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The Next Radical-Liberal Reform of the Social Sphere

The Destructive Potential of Eighty-Three

The article analyzes the new Federal Law that aims to reform the system of public-sector institutions in education, health care, science, and culture.

A new round of radical-liberal transformations of the social sphere is beginning in the country, the start of which was marked by Federal Law no. 83-FZ, of May 8, 2010, “On Amendments to Individual Statutes of the Russian Federation in Connection with Improving the Legal Status of State (Municipal) Institutions” (hereinafter, FZ 83). According to it, the system of public-sector institutions in education, health care, science, and culture that implement citizens’ rights to receive appropriate state and municipal services free of charge, which was established in this country over many decades, has to be reformed.

The law, which was enacted at an accelerated pace,¹ fundamentally alters the conditions for operation of the social sphere, and this pre-determines heightened requirements for expert review of its provisions and assessment of the risks of negative socioeconomic and political

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consequences of its implementation. The purpose of this article is to provide such analysis.

General characteristics of the document

The explanatory note to the draft law says that it is intended to “increase the efficiency of providing state and municipal services, in conditions of maintenance (or a reduction in the growth rate) of budget expenditures for providing these services, by creating conditions and incentives for reducing the institutions’ internal costs and for them to find extrabudgetary sources of financial support, as well as creating conditions and incentives for federal executive agencies to optimize the network under their jurisdiction.” The developers of FZ 83 proceeded from the premises that: (a) Russia’s existing system of public-sector institutions was established in former socioeconomic conditions and functions apart from contemporary approaches to the development of public administration, partly in the sense of ignoring the principles of optimality and sufficiency; (b) in their present legal status, these institutions have no incentive to optimize and improve the quality of the free services they provide to the public, which is primarily due to budgeted funding oriented to previous spending; and (c) although the majority of public-sector institutions operate in a highly closed manner and have been virtually privatized by their senior management, agencies of public authority maintain, without any grumbling, a massive and expensive network of relevant organizations, regardless of the amount, structure, or quality of the services they provide. In other words, the intention is to transform the authorities’ existing public-sector network, which is inefficient and costly, into a highly efficient one (aimed at meeting the highest standards for the quality of the services provided) that is relatively cheap for the government.

In connection with the latter circumstance, we cannot fail to point out the organic relationship between FZ 83 and another recent legal document produced by federal executive authorities: the Ministry of Finance Program for Increasing the Efficiency of Spending Budget Funds in the Period up to 2012, approved by the RF government on May 20, 2010.² Section 8 of the program is aimed at “optimizing” the public-sector network, developing it with funds from extrabudgetary sources, and expanding competitive relations, further implementing market principles in the social sphere, in all of its components.

It is hard to overestimate the scale of the changes that must be made

as a result of the enactment of FZ 83: they affect almost 330,000 public-sector institutions operating in Russia, including more than 25,000 at the federal level (not counting those that are “closed”), and more than 300,000 at the regional and municipal levels. It may be said that the innovations under consideration will touch almost every Russian citizen in one way or another.

The law, which runs to more than 200 pages, makes changes in tens of Russian statutes in the spheres of health care, education, science, culture, keeping of archives, defense, and so on, as well as in the Budget, Tax, and Civil Codes of the Russian Federation. It is a framework, and its implementation will require that approximately a hundred executive orders be revised at the federal level alone and that at least fifteen new ones be developed (including various procedures, social standards, etc.). In these parameters, FZ 83 is comparable with the infamous Federal Law no. 122,³ which is most often called “The Law on Monetization of Benefits.”⁴

Specific content and essence of FZ 83

According to this act, during the transition period (which ends on July 1, 2012), all currently existing public-sector institutions will have to be subdivided into two types: one, insignificant, part should be transformed into “public institutions”; and the other, main, part, into “public-sector institutions with expanded rights,” or “new public-sector institutions.”⁵ This sorting will be done by the decisions of federal and local government agencies. The choice of a new legal status for current public-sector institutions is the prerogative of the authorities at various levels, who are called upon to judge the possibility that organizations in the social sphere can operate on market principles.

