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# **EMPLOYMENT, UNEMPLOYMENT, SOCIAL PROGRAMS**

**The Current Situation in Russia  
and the Kuzbass Coal Region**

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## PREFACE

This volume reports the results of a six-week study of the current economic, social and political crisis in the Russian Republic, as reflected in the Kemerovo Oblast, a region in western Siberia that is the site of Russia's largest coal basin: The Kuzbass.

The study was conducted by a team of prominent Russian academicians, under the direction of **Professor Dr. Michael Bernstam**, a leading authority on the Russian economy and a senior research fellow at the Hoover Institution at Stanford University. The team, several of whom are present or former advisers to the Russian Government, enjoyed ready access to information and the frank evaluations of managers and officials. The bulk of the information and quantitative data in this report have never before been available to an English-speaking audience.

The study was part of the preparatory work for a joint coal industry restructuring agreement between the Russian Government and the World Bank. While Partners In Economic Reform (PIER), a labor-management coalition, cooperated with the World Bank to establish the objectives and parameters of the study, neither organization exercised substantive control over the results. Therefore, the analysis, conclusions and recommendations contained in the report are those of the Russian experts and Dr. Bernstam. In addition to Dr. Bernstam, the authors are:

- **Professor Dr. Vladimir N. Laksin** (Co-leader), a leading authority on regional development, especially in natural resource regions, and member of the Russian Government Committee established to oversee the restructuring of the coal industry.
- **Dr. Andrei I. Sitnikov**, authority on fiscal federalism and resource taxation.
- **Dr. Alexandr N. Shvetsov**, an expert on regional development.
- **Dr. Mark M. Voronovitsky**, leading authority on enterprise financing, management and labor relations.
- **Mr. Andrei O. Gorbachev**, a leading expert on industrial management, labor and government relations, former deputy to the Deputy Prime Minister of Russia for Industrial Development.

While not formally a team member, **Dr. Natalia K. Erokhina**, Senior Economist at the Ministry of Fuels and Energy responsible for coal, provided invaluable information and support.

While the impetus for this study came from a proposed restructuring program focused on the Russian coal industry, the problems identified are shared by many other Russian regions, especially those whose economies are dependent on heavy, labor-intensive industries. Thus, the report may be of interest to anyone interested in current developments in the former Soviet Union. Additional copies are available for \$15.00 to cover cost of reproduction from:

**Partners In Economic Reform  
1730 Rhode Island Avenue, N.W., Suite 301  
Washington, D.C. 20036**

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# INTRODUCTION

This part of the report contains the following sections:

- 0.1. Report objectives**
- 0.2. Need to consider the current situation in Russia as well as the specifics of the Kemerovo region**
- 0.3. Nature and characteristics of the relevant information**
- 0.4. Definitions.**

## **0.1. Report Objectives**

This report is one of several produced within the framework of work carried out by Partners In Economic Reform (the “Coal Project”) in conjunction with the proposed restructuring of the Russian coal industry. The objective of this chapter is to analyze the problems associated with employment/unemployment and implementation of social programs in one of the leading coal regions of Russia – the Kemerovo Region (Kuzbass); and, then to use this analysis as the basis for corresponding recommendations. The problems of employment, unemployment and implementation of social programs, which will largely determine the success of efforts to move the Russian coal industry toward market conditions, are predominantly regional problems. Therefore, in contrast to the other parts of the collaborative report, this chapter will not discuss separate coal enterprises but rather the Kemerovo region as a whole, its physical and demographic characteristics; as well as the regional organs of power and administration that, in accordance with current Russian legislation, have been given most of the authority, responsibility and resources to regulate the problems of employment, unemployment and social development.

## **0.2. Need to Consider the Current Situation in Russia as well as the Specifics of the Kemerovo Region**

Solving the problems of employment, unemployment and implementation of social programs in the Kemerovo region largely depends on the situation in Russia as a whole and its effect on the region's employment; and looking at the Russian coal industry as an integral part of the country's fuel and energy complex. In this connection, the report and its recommendations emphasize that part of the problem is related to, and can only be solved on the basis of further development of economic reform and restructuring of the Russian economy, i.e., an all-Russian strategy for coming out of the crisis, supported by corresponding laws and normative acts; while another part of the problem can and should be solved on the regional level, either independently or through agreement with the federal powers.

At the same time, the authors recognize that the Kemerovo region (Kuzbass), with its fuel and energy economic orientation, is an atypical region for Russia. In contrast to the predominantly northern, single-industry mining regions, the Kuzbass is a multi-faceted and relatively southern region (by Russian standards), with its own distinct political and social climate. The analysis conducted shows this vividly and is reflected in the characteristics of the recommendations made.

### **0.3. Nature and Characteristics of the Relevant Information**

Separate, specialized and systematized information that meets the objectives and tasks of this report does not exist in Russia. The information presented and analyzed here was gathered from a multitude of sources—a complex and labor-intensive task. It necessitated developing a special methodology and specific instrumentation, including a list of the necessary data, search for this data, compilation and selection of the data (the information contained in the documents of various agencies is often contradictory), as well as conducting many interviews.

Officials of the administration of the Kemerovo region provided a great deal of assistance, for which the authors feel obliged to express their gratitude.

While studying this problem and developing recommendations, the authors reviewed more than 20 Russian normative acts (laws, presidential decrees, resolutions and governmental orders); stacks of documents on the regional level (decisions of the Council of National Deputies, decisions of the administration, etc.); the corresponding instructions and analytical documents at the industry level (materials of the ministries, associations, enterprises, services and so on); as well as, official statistical information on the national, regional and industry levels. In all, more than 120 documents were used and approximately 6,000 pieces of data were analyzed. A list of the main sources of information is given in Appendix 0.

### **0.4. Definitions**

For Russia, the problem under examination is essentially a new one, at a time when labor markets, unemployment, and varied forms and sources of financing for social programs are customary and well developed in most other countries. Analysis of the Russian situation in this sphere and, most importantly, the development of recommendations based on world experience with these kinds of problems, have essentially become more complicated due to the lack of established Russian terminology, and varied content in the definition of identical words. This applies to practically all definitions used in official statistics, reports of employment and social protection organs, etc. One example is the definition of “unemployed”, variously as: “not employed,” “lost job,” “unemployed,” “looking for work,” “under-provided for,” etc.

## **PART ONE:**

# **Employment, Unemployment and Implementation of Social Programs in the Context of the Russian Situation; Characteristics of the Socio-Economic Development in the Kemerovo Region.**

This chapter of the report includes the following sections:

- 1.1. Reform and crisis as a general background for the emergence and solution to the problems of unemployment and implementation of social programs**
- 1.2. Standard of living and social tension**
- 1.3. Employment and unemployment**
- 1.4. Employment, unemployment and social position of women**
- 1.5. Network of Education and Social Service Programs**
- 1.6. Social protection and the social safety net**
- 1.7. Influence of the multi-level legal, administrative, financial and economic system on the resolution of social problems**
- 1.8. Opportunities for independent solutions at the regional level**
- 1.9. Characteristics of the socio-economic situation in Kemerovo and the specific formulation of solutions to the problems under review.**

### **1.1. Reform and Crisis as the General Background for Emergence and Solution to the Problems of Unemployment and Implementation of Social Programs.**

It is generally known that the level of unemployment, the ability to deal with it in a socially acceptable manner, as well as the content and dimensions of social programs, are determined to a large extent by sociopolitical, economic, social and regional realities. At present, the situation in Russia is determined by two interrelated phenomena: reform and crisis.

Evaluations of the course of reform, and the crisis in contemporary Russia essentially vary depending on how Russian and foreign experts are politically inclined, how well informed they are, and how objective they are. Nevertheless, the authors feel it is currently possible to shed sufficient light on this problem.

First of all, the state statistical services are increasingly developing a data base for this transitional period. New data and analytical overviews of the State Committee of Statistics of the Russian Federation (for instance, the periodic editions, "On the development of economic reforms in the Russian Federation," and "On the development of economic reforms in the

regions of the Russian Federation”) are acknowledged by experts to be sufficiently reliable and objective.

Secondly, serious analysis of the situation has recently begun to appear periodically in program reports issued by the president and the government. General characteristics of the direction of reforms are given, particularly in the 1993 budget report of the president of Russia, in the report of the Council of Ministers, the government of the Russian Federation, entitled, “Situation of the Russian economy and its perspectives for development,” examined by the government on August 6, 1993, and in analytical materials of the Supreme Economic Council, published in July and August of 1993.

Third, given certain variations in the evaluation of the perspectives for development of reform, and the forms and methods of its implementation, in mid-1993 the analytical services of the Presidency, the government, and the Supreme Soviet of Russia were practically unanimous in their evaluations of key elements of the current socio-economic situation. In particular, this was confirmed in the summary report of the “round table” (a forum of social leaders in Russia, summoned by the Parliament and the government), titled “Declaration of the General National Economic Accord” (Moscow, July 1993), and in other similar documents. Qualitative characteristics of the course of reform and the crisis which are not being discussed are based on two interrelated factors:

- (1) the reforms are moving in the right direction, but the particular forms, methods and pace of their implementation and, most importantly, the results, do not satisfy any one;
- (2) the crisis is not local and not only economic, but rather systemic in nature; to a certain degree it is the result of sociopolitical, economic and social transformation, but, at present, this itself is becoming a constraint on the reforms.

Almost all aspects of reform and the ongoing crisis exert influence on the rise of unemployment and the possibility of socially regulating it, as well as on the emergence and resolution of critical social problems. Here we are looking only at the two most important and furthest advanced reforms – privatization and price liberalization; and the two most noticeable effects of the crisis – the fall in production and rising inflation.

### **Change in the Forms of Property: Privatization**

Rapid privatization of enterprises is considered one of the most important elements of reform. According to data supplied by the State Committee on Statistics of Russia, 68,000 enterprises had been privatized by June 1, 1993, as the number of privatized entities increased one-and-one-half times in the first half of 1993.

The furthest advanced in this respect was the so-called “small privatization” (trade, everyday services, food services industry): In 1992 and the first part of 1993, almost 50,000 such enterprises were privatized. The share of large industry enterprises out of all privatized enterprises grew from 9% at the end of 1992 to 15% by mid-1993. On average, the cost of

one privatized enterprise under municipal ownership was 8 million rubles; of property under the federations, 15 million rubles; and, of federal property 44 million rubles.

The privatization of enterprises under municipal ownership yielded 68 billion rubles, or 42% of the total; privatization of the property of members of the federation brought in 35 billion rubles, or 21%; and, federal property brought in 61 billion rubles (37%). Of the income received, 63% went toward the budgets of the territory, 24% went to the federal budget and 13% went to state privatization organs. Neither statistical data, nor polls among managers of the enterprises, revealed any real differences in employment practices among enterprises with different forms of ownership.

However, in our judgment, this was largely due to the fact that, of the three available variants of joint stock ownership, 80% chose the second variant, which allows the worker collective to become owner of a controlling share of stock. Naturally, the workers themselves did not seek a massive reduction in jobs.

To a significant degree, enterprises have changed their policies/orientations toward the implementation of social programs. **Many have begun refusing to support earlier social infrastructures or have begun to restructure them.** This trend has great social ramifications for three reasons:

- (1) The scale of the administrative social sector is exceptionally large; enterprises and associations everywhere have housing, kindergartens, hospitals, clubs, etc., on their balance sheets, especially in populated areas where mining, metallurgical and chemical industry enterprises are located.
- (2) A lack of sufficient funds in local budgets, and insufficient development of a material and technical base to support the social infrastructure in cities and other populated areas, make it impossible to implement a quick and painless transfer of social support facilities to the municipal sector.
- (3) The low level of profitability of these facilities, and their specific characteristics make it impossible to transfer them to private ownership.

As a result, enterprises of all types – especially privatized enterprises – compensate for their workers' losses by providing direct social services in the form of ever-growing monetary payments. Unfortunately, these payments increase the price of the goods produced.

### **Price Liberalization**

“Freeing prices,” that is, setting them independently of administratively established levels, and outside of the “black market,” was begun in 1990. Government action was not taken until early 1992. Price liberalization is a necessary condition of market economics and a leading economic stimulus for competition and structural rebuilding. It was in this sense that price liberalization was accepted in Russia almost without objection.

But despite the government's eagerness to legislate this economic stimulus as quickly as possible, the reforms were carried out under conditions of unique monopolization of the economy, and an almost complete lack of true private sector production. Price liberalization led to almost equal growth in all branches of the productive and social spheres. Artificial constraints on price growth in fuel and basic food products led to new structural shifts; its phase-out began in mid-1993.

**Price liberalization in Russia did not lead to the development of competition or to the formation of a market-driven, efficient structure of production. Instead, it caused an overall increase in prices that made it more advantageous to reduce production, regardless of what kind. This not only did not create new jobs, but made it unprofitable for enterprises to maintain existing jobs.**

The growth in prices in Russia follows the "snowball" model: as a result of increases in all prices on all goods and services as these goods and services circulate, the increase in the price of each of these goods and services is absorbed in the higher prices of all the others. That is why inflation rises in "jumps" rather than in a linear progression; and why the jump in prices on certain categories of goods follows a certain logical order.

The resulting social consequences of such rises in prices are no less dangerous than the increases themselves. Thus, the reflection of these price rises in repeated increases in transport tariffs has become a constraint not only on cargo transport, but also human transport, i.e., it has essentially localized the developing markets for labor. The repeated growth in prices for social services has significantly decreased the population's ability to use cafeterias, cafes, restaurants, hairdressers, laundromats, and so on. This, in turn, impedes the migration of workers from industry to the service sector. The only exception to this is small scale (street) trade.

