

RRI 2016
International Conference «Responsible Research and Innovation»

**COMPARATIVE ANALYSIS OF SOCIAL WELFARE IN
RUSSIA AND FOREIGN COUNTRIES**

E.N.Sochneva (a)*, I.S.Bagdasarian (b), G.Y. Belyakova (c), T.N. Yamskikh (d)

* Corresponding author

(a) Siberian Federal University, Svobodny Avenue 79, Krasnoyarsk 660041, Russia, sochneva.e@inbox.ru, +7(391) 2912-781

(b) Siberian Federal University, Svobodny Avenue 79, Krasnoyarsk 660041, Russia, nauka_prima@mail.ru, +7(391) 2912-781

(c) Siberian Federal University, Svobodny Avenue 79, Krasnoyarsk 660041, Russia, belyakova.gya@mail.ru, +7(391) 2912-781

(d) Siberian Federal University, Svobodny Avenue 79, Krasnoyarsk 660041, Russia, ytanya.08@mail.ru, +7 (3912) 912-926

Abstract

The paper examines the evolution of social welfare models from the point of view of various approaches and classifications. The classification of models the most suitable to modern situation is revealed. Intrinsic characteristics of the known models and indicators of their efficiency taking into account the functioning institutions in different countries are provided. The features of the contemporary model of social welfare in Russia which allow defining its position are explored. It is shown that the contemporary model of social welfare in Russia inclines towards continental model whereas the Swedish one is the most preferable. Contours of the perspective social welfare model within general economic development of the country are shown. The problems slowing down the transition to an effective model are revealed and the possible ways of their decision are proposed. In particular it is shown that the Russian model of social welfare is developing within neoclassical model of economy that causes creation of social policy with weak state regulation. The citizens' distrust to government and possibility of receiving social benefits is considered as a problem of transition to the effective Swedish model.

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Keywords: Social welfare; social welfare model; the effectiveness of state regulation; the Swedish model; the liberal model; the continental model; paternalism.

1. Introduction

Social welfare of the state, like many other phenomena, follows certain objective laws in its formation and functioning. A social welfare model is a naturally recurring interconnection and interaction of social



institutions, leading to the formation of close or similar basic principles of social policy in the state. The social welfare model should have certain principles, purpose, component elements and should be based on laws.

The purpose of this paper is to provide the classification of the existing models and to define the position of the contemporary Russian welfare model among foreign models.

The present study was designed to review the classifications and systematizations of the existing social welfare models, to introduce our novel systematization and to identify the main features of the existing models, to define the position of the Russian social welfare model among the well-known models.

2. Methods and Discussion

The descriptions of different social welfare models can be found in the researches in the area. One of the first attempts to classify the social welfare models belongs to Richard Titmuss (1950, 1958). He singled out three types of such models, taking into account their nature, objects and mechanisms. The first model is based on the prevalence of "natural" channels through which individual needs are met and social problems are solved. These include market and family. The second model comes from the state system of social insurance, which applies to working population employed in public manufacture. The third model examines the state system as an integral institution providing social services outside the market.

In Russian scientific literature, the classification of the social welfare models proposed by Nadel (1987) is considered. His classification was based on two general political and philosophical concepts of the state social policy, expressed in two strategic lines of the ruling class. The point was to contrast strict regulation of social policy to liberal social policy, where the market is the best way to solve all the problems existed.

Göran Therborn (1986), a global social scientist of Swedish roots, worked out a typology of social welfare systems in a way when they complement each other. First of all, Therborn tried to distinguish two types of welfare states that existed in the developed countries. The role of the state in the economy was used as a criterion.

Therborn (1987) has a more deliberate classification of social welfare systems, where he differentiated the models more precisely according to the degree of state involvement in the economy. Two criteria were used in this classification: a) the level of the state social responsibilities b) the degree orientation to labour market and full employment. This allowed Therborn to distinguish four types of social welfare.