The status of “public institutions,” which will appear in the spheres of national defense and state security (including, in particular, the penitentiary system), and in individual fields of providing medical care to the public (psychiatric hospitals, leprosaria, etc.), essentially coincides with the status of current public-sector institutions, which is secured by law.⁶ The services of “public” institutions, which carry out individual powers of government, are not provided on market principles, the budgeted funding procedure and the secondary liability of the state (municipalities) are preserved, and the income from operating these institutions is fully credited to the appropriate budgets of the country’s budget system.⁷

The main intrigue of FZ 83 involves the status of “new public-sector institutions,” which radically changes the legal and economic situation of the overwhelming majority of Russian organizations in the spheres of health care, education, science, and culture, which are capable, in the opinion of the law’s developers, of operating on market principles. Three interrelated key innovations are found here, and the first one, which was already mentioned above, is the transition from budgeted funding of the institution (based on the previous level of spending) to its funding in the form of budget subsidies for its fulfillment of a state (municipal) assignment for providing services (or performing work). The institution cannot refuse to fulfill a state assignment (which specifies both the amount of money appropriated and the requirements for the amount and quality of the work to be done), but at the same time, the amount of the subsidy can be reduced during the time specified for fulfilling the assignment (with a corresponding adjustment of the assignment itself). Deprived of the possibility of influencing the quantitative and structural parameters of the assignment it receives or the approved standards for calculating it, the institution does not even have the right to receive a reasoned response from the client to its specific claims. In this sense, there are grounds for raising the question of violation of the basic principles of civil law, which should regulate the interrelations of public-sector institutions (the “new,” reformed ones) with government agencies with the enactment of FZ 83.

It is particularly worrisome that the act we are talking about does not disclose or regulate either the procedure for determining and the standards for calculating state (municipal) assignments, or the size of these assignments in financial terms, and does not specify their mandatory minimum size. Such legal gaps seem to open up the possibility of legitimately forcing virtually any “new public-sector institution” into bankruptcy (by manipulating the size of its assignments⁸) and thereby causing a redistribution of ownership in the social sphere. Although in this context there is obviously an urgent, absolute need to develop valid standards that take into account both the social significance of the services being provided and the costs of providing them, this process was placed beyond the bounds of FZ 83, and the appropriate regulatory framework will start to be established sometime after its enactment, outside of the legislative field and parliamentary control, by decisions of government executive agencies.

The second innovation is the expansion of the institutions’ rights.

They are being given the opportunity (a) to engage in income-producing activity and to use that income for their own purposes; (b) to dispose of the movable property assigned to them, with the exception of particularly valuable property per a list of types established by the founding agency of public authority (the institution also does not have the right to dispose of real estate without the owner's consent, including real estate acquired with its own income); and (c) not to transfer a savings of budget funds in a given year to the respective budget but to use it as income in the following calendar year.

The third innovation is elimination of the secondary liability of the state and municipalities. In other words, the government agency or municipality that owns the institution's property will not be responsible for the institution's liabilities. In civil transactions, "new public-sector institutions" will operate on their own behalf (and only "public" institutions will act on behalf of the Russian Federation).⁹

To accelerate the optimization of the public sector (based on introducing the innovations we have described), FZ 83 sets up a simplified procedure for changing the type of state or municipal institution, which does not require reorganization but only calls for making the appropriate entries in the founding documents.

Apparently, it would not be wrong to say that the greater part of the "new public-sector institutions" that will appear on July 1, 2012, will only fill the ranks of the "autonomous institutions" that already exist, and were created in accordance with the federal law concerning them (no. 174-FZ of 2006). In fact, the statuses of these state institution types are fairly close, and the differences mainly involve the fact that the 2006 statute prohibited the creation of autonomous institutions in health care. Now even medical institutions will be converted en masse to commercial principles of operation (and along this line we should expect to see a rise in the percentage of paid services for the public).

According to the goals declared by the developers of FZ 83, operation of "new public-sector institutions" on the described principles will make it possible to increase the efficiency of institutions in the social sphere by expanding the services they provide and improving their quality. It is claimed that this will be a result of increased competition for clients among government institutions that have received broad market freedoms and hence their orientation to meeting society's needs. Meanwhile, the liberal declarations on display are infeasible simply because, ignoring a priori the noncommercial nature of government institutions in the

social sphere as participants in the social sector that are called upon to produce public goods, rather than maximize profit,¹⁰ the 2010 reformers, moreover, consign them to free floating on the waves of a quite specific (wild) Russian market, thereby dooming them to mass bankruptcy. The real meaning of FZ 83 is to provide legal support for a fundamentally new stage of commercialization of the social sphere and the government's dumping of its responsibility for the functioning of the social sphere on the citizens themselves. Consequently, the only goal that the reformers are actually pursuing (which differs from their declared goals) is narrowing of the public sector of the social sphere (euphemistically called "optimization"), and the savings of budget funds that can be obtained in this way.