### **Fall in Production**

While the crisis in Russia's economy is widely recognized, the high level of inflation has made cost analysis of this phenomenon difficult. As a result, production growth is being calculated in terms of output (in pieces, tons, meters, etc.) The State Committee on Statistics of Russia tracks 337 categories of production output every quarter (more than 75% of the total volume of production.)

Analysis of data for the first quarter of 1993, in comparison with the same period in 1989, shows that only 32 categories, or approximately 10%, did not fall below the 1989 production levels. These categories include gas, granulated sugar, raw alcohol, vodka, liquor, soft drinks, home electronics, radio and video technology and several others. Of the 300 categories whose production output declined between 1989 and 1993, 125 fell from 25% to 49%, 93 fell between 50% and 75%, and 28 fell more than 75%.

For a whole range of important industrial products that determine the functioning of the economy as a whole, the fall was significantly sharper—from a 24% decline in coal production to a 61% decline in milk production. For many of these products, the rate of decline grew significantly in 1993. An analysis of natural movements in production in 1992–1993 shows not only an overall drop in production in almost all industries, but also a drop of a non-market nature, evidenced by the disappearance from the market of basic mass consumer goods despite the high demand for them.

Such a drop in production contributes inevitably to unemployment, stressing the importance of creating opportunities for structural redistribution of the workforce.

Shifting laid-off industrial workers to other spheres of production, such as agriculture, is unlikely given the similar decrease in production in branches of the agro-industrial complex. Compared to January-May 1990, in the same period of 1993, cattle, poultry and milk production dropped 1.6 to 1.7 times, while egg delivery was off by 25%. The principal reasons for these decreases are a reduction in feed production and deterioration of all conditions and factors involved in agricultural production, as well as this sector's exceptionally high level of inertia.

The reduced availability of basic agricultural equipment and supplies, such as tractors and pesticides, inevitably causes a decline in the agrarian sector of the economy. Restructuring of Russia's agriculture along the lines of the Western model would take decades and require huge investments of capital; and it would be difficult to imagine that the agricultural complex would be an option for laid-off workers in the near future. At the same time, one cannot exclude the possibility that agricultural production on a small plot of land would be simply a way for many people to survive physically, based on the high rate of self-use and the simplicity of this kind of physical labor. But such activity will not create conditions for accumulating capital, converting to active entrepreneurship, etc.

The shifting of laid-off workers into the sphere of paid services is also unlikely, since the demand for these services is falling at approximately the same rate as the decline in production. The same goes for the possibility of transferring to trade and commercial enterprises, i.e., banks and stock exchanges, since these organizations are nearly saturated with employees.

Nonetheless, massive unemployment, which, according to the laws of market economics, should have accompanied such a sharp drop in production (as will be shown below in part 1.3), did not occur. This testifies, first of all, to the indubitable presence of large scale, hidden unemployment; and second, to the fact that market mechanisms of interaction between production and labor in Russia are not yet functional. **If market reforms continue, however, massive unemployment will become inevitable.** Evidently, it is necessary to have more than one approach to helping the unemployed – a market variant and a pseudo-market variant.

## **Inflation**

Inflation in Russia is increasingly being labeled as “hyperinflation” or “galloping inflation.” Its generic connection with the drop in production has prompted Russian economists to use the term “dropflation” (used to describe a simultaneous drop in production and rise in inflation). Inflationary processes spur unemployment and sharply reduce the effectiveness of social programs.

Inflation in Russia is a systemic result of many phenomena: the coexistence of price liberalization and the former monopolistic nature of production; the continuing failure to distinguish between the finances of an enterprise and the finances of the government (this appears in various direct and indirect forms); an ineffective financial stabilization policy; a tax policy aimed predominantly at eliminating budget deficits and not at encouraging entrepreneurship and economic growth. As a result, according to various sources (unified and comprehensive statistics on this phenomenon do not exist in Russia) the level of inflation rose between 2500% and 2700% in 1992. Below is a discussion of causes and effects of the inflationary process.

Enterprises, acquiring increasingly costly resources and seeking to maximize profits, raise wholesale prices: by mid-1993, these prices had increased 99-fold compared to December 1991. Increasingly, the increase in wholesale prices was reflected in consumer prices, which rose 73-fold in the same period. Supplying each other with products at these increased wholesale prices, enterprises began to experience a shortage in their revolving funds, and began “squeezing” the government for credits, while at the same time increasing their debts to each other. In May 1993, 46% of the enterprises had overdue debts to their suppliers. After a certain period, the increase in consumer prices brought an increase in wages and pensions. In the same period (December 1991-Mid 1993) average wages for workers and other employees rose 31.4 times. Inflation also characterizes the dynamics of revenues flowing into the government budget as a result of increases in prices and wages.

From the moment that prices were liberalized, revenues into the Republic budget grew progressively. The draft budget for 1993 presupposed a yearly income of 24.5 trillion rubles. By May, more than half of this sum had been realized (13.5 trillion rubles), and the monthly income for the balance of the year continued to grow “hyperbolically.” Although budget revenues are certain to increase along with price increases, even if they were to remain at April–May levels, the July–December (1993) period alone will produce revenues in excess of 30 trillion rubles.

However, these increased revenues are hardly likely to be able to neutralize the social impact of unemployment, or substantially improve the results of the social program. The growth of pensions, benefits, etc., are not likely to keep pace with the growth of prices and wages. In addition, inflation increases the need for all kinds of social assistance 2 or 3 times beyond the income of the population. Corresponding data appear in the following sub-section.

## 1.2. Standard of Living and Social Tension

The mobilization of assistance for the unemployed, and implementation of social programs, proceed against the background of a constant drop in the standard of living. Under these conditions, proposals for increase in social support of the population are discussed with the utmost intensity, in terms of "social fairness," "equality of poverty," and "populism." For example, debates in the Supreme Soviet on the issue of pension allocations are regularly accompanied by demands for greater leveling and equalization of pensions, and a lowering of relatively large pensions.

In evaluating the standard of living in Russia, it is necessary to remember that certain Soviet-era practices, such as governmental and regional subsidies, and direct regulation of prices on the most necessary goods, are still in effect. Nevertheless, in June 1993, according to the Russian State Committee on Statistics, more than one-third of the population fell below the minimum survival level (at the time, it was established at 16,000 rubles); and every tenth inhabitant of Russia lived in a family whose per capita income was two times less than this survival level. As a result, from the summer of 1989 to the summer of 1993, real per capita consumption of meat products for the whole country decreased by 14%, while consumption of milk products decreased by 25%, and of fish products by 24%. In low income population groups, the decrease was two to three times greater. These decreases in the standard of living are illustrated by the following comparison of income and consumer prices:

<b>Trends in Income and Consumer Prices</b>			
<b>Time Period</b>	<b>Dec'92- May'93</b>	<b>Dec'91- May'93</b>	<b>Dec'90- May'93</b>
Monetary income:	2.1 times	26 times	66.8 times
Consumer Price Index (essential goods and services):	2.9 times	73 times	202 times
Consumer price index on food products:	28 times	59 times	160 times
Consumer price index on alcoholic beverages:	1.9 times	48 times	75 times
Consumer price index on non-food goods:	2.3 times	63 times	194 times
Consumer price index-services:	7 times	235 times	421 times

Social stratification of the once, in this sense at least, relatively homogenous Soviet society essentially complicates the development and implementation of social programs in Russia, and is a constant source of political tension. This stratification is reflected in the formation of increasingly distinct social groups that are identified not only by their low standard of living but also by work specialty, age, sex, and other factors. A special place in this list is occupied by women, whose situation is examined separately in subsection 1.4.

In the middle of 1993, wage levels in agriculture, science and scientific service, culture and art, were 1.8, 1.4 and 1.3 times lower, respectively, than the average wage in Russia. Measures taken by the government, unfortunately, have been delayed in reaching these groups. Moreover, the financial resources of the government, regional structures and enterprises, and the organizations of the corresponding industries, are not sufficient to correct these discrepancies. At the beginning of 1993, in an attempt to reduce wage discrepancies, the government decided to increase the wages of workers at institutions of higher education twofold. The wage increases were scheduled to take effect in March, but distribution of the funds was delayed significantly. Thus, while wages increased by 20% in the April–May period, the increases were almost completely negated by the next inflationary spiral. As a result, the gap in labor wages was not reduced.

The general and differentiated reductions in living standards are reflected in demographic statistics. Demographic shifts are evident in the following data from the Russian State Committee of Statistics on trends in the size of the population. (Figures are for the beginning of each year):

Year	Population Trends (000's)			(per 10,000 population)		
	1990	1992	1993	1990	1992	1993
Born	1021	803	710	13.9	11.2	9.6
Died	853	885	1063	11.6	12.0	14.4
Natural increase/decrease	168	-55	-353	2.3	-0.8	-4.8

The number of births between January and June 1993 decreased by 120,000, or 14%, compared to the same period of the previous year, while the total birth rate per thousand persons decreased by 1.6. At the same time, the number of deaths during that period increased by 178,000 or 20%, and the total death rate increased by 2.4.

The incidence of deaths from accidents, food and other poisoning, and trauma has risen noticeably. Specifically, the number of people who died from accidental alcohol poisoning in the first half of 1993, was 2.4 times the number for the corresponding period of the previous

year, while the murder rate rose 1.6 times, and the suicide rate by one-third. “Unnatural causes” rose to the second most common cause of death (after circulatory problems).

The natural reduction of the population is accelerating. Having spread throughout most of Russia, the decline in the population for the first six months of 1993 increased by 130,000 persons or 1.6 times the figure for all of 1992. Only in the republics of Kalmykia, Dagestan, Kabardino-Balkaria, Karachayevo-Cherkessia, Chechnya and Ingushetia, Tuva, Sakha (Yakutia), and in the Chukotsky autonomous region in the Ryumen region, has the population continued to grow.

In those cases where the death rate is higher than the birth rate, population figures are increasingly influenced by the rising inflow of immigrants into Russia from neighboring countries. For the last half year, the positive balance in the immigration exchange with these countries totaled 210,000 persons. As before, the majority of those who moved (more than two thirds) were from Central Asia, the region south of the Caucasus and Kazakhstan. The number of immigrants from the Baltic countries has increased almost twofold. Only with Ukraine and Belarus did Russia experience a negative balance in immigration. However, after concluding an agreement with Ukraine on labor activity and the social welfare of citizens working in the neighboring countries, the flow of immigrants to Ukraine was reduced by one-third between January and June of 1993.

The acute problem concerning immigrants seeking asylum continues. Between July 1, 1992, and June 1, 1993, the Federal Migration Service registered more than 267,000 persons in this category. The figure for the January-May 1993 period was 105,000. Over 40,000 of these came from Tajikistan, 19,000 from Azerbaijan, and 15,000 from Georgia.

Over 18,000 people were compelled to move from Chechnya to other regions in Russia in the first five months of 1993.

All of this only exacerbates existing problems of employment and unemployment. Increasing attention – and funds – must be directed to older people. At present, priority must be given to those social programs that provide for the survival of the nation. This realistic assessment is prompted by the overall decline in the standard of living and in the birth rate, and is reinforced by the general deterioration of sanitary, epidemiological and ecological conditions.

For example, the number of diphtheria cases in the first half of 1993 was 2.6 times higher than in the same period in 1992. During this period, the incidence of measles grew 3.8 times, while the number of syphilis cases grew 2.5 times, and tuberculosis grew by 24% – a result not only of unfavorable socioeconomic conditions, but also of a significant reduction in medical check-ups among the population.

### 1.3. Employment and Unemployment

The aforementioned demographic changes (according to evaluations of the government of Russia: "Report on the Situation of the Russian Economy and Prospects for its Development," August 6, 1993, p.21), should not lead to a serious reduction in the population of working age, which is projected at about 86 million people in 1994–1995. Together with this, as noted earlier, the drop in production and the restructuring of the economy will reduce the number of people employed in all forms of economic activity, from 72.3 million in 1992 to 68.4 million in 1995. In contrast to material production, where an absolute reduction of employees (5.1 million persons for the period up to 1995) will take place, the non-production sphere may experience a gradual increase in the number of people employed. According to the same prognosis, the number of able, unemployed workers will average 7 million in 1994 and 7.3 million in 1995, compared to 5.3 million in 1993. Unemployment, in relation to the total labor force, is expected to reach 8.5 percent in 1995.

In Russia, employment fluctuates significantly by region (see table below) and by season. The number of officially registered unemployed workers peaks in September–October, when graduates of professional schools, trade schools and institutes begin looking for work and agricultural work in the summer is finished. Accordingly, the lowest number of workers applying to employment centers comes in May and June. The most characteristic months are December and April, a factor that must be taken into consideration when analyzing unemployment levels. In the most typical months of 1992 and 1993, unemployment was as follows:

<b>Unemployment Trends</b>				
	Registered in Jan. 1993	% Unemp Jan. 1993	Registered in April 1993	% Unemp April 1993
Russian Federation	577,725	0.7%	730,032	0.9%
Northern region	39,819	1.1	50,174	1.4
Northwest Region	64,598	1.4	76,648	1.7
Central region	136,980	0.8	170,157	1.0
Volga-Vyatsky region	54,875	1.2	74,003	1.6
Central Chernozemny	18,812	0.5	21,398	0.5
Povolzhsky region	41,163	0.4	52,856	0.6
N. Caucasus region	57,475	0.6	64,819	0.7
Ural region	64,544	0.7	100,234	0.9
Western Siberian r.	38,940	0.5	53,010	0.6
Eastern Siberian r.	16,798	0.3	23,498	0.5
Far East region	23,644	0.5	30,894	0.6
Kaliningrad region	5,858	1.1	7,116	1.4

While the average yearly number of registered unemployed workers in 1992 totaled 320,000 people, that figure rose to over 570,000 by the end of December 1992. Unemployment in the first 6 months of 1993 was running at about 0.5%; but could range from 5.2% to 6.5% by the beginning of 1994.