The first - "strong" interventionist. This expansive social policy covers in some degrees all segments of the population with a strong commitment to full employment. According to Therborn, this policy was carried out in Sweden, Norway, Austria and some other countries.

The second - a "soft" welfare state with compensatory social policy. The state has significant social responsibilities, especially to material support in conditions of low employment. This policy was carried out in Belgium, Denmark, the Netherlands and some other countries.

The third - a small part of the welfare state's spending are directed to maintain full employment. There is a low level of social responsibilities with institutional commitment to full employment. This policy is a particularly characteristic element in Switzerland and Japan.

The fourth - social policy, with its content and tools focused mainly on the market. It is characterized by the limited role of the welfare state system and relatively narrow limits of the citizens' social rights.

The labor market is passive. According to Therborn, this policy is common to Australia, Canada, the USA, the UK and New Zealand.

In the 70's of the 20th century, Furniss & Tilton (1977), Marshall (1972, 1981), Esping-Andersen (1990) offered their classifications of the "welfare state":

1. "Positive social security state" - the state, oriented towards equalizing chances for all citizens to a high level of prosperity, guaranteeing "equal opportunity" (e.g., USA).
2. "Social security state" - the state, oriented to ensuring "equal opportunities" for all citizens, as well as creating conditions for full employment and guaranteeing income not less than the minimum subsistence level to all citizens (e.g. UK).
3. "Social welfare state" - the state, focused on full employment, reducing income differences, creation of numerous state and public social services (e.g. Sweden).

Western sociologist Gosta Esping-Andersen (1990) suggested parameters to classify the social welfare model of the country. These include: the level of decommodification; stratification of society; government intervention in the economy. The key concept of Esping-Andersen's approach - decommodification indicates the weakening or elimination of individual and group welfare dependence on the market forces. The models that Gosta Esping-Andersen specified are the following:

1. The neo-liberal (Anglo-American): a low level of decommodification; strong stratification of society; public intervention takes the form of market regulation.
2. Conservative/corporatist (Franco-German): a high level of decommodification; strong stratification of society; state intervention takes the form of direct financial support and market regulation.
3. Socio-democratic (Scandinavian/Swedish model of social welfare): a high level of decommodification; strong stratification of society; state intervention takes the form of direct financial support.

Thus, Esping-Andersen showed that social policy is based on the existing social institutions, giving priority to the analysis of informal institutions with the combination of institutions in society due to the role of the state in the economy. A similar classification of social welfare models was suggested by Korobov (2000).

Miletsky (1998), in his turn, specifying the same three social welfare models: liberal, conservative and social democratic, introduced criteria (indicators) from the catalog of the Scandinavian labour movement, which allow distinguishing the welfare state.

Professor of Social Policy and Sociology at the University of Nottingham Nick Manning (1999) worked out his own classification different from the other social welfare models. He identified the pluralistic, the elite, the corporate and the Marxist models. This classification was based on civil society institutions.

Distinguishing social policy systems between institutional and residual is characteristic for British studies in the area. The main criterion is the attitude towards the weakly protected layers of the population.

The command economy of the USSR and other socialist countries implemented the so-called paternalistic model of social welfare. According to definition given by János Kornai (1980), paternalism is a model of social welfare when "the central government assumes the responsibility for the economic situation and, at the same time, claims to use any tool from the arsenal of administrative resources which

seems to be the most appropriate". A positive aspect of this model is the equality of the population in consumption of material goods and services. The negative moments can be attributed to slowing down the economic development of the state.

Roic (2006) noted that significant factors, distinguishing the national social welfare models from each other, are the structure and configuration of the most important institutions of social security (compulsory insurance, social assistance and public social security), health care and education, volume of resource, allocated for their functioning as well as the dominant role of social security institutions. Despite the dissimilarity of practices, Roic described three main types of the models (Bismarck, Beveridge and Swedish), two of them (Bismarck and Beveridge) were defined with the EU methodology for Europe.