It should be emphasized that the federal authorities' efforts "to save on social spending" involve more than just the specific impact of the financial and economic crisis on the domestic economy and the current budget deficit. Attempts to reform the public sector by commercializing it (with a view toward privatizing some of it) were also made in the "fat petrodollar" years, when the federal budget ran a significant surplus. Indications of similar attempts were also seen in "priority national projects."¹¹ An obvious precedent was the history of the precursor of FZ 83 that was mentioned above—Federal Law no. 174, of November 3, 2006, "On Autonomous Institutions"—that is, institutions with expanded rights in the field of commercial operations and the prospect of failure if they were unsuccessful in taking advantage of these rights.

This law was enacted after stormy public debate, in the course of which the Union of University Presidents of Russia, leading labor unions in sectors of the social sphere, artists' unions, including the Theater Union, the heads of well-known institutions, scientists, and specialists all spoke out against it from a principled position.¹² After the law had already been enacted, it took the federal government two years (!) to approve the necessary resolutions (2007–9), and, under pressure primarily from the educational community (although theatergoers also made a fuss), the authorities had to agree to the principle of voluntary adoption of the status of an autonomous institution. After that, the conversion of public-sector institutions to autonomous ones was practically thwarted at the federal level (at present, only four national autonomous institutions are in operation) and turned out to be not very impressive at other levels. By mid-2009, only 755 autonomous institutions had been created, 472 state and 283 municipal ones, in the Republic of Tatarstan, Krasnodar

and Krasnoyarsk krais, Tyumen oblast, and some other regions. Thus, the goal of the zealots for saving budget resources was not achieved, and consequently it became necessary to push through a new law for the same purpose.

The course of adoption of FZ 83 and public reaction to it

The draft law was directly prepared by a working group created under the Russian government, which was composed of representatives of federal agencies and the State University–Higher School of Economics. Of course, it is deeply regrettable that such a radical document, which calls into question key, constitutionally mandated social guarantees to Russia's citizens, was not submitted to broad public discussion, primarily to expert review by professional and artistic communities of workers in sectors of the social sphere, whose approaches to solving the problems of development of these sectors, clearly, are far from the market-fundamentalist ones and least oriented to saving budget resources. Nevertheless, the debates specified by the parliamentary rules were held: the draft law was posted on the State Duma Web site, sent to all regions of the Federation and also to the Audit and Public Chambers. It was reviewed in thirteen committees and commissions of both houses of the Federal Assembly, and the RF Ministry of Finance held a number of meetings on the draft law in Moscow and in some regions. The materials of these discussions, in which the Federation of Independent Trade Unions and the Russian Trilateral Commission on Regulation of Social and Labor Relations also participated, proved not to be without interest.

The first stage of consideration of the draft law was already marked by serious observations regarding its content on the part of Duma committees, the Audit and Public Chambers, as well as union and business associations.¹³ For instance, it was noted in the findings of the State Duma's Budget Committee that to implement the draft law federal executive and local government agencies would have to develop, as soon as possible, a package of statutory regulations covering the list of guaranteed free social services and their cost, the procedure for establishing a state assignment and the conditions for distributing it among public-sector institutions, criteria for the quality and efficiency of the services provided, and penalties for their substandard provision. Since these points are the basis of the mechanism for implementing the draft law and affect virtually every citizen in the country, the findings emphasized that developing

the statutory regulations may require considerably more time, and it is thus advisable to lengthen the transition period.

In the findings of the Duma committees on constitutional legislation and civil and procedural law, it was stressed that “in essence, establishing the proposed type of public-sector institution by law erodes the very structure of the institution, since, with respect to the legal capacity that is granted to it, it is actually a variety of commercial organization,” that is, in the opinion of these committees, only public institutions remain public-sector institutions in the traditional sense of the term.