In 1993, between January and June, 1,070,000 able-bodied but unemployed citizens registered at employment centers. Work was found for 400,000 of them since the beginning of the year; every fourth worker had a job within 10 days after registration at the center. More than 70,000 workers registered at the employment centers before going into retirement and collecting their pensions.

On July 1, 1993, 1.2 million unemployed citizens looking for work were registered at employment centers in the Russian Federation, a 9% increase from the previous month. More than 750,000 people had unemployment status, and almost two thirds of them received unemployment benefits.

At the same time, the demand for workers reported by the enterprises to the employment centers is increasing. In comparison with the beginning of last year, this figure rose 1.5 times in the summer of 1993, totaling 470,000 people on July 1.

Unemployment and its rise across Russia are not evenly distributed. Unemployment is relatively high in the Archangels, Murmansk, Leningrad, Pskov, Vladimir, Ivanov, Kostroma, Yaroslavl, Kirov and Sakhalin regions, in the republic of Mary-El, the Mordov SSR, the Chuvash Republic, the Komi-Permyatsk autonomous region, the Udmurt republic and the republic of Dagestan.

One should also keep in mind that not all those looking for work register as unemployed. Even during "full employment," at the beginning of the 1980s, almost 27 million citizens of the USSR were, for one reason or another, unemployed from one to three or four months.

Data on the supply and demand of workers in the labor market for April 1, 1993, are given in Appendix 1.

#### **1.4. Employment, Unemployment and Social Position of Women**

Women make up over half of the economically active population of Russia. Until recently, more than 90% of women able to work participated in professional activities and studies. No economically developed country has been able to claim that almost all of its women of working age work – and full time at that.

At the beginning of the 1990s, the level of female employment decreased somewhat. Factors such as structural changes in the economy, the transformation of property and the difficult

financial situation for the majority of industries with high concentrations of female workers, led to lay-offs of women. As a result, the problems of the internal labor market were becoming associated with unemployment among women, which became one of the most critical social issues.

According to official statistics, women make up 67.6% of the unemployed workforce, including those on unplanned or indefinite leave and those working a reduced work schedule. Some observers expect the present number of unemployed women to double. Predictions that the overall number of unemployed workers in Russia will reach 5 million in the near future provide the basis for estimating future unemployment among women, which, according to preliminary calculations, could reach 3 million.

Those left without work are, for the most part, women of working age. Among them, more than half have higher and mid-level specialized education. Despite their training, women are being forced out of intellectual work, especially in the defense industry. As a result of the military conversion – at present 60% of the unemployment market is comprised of women with higher education – many of them with training in rare specializations. Unfortunately, the labor market has not been able to offer jobs that meet the qualifications of those who have been laid off. Such an environment could lead to a devaluation of women's higher education and a situation where intellectual activity becomes the exclusive privilege of men. If this were to occur, the already low representation of women in higher echelons of economic and political management would decrease even further.

About one half of these unemployed women – 52% at the start of 1993 – are women in their thirties and forties who have amassed a great deal of professional experience. The share of unemployed mothers bringing up young or handicapped children was 45% at the beginning of 1993.

The number of women leaving government jobs is higher than the number receiving jobs at new private enterprises, leaving a surplus of unemployed women. At the beginning of 1993, women represented 19% of entrepreneurs and 9% of farmers in Russia. Women entrepreneurs are still considered an elite phenomenon, and their numbers are growing slowly in comparison to the overall growth of entrepreneurship.

Recently, the problems of women's pay have become worse. In 1991, for example, women's wages were 68% of men's wages in industry overall; 84–87% in the textile and food industries; and 73% in traditionally female-dominated industries, such as education, medicine and the arts, compared to male-dominated industries such as construction and transportation. In 1992 and 1993, this disparity continued to grow, particularly in the traditionally male-dominated mining industry, where salaries increased dramatically. At the same time, wages in "women's" industries are lagging behind all other sectors, including new private enterprise. This wage imbalance may be caused by resistance to promoting women, and is especially evident at enterprises that choose not to lay-off women, but to keep them on as part-time employees. The part-time wages are not much higher than welfare wages.

**Women, particularly those with children, belong to the most disadvantaged segment of the population.** At the beginning of 1993, 32% of households, including single people, were at the poverty level; while 47% of families with two children, 52% of single women and 72% of families with three or more children, lived in poverty. These figures continue to grow. The main cause of this poverty is that the state sets wages at levels that are not even adequate for minimal subsistence, much less supporting dependents. The runaway inflation has also added to the problem, so much so that 40% of the entire population is threatened with poverty.

Today, there do not appear to be any positive changes toward working women, either at the federal or local level. The government's economic reform programs do not consider gender within the context of social relations. For example, the fact that women – especially single mothers and women with three or more children – are treated as second-class citizens in comparison to men, is not even recognized as a social problem. The only “reference” to women's problems in government programs is that women now face lay-offs from traditional jobs at pre-school facilities, hospitals, beauty salons, etc. Efforts to improve the situation for women are usually far behind current realities. Welfare payments are insufficient, both in view of inflationary price growth and the lack of indexation. Even minimum child care expenses are not compensated.

In mining settlements, cities and regions with developed coal industries, the situation for women is doubly difficult due to the absence of those work opportunities traditionally reserved for women. Denying jobs to women increases the burden on social assistance programs and aggravates the difficulties in families with unemployed men.

## **1.5. Network of Education and Social Service Programs**

Government education and social services include the following programs:

### **Education and Preschool Training**

Throughout 1992 and 1993, the scope and quality of education have suffered. In many schools, for example, foreign language study stopped being required in the higher grades. In 1992, whereas 232.7 billion rubles were originally allocated for education, about 510 billion rubles – less than 5% of the national income – were actually spent. While actual expenditures were higher than allocations, the price index for 1992 rose approximately 18 to 20 times. As a result, even if one assumes that the allocated expenditures for education were adequate, inflation devalued those allocations by 9 to 10 times.

In order to finance the second half of the 1991–1992 school year budget, expenditures were restricted to two categories: wages, including bonuses and food.

The government has also cut back the number of new educational institutions. Throughout 1992, new school openings, using all sources of financing, represented only 74% of 1991 levels, while new preschools were 61% of the 1991 level.

The level of preschool services has decreased through a reduction in the assignment of new slots, and, to a significant extent, through a reorientation of the existing network. Last year, the economic crisis was largely responsible for the closure of 2% to 10% of preschools, a situation that seriously complicated the lives of tens of thousands of families.

Russia's Ministry of Education calculates that preschools will be attended by 7.65 million children by the end of 1993, almost 800,000 less than in 1991. Much of this can be attributed to a reduction in the network of permanent preschools that are funded by enterprises and other organizations. In an attempt to alleviate this situation, territorial administrative bodies have used various sources of financing to put new preschools into operation and create 115,000 new places this year.

At the same time, in 1992, the process of educational reform continued. The network of gymnasiums and lycees (high schools) expanded and the number of non-governmental schools grew. At the start of the present school year in Russia, 8,000 schools offered more intensive subject study; 587 gymnasiums had 347,000 students; and 343 lycees had 171,000 students. In one year, the number of gymnasiums has grown 1.9 times and lycees 1.7 times. At present, about 20,000 children are studying in approximately 300 non-governmental schools. There are about 432 colleges with 468,000 students. On November 1, 1992, 40 non-governmental institutions of higher education received licenses. In the current year, 49,000 students (2%) are receiving full reimbursement of study expenses, while 194,000 (7%) will get partial reimbursement.

The economic crisis has also aggravated the problem of getting a job after graduation from high schools, trade schools and other institutions of higher learning.

In 1992, 89,000 (38%) of young people who finished full-time schooling at institutions of higher learning could not find work. Upon graduation, 59% of graduates from economic and construction institutions and about 50% of those graduating from universities and technological, electro-technical, energy and radio-technical schools were left without work. Graduates of agricultural, medical and teachers' institutes, where more than 70% of young specialists found work, were in a more favorable position.

### **Health Care**

Ninety-five percent of the population of Russia gets sick every year. Everyone is absent from work due to illness an average of 10 days per year. Six billion rubles are spent annually on hospitals. However, the level of health has declined sharply. According to the calculations of experts, about 25 million workers are chronically sick or getting sick. This alone has caused labor productivity to drop 20%. The share of the gross national product spent on health care has declined from 8%–10% in the 1960's to 3–4% in 1991. Whereas 1990 health care

expenditures per person were 90 rubles, 1993 expenditures are expected to be 6,500 rubles (in today's rubles). During approximately the same period (1965 to 1993), U.S. health care expenditures increased from \$41.6 billion to \$666.2 billion, or from 5.9% to 12.2% of the gross national product. The U.S. government alone pays \$2,566 per year, per American, for health care.

In 1992, only one-half of the demand for medicine from medical institutions and the population in general was satisfied. The price for medicine increased nine-fold. The high cost of some types of medication, especially those of foreign origin, has put them out of reach of the people who need them. At present, the state system of providing medical care has ceased to provide reliable health care. The number of paid medical services is increasing. However, in 1993, costly forms of treatment will be excluded from "for pay" services, and will be covered by funds appropriated in the State budget for those purposes. The State will create protection for the interests of the population in receiving the guaranteed level of medical assistance. Unfortunately, at the beginning stages of the introduction of compulsory medical insurance, all the problems of health care have not been resolved. The proposed financing of health care with resources from the enterprises and other organizations will prove unrealistic for most of them in 1993.

### **Housing and Community Services**

The existing practice of calculating the cost of housing began in the 1920s when, in accordance with the income of the population, the base price for one square meter of living space was set at 13.2 kopeks. That background determined the purely symbolic payment for housing in recent times, which amounts to about 2 percent of the cost of maintaining it. In fact the people pay for only 7-8% of the cost of water and heat. In effect, the State has always covered the costs of housing.

The transition, in 1991, to financing of the "communal economy" (housing, utilities and the like) from local budgets – under conditions of falling production and rising prices, without sufficient support for this area from resources of the Republic budget – has exacerbated the problem of providing the population with housing and community services. In 1991-92, the volume of construction and "putting into service" facilities of the communal economy dropped 25-30%, compared to 1990. Particularly hard hit are small and mid-sized cities of Russia where the drop in productive capacity is particularly felt in the communal economy.

Meanwhile, the pace of decrease in construction of communal facilities steadily accelerated. Thus, in the period January-December 1992, from all financing sources, 4065.8 kilometers of water pipe were put in service (57% of the 1991 figure); 512.6 kms of sewer lines (72%); 745.9 kms of heating pipes (63%); and sewer filtration equipment with capacity of 318,100 cubic meters (60%).

It should be noted that the "housing-community economy" is facing unsolvable problems. These stem from the so-called "social protection" which provides housing and services for minimal cost while all other branches have begun functioning on the basis of the market

economy. Under conditions where all prices have risen like an “avalanche,” but fees paid by the consumers of these services do not change, it is simply not possible to make up the deficit solely with funds from the budget. For example, while in 1990 the State appropriated 18 billion rubles to cover the additional costs of the “housing-community economy,” according to the situation on January 1, 1993, it would take a subsidy of 490 billion rubles to cover all the expenses of this sector. (This still includes state housing transferred to municipal budgets with the conversion of enterprises to stock companies.) Of this sum, 270 billion rubles would come from the local budget, and 220 billion from federal appropriations.

Under these conditions there is an inevitable increase in the rates for housing-community services. However, to go immediately to the maximum rate without any subsidy is simply not possible for the majority of families. Therefore a stepwise transition is contemplated. Moreover, expenditures of a family for housing and community services should not exceed 20-25% of their total income. The process is naturally troubling, as it affects the interests of all the people. It will be difficult to determine which citizen has a right to compensation (subsidy). In order to do that it is necessary to exactly calculate the total income of the family entitled to such a privilege. It requires hard work from the tax and other services.

During the transition period the State contemplates a series of measures for making up the deficits in local budgets to partially cover the difference between the cost of community services and the rates paid for them by the people.

Until 1993, local organs of government received resources for the housing-community economy which, however, were included in the sum of general expenditures in the social sphere. In other words, it operated under the "residual principle" of distributing the funds for the functioning of the housing-community economy. Starting with 1993, the budgets of the local organs of administration have a separate line item for housing-community economy, and funds allotted to it can only be devoted to the goals of that sphere.

In addition, in January 1993, a tax was introduced for support of the housing fund in the amount of 1.5% of their production costs. The expenditures of those enterprises that have a housing fund on their balance sheet, can be subtracted from their total taxes.

### **Network of Non-Production Government Facilities**

One of the most difficult problems for state social policy under existing conditions is the problem of functioning government facilities of social infrastructure. The sharp rise in the cost of maintaining these facilities has become an insupportable burden for the enterprises. The funds budgeted by the legislature for enterprises to finance the upkeep of their existing socio-cultural and community-living facilities have proven to be inadequate, given the present, already difficult financial situation of the enterprises. Therefore, enterprises that own their non-productive facilities: (1) either try to get rid of them one way or the other (and especially those facilities in the social sphere that can not be quickly converted to operation under market principles); or (2) establish a sufficiently high cost for access to the services of those institutions, thus converting them to normal commercial enterprises.