Social welfare researcher Grigorieva (1998) classified the models of social welfare based on institutional grounds. She characterized the modern social-democratic model as the model with the developed social institutions. Liberal and rudimentary models were combined taking into account the similarity of their features and considered as having insufficient development of social institutions. In any case, this typology, the same as its predecessors, distinguishes the models by the degree of state intervention in the economy.

Generalizing the review, we must conclude that all the researchers of theoretical and methodological foundations in social welfare define three basic models: conservative (continental), liberal (Anglo-Saxon) and Swedish (social-democratic).

We can summarize that the core of almost all classifications is, first and foremost, the principle of opposition to the leading role of the market and state regulation. Therefore, it is possible to use for classification three models proposed by G. Esping-Andersen, taking into account that there is one more group of European countries, which, according to their constitutions, are the countries with socially oriented economy. We will consider one more group of countries which social policy can be called a "southern European" model.

The continental social welfare model is a model where the main burden shift applies to both individuals and businesses. The state performs a regulatory function, i.e. it ensures the observance of laws in the activities of all social institutions. In this model, social partnership is highly developed as business is involved in solving social problems. The state, as a rule, is responsible only for granting social benefits to recipients, i.e. for social security, and does not provide other social services. The budgetary allocations and premiums for social activities are approximately equal for both the employee and the employer, and the main channels of redistribution are both public and private (but under state control) social-insurance funds.

The liberal model is where the state takes a passive position, but incurs substantial costs for social security. Social security issues are solved individually. Social services are carried out mainly by the private sector which activity is regulated by the state.

The Southern European model is a model of social welfare where the state plays a minor role. The state only provides a wide array of assistance to low-income people and does not care about the other citizens. The main social institution in this model is the family.

The Swedish or Nordic welfare model refers to the economic and social policies common to states having not only a regulatory function, but also implementing social policy. Differentiation of incomes in these countries is low due to the progressive tax scale for income. Social Policy covers the entire

population. It is targeted. Tax collections in Sweden (45.8% of GDP in 2013) provide a significant part of the public sector income. The government has primary responsibility for its citizens' social welfare, and is a major producer of social services. The share of social spending in the system is very high, for example, in 2013, it accounted for 28.2% of GDP.

3. Results

The Swedish model is the most efficient from the citizen's point of view. This model is based on universal equality institutions, has a high degree of state responsibility to citizens, guarantees social security, provides a wide range of social services. The efficiency of the Swedish model can be explained by investments in human capital, promoting the development of science-intensive, export-oriented types of production, which, in turn, becomes a prerequisite for achieving high competitiveness. This is especially important for Russia as a benchmark for the effective social welfare model. The quality of education in Sweden is one of the highest in the world. For example, Sweden ranked world's 2nd for the quality of higher education after the U.S. in 2012 and 2013.

The Swedish model owes its efficiency to the fact that citizens paying higher taxes become guarantees of social protection and security. This model of social policy existed in the socialist economy. A flat income tax rate of 13 percent applied to all employers. The pension contribution rate made 20.6 percent of the payroll. The system of funds reallocation provided citizens with guarantees of social protection and social security. It should be noted that these guarantees were not only declared but carried out. Of course, the Soviet model of social security was not perfect and had its own shortcomings which were widely discussed in the scientific literature of the post-Soviet period. However, the main problem hampering effective implementation of the Swedish model or a model with strong state regulation is the fact that Russian citizens are not willing to pay higher taxes, as the current system of distributing social benefits does not guarantee obtaining them. If the average hard-working Swede paying taxes at high rates is aware of high social security guarantees and free use of social benefits such as free medical care, free education, various benefits, etc., the Russian citizen cannot be absolutely sure in availability of state benefits.

Let us consider the reasons why social benefits do not always find their potential recipients in modern Russian.