The RF Audit Chamber pointed out the need “in order to ensure social protection of the population, for specifying, at the legislative level, the extent of paid services in the activity of public-sector institutions,” and the Public Chamber, having expressed its dissatisfaction that such a large-scale reform affecting the greater part of the population is being conducted in parallel with implementation of other major reforms in the country, indicated problems not addressed by the given draft law. First, curtailment of the network of public-sector institutions must be coordinated with changes that are occurring in the structure of settlement. For example, the elimination of a one-room school or a health clinic run by a doctor’s assistant significantly increases the probability that the rural settlement they serve will disappear, while government support for agricultural companies, on the other hand, gives it a chance for further development. In this case, the compensating measures (use of school buses, development of public transportation) proposed in the document are only hollow declarations.

Second, regional government agencies and municipalities, which are constantly beset by budget problems and a shortage of funds, cannot be a barrier to unjustified commercialization of proclamations from public-sector institutions. This will most likely lead to the erosion of free services, in quantitative and qualitative terms.

Third, there are no provisions for mass training and retraining of public-sector institutions’ personnel. Meanwhile, without radical improvement of their work quality, a reform carried out in the situation of severe budget constraints will lead to unjustified curtailment of the network of public-sector institutions, mass outflow of the qualified personnel that these institutions still have, and rapid degradation of the social sphere as a whole.

Thus, having noted the high level of risk of negative socioeconomic and political consequences of putting the draft law into practice, the

Public Chamber indicated the need for: (a) significant adjustment of the logic and stages of transformations (primarily the necessity of extending the transition period); (b) the development, in 2010, of a set of executive orders, regulations, and procedural materials; (c) the implementation, starting in January 2011, of pilot programs for reforming public-sector institutions in a number of regions.

The first reading of the draft law in the State Duma took place on February 12, 2010, and the unfolding discussion extended far beyond the walls of parliament. As they learned more about the document, the public was increasingly fearful that as a result of the planned reform the majority of vitally important state and municipal services would be fee-based and thus not affordable for many Russian citizens. Following the results of consultations and in the course of taking comments, a number of changes were made in the version prepared for the second reading, which took place on April 21 (rather than March 16, as planned), including some by the initiator and developer of the draft, the federal government. For instance, in comparison with the original version, the transition period was extended by a year, to July 2012; some requests of custodians of cultural heritage were satisfied (the duty of founders of the respective institutions to fully finance spending to preserve and replenish the state collections of libraries, museums, and archives was established); and a requirement was added for authorities at all levels in relation to developing regulations for public-sector services and subsidizing them.

Although these and other modifications by no means satisfied the deputies who were not members of the progovernment faction,¹⁴ and they voted solidly against enactment of the draft law on all three readings, it was pushed through, naturally, by the Duma majority, and its approval by the upper house of parliament was just as natural. Nevertheless, the results of voting in the Federation Council could not be called routine, in that only ninety senators voted for the law—that is, 53.7 percent of their total number.

Obviously, the “nontriumphal procession” through parliament of the law that most specialists rightly call “the law on commercialization of the public-sector sphere,” as well as the accompanying public indignation (including in the blogosphere) prompted the head of state to publish materials on the presidential Web site from a special meeting on questions of improving the legal situation of public-sector institutions, held on May 6, the eve of the signing of FZ 83, with the leaders of ministries of a social nature (health and social development, culture, education and science).¹⁵

The ministers, understandably, unanimously declared that there would be no negative changes for the public, and public-sector institutions would only work better.¹⁶ And after the softly soothing speech by the head of the RF Ministry of Education and Science (“education will unequivocally remain free”) and, apparently, taking into account his repeated previous statements that funding would be provided from the budget for the basic educational program, within the scope of state educational standards, including all mandatory school subjects (and only education “above the standard” would have to be paid for),¹⁷ the RF constitution’s guarantor also pledged that “no transition to paid education is being proposed, nor does it follow from the law. The former standards for providing educational services remain in place.”

However, public opinion was not pacified: intensive discussion of the content of FZ 83 and its consequences continues after its enactment. Politicians on the left stress that the institution of state assignments will be used as a tool for total commercialization and subsequent wide-scale denationalization of the social sphere.¹⁸ Professional “social workers”—researchers and specialist practitioners, including managers at the regional and municipal levels—say they are extremely worried by the lack of a system of executive orders that could minimize social risks, and they are publishing their proposals on this score in scientific publications and the mass media. These problems are loudly debated in professional communities of medical health-care providers and educators, academic organizations, and unions of cultural workers.