The consolidated budget of the Russian Federation for 1992, set aside 700 billion rubles (from the normative financing established for institutions in the socio-cultural sphere) for the cost to the enterprises of supporting the social infrastructure facilities belonging to them.

These costs are expected to run between 1 and 1.1 trillion rubles in 1993. It is obvious that the budget (federal and local) cannot accumulate the means required to assume the support of all the social infrastructure of the enterprises and sustain them at the indicated higher cost. At present, in accordance with existing legislation, the cost to the enterprise for financing housing, health care facilities, recreation, culture and other facilities, are not subject to taxes. For 1993, the sum of that exemption amounts to 320-350 billion rubles. In the event the social infrastructure of the enterprises is transferred in its entirety to federal and municipal ownership, the additional taxes paid by the enterprises on their profit (without the exemption) could go to cover some of that cost. The remainder would be an addition to the budget deficit.

Resolving the problem of redetermining sources of financing for the social infrastructure facilities of the enterprises is intrinsically related to a number of factors, including: reform of the social sphere as a whole; changing relations of ownership and the mechanisms for utilizing national income; the formation of the income of the population, income for the budget, and the profit of the enterprises. Each of the players – the government, the enterprise, and the people – should, in an established proportion, participate in the financing of the social sphere. Budget/financial aspects of these problems are presented in Appendix 1.

## **1.6. Social Protection and the Social Safety Net**

### **The Object of Social Protection**

Beginning in 1991, establishment of a separate sphere of social policy began in Russia: social protection of people whose ability to care for themselves is impaired or limited because of age, health, family status, or job opportunities in the labor market. This area of social policy has been increasingly actively organized, supported by social laws, etc.

Pensioners make up the largest contingent in the system of social protection (23.9% of the general population). As of January 1, 1993, there were 35,468,800 pensioners in Russia. Their distribution on the territory of the Russian Republic is not uniform. They are mainly concentrated in the industrial regions that reached the peak of their development in the 30's-50's. The goods and profit produced in these industrial regions was distributed throughout the former Soviet Union. However, the regions that started their development later and became profitable under new economic and political conditions do not show any inclination to share their good fortune with their former benefactors.

Along with the increase in the number of pensioners, there is a decrease in the active labor force. Consequently, as the chart below illustrates, there is a sharp increase in the ratio of pensioners to active workers:

<b>Trend in Ratio of Pensioners to Active Workers</b>			
<b>Year</b>	1985	1990	1993
Pensioners per 1000 Workers	404	435	491

It can be said that there are **two kinds of pension funding**:

1. In the course of his or her working life, the worker, along with the employer and the state, deposits earnings into the pension fund, and the contributed funds are then used when the worker retires;
2. The pension fund increases with the contributions paid by workers who are economically active during a given period of time.

In Russia, the second kind of pension fund is retained as an inheritance from the USSR. This means that the burden on present workers is increased. The following data illustrate this:

<b>Trend in Number of Pensioners</b>			
<b>Year</b>	Jan 1, 1992	Jan. 1, 1993	Change
Total Pensioners	34,052,800	35,468,800	+1,416,000
Total Retired Workers	32,623,000	34,109,000	+1,486,000
of which:			
-Retired on Basis of Age	27,131,000	28,538,100	+1,407,000
-Retired on Disability	3,249,500	3,275,300	+ 25,800
Receiving Social Pension	879,000	960,700	+ 81,700
Military Pensioners, Families	550,600	399,100	- 151,700
Rec'g age and Military Pensions	680,500	763,800	+ 83,300

It is widely known that Russia exceeds, by far, all developed countries in the number of people disabled as a result of work related injuries and illness, and general illness. The relatively low number, and slow rate of increase, in the number of disability pensioners is due

to the fact that disabled workers try to conceal their disability so they can retire with an *age-based pension*, which is higher than the disability pension. This situation requires correction.

<b>Amount of Average Monthly Pension (In Rubles)</b>		
	April 1, 1992	April 1, 1993
Workers Retired for Age	456	3666
Workers Retired for General Illness	402	3086
Retired for Work-related disability or illness	226	2579
Veterans and Their Families Retired for Age	541	3919
Veterans and Families Retired for Disability	921	5903

In 1992, pensions increased at the same time that production dropped 19.5% and national income dropped 20%.

<b>Individuals Receiving Other Social Benefits and Compensation (Millions)</b>		
	Jan 1992	Jan 1993
One-time payment for birth of a child	2.0	1.6
Benefit for care of a child up to 1.5 years	3.3	1.5
Benefit for care of a child from 1.5 to 6 years	9.2	9.67
Benefit for a single mother of a child up to 1.5 yrs	--	1.5
"                    "                    1.5 to 6 years	1.6	0.4
Benefit for children with HIV or AIDS	0.0003	0.0003
Benefit for a child in foster care	0.2	0.2
Monthly child payment (not included above)	28.3	28.3
Quarterly payment for consumer goods (per child)		
up to 6 years	14.1	13.1
6 to 13 years	17.8	18.3
13 to 18 years	10.2	10.2
Cost for purchase of school clothing (per child)		
up to 13 years	31.7	31.0
over 13 years	6.0	6.0
Benefits for disabled children up to 16 years	NA	NA

**Average Amount of Monthly Child Payment (rubles)**

Benefit for children 1.5 to 6 years (overall)	439.8	886.5
of which: Working mothers	440.5	886.7
Non-working mothers	402.3	877.9
Benefit for children of single mothers (total)	452.0	963.8
of children up to 6 years:	423.1	906.4
of children 6 to 16 years:	479.2	1014.5
Single mothers previously raised in orphanages	495.8	1088.5
Benefit for children of servicemen	472.0	1088.5
Benefit for pregnancy, birth and care of children up to 1.5 years for women veterans released from the military or the KGB in connection with pregnancy or childbirth.	617.5	1315.8

In 1992, single mothers were targeted as a distinct "at risk" social group. Prior to that time they had received the same assistance as any other family with children. Single mothers receive benefits for children up to 16 years.

In Russia there are 7,500 centers for assisting single and older people in the home; 250 regional centers providing services for pensioners; 1100 centers for emergency social assistance. In 1992, they provided more than 4 million people with one-time, temporary and continuing assistance.

More than 260,000 aged and invalids, including children, were cared for in 896 nursing homes. There are programs for distribution of humanitarian assistance, free food, accommodation for the poor and assistance for refugees.

There are Republic and regional funds for assistance to the aged, orphans, and disabled. A part of these funds is used for providing visits to sanitariums and rest homes, and for development of small business and farm retreats.

Within the framework of enterprises, cities, localities and regions, there are many benefits and services that are not a part of any formal assistance program.

## **Organization of Social Protection: Structure and Staff of Social Protection Agencies**

The primary agencies responsible for social protection (and the current number of their staff) are as follows: Ministry of Social Protection (262,596); Pension Fund (15,844, including part-time workers); Federal Employment Service (25,426); and, Social Insurance Fund (not available).

These agencies are all increasing their staff as they become aware of the difficulty of their task and in anticipation of an even heavier work load in the future. In 1992 the Ministry of Social Protection increased its staff by 39,486 people, most of whom were assigned to the branch offices. The Employment Service plans to increase its staff by 70% in 1993.

The Ministry of Social Protection of the Population of the Russian Republic has important organizational and functional responsibilities for the protection of the population. Distribution of its staff is shown below:

<b>Ministry of Social Protection: Number of Staff</b>	
Officials of the Ministry and the Federated Republics, Chief Administrators, and Heads of Departments	6,500
Regional and City Administration and Departments	37,563
Centers for Calculation and Payment of Pensions	9,338
Sanitariums/Homes for Mental Patients, Children, Aged, Invalids	105,027
Rest Homes	6,223
Branch Offices for Social Assistance	89,635

In addition, 2,381 persons are employed in central accounting offices, driving lessons for invalids and kindergartens.

Most programs are financed from the pension funds, but some are traditionally paid from the budget. As programs are implemented, some changes are introduced. For example, in 1992, the administration of the Pension Fund decided to shift payments for children up to 1.5 years of age to the budget, and to assume the cost of increased payments to single mothers with children up to 16 years.

In 1992, the Ministry of Social Protection organizationally and materially assisted in the resolution of problems for about 70 million people. For all social assistance 32.4 billion rubles were paid from local budgets and 3.7 billion rubles were paid from the Republic budget. Plans for 1993 call for quadrupling expenditures for social protection from local budgets, while cutting expenditures from the central budget by 20%.

Payment of pensions from resources of the off-budget Pension Fund amounted to 1034.88 billion rubles.

## Social Insurance Fund, Employment Fund and Pension Fund

These are all off-budget Funds supported by payments from the enterprises, and calculated as a percent of wages. In 1993, in addition to these Funds, the enterprises will have to introduce compulsory medical insurance. Allocations from the total Salary Fund to these central funds were 39% and 40%, respectively, in 1992 and 1993. This constituted a major part of the economic activity of the Russian people: 10% of gross national product. Beginning in January 1993, part of the funds (3.6% of the 32.6%) previously going to the Pension Fund, are redirected to the Fund for Compulsory Medical Insurance.

Allocations from Payroll to the Social Funds (in percent per year)		
Year	1992	1993
Social Insurance Fund	5.4	--
Employment Fund	1.0	2.0
Medical Insurance Fund	--	3.6
Pension Fund:		
Industrial Sector	32.6	29.0
Agricultural Sector	--	20.6
Private Employers	--	5.0
Enterprises Paying Honoraria	--	26.0

In 1992, the Pension Fund, the Employment Fund, and the Fund for Social Insurance together, had at their disposal resources equal to 60% of the funds contributed to the budget by the tax on profit and the Value Added Tax (VAT). In 1993, while the VAT was reduced to 8%, the contribution to the Funds increased by 1%. Along with greater opportunities also comes greater responsibility for the rational use of social resources, especially when one considers that the economy is in crisis. In March 1993, the Directors of the Funds formally became part of the Russian Government. Still their isolation hinders the exchange of information, the coordination of programs and the establishment of national priorities.

Historically, the Pension Fund was separated from the budget under the Soviet Union in order to end the practice of residual financing for social protection programs. Then, within the framework of the USSR Pension Fund, the Russian Pension Fund was isolated to prevent distribution of national resources for social protection to other Republics of the Union.

The Pension Fund collects contributions, arrears and fines completely independent of State tax inspectors and without any coordination with the Ministry of Social Protection, which calculates the benefits of pensioners and other required information, and also distributes pension payments.

In September 1992, in accordance with a decree of the Presidium of the Supreme Soviet of the Russian Republic, an experiment was undertaken in the Moscow Region to create an autonomous system of collecting contributions and distributing pensions. At the same time, a Republic social bank was established in Moscow with branches in the Region. With all its positive and negative aspects, this experiment was halted by decree of the President in May 1993; however, the need for reform in the pension system is undeniable.

In 1992, according to the statistics of the Fund, total receipts amounted to 1311.57 billion rubles. The balance sheet of the Fund included allocations from the Budget and insurance payments and "miscellaneous payments" in the amount of 1.85 billion rubles.

The State Fund for Social Insurance pays benefits to day-workers during temporary inability to work, during pregnancy and child birth, and for children to 1.5 years of age, for burial, and out-of-school services for children. Funds are also provided for workers temporarily unable to work because of illness.

In addition, the Social Insurance Fund provides full or partial reimbursement for vacations at spas and rest homes, which have nothing to do with social insurance in the international understanding of the term. Subsidies paid for such benefits in 1992 are estimated at between 15 and 18 billion rubles.

The right to use these facilities, naturally, is reserved for workers at enterprises where there are union organizations which belong to the Federation of Independent Unions of Russia (FNPR). In earlier times, in accordance with the policy toward unions as the "transmission belt" for the Communist Party, the State Social Insurance Fund was transferred to the disposal of the official trade unions, as a way of compensating them. The fact that all workers had to belong to the official trade union created an artificial dependency on them for material needs, especially in cases of illness.

At present, in Russia, there is a new political situation, a new structure of the economically active population. All wage earners are not members of the union. Recently some positive changes in the utilization of resources of the State Social Insurance Fund have been legislated.

### **The Employment Fund**

This Fund is under the direction of the Federal Employment Service. It is utilized for payment of unemployment benefits and for financing employment creation programs. In 1993 its official share of the Salary Fund increased from 1% to 2%. In fact, however, it received only .72% from the Salary Fund in the Industrial Sector. This resulted from the exclusion of certain types of enterprises and organizations from the requirement to contribute to the Fund, as the result of incomplete legislation, lack of personnel and insufficient authority to exercise control of the function.

As was the case with the Pension Fund, in 1992 expenditures from the Employment Fund fell substantially short of income: 10.52 billion rubles, 29% of income. The balance at the end of 1992 was 26.8 billion rubles. According to the calculations of Fund officials, a 1% contribution by employers to the Fund can create jobs for an average of one million unemployed a year. In other words, a 1% contribution is enough for an unemployment level of 1.5%. This means that for last year, and in the first quarter of 1993, there were more than sufficient funds; however, by the end of 1993, available funds will have to be spread thin in order to handle the anticipated level of unemployment.