First, it is the lack of awareness about social payments, benefits and transfers to the population in Russia. This constantly changing information is published on the websites, and citizens are not always able to get it up to date. Limited cognitive abilities of citizens, too big flow of information, the reluctance of citizens and the lack of time to analyze the information - all these can be determined as the reasons for this unawareness. To solve this problem, it is necessary to introduce a system of targeted social services. The Federal Law of the Russian Federation, No 442-FZ of December 28, 2013, "On the Foundations of Providing Social Services to Citizens in the Russian Federation" came into force in Russia on January 1, 2015. This law marks the beginning of targeted social security, however, its implementation covers only the elderly and the war veterans. The practical realization of these services faced constraints in adequate institutional base to implement targeted social support. These problems are caused by the fact that Russia's social policy, characteristic to market economy, was formed not long ago. It does not have such an experience, as the Swedish model, and it will take time for the mechanism of the targeted social assistance to start working in full.

Second, we know that in the Russian Federation, social security contributions to extra-budgetary funds are calculated as a percentage of the reported salary, which size is significantly underestimated as it is often partially paid in "black envelopes. This system of transfers reduces the effectiveness of redistributive mechanism even with large quantities of allocations in percentage terms. To solve this problem, a mechanism for salary administration must be developed. In view of professional standards, it is necessary to keep track of payroll for professional qualification levels. First of all, we are talking about the need to adjust legislation regarding development of a mechanism to keep track of "black" salaries and tightening up the employer's liability in case of violations. It is important to apply the methods of social policy regulation, inherent to the paternalist model, which should be used in correlation with the methods of market economy development.

4. Conclusion

The Russian policy documents (Strategy 2020, Long-Term Forecast for the Socioeconomic Development of the Russian Federation up to 2030) are based on the liberal ideas of the supply-side economics. The supply-side economics is the modern direction of macroeconomic regulation by stimulating investment and production to curb inflation (the main representatives are A. Laffer, M. Feldstein). Revision of taxation in direction of reducing the tax burden, which would restrict the redistributive function of the state, is considered as the main instrument to stimulate the implementation of "supply-side economics". The increase of social spending is only possible with their shifting to private sector. Only this model of social welfare can coexist with the liberal model of state regulation. The contemporary model of social welfare in Russia can be described with the following features.

1. To provide socially important public services, there exist extra-budgetary funds: the Social Security Fund of the Russian Federation, The Pension Fund of the Russian Federation, the Federal Compulsory Medical Insurance Fund.

2. The state tries to shift the social policy to the private sector by promoting the development of corporate social welfare systems, provision of certain financial and economic independence of the state (municipal) institutions in terms of their opportunities to engage in commercial activities and spend their own earnings (Federal Law of 08.05.2010, № 83-FL "On Amendments to Certain Legislative Acts of the Russian Federation in connection with the improvement of the legal status of state (municipal) institutions"). Since 2007, social entrepreneurship has been developing, which fills the niches of social policy not covered by the State.

3. Social policy is primarily directed to the working population. Working people are insured in extra-budgetary funds.

4. Employment policy is active in nature and includes a number of activities and programs.

5. There is a tendency for people in Russia to work more overtime hours once they are allowed to work flexibly.

6. Surveys have generally shown income inequality is growing.

7. There is an increasing demand for high skilled professionals in different areas (especially top management) in condition of unemployment for workers not having the right skills.

8. Low productivity growth with increasing labour intensity.

9. The shortage of qualified management personnel and the problem of its development.

Thus, the Russian model of social welfare is close to the institutional arrangements of the continental model, so its formation will be based on the principles inherent in this model. In terms of efficiency the most optimal is the Swedish social welfare model or the model with strong state intervention in the economy. However, its successful implementation involves solving a number of problems, whereas the development of the Russian model of social welfare has not yet acquired the necessary experience of functioning in conditions of the market economy.

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