For instance, health-care experts believe that the concept of free health care will soon be dislodged from the Russian consciousness,¹⁹ and that one relevant indication is the authorities’ refusal to accept as mandatory the standards for providing health care that were fully prepared by professionals of the Patient Protection League, which, of course, would cost the treasury a pretty penny.²⁰ One cannot fail to share the health-care providers’ puzzling questions regarding the interaction of the new system of state assignments with the system of mandatory health insurance, as well as with government spending on high-tech medical care: Is financial support of state assignments part or all of health-care funding?

Educators, especially schoolteachers, have just as many concerns and questions. While the portion of paid services has already become significant in higher educational institutions,²¹ for schools and preschool facilities the appearance not only of the possibility secured by law, but even the need to sell educational services (and taking into account the

a priori changeable nature of a state assignment, the constant threat of its cutback, minimization, or even disappearance, this is becoming an urgent and vital need). This truly shakes the foundations. The reform of public-sector institutions scares schoolteachers and administrators, and also parents, among whom a protest movement is even forming. Their reaction to the minister's talking therapy promising that everything within the scope of the state standards will remain free is expressed by the rhetorical question of an authoritative researcher: "Can a standard compete with material interest? The answer is obvious: of course not. Our head is not in command of our purse, but vice versa."²²

The alarm, it should be repeated, has even permeated the mood of scientists, as well as cultural workers, who succeeded, a few years ago, in beating back a general imposition of the status of "autonomous institutions" on theaters, libraries, and other "Cinderellas of the budget."²³ Now the range of positions of the relevant professional and artistic associations varies from a resolute demand not to allow FZ 83 to go into effect²⁴ to an appeal for prompt preparation of executive orders for individual cultural sectors, with the participation of experts from the theater, museum, library, and other communities.²⁵

Instead of a conclusion: FZ 83 and the government program to improve the efficiency of budget spending

As was already noted as a thesis, the former is a tool for implementing the latter (a draft of which, signed by the financial deputy prime minister on February 19, 2010, was sent by the federal government to various government agencies and scientific institutions at the beginning of March 2010, and officially approved on May 20). In fact, the developers of the program document call ensuring "long-term balance and stability of the budget system" the basic condition for achieving the goals that have been set. The enactment of FZ 83 is aimed at accomplishing this objective, which corresponds to the prime minister's goal of accelerated progress toward a deficit-free budget in the near future (which was proclaimed at a joint meeting of the boards of the RF Ministry of Finance and Ministry of Economic Development on May 14, 2010). Its direct connection with the Program for Increasing the Efficiency of Spending Budget Funds in the Period up to 2012, which the mass media, with good reason, calls "the program to save revenue from the people," is indicated by several of its conceptual provisions, which ensure a radical tightening of the

Ministry of Finance and government control over the budget process and a corresponding weakening of the parliament's control, in spite of verbose calls for "budget transparency."²⁶

However regrettable it may be, the attempt by the authors of "eighty-three" to turn the elimination of the budget deficit and savings of budget spending in the social sphere into priorities of the government's reform activity, which is ever more clearly recognized in society, precludes the attainment of its declared modernization quality.

Notes

1. Having been submitted to the State Duma by the federal government on December 31, 2009, it had already been signed on May 8, 2010, by the head of state, whose 2009 messages to the members of parliament on May 20 (the budget message) and November 12 (the annual general message) initiated the development of this law. These messages formulated the objective of transferring a considerable number of public-sector institutions from the budgeted funding system to a subsidy system in a framework of fulfilling government assignments.

2. The document can be found on the RF Ministry of Finance Web site, www.minfin.ru.

3. From the editors: For commentary on this 2004 social-reform document, which broke all records at that time not only for the length of its title, its volume, and the many aspects it covers, but also the heat of the public's resistance to its enactment, as well as the scale and refinement of the federal authorities' propaganda campaign in the course of pushing it through, see the following articles published in *Rossiiskii ekonomicheskii zhurnal*: L. Reznikov and A. Melen'tev, "K obosnovaniyu levodemokraticheskoi reformatsionnoi al'ternativy," 2004, no. 7, p. 11; V. Leksin and A. Shvetsov, "Obshcherossiiskie reformy i territorial'noe razvitie. Stat'ia 11 (zakliuchitel'naia). Regional'naia Rossiia nachala XXI veka: novaia situatsiia i novye podkhody k ee issledovaniyu i regulirovaniyu," 2004, no. 11–12, pp. 16–29; V. Kulikov and V. Roik, "Sotsial'naia politika kak prioritet i prioritye sotsial'noi politiki (razdel 5 Rynochnaia al'ternativa 'monetizatsii' l'got)," 2005, no. 1.