Throughout the year, allocated resources sit in the Fund's accounts, but then, as cash, they will be thrown on the deficit consumer market in the form of unemployment benefits, subsidies for temporary employment, stipends for retraining, pay for teachers and workers who will build student centers. It is planned to use 576 billion rubles for these purposes in all of 1993.

The Ministry of Finance has the right to pay the Employment Fund necessary funding from the budget; however the conditions under which the Fund can count on subsidies from the budget are not clearly defined. This lack of clarity could impede the implementation of an active employment policy just when there is a critical need for it.

Ninety percent of the funds remain in the regions and sub-regions. This makes it difficult to redesignate funds from a relatively good region to one with a high level of unemployment.

Self-financing, i.e. dependency on a percent of wages paid from the Salary Fund, creates a tendency to limit the local ability to provide assistance to the unemployed just at the time when the number of unemployed increases and assistance is most needed.

The existing system of paying unemployment benefits based on previously earned wages creates difficulties for the employment service which is responsible for their distribution. In the event of an increase in unemployment and continuing inflation, the recalculation will cause delays in payment, and as a result, unnecessary social tension.

In general, of course, a situation in which resources are collected and handed out again, which is one of the primary functions of social protection, is not very satisfying.

The Pension Fund collects funds separately from the Ministry of Social Protection, which distributes them. The resources of the Employment Fund are collected centrally, but the major part of them remain in the regions, although the need for them is not as great there. Finally, the Pension Fund has a very effective system for controlling the collection of funds, but does not share its own capabilities with anyone. Therefore, it is essential that the Employment Fund create its own network for collecting information and controlling disbursements.

## **1.7. Influence of the Multi-level Legal, Administrative, Financial and Economic System on the Resolution of Social Problems**

The hierarchy of government bodies regulating employment, unemployment and social programs does not have clearly distinguished authority, rights and responsibilities. This structure is comprised of the following:

- The President of the Russian Federation and his administration, which issue mandatory decrees and regulations aimed at correcting inadequacies in the current system of management. Examples include Decree #92, dated January 24, 1992, and titled, "On emergency measures for stabilization of the economy and development of the social sphere of Komi Republic," and Decree #431, dated May 5, 1992, and titled, "On the measures for social support of families with many children."
- Regional representatives of the president who enforce legislation and help realize state policy in the regions. These representatives have the right to stop any activity violating the law.
- Congress of Peoples Deputies of the Russian Federation, which introduces amendments to the constitution and other legislative documents, adopts new laws, and regulates issues of employment, unemployment and social programs.
- Supreme Council of the Russian Federation (its commissions and committees), which formulates and enacts laws and directives directly regulating solutions to employment and social problems.
- Government of the Russian Federation, which adopts general and specific decrees directly regulating activities in the spheres of employment, unemployment and social programs.
- State departments, ministries and committees, and their regional structures which elaborate upon and implement legislative acts. Examples would be the regional Employment Services and branches of the Pension Fund. (The functions, structure and financial resources of these organizations were noted above.)
- Practically all of the above mentioned levels of administration have counterparts in each of the constituent republics of the Russian Federation.
- Administrative and government bodies (administrations and councils) at the regional and sub-regional levels.

The above-mentioned eight levels of official administration for social activities in Russia are part of the state administration. The other system is characterized by local self-management at the regional, city and communal levels. This system of administration is represented by

government and administrative bodies which are, in turn, beginning to undergo a major transformation with clear priorities for exercising power. The law on local self-government contemplates, nevertheless, that the representatives of the government bodies remain the local councils of peoples deputies, corresponding to the organs of government converted into local administrations (the former Executive Committees). But social self-government is being realized through a territorial form of direct democracy: local referenda, meetings, assemblies, etc.; and through organs of territorial social self-government (committees, councils, etc.)

It should be noted in this regard, that the resolution of any given concrete question in the social sphere must take account of, or at least not openly contradict a decision already taken at different levels of the above multi-level pyramid. Many very difficult and quite recent two-party problems are occurring in this area, as explained below.

First, it is necessary to inventory, reconcile and systematize a large number of already passed normative laws, a few representative examples of which are provided in Appendix I. The ideal would be to codify these laws.

Second, it is necessary to sharply delineate the authority and responsibilities of the above cited levels of government, strictly designating the limits of independent action by the subsidiary organizations of the Federation.

Trade unions and social organizations are quite active in determining social policy in Russia and its regions. On the other hand, private enterprises and branches of companies with substantial resources at their disposition, have very little influence on measures for dealing with the results of unemployment and the implementation of social programs at the regional level. The form of social support of those people and their separate groups is still incidental.

Meanwhile, there exists a practice of actively using the resources of the enterprises, stock companies, companies, etc., for the social support of their own co-workers. That is: exceptionally high wages, gifts, premiums, payment for housing, food, and subsidized medical care, vacation benefits, payment for transport, etc. The extent of this support exceeds by many times the social assistance provided through federal and regional organizations to the average person.

### **1.8. Opportunities for Independent Solutions at the Regional Level**

Unfortunately, existing laws give the regions broad, but not very clear powers for solving the problems of employment, unemployment, and formulation and implementation of social programs. However, the representatives and administrative bodies at the local level have a broad arsenal of measures at their disposal for directly influencing the problems under discussion; as well as indirectly, through the legislative process, exercising their influence on the regional socio-political and socio-economic situation. Thus, for example, the regional

administration has broad authority for organizing assistance for the unemployed and, at the same time, for supporting entrepreneurship directed at facilitating increased employment.

Rights and responsibilities in the sphere of social support are defined by agreements between the various federal authorities:

- at the level of republics within the Russian Federation
- at the level of the regions, and cities of Moscow and St. Petersburg
- at the level of autonomous regions within the Russian Federation.

According to a March 5, 1992 law entitled, "On the Regional Council of Peoples Deputies and Regional Administrations," **the councils of deputies are responsible for the following:**

1. Regional projects and programs of social and economic development
2. Regional budgets, changes and amendments to the budgets, and budget reports
3. Creation of regional non-budget, hard currency-based funds, definition of the goals of the funds, and activity reports
4. Determination of regional taxes, duties, tariffs, etc. required by the laws of the Russian Federation to support region-owned enterprises and organizations.

In turn, **regional administrations** are expected to:

1. Create educational, cultural, medical, sports and welfare facilities, in accordance with the resolutions of the councils of people's deputies, from regional budgets as well as independent funds from cooperative agreements between regions, cities, enterprises and other organizations.
2. Develop, with the participation of sub-regions and cities, public education programs, medical care, cultural and sports activities in the region or city, taking into account cultural traditions; assist educational, medical and other social support services with finances, materials, etc., according to established social norms.

In the area of **social protection** of the population, **regional administrations** are expected to:

1. Create social support programs and funds for employment development and unemployment relief, as well as other kinds of social support agencies; and to supervise their expenses.
2. Determine goods and services, in addition to those already determined by the federal government, whose prices are to be subsidized by regional budgets and other funds, and to supervise expenses.

3. Develop and implement job creation programs funded by social benefit funds.
4. Implement measures at region-owned and other enterprises to create additional jobs and employ people determined by the regional council as needing a job.
5. Use regional funds to extend unemployment benefits, and determine the amount, conditions and methods of payment; and to raise stipends for scholarships.
6. Issue licenses to non-governmental organizations which offer job creation and employment services.
7. Assist with finances, materials, etc., in the creation of regional and municipal social support funds.
8. Create regional organizations for job creation and employment services.
9. Oversee the implementation of planned employment and the relocation of workers.
10. Enforce health and safety regulations at enterprises in the region.
11. Supervise regional institutions of social protection.
12. Be responsible for timely and correct payment of pensions and other payments, and enforce Russian Federation laws regarding benefits and payments to the population.
13. Provide employment and everyday services to pensioners and the disabled.
14. Supervise the work of medical associations.

The distribution of responsibilities and rights in the employment sphere is the subject of special regulation:

- **“The Law on Employment,”** dated April 19, 1991, and
- **“The Law on Changes and Amendments to the Law on Employment,”** dated July 13, 1992.

**These define the responsibilities of the Russian Federation's management agencies as follows:**

1. to define and implement, with the participation of state authorities, the basic elements of employment policy in the Russian Federation;
2. to coordinate the activities of republic, regional, and oblast administrations, as well as those of Moscow and St. Petersburg, and to sign agreements with them on developing republic-level employment programs;

3. to define minimum and mandatory standards of social and economic protection of the population for all republics, regions, and oblasts within the Russian Federation, as well as the cities of Moscow and St. Petersburg.

Republics, regions and autonomous regions, the cities of Moscow and St. Petersburg, in accordance with their authorities, decide all questions related to the development and implementation of policies regarding the employment of the population, considering national, economic and cultural peculiarities, and providing for realization of individual rights of citizens contemplated by this law, and other laws and normative acts.

Legislation of republics belonging to the Russian Federation, decisions of local Councils of Peoples Deputies, as well as collective bargaining agreements (with the consent of others) may, on condition that they do not conflict with the Law: provide for alternative conditions and procedures for paying unemployment benefits; specify a particular approach to work; increase social protection for the workers, including extension of the period for payment of benefits and increasing their amounts; provide supplemental compensation for paid social work; as well as, stipends for the period of training, to be paid from resources of the republic. In the event of mass layoffs of workers and difficulties in creating alternative employment for them, the local Councils of peoples deputies, at the request of the Employment Service and the respective union organizations, may delay for a period of up to six months a decision to layoff workers, or decide to invoke a stepwise layoff over the course of one year, providing the financial measures therefore are supported from funds of the local Councils of Peoples Deputies.

Local Councils of Peoples Deputies may, at their own expense provided through tax credits and other sources, prescribe for enterprises, institutions and organizations the creation of a minimal number of special jobs for employing specified types of workers.

Local Councils of Peoples Deputies may, at the request and with the participation of the employment service, completely organize the creation of temporary employment for the population in carrying out paid social service work at enterprises, institutions, and organizations belonging to the Council and, through agreement, at other enterprises, institutions and organizations.

Temporary work contracts are concluded with individuals desiring to participate in social service work. Preference for such contracts is given to unemployed people who are not receiving unemployment benefits.

People employed in social service work will receive the pay applicable for the work they are performing, but not below the level established by the Law of the Russian Federation. The labor law and the social insurance law, as well as the right to unemployment benefits are extended to people performing social service work.

Financing of social service work comes from the enterprise, institute or organization for which the work is performed, as well as from the respective local budget and with funds obtained from the Employment Service.

Employment centers attached to various levels of administration are subordinate in their activities to the corresponding level, and higher organs of the Employment Service. Their activities are financed with resources of the corresponding Employment Fund of the Russian Republic.

### **1.9. Characteristics of the Socio-Economic Situation in Kemerovo and the Specific Formulation of Solutions to the Problems Under Review**

The problems of employment, unemployment and implementation of social programs in the Kemerovo region follow the course of the broader Russian experience in this transition period, as briefly described above. At the same time, the region's distinct political, social and demographic realities, resource potential, and other factors tend to either weaken or reinforce the tendencies noted in Russia as a whole. It is possible to identify several more noteworthy expressions of these regional peculiarities which have particular significance for the problems being studied and the formulation of recommendations.

#### **Acute Politicization:**

The miners of Kuzbass are the originators, and continue to be active participants in the process of strong regional political pressure on the President, the Parliament and the Government, overall. They have a real chance of producing serious deviations from all-Russian socio-economic policy on the territory of the Kuzbass. Yet the political orientation of the population and the local administration are not synonymous. On the one hand the miners stood for the course of radical reform; on the other, in the April 1993 referendum, the people only very weakly supported the President and the Government.

#### **Subsidization of the Region and the Enterprises:**

Kemerovo is a subsidized region, with a substantial number of marginal and unprofitable enterprises. This greatly complicates resolution of the problems of employment and social development, and requires constant coordination of action on these problems among the Government, the leadership of the region and the entrepreneurs.

#### **Exclusive Reliance on Raw Materials:**

In the period 1991-1993, the structure of the regional economy acquired an increasing raw materials orientation. The first enterprises to be affected by the general decline in production were those deemed to have the most potential for conversion to market economics. In 1992, overall production declined 16%. Specifically, coal production decreased by 4%; iron ore

decreased by 6%; synthetic ammonia by 7%; machinery production by 19%; overall food production by 27%; milk and meat production by 50%; leather shoes by 37%; and knitted goods by 39%. Production losses were caused by sharp increases in the prices of ready-made goods, making it even more difficult to tackle social problems and implement social programs.

### **Investment in the Region:**

The region's most important industries, especially mining, require a high level of capital investment. In recent years, however, investment levels in Kemerovo have fallen and are among the lowest in all of Russia. In 1992, for example, capital investments decreased by 60%. Amortization of the capital fund exceeds its replacement 10 times. This leads to further decreases in production, as well as loosening of safety and environmental controls. Physical exhaustion of the equipment will no doubt add to future unemployment and social instability.

### **Geographical Peculiarities of the Region and Links with other Regions:**

Socioeconomic conditions in the region are influenced by geographic factors and general disintegration. Situated as Kuzbass is between Moscow and Vladivostok, the region's coal and other primary industries were traditionally oriented toward consumers in the Urals and other distant regions. Economic links were artificially supported by low transportation rates.

Recent sharp increases in these rates are making coal less competitive, to the extent that prices for Kuzbass coal, including transportation, have exceeded world levels. That is why the government is considering measures that will help stabilize transport rates.

Geographic factors are beginning to hamper economic development, which will in turn aggravate problems of employment, unemployment and implementation of social welfare programs.

