russia’s status in the international political arena and, according to the results of opinion polls, they are widely supported by the Russian society.

There is no doubt that Russians share Vladimir Putin’s views on the geopolitical arrangement of civilization and on the place of Russia in the multipolar world. So there is no doubt that the absence of such an independent course of internal policy of the Government causes misunderstanding and concern on the part of the population. The Russian society is aware of the need for change and the people are ready to mobilize their efforts to make their country one of the most influential powers in the world in the near future. But still at present it is too early to talk about any “breakthrough”, because it

²¹ Antonov M. Pered pravitel’stvom ne stoit zadacha razvivat’ ekonomiku (zametki s Moskovskogo ekonomicheskogo foruma) [The Government does not Face the Task to Develop the Economy (Notes from the Moscow Economic Forum)]. *Pravda* [Truth], 2015, no. 115(30321), October 16–19. Available at: <http://kprf.ru/pravda/issues/2015/115/article-52966/>

²² Precariat is “fundamentally new, sustainable social class education, which brings together a great number of people and gives them the status of permanent temporariness of the social state and the clear understanding of shortcomings and limitations in the realization of their capabilities and abilities” (source: Toshchenko Zh. T. Precariat – novyi sotsial’nyi klass [Precariat – New Social Class]. *Sotsis* [Sociological Research], 2015, no. 6 (374), p.7).

is necessary for the Russian economy at least to overcome the crisis and embark on the path of sustainable growth.

In his annual addresses to the Federal Assembly, the Russian President has repeatedly stressed the need to improve management effectiveness on the most pressing issues of Russia's life: in particular, it concerns the development of the system of healthcare and education, the functioning of the supervisory and control agencies in the sphere of small and medium business, the optimization of the agro-industrial complex, etc.

It is important to note that in 2012 (the first year of the third presidential term), the context of the President's speech was quite "mild" – it was about the duration of the issues and the need to intensify efforts to address them. The subsequent Presidential Addresses to the Federal Assembly contained more and more phrases such as: *"Let's comprehensively go over these issues again and finally bring the situation in line with common sense and attune it to the times"* (2013), *"There is now a clear understanding of what should be done, so now we must just start doing it"* (2014) and *"How many years have we been talking about this? Yet things are not moving forward"*. (2015; see *appendix*). Thus, Vladimir Putin

clearly expresses his dissatisfaction with the progress of the implementation of the tasks and priorities set out in 2012, and in fact – with the inefficiency of public administration. It looks as though the President is forced to tolerate an incompetent execution of his decrees.

"Being on top of the power vertical, the President cannot implement his initiatives when faced with the malfunction of institutions and low quality of public administration, so the tone of his latest Address is "alarmed and anxious"²³.

How long will be the patience of the President and the entire Russian society? Especially when we consider the imminent change of the political cycle... Can the Government realize that its 2008 fiscal and monetary policy has led to the stagnation of the economy, and in the future it may throw the Russian society backward by ten years and return it back to the level of the 1990s? Can the ruling elite understand that it would be disastrous for the country in the current geopolitical conditions? Or will Russia find the political will to reorient its economic policy in the interests of wider population rather than narrow oligarchic groups? This ultimately will determine the future of Russia and its national security and competitiveness in the coming decades.

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²³ Poslanie ozabochennogo cheloveka [Message of a Worried Man]. *Nezavisimaya gazeta* [Independent Newspaper], 2015, December 4. Available at: http://www.ng.ru/editorial/2015-12-04/2_red.html

Excerpts from the Addresses of the President of the Russian Federation
to the Federal Assembly in 2012–2015 (Vladimir Putin's third presidential term)