4. By the way, the aforementioned government program for increasing the efficiency of budget spending is supposed to "straighten out and monetize basic social obligations."

5. As for the small number of existing "autonomous institutions" that were created on the basis of Federal Law no. 174-FZ, "On Autonomous Institutions," of November 3, 2006, their legal status is close to the one prescribed in FZ 83 for "new public-sector institutions," about which more details will be given below.

6. Nevertheless, the text of FZ 83 by no means clarifies the fate of the emergency medical service or oncological, antitubercular, and drug addiction treatment institutions. To what extent will they be commercialized?

7. On this point an exception is made for federal penal institutions: Money that comes from the labor of prisoners can be used for these organizations' own needs.

8. Of course, within certain limits, fluctuations of the size of assignments may be due to objective reasons, demographic ones, in particular. For example, now, as we

know, the number of graduates of secondary schools is declining, and consequently so is the number of people entering higher educational institutions. However, in this situation it is important to preserve the personnel potential of these institutions. At the same time, there is an acute shortage of day-care facilities, a considerable number of which were closed in the 1990s. But, in general, it is clear that the emphasis should be on the quality of civil administration in the social sphere, including the reliability of forecasting demographic processes, rather than on saving money.

9. The authors of this law declare a fourth innovation: ensuring transparency and the possibility of establishing public oversight of the results of new public-sector institutions' activity, in particular, based on requiring them to post their financial assets on the Web.

10. It is becoming a banality to cite the fact that "government funding of the reproduction of human capital, as the main factor in contemporary innovation development, is steadily rising in leading countries." But what is to be done, it is asked, if Russia goes in the opposite direction, instead of increasing budget funding of the social sphere, and, based on this, reducing the charges for health care, educational, and other services? And this in a reliably preserved situation in which the share of wages in gross domestic product here in our country is significantly lower than it is for them, and the incomes of the bulk of the population are clearly insufficient for obtaining fee-based social services!

11. From the editors: Such indications were clearly noted in each of the four projects by the authors of articles in *Rossiiskii ekonomicheskii zhurnal*, which also showed that the "super-objectives" of putting forward "the magnificent four" were simultaneously to create a public relations diversion of public attention from the general radical-liberal onslaught on the social sphere and thereby provide a restrained replacement of the second "political cycle" by a third one. See, in particular, S. Batchikov, "Vydvizhenie 'prioritetnykh natsional'nykh proektov"—shag k dolgozhdannoi sotsial'noi pereorientatsii reformatsionnogo kursa?" *Rossiiskii ekonomicheskii zhurnal*, 2005, no. 9–10; R. Grinberg, "O dvukh imperativakh predlozhenogo reformatsionnogo kursa (k vykhodu v svet monografii uchenykh RAN 'K programme sotsial'no-ekonomicheskogo razvitiia Rossii—2008–2016')," *Rossiiskii ekonomicheskii zhurnal*, 2007, no. 11–12, pp. 102–3.

12. See, for example, A. Rubinshtein, "Nauka, kul'tura i obrazovanie: prepiatstvie ili uslovie ekonomicheskogo rosta? (Po povodu proektiruemoi reformy biudzhetsykh uchrezhdenii)," *Rossiiskii ekonomicheskii zhurnal*, 2005, no. 4.

13. As for these associations, the participation of their representatives in discussion of the draft law, which was organized by the RF Ministry of Finance, was the latter's commitment to provide information on the course of future implementation of the relevant regulations to the coordinators of the aforementioned trilateral commission, on a quarterly basis.