### **Interregional Regulation of Social Conditions:**

The regional administration has regulated interregional prices, tariffs, etc. through budgetary measures. In 1992, for example, the average rate of inflation was fixed at 2,220%, in comparison to the average rate of 2,600% in Russia, and 2,500%–2,800% in regions with more favorable conditions. Though the population considers these measures to be justified, the measures are, in fact, slowing the transition to market regulation of the economy.

### **Comparatively High Level of Self-Supply of the Region with Consumer Goods:**

In the first half of 1993, more than 60% of consumer goods were produced in the region. But, according to some estimates, consumption decreased by at least 5%. There was also a decrease of over 40% in paid services due to price increases.

### **Work Under Conditions of the Free Economic Zone “Kuzbass:”**

At present, free market conditions in the Kuzbass are exacerbating financial and social hardships. Improvements in foreign trade conditions, higher export quotas, and other measures have partially compensated for the dismantling of the centralized food supply system. But the impending Law on Free Economic Zones will make it difficult for the region to devise additional regulatory mechanisms for solving social problems.

### **Peculiarities of the Demographic Situation in the Kuzbass:**

Social conditions were complicated by two tendencies: the percentage of older people went up and the rate of deaths exceeded the rate of births. This should be considered as an ever-increasing burden on the system of pension provision and social assistance for older people.

### **Specifics of Employment and Unemployment:**

The way of laying-off and providing workers with new jobs in the Region is not traditional, and is not typical for enterprises under conditions of sharp decrease in production during the transition period. There are no closures of non-profitable enterprises or gradual lay-offs, and in the nearest future there will be no correlation between decrease of production and lay-offs in the coal industry. It should be taken into consideration that, in 1992, when the number of unemployed was constantly increasing, the number of vacancies in the Kuznetsk region was 4 times the number of laid off workers (just the opposite of the average situation in Russia as a whole). Unemployment is beginning to assume a definite structural, industry character. The degree to which offered vacancies do not correspond to the age, sex, professional and territorial preferences of the people looking for new jobs, is growing; especially with respect to highly qualified specialists.

### **Specifics of the Income and Standard of Living of the People:**

Regional peculiarities directly influence the level of employment, unemployment and the realization of social programs, showing a specific structure of income, relative leveling of differences among groups of the population with different income levels, and continuing differentiation of income among different professional groups.

The share of salary in the structure of income is constantly increasing (from 64% in 1991 to 84% in 1992), maximizing the dependency of workers on the very fact of their employment; giving additional stimulus to hidden unemployment, and other efforts to keep workers on the payroll regardless of the cost; as well as, discouraging attempts to create alternative employment.

Starting in 1990-1991, the strong stratification of people according to their income also had its own regional peculiarities: Unlike in Russia, generally, the gap in the region is smaller, and is decreasing rather than increasing, as it is in Russia. In 1992, the average coefficient (of difference between the lowest and highest salaries) in Russia increased from 6.8 to 8.7,

whereas in the Kemerovo region it decreased from 7.7 to 6.4. The “Jinni” coefficient (which also measures this phenomenon) in the region also went down, and, by the beginning of 1993 it was 0.294 in Kemerovo (as opposed to 0.327 in all of Russia).

These examples do not cover all the specifics of the region's development; other examples will be given in later chapters. But they show the necessity of adjusting general, Russia-wide, recommendations in the sphere of employment and implementation of social programs by considering regional specifics. It requires deep and specialized analysis of the intra-regional situation using non-traditional methods of gathering and analyzing information. Thus emerges the difficult task of elaborating recommendations that optimally correspond to the realities and needs of a specific region.

## **PART TWO**

### **Current Employment and Unemployment Situation; Trends and Challenges in the Kemerovo Region**

- 2.1. General characteristics of the labor market in the Kemerovo region**
- 2.2. Unemployment in the Kemerovo region**
- 2.3. Availability of jobs**
- 2.4. Implementing a system of job placement and retraining**
- 2.5. Problems related to hidden unemployment.**

#### **2.1. General Characteristics of the Labor Market in the Kemerovo Region**

The labor force in the Kemerovo region at the end of 1992 consisted of 1,865,000 people (or 59% of the total population of the region). By the end of the year, 1,463,000 people were involved in the non-farm economy; 110,000 were students, and 290,000 people were working at individual farms.

These figures present the result of changes in the structure of labor resources in the region in 1991-1992. During this period, the level of participation in the general economy dropped, the structure of the distribution of the population by type of activity changed: there was a decrease in employment in various branches of the social infrastructure, the sciences and scientific services; the number of students in courses of all kinds decreased.

Along with the decrease in the number of people employed in the social economy, the base for development of independent employment opportunities, while still modest, increased more than three-fold in two years. This development should be given particular consideration in the elaboration of policies for regulating the labor market in the Kemerovo region, including a special emphasis on development of a special program for independent employment opportunities, as well as for small and mid-sized business.

Figures describing changes in the number and distribution of the workforce by activity and branch of industry are contained in Appendix 2. (Tables 2.1.1 – 2.1.5.)

Structural changes in employment in the region continued in the first half of 1993. Several industries (e.g., agriculture, transportation, communication, construction, trade and food, and science) were characterized by a steady decrease in employment of 5% to 9%; while in other branches (e.g. education, credit, financial and insurance services, housing and everyday services, and the government bureaucracy) employment rose from 8% to 16%.

The period 1991-1992 also witnessed a change in the structure of employment in relation to the form of ownership. In 1992 alone, the number of people employed in the state sector dropped by 165,000, or 12.7%. However, by the end of the year, 77% of the workforce was

still employed by the State. The decrease in the state agricultural sector was even more pronounced, as employment in collective and cooperative farms dropped from 61,000 to 24,000 (from 4.0% to 1.6% of the workforce); primarily due to the conversion of most cooperative farms into private enterprises (which reduced employment at cooperative farms from 40,500 to 9,500).

There were also increases in the number of people employed in other non-state forms of economic activity: Employment at joint stock companies increased by 360%; in peasant (private) farming, by 240%; in joint ventures by 2100%. As a result, the proportion of the workforce employed in the private sector rose from 12% to 19%. While the State is still the predominant employer in the region, the number of workers, and the share of the workforce engaged in the private sector continues to grow steadily. (Distribution of the workforce by type of ownership is shown in Appendix 2., Table 2.1.6.)

## 2.2. Unemployment in the Kemerovo Region

While economic reforms have been under way for almost two years, the process of transforming state enterprises has not yet had a substantial impact on the lay-off of workers.

In 1992, 42,000 people were laid off from the enterprises (2.4% of the total number employed). Of this number, 19,000 (3.4% of total employment in the state sector) were laid off due to contraction in the number of workplaces.



In 1992, the number of unemployed increased 16 times and reached 5,000 people, 76% of whom received unemployment benefits. In 1992, the ranks of the unemployed were increased by secondary school and college graduates (a total of 577 students, or 12% of the unemployed).

Detailed figures showing conditions in the labor market, the process of unemployment, and reasons for loss of job, are provided in Appendix 2. (Tables 2.2.1. - 2.2.2.)

In the first half of 1993 the number of unemployed continued to grow, though this process slowed a bit toward mid-year. In the second half of 1992, the number of unemployed increased by about 1,000 workers a month; in 1993, this figure dropped to around 600. By the end of May, 1993, there were 7.5 thousand people unemployed (monthly increase of 6.5%). By the middle of the year there was a turnaround in the process. In June, there was a small decrease in the number of unemployed (to 7.3 thousand people -a drop of 1.7%). In July, 6.9 thousand people were unemployed (98.2% of the June, 1993 level, and 139% of the level in December, 1992).

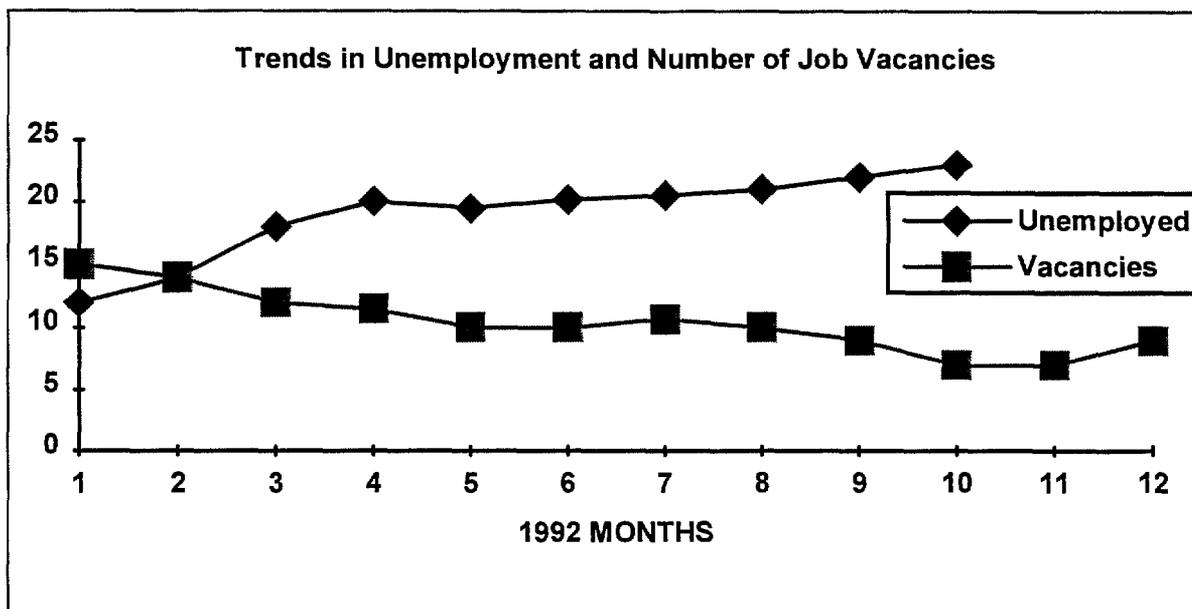
But these figures do not permit a definite conclusion about changes in the course of unemployment. The indicated decrease could represent seasonal fluctuations in the number of people who lost their jobs and were registered in the unemployment centers.

Unemployment among women is especially critical: 89% of women in the workforce are unemployed; half of the unemployed women lost their employment because their jobs were eliminated. It should be noted that every second unemployed woman has a special education or a graduate degree. More than 2 thousand unemployed women (53%) are raising underaged children.

About 40% of the unemployed are young people under 30 years of age. At the same time, people "under retirement (pension) age" account for about 5% of the total number of registered unemployed. These figures, reflecting the age structure of unemployment, demonstrate the necessity for giving priority to social protection programs focused on the youthful contingent. In addition, the nature of these programs for youth should be not only and not so much aimed at providing money benefits for getting by and maintaining the standard of living; but designed to provide the necessary conditions for training and re-training, relocation, etc., that is creating conditions that will provide maximum mobility for the workforce. Figures presenting the level of official unemployment, by responsibility and profession, are shown in Appendix 2. (Table 2.2.3.)

### **2.3. Availability of Jobs**

The peculiarity of the labor market in the Kemerovo region consists of the fact that, in spite of the availability of people without work, and an increase in the level of unemployment, there are still substantial numbers of vacant workplaces.



Over the last three years (1990-1992) there has been a consistent downward trend in demand for labor in the region. This demand dropped by more than 50% between January 1990 and December 1992. By the end of December 1992 it had fallen to 7,491 from 17,299 at the beginning of January 1990 (see above). A majority of the vacancies could be found in the industrial sector (2757 or 36.8%) and the construction sector (1810 or 24.3%). Detailed information on the number of vacancies and their distribution among branches of the regional economy for the years 1990, 1991 and 1992 is given in Appendix 2. (Table 2.3.1.)

During the first half of 1993, an increase was registered in the overall number of vacancies, which reached 11,300 in June. According to the statistics and officially declared demand for workers this amounts to only half of the total number of job openings and vacancies at enterprises of the region (21.5 thousand).

The discrepancy in the figures characterizing the demand for labor may be explained by two circumstances:

1. Managers of enterprises do not provide reliable information; some do not provide any information at all. That can be interpreted as an indication that they are either not interested in filling the vacancies or that they are not interested in utilizing the specialized State service established for that purpose.
2. The state services of statistics and employment do not have an effective means of fully gathering the necessary information because the enterprises do not cooperate and do not follow established laws and instructions.

The way out may be, on the one hand, to establish special measures stimulating enterprises to provide full and exact information; and on the other, provide strict sanctions for enterprises that do not comply with the regulations.

Among reasons for the existence of, and even a small increase in the number of job vacancies, one of the most important is the qualitative discrepancy between what is “demanded” and what is “offered” in the labor market. The job openings and vacant positions proposed by the Employment Service, in many cases do not satisfy the people looking for work, in terms of required education, profession and qualifications. Thus, the vacancies available for people with higher education comprise 8% of the total vacancies in the labor market, whereas people with higher education and special education who qualify for those vacancies, constitute 50% of the unemployed. The overwhelming majority of vacancies (89%) are intended for workers.

#### **2.4. Implementing a System of Job Placement and Retraining**

In 1991, in accordance with requirements of legislation of the Russian Federation regulating the issues of employment, and avoiding the negative consequences of unemployment, the following organizational structure was created in the Kuzbass Region:

- Directorate of regional administration for labor and employment of the population;
- Center for employment of the population, Directorate of regional administration for labor and employment of the population;
- Two City Directorates for employment of the population (Kemerovo and Novokuznetsk);
- Fifteen City Employment Centers;
- Seventeen District Employment Centers and Bureaus.