Address of the President of the Russian Federation to the Federal Assembly, December 4, 2014	Address of the President of the Russian Federation to the Federal Assembly, December 3, 2015
<p>1. <i>"This is not the first time we are speaking about the need for new approaches to the activities of oversight, supervisory, and law enforcement agencies. Nevertheless, things are changing very slowly here.</i> The presumption of guilt is still very much alive. Instead of curbing individual violations, they close the path and create problems for thousands of law-abiding, self-motivated people".</p> <p>2. <i>"Finally,</i> it's crucial to abandon the basic principle of total, endless control. The situation should be monitored where there are real risks or signs of transgression. <i>You see, even when we have already done something with regard to restrictions, and these restrictions seem to be working well, there are so many inspection agencies that if every one of them comes at least once, then that's it, the company would just fold. In 2015, the Government should make all the necessary decisions to switch to this system, a system of restrictions with regard to reviews and inspections"</i>.</p> <p>3. Business people talk about the need for stable legislation and predictable rules, including taxes. I completely agree with this. <i>I propose to freeze the existing tax parameters as they are for the next four years, not revisit the matter again, not change them"</i>.</p> <p>4. "I'd like to ask the Government to complete this work as soon as possible. I'd also like to ask the deputies <i>not to delay</i> their review of the law on priority development areas (PDA). In addition, I propose extending PDA regulations to new projects in a number of single-industry cities with the most difficult socioeconomic situations, <i>rather than waiting three years, as provided by the draft law (I believe it has passed its first reading). Instead, we should amend it and start working on single-industry cities right away"</i>.</p> <p>5. "Unfortunately, engineers are still mostly educated at universities that are no longer linked to the actual producers, and lack access to the latest research and solutions. It is high time that we focus on the quality of education, not sheer enrolment numbers, and ensure that engineers are trained by top higher education institutions with strong industry connections, and preferably in the same regions where the future engineers will live".</p> <p>6. "...What this means is that, first, we have great potential, a lot of young promising talent. It also means that a lot has to be done to change the professional training system. <i>It's what I spoke about. We just need to avoid acting formally here. There is now a clear understanding of what should be done, so now we must just start doing it. Once we engage in this effort, we must keep up the momentum,</i> since despite the changes in labour professions and training, the key economic driver always was and will continue to be the availability of highly-skilled qualified workforce and engineers. A network of certification centers should be created so that workers can prove that they meet professional requirements".</p>	<p>1. "It is imperative to achieve a balanced budget. This, of course, is not an end in itself, but a critical prerequisite for macroeconomic stability and our financial independence. <i>As you may recall,</i> by the end of the 2016 federal budget year, the deficit should not exceed 3 percent, even if revenue is lower than expected. <i>Please take a note of this, colleagues, members of the State Duma and the Federation Council, the Federal Assembly in general. This is important. I just mentioned that financial stability and the independence of our country are completely interrelated. Please keep these basic considerations in mind"</i>.</p> <p>2. "Polls show that businesses see no qualitative progress in the regulators' work. <i>Yet, all the necessary instructions for this have been issued, even more than once. We repeat ourselves and our attempts to reduce their powers. We reduce them in one area – they simply grow again in another. A whole army of inspectors continues to hinder the operation of good businesses.</i> I am not saying that control is not necessary. Business does require regulation. But I ask the Government Commission for Administrative Reform to work out, together with business associations, proposals on eliminating redundant and overlapping functions of regulatory agencies, and submit them by July 1, 2016".</p> <p>3. "It is necessary to put to use millions of hectares of arable land that is now idle. They belong to large land owners, many of whom show little interest in farming. <i>How many years have we been talking about this? Yet things are not moving forward.</i> I suggest withdrawing misused agricultural land from questionable owners and selling it at an auction to those who can and want to cultivate the land".</p> <p>4. <i>"When we did this 10 years ago, I remember well, we agreed that we will make an initial injection of federal funding, and then the regions will take over the responsibility and keep the financing at a certain level. But this never happened, which is unfortunate. I understand that there may be issues, but like I said many times before, it is imperative to get our priorities straight. It was the wrong thing to do to wait for everything to fall apart, and then expect to be bailed out again with the money from the federal budget. However, the way things are now, it looks like we will have to do it again. But that's not what we agreed upon. In any case, I ask the Government and the regional authorities to get back to this issue and resolve it jointly"</i>.</p>

The End of the Appendix

Address of the President of the Russian Federation to the Federal Assembly, December 12, 2012	Address of the President of the Russian Federation to the Federal Assembly, December 12, 2013
<p>1. <i>“Poor government efficiency and corruption are major problems that everyone can see.</i> We will never be able to tackle the challenges facing our society and our nation without quality, modern public administration, and without a high level of personal responsibility of everyone involved in it”.</p> <p>2. “We must consistently work to ensure that all Russian regions without exception become economically self-sufficient and subjects of the Federation in the fullest sense. <i>Therefore, we must slightly change the current logic of relations among state budgets at various levels.</i> May the Finance Ministry not be frightened by these words”.</p> <p>3. “However, I now address the Government first of all since you know what I’m referring to, we will get rid of the tax breaks for infrastructure companies and infrastructure monopolies, among others. This means that they will have to pay more. But not everyone is ready to start paying new amounts, because at that point we could completely deprive them of investment possibilities. <i>We have already agreed on a smooth transition period and compensation for these companies. We absolutely must think about this. Such decisions are not taken casually, though of course it is necessary to move in this direction, and we will do so</i>”.</p>	<p>1. “...Local authority – because it is the closest power to the people – should be organized so that any citizen could reach out to it, figuratively speaking. In this connection I am addressing the All-Russian Council for Local Self-Government Development, All-Russian Congress of Municipalities, governors, and members of the Federal Assembly, of the Government of the Russian Federation – <i>let’s comprehensively go over these issues again and finally bring the situation in line with common sense and attune it to the times.</i></p> <p>Let me repeat: I think the most important task is to clarify the general principles of local self-government organization, develop strong, independent, financially sustainable local authorities. And we need to start this work and give it sound legal foundations already next year, 2014, the year of the 150th anniversary of the famous Zemstvo Reform of 1864”.</p> <p>2. “I think that it is impossible to elaborate policies following a formal approach. <i>Yes, of course we all know that economic trends may and do change. But that is no reason to talk about revising our goals. We need to do real work, seek solutions, and clearly lay out budgetary and other priorities. I would ask you to update all state programs accordingly.</i></p> <p>Already within the next two years, all budgets should be changed to conform to our budget plan. This does not mean rewriting everything mechanically. It means <i>increasing the personal responsibility of each manager for the achievement of results. What we need to do is to focus resources on achieving substantial changes in specific sectors.</i></p> <p>For this reason we are raising salaries in education and health-care so that the work of teachers, professors, and doctors becomes prestigious once again, and attracts strong university graduates. But <i>as we agreed</i>, decent wages must not only reflect budgetary transfers, but rather reforms designed to improve spending efficiency and, most importantly, the quality of social services. We need people to see how our schools, universities, clinics and hospitals are changing for the better”.</p>
<p>* The words and phrases used by President Vladimir Putin to stress the need for action and for transition from words to deeds are given in italics.</p>	