14. For instance, in the opinion of the A Just Russia party, the government modifications only made the document worse in the sense that they camouflaged its unacceptable conceptual essence (see O. Dmitrieva, "Biudzhetsnaia sfera—poslednee, chto u nas ostalos'," *Parlamentskaia gazeta*, April 16, 2010). According to the position of the Communist Party of the Russian Federation announced during the second reading and shown on its Web sites, the extension of the transition period to mid-2012 is more a minus than a plus. This is because, by that time, the upcoming parliamentary and presidential elections will be behind

us, and all of the conditions will be in place for putting the “economic” social (i.e., antisocial) law into full force. And the fact that the executive authorities preferred precisely this schedule for implementing the law “on improving the legal status of state (municipal) institutions” once again shows that they themselves foresee its hazardous consequences—so hazardous that if the law were put into effect any sooner there would be no chance that the majority of the electorate would support the “party of power.”

15. See www.kremlin.ru/news/7658/.

16. It was also announced that many provisions of the law that the legislators adopted were worked out in the course of implementing national projects. This obviously confirms the thesis of the present author that the social policy in the second and third “political cycles” is fundamentally the same, as is the formula long used by authors whose articles are frequently published in the pages of *Rossiiskii ekonomicheskii zhurnal*, according to which national projects that were presented as a great boon and were petty in their content and penny-ante (amounting to a 5–7 percent increase in the shamefully low government funding of the social sphere) served as a wide-scale public relations action that camouflaged systemic radical-liberal encroachment on the social sphere [see Batchikov, “Vydvizhenie ‘prioritetnykh natsional’nykh proektov,” p. 25; S. Glaz’ev, “Prezidentskoe poslanie-2006 Federal’nomu sobraniuu RF: posleduiut li za slovami dela?” *Rossiiskii ekonomicheskii zhurnal*, 2006, no. 5–6, pp. 5–6; “O prezidentskom poslanii 2007 parlamentariiam, biudzhete-2008–2010 i sotsial’no-ekonomicheskom kurse federal’nykh vlastei (razmyshleniia i otsenki avtorov zhurnala),” *Rossiiskii ekonomicheskii zhurnal*, 2007, no. 7–8, p. 15].

17. At the same time, the minister remains quiet not only about the possibility but also the absolute logic—from the perspective, shared by the Ministry of Education and Science, of the position paper of the Ministry of Finance and the government on “increasing the efficiency of spending budget funds”—of introducing new, lowered standards.

18. See G. Ziuganov, “Monetizatsiia dushi i sovesti,” *Sovetskaia Rossiia*, May 15, 2010.

19. A survey, expressively titled “Rossiiskaia meditsina perekhodit v mir inoi” [Russian Medicine Is Moving to a Different World], which was published in *Moskovskii komsomolets* on May 17, 2010, gives the following passage from the vice president of the Society of Specialists in Evidence-Based Medicine, Vasilii Vlasov, regarding FZ 83: “The sole goal being pursued here is to cut government spending on health care and gradually shift it onto the citizens’ shoulders. The law is written so as to provide the maximum possibility for bureaucrats to manipulate state property and financial flows. It is not clear by what criteria which institutions should be converted; it is all left to the officials’ discretion.”

20. “Rossiiskaia meditsina perekhodit v mir inoi.”

21. According to official statistical data, in 2008 one-third of federal public-sector institutions received at least 40 percent of their total funding from business operations, and more than a 1,000 institutions were funded exclusively with such income. The latter increased by 250 percent in 2000–2008.

22. The reasoning of the chief research fellow of the Russian Academy of Sciences, Institute of Economics, Liudmila Rzhanitsyna, quoted in: “Shkola s kommercheskom uklonom,” *Moskovskii komsomolets*, May 27, 2010.

23. See Rubinshtein, "Nauka, kul'tura i obrazovanie," pp. 39–40.

24. For instance, the Civil Literature Forum published on its Web site and disseminated in the mass media an appeal addressed to the head of state, the prime minister, both houses of parliament, and the United Russia party.

25. Participants in a May 17 meeting of the theater community at the Union of Theater Workers regarding FZ 83 insisted on this (see E. D'iakova, "Mezhdu au i ku-ku. Kul'turu otdeliat ot gosudarstva po zakonu no. 83," *Novaia gazeta*, 2010, no. 52).

26. See Iu. Boldyrev, "Programma sberezheniia dokhodov ot naroda," *Literaturnaia gazeta*, 2010, no. 13. For a more detailed analysis of the document, see the article by this author, "Pochemu ia ne uchastvuiu v teledatakakh," on the Web site of the Internet publication *Stoletie*, March 29, 2010.

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