The Employment Service provides services to people able to work, pensioners, people with disabilities (Group III), and employers.

These activities are financed with funds of the State Employment Fund. The sources of financing for the State Employment Fund are:

- obligatory insurance premiums paid by employers (enterprises, organizations, and other economic entities);
- obligatory insurance paid from the wages of employees;
- allocations from city and district budgets;
- income from financial/economic activities of the Service itself;
- grants, subsidies and subventions from central employment funds;
- voluntary donations from enterprises, public institutions, social organizations and individuals;
- other income (off-budget income, penalties, fines and other sanctions).

As of July 1, 1993, total staff of the regional employment service was 421. The total cost of supporting the regional employment service was 314,637,000 rubles as of July 1, 1993.

Specific services provided by the Employment Service include:

- assistance in finding employment
- consultation
- professional counseling
- referral to retraining
- payment of stipends and benefits
- providing financial assistance to the unemployed and their families
- providing financial assistance to the unemployed in opening their own business
- providing financial assistance to employers for the creation of new jobs or the preservation of existing jobs.

The Kuzbass region has good facilities for training, retraining, and upgrading the qualifications of workers. In the event of mass lay-offs resulting from closure of enterprises, the employment centers can provide 4,335 training slots in colleges and institutions of higher education, with which the centers have concluded cooperative agreements. Of these slots, 3,415 are intended for training and retraining of workers; and 920 are reserved for improving the qualifications of specialists. There are also 2,100 opportunities for short-term courses 2 or 3 times a year.

Some 49,000 people applied to the employment service for assistance in 1992, up 48% from the previous year. Only one-third of these applicants were placed in new jobs. During the first half of 1993, the number of applicants ranged from 3000 to 3500 per month. Again, only every third was placed.

In this regard, we should note the problem of people not being psychologically prepared for job loss; nor are they prepared to take advantage of the opportunity to acquire a new profession or specialty, or participate in public works programs. In 1992, only 7% of the unemployed participated in professional retraining, and a total of only 4.5% took part in public works programs.

There are particular problems with providing jobs for women, who comprise 65% of all the unemployed applying to the centers. Only every fourth was employed. Detailed information on the functioning of the employment service in 1991-1992, is contained in Appendix 2. (Table 2.4.1.) Table 2.4.2 provides information on the number of employed and unemployed in the cities and districts of the region in 1992.

Results of a selective survey on questions of employment, conducted in October 1992, showed that only 28% of the unemployed seeking work applied to the state employment service. Among women this percentage was more than twice as high as among men (38% as opposed to 16%).

**Means of Finding Work Among the Unemployed**  
(percent)

	Total	Men	Women
Total	100.0	100.0	100.0
Addressed the centers	27.6	16.0	37.6
Through ads in newspapers	9.9	10.2	9.7
Through personal contacts	24.5	27.3	22.4
Direct addressing employers	31.1	34.8	28.3
Received job offer	5.0	5.3	4.6
Tried to open own business	1.2	1.6	4.6
Other ways	12.3	16.0	9.3

The remainder used other means of finding work: personal contacts (24.5%), direct application to the employer (31%), through advertising in the press (10%), among others. Of the total number of unemployed, only 14% are registered; from which it can be assumed that the actual number of unemployed is several times higher than the level officially registered with the employment service.

In 1992, the number of workers who participated in various forms of retraining and upgrading courses decreased to 13% from 15% in the previous year.

The demand for qualified workers in the economy is currently met by technical professional colleges (PTU), and training provided directly by the enterprises. The latter provide training to five times as many people as the PTU.

In 1992, some 150,000 workers were trained: 23,000 in technical colleges (down 23.8% from 1991); 126,700 at enterprises and organizations (down 31%); and 400 on collective farms.

Of 33,000 managers, specialists and "white collar" workers trained in 1992, 97% of them upgraded their qualifications. Seven thousand managerial personnel (22%) took courses to learn about the market economy, and more than 200 studied abroad.

Complete information on professional and technical training is given in Appendix 2. (Tables 2.4.3. - 2.4.9.)

As one method of resolving problems of unemployment, the regional employment service undertook measures to create conditions for "pendulum" migration, that is, permanent relocation to work in other locations. With this goal in mind, the employment service concluded agreements with employers for transferring workers within the framework of a plan for interregional redistribution of the workforce. During the first 6 months of 1993,

twelve agreements were concluded, under which 85 workers were transferred. It is planned to conclude a total of 15 agreements in 1993, under which 200 workers would be transferred. Plans for 1994 call for an additional 15-20 agreements under which another 200 workers would be relocated.

One of the most important functions of the centers has become the creation of new work-places. In accordance with the "Law on the State Fund for employment of the population of the Russian Republic" (chapter 13), resources of the Fund are directed towards financing measures to reduce unemployment through the creation of additional or new jobs. During the first half of 1993, over 124 million rubles expended by the Fund for these purposes resulted in the creation of 56 additional jobs.

During the first half of this year, 316 people performed 4537 person days in public works programs. Expenditures for public works programs amounted to 2,066,000 rubles, of which 1,690,000 rubles came from the enterprises; 180,000 rubles came from the local budget; and 190,000 rubles came from the employment fund.

## **2.5. Problems Related to Hidden Unemployment**

The enterprises in the region are experiencing serious difficulties because of the lack of raw materials and funds to pay wages, which collide with the problems of falling production and create hidden unemployment.

Attempting to maintain the workforce and avoid mass lay-offs, many enterprises are going to short work weeks and unpaid, or partially paid, furloughs for their workers. During 1992 some 26 industrial enterprises were converted to short work weeks, and 55 furloughed employees without pay. In the first half of 1993, 71 enterprises worked similar schedules (one in nine). About 36 thousand workers were given long-term vacations. Losses of working time per worker averaged 23 days. Almost 20,000 people worked short shifts.

Conversion of enterprises to short work weeks serves to prevent mass lay-offs, but it precipitates further decreases in production and productivity and, naturally, contributes to hidden unemployment. During the first 6 months of 1993, the level of hidden unemployment reached 2% of the population of working age, while official unemployment was 0.4%. Thus, the ratio of officially registered unemployment to hidden unemployment was 1 to 5.

In order to relieve the seriousness of the problem represented by hidden unemployment, the Employment Service was authorized to use part of the resources of the state employment fund, remaining after fulfillment of all its obligations, to compensate for the losses of the enterprises, thus easing the crisis of their financial situation. These short term subsidies could be directed toward payment of wages for the workers of enterprises unable to make these payments on time, and fully, as a result of the growing crisis of reciprocal non-payment of debts. These measures enable the enterprise to avoid shutting down production, maintaining

it at some minimal level, thus preserving the worker collective. For the state, such a maneuver to provide assistance to the enterprise turns out to be cheaper than paying a larger sum in the form of unemployment benefits, in the event workers are laid off because the enterprise cannot pay them; and the state has to convert the workers to officially unemployed. (Maintaining the work collective also helps maintain the level of State subsidies to coal enterprises, which is closely related to the number of employees working at the mine.)

This is the principal, officially decided scheme. However, its practical realization runs into many problems, related to the poorly developed mechanism for allocating and transferring the funds of the enterprise under conditions of high inflation.

## **PART THREE**

# **Conditions, Trends and Immediate Problems Affecting Social Programs in the Kemerovo Region**

- 3.1. Socioeconomic conditions**
- 3.2. Sociodemographic conditions**
- 3.3. General structure of social programs in Kemerovo**
- 3.4. Conditions and trends in public health care**
- 3.5. Current conditions and trends in pre-school, public and higher education**
- 3.6. Current status and trends in pension and social support systems**
- 3.7. Current conditions and trends in public housing**
- 3.8. Problems and options in the transition to market-based social programs**

### **3.1. Socioeconomic Conditions**

Social conditions and living standards in the Kemerovo region are changing radically. These changes are touching all aspects of the life support system of the Region, including: the market for consumer goods and services, education, health care and other areas. Judging by income, as well as the volume, quality, structure and availability of social support services for specific groups and the population as a whole, conditions in the region are poor and, in some areas, critical. There are few prospects for improvement or even stabilization.

#### **Income of the Population**

Nominal cash income for the population of the region in 1992 totaled 198.6 billion rubles, a ten-fold increase in comparison to 1991. In contrast, income grew 2.3 times in 1991 (see Appendix 3.) Although per capita income grew 13.2 times between the end of 1991 and the end of 1992, real income, reflecting buying power, decreased by 38% over the same period.

The same tendencies are evident in 1993. Between December 1992 and August 1993, real income (adjusted for inflation) fell 21%. In December 1992, the nominal wage overall was 26,000 rubles, while in the manufacturing and non-manufacturing sectors, respectively, it was 29,000 and 16,000 rubles. Compared to the same period in 1991, salaries had grown 17 times.

In July of 1993, the average wage reached 83,700 rubles a month. Workers in the manufacturing sector earned 1.5 times more than those in non-manufacturing jobs. In July, budget allocations for the salaries of social service employees decreased 5%. As a result, health care workers' salaries increased only 4% during the month and totaled 58,000 rubles (59% of average salaries in the industrial sector). In education and the arts, July salaries were 37,000 and 32,000, respectively, representing 12% and 21% decreases from June salaries.

The maximum salary of employees in the electric power sector was 152,000 rubles, while metallurgical workers earned a maximum of 142,000 rubles.

The salary in Kemerovo region is 1.8 times higher than salaries in the Altay, Novosibirsk and Omsk regions and 43% less than Tyumen salaries.

Money wage, as a proportion of total income, increased from 66% in 1991 to 84% in 1992. With income so dependent upon salary, the possibility of unemployment is particularly devastating, threatening the individual's very means of existence.

Changes in the makeup of the population's income have been caused by a depreciation of bank savings, the absence of an indexation mechanism, and the inability of wage increases to keep pace with inflation.

During 1992 the income disparity between different groups of the population became even greater. According to the results of a selective study of family budgets, the coefficient of disparity between high and low family incomes, by quarter, in 1992 was: 7.7 in the first quarter; 7.9 in the second quarter; 7.6 in the third quarter; and 6.4 in the fourth quarter of 1992. The "Jinni Coefficient" (index of income concentration), by quarter, for 1992 was: 0.337 for the first quarter; 0.332 for the second quarter; 0.315 for the third quarter; and 0.294 for the fourth quarter.

### **Expenses and Buying Power of the Population**

Based on surveys conducted among the families of workers and "white collar" employees, expenditures for food, as a percentage of all consumer expenditures, rose from 31% to 36% in 1992.

Price liberalization, coupled with a rate of inflation that surpasses income growth, has eroded the population's buying power. As a result, one month's income bought 25 times less sour cream in January 1992 than in January 1991; 9 times less sugar; 6.5 times less sausage; 5 times less butter, cheese and eggs; and 4 times less meat, milk and bread.

Buying power grew somewhat during 1992, but failed to reach 1991 levels in most food categories. In 1992, the population spent 72.7 billion rubles on goods, in comparison to 10.7 billion rubles in 1991. This growth was due entirely to inflation; actual sales (in comparative prices) decreased 35%. In 1992, the population in the region also spent 27% less on paid services than in 1991.

### **3.2. Sociodemographic Conditions**

The population in Kemerovo region at the end of 1992 was 3,176,800, a decrease of 4,000 from the previous year (see Appendix 3., Table 3.2.1.)

The decline in the region's population in 1992 was caused mainly by a sharp decline in the natural growth rate of the population – by a mortality rate that exceeded the birth rate. Even with an excess of immigration over emigration (+4,600 people in 1992), population levels in the region did not increase (see Appendix 3., Table 3.2.3.) In 1992, some 31,900 children were born, while in 1987, under relatively more favorable conditions, reproduction of the population was 54,100.

The general coefficient of the birth rate (the number of births per 1,000 people) was 10.0 in 1992, compared to 17.1 in 1987. This decrease in the birth rate is due, in part, to an increase in the average age of the population. Specifically, the number of women of reproductive age (15 to 49 years old) decreased by 5,700 (0.8%) in 1992, compared to the number in 1989. Women in this age group comprised 46% of all women in 1992, compared to 46.4% in 1989.

The aging of the population is also evident in the rising number of people over the normal working age. At the beginning of 1993, there were 784,000 pensioners in Kuzbass – one fourth of the region's entire population.

Because of the accelerated aging of the population, the mortality coefficient (the number of deaths per 1,000 people) increased from 9.9 in 1987 to 12.7 in 1993. Last year 40,500 people died in the region. In 30 towns and regions, the number of deaths exceeded births.

At the same time, the rise of tensions in the Republics of the former USSR has contributed to a growing influx of refugees into the region. According to official statistics, 1,458 refugees received housing in the region as of April 1, 1993. The number of people emigrating abroad also increased, from 1,600 in 1989 to 4,200 in 1992.

### **3.3. General Structure of Social Programs in Kemerovo**

The first stage of economic reforms has produced much higher costs in the social plan than originally anticipated. For many segments of the population, the changes have been extremely painful and have caused great hardships. Among those suffering most are pensioners, the handicapped, families with children, single parent families and students.

A number of measures for the social protection of the population have been adopted, at the federal level, to ease the burdens caused by inflation. Minimum salaries were increased several times, as were social payments based on minimum salary levels, i.e., pensions, family payments and scholarships. Salaries of employees in the service sector (non-manufacturing) were also increased, and the national government decreed additional payments to low income families with children, and pensioners.

Federal decrees on social assistance were carried out by regional, municipal and local authorities, and supported by funds from the regional budget. In addition to monetary support

(increased pensions, benefits and stipends), the regional administration offered free food, services for elderly and disabled people and other types of non-monetary assistance.

All social support measures planned for the region fall under a comprehensive regional program for “Development of the Social Sphere and Social Protection of the Population.” This program defines overall regional strategies and objectives as well as special subprograms for specific problems. In 1993, the program received 2.7 billion rubles from the regional budget.

The program aims to cushion local social consequences of the country's drastic economic reforms. It is designed to provide social solidarity and stability in the Kemerovo region, create an infrastructure for providing social support, strengthen guarantees, expand measures for social protection of the population, and, ease the social impact of the reforms, especially for the more vulnerable segments of the population.

Within the framework of this program, **four basic categories of social policy** are identified:

**1. Development of a system for the social protection of the population and for providing social services.**

The four special sub-programs in this category, and the initial funding provided for them, are: “Care” (600 million rubles), “Housing” (1 billion rubles), “Mother and Child Care” (495 million rubles), and “Pensions” (40 million rubles).

The “Care” program is expected to create a system to provide services to vulnerable segments of the population. “Housing” will provide housing construction loans to service sector employees whose wages are paid from the local government budget (teachers, doctors, etc.) The “Pensions” program is expected to decentralize the pension system and improve the quality of its services. “Mother and child care” will create a support system and provide health care to pregnant women, mothers and young children.

**2. Support for the educational system, youth and students.** It includes two programs: “Regional system of education” (61 million rubles) and “Youth and students” (201 million rubles).

**3. Cultural and athletic development** (127.2 million rubles). This category includes the following programs: “International cultural collaboration,” “Historical-cultural heritage,” “Young talents of Kuzbass,” “Creation of a network of public libraries,” “Development of professional art,” and “Support for sports.”

**4. Research on social development and support** (136.8 million rubles). The aim of this program is to organize scientific research on social problems and to provide partial assistance to scientists in the region. More details on key programs are provided in subsequent sections of this report.

### 3.4. Conditions and Trends in Public Health Care

The health care system in the Kuzbass region is severely strained due to a lack of funds. Basic data on its current condition are provided in Appendix 3. (Table 3.4.1.) Funds for maintaining and improving the existing physical-technical base of health care services are not adequate. Medical care is particularly poor in rural areas.

Every eighth medical facility is considered unsafe and in need of extensive renovation. There is a general lack of modern medical equipment. Over 400 rural areas do not have any health care services; about 700 have only mid-wives and first aid services.

Reflecting the deterioration in medical services and the standard of living, the incidence of disease is increasing in the region. Between January and July 1993, there were 603 registered cases of tuberculosis, compared to 472 cases during the same period in 1992 – 1.3 times higher. Similarly, there were 6,000 cases of acute intestinal distress in 1993, compared to 4,338 the previous year (1.4 times higher); 94 cases of meningitis in 1993, compared to 52 in 1992 (1.8 times higher); 2,870 cases of measles this year, compared to 204 last year (14 times higher); and 364,600 acute respiratory infections in 1993, compared to 274,000 in 1992 (1.3 times higher).

In comparison to 1992, syphilis cases tripled this year, to 125 cases, while gonorrhea infections were 1.7 times higher this year, with 3,800 cases reported. In 1993, the incidence of pediculosis doubled to 2,200 cases, of which 1,800 were among children.

#### Ecological Conditions

Good health is the result not only of good medical care, but good environmental conditions as well. It is estimated that 20% of the health problems in Russia are related to environmental factors. In Kemerovo region, this correlation may be higher because of the region's poor ecological conditions. **Industrial enterprises in Kemerovo discharge over 1 million tons of harmful substances into the atmosphere annually (fifth highest in Russia).** For each inhabitant of Kemerovo 368 kilograms of hazardous waste are produced each year; this figure is 813 kg per year in the city of Novokuznetsk, the iron and steel center in southern Kemerovo. Among the primary factors harming the health of the region's population is the deterioration of the health/technical infrastructure (running water, sewage disposal, cleaning installations, etc.) Industrial wastes and sewage pollute the Tom River which runs through the region, contaminating the water supply not only for the citizens of Kemerovo region but also Tomskaya region, and raising the threat of mass epidemics.

Poor ecological conditions, together with the overpopulation of some towns (2,395.6 people per square kilometer in Yurga; 447.1 in Miski; 484 in Mezhdurechensk) adversely affect the health of the region's population. Environmental pollution and the decline in sanitary conditions is contributing to the growth of pathological, allergic and other children's diseases. Therefore, medical problems are among the most acute problems that need to be addressed.

It is obvious that health care policies in the region must seek to eliminate, or at least minimize the harmful conditions described above. In addition to improving medical care, it is necessary to provide economic assistance to the most vulnerable groups of society and to monitor the health of these groups; implement socioeconomic compensation in polluted areas in the form of safe food products; provide opportunities for vacationing in non-polluted regions; facilitate resettlement of the population out of badly polluted areas, etc.

Environmental protection measures must include specific strategies for health improvement. A brief description of conditions in this sphere are given in Table 3.4.2. (see Appendix 3.)

### **Labor Conditions**

In addition to environmental and medical factors, the decline in the population's health is tied to unsafe and unhealthy conditions in the workplace. Obsolete equipment and a decline in work and "production-technical" discipline (failure to observe safety regulations and maintain equipment properly, for example) have contributed to the growth of disease and injury among workers.

In 1992, over 15,000 workers had accidents at work; 300 died as a result of their injuries. Compared to 1991, the number of accidental deaths increased 1.5 times while the number of injuries increased by 5%.

### **Medical Insurance**

In order to improve health care funding and prevent mass lay-offs of medical personnel, the region has implemented a new medical insurance program. In 1992, more than 2.2 million patients (69% of the region's population) were treated under this plan.

The medical insurance system, covering general as well as family medicine, is expected to be completed by the end of this year. Likewise, regional officials expect to complete the transition from standard financing to financing based on the results of treatment. Despite drastic budget cuts, the new insurance system allowed basic medical care to remain free of charge. The region went 12 billion rubles over budget, in order to finance the insurance system, which, while still not adequate, did succeed in providing higher levels of medical supplies, equipment and wages than other regions.

The primary reason why the new system was not completed during 1992 and 1993 is that medical services and financial organizations were not prepared for the transition. Despite the delays and difficulties, it is apparent that health care problems can only be resolved through a transition to medical insurance.

The insurance system has to be implemented gradually, as necessary conditions and support develops in the region. The main task at present is to determine how to collect and distribute insurance contributions under the mandatory medical insurance system.

In order to overcome the complex problems it faces in developing the region's health care system, the regional administration will have to set medical care priorities. These might include prevention of maternal and children's deaths, improvement of health care in rural areas, and prevention of environmentally-caused diseases.

Due to the severity of pollution in the region and the high rate of female employment at enterprises with unhealthy working conditions, the health care needs of mothers and children are a high priority. The birth rate has decreased over the last five years from 17.1 per 1,000 to 11.5, while the number of problem pregnancies and deliveries is increasing, and infant mortality has surpassed the average rate in Russia.

The solution to these problems requires mobilizing and concentrating resources, and directing them toward achievement of specific priority goals. That is why the program "Mothers and Child Care" was developed in 1993, and was allocated 495 million rubles from the budget. The program includes the following strategies:

- improvement of prenatal and post-natal medical care at the expense of organizations providing medical-genetic services and family planning centers
- provision of medicines to pregnant women, infants and small children
- creation of special child care and rehabilitation centers
- renovation of child care centers, including acquisition of new equipment for these centers, which will provide free milk products to all children under 2 years of age
- creation of a technical fund for maternity hospitals and children's hospitals, which will be used to purchase equipment for ambulances and intensive care units for newborn babies, as well as special transportation units.

The main shortcomings of this program, are a lack of attention to organizing, planning, financing and implementing programs. Under conditions where there is a critical shortage of resources and time, these aspects of the program are of critical importance for achieving its goals, and therefore deserve special attention; for example, attracting specialists with the necessary skills and experience, including foreign specialists.

### **3.5. Current Conditions and Trends in Pre-School, Public and Higher Education**

#### **Pre-school**

Despite an existing shortage of pre-school facilities, the number of such facilities has declined over the last two to three years. In 1992 alone, 84 schools were closed for a variety of reasons (old buildings, buildings being transferred to other organizations, etc.)

The shortage and closure of facilities leads to overcrowding and deterioration of conditions in the schools. By the end of 1992, the number of children in 1,631 pre-schools totaled 145,600. This total is 17,000 more than hygiene standards allow. Even so, approximately 8,000 children still need to be placed in pre-schools. Statistical data on pre-school conditions are given in Appendix 3. (Table 3.5.1.)

Conditions are also worsening at child rehabilitation centers. Higher expenses and a decrease in the number of such centers (to 194 facilities, a 23% reduction) means that 41,500 (or 30%) fewer children will have the opportunity to go to summer camps and other recreational facilities.

The major problem with pre-schools is financing. Almost 60% of the schools are financed by enterprises that are experiencing great economic difficulties and are unable to adequately finance the schools. At the same time, the local administration is unable to finance all pre-schools. To solve this problem, extraordinary measures will be necessary. One option is described in section 3.8.

### **Public Schools**

The state of the public school system has decisive significance for reform in all spheres of life in the region. It appears to be one of the priority policy areas for the Regional Administration. (Some statistical data on the current state of the system are given in Appendix 3.)

The region is implementing measures for support and reform of the education system. The salaries of employees in the system have been raised. New ways of organizing the educational process are being implemented. The public school system consists of 16 high schools (gymnasiums) and 6 lycees which serve 14,000 students.

Private schools, licensed by the education department, are being opened. At present there are three private schools – two in Kemerovo and one in Novokuznetsk – with a total of 200 students.

In regional schools, 800 classes provide special, intensive courses in various subjects; about 300 classes teach foreign language to younger students; 1300 students study management, business and farming. Native language and culture courses for students of Tatar, Shorsky and Taleutsky nationalities are offered. There are 38 sunday schools operating in the region. Two scientific centers in the region are devoted to the study of student health and development.

At the same time, school facilities are either insufficient or badly in need of repair: 4% of school buildings are considered unsafe; 25% require capital reconstruction; 22% have no running water; 16% do not have central heating; and 40% have no sewage system.

The educational system needs not only to be shielded from the negative effects of the transition period, it should independently seek acceptable ways of actively and confidently approaching the market system.

Already taking shape in the region is a market of supplemental educational services, provided for a certain fee either in state or private institutions. At present there are 700 such organizations that, in the first six months of 1993, provided services in the amount of 160 million rubles.

An influx of highly educated specialists from research institutes and industrial enterprises into the educational system should contribute to further development of education in the region.

### **Higher and Mid-level Special Education**

The restructuring of higher education depends on the adoption of paid education, either from resources of the enterprises or from the students themselves. At present 4,200 students are studying under contracts between the enterprises and educational institutions. Institutions of higher learning have started hiring teachers on contract. In 1992, a branch of the Moscow Commercial Institute, which provides training in economics and business, was opened in Kemerovo.

To date, seven technical schools in the region have been converted into colleges offering a reformed educational system (six of the schools were converted in 1992). However, the number of students attending technical schools has declined (on average, 3,000 per year), due to an increase in evening and correspondence courses.

Some 20,000 young specialists graduated from higher and middle special education institutions in 1992. These institutions offer training in over 100 professions.

### **Education for the Future**

With the dynamic development of the economy, the demands on those who enter the labor market to work in the open economy will continue to grow and will be qualitatively different in the next 5-7 years. Obviously, the development of a market economy will necessitate changes in the social structure. For these changes to take place, however, the existing educational system will have to be reformed significantly.

The "regional system of education" can be considered the result of these new requirements. It is aimed at creating necessary conditions for raising the entire educational system to a new level. Total allocations for this program in 1993 were 60.8 million rubles. The program's measures contemplate, in part, revision of the teaching program; training of teachers in subject matter and teaching methods for different disciplines, some of which have not been part of the curriculum in the past; recommendations for concepts and methodologies to improve the work of children's homes; creation of psychological diagnostic services, etc.

The problem is that the organizational and economic parameters of the regional program conflict with generally accepted solutions to complex socioeconomic problems. In its present form, the program is more a collection of vague, uncoordinated activities than a coordinated, concerted effort. It is necessary to draft and implement a coordinated solution that includes well-defined objectives and a means of monitoring results.

### **3.6. Current Status and Trends in Pension and Social Support Systems**

At the beginning of 1993, some 784,000 pensioners were living in the region, representing one-fourth of its population. The number of pensioners using various kinds of social services is provided in Appendix 3. (Table 3.6.1.) The majority of pensioners (about 70%) receive minimal pensions.

On January 1, 1992, the minimum pension in Kuzbass was set at 444 rubles 60 kopeks. The maximum pension was equal to three times the amount of the old age pension. Pensions for underground workers were three and one half times the minimum pension, in recognition of the dangerous and unhealthy nature of their work.

As of January 1, 1993, the minimum pension was 2,925 rubles. On February 1, in response to price increases, it was raised 1.9 times, bringing the minimum pension, including regional coefficient, to 5,557 rubles 50 kopeks, with resulting calculation of the increase and indexation.

The average monthly pension in 1992 was 3,816 rubles. During that year, the minimum pension was doubled. Data on average monthly pensions for the last three years are provided in Appendix 3. (Table 3.6.2.)

In 1992, by a decree of the regional Council of People's Deputies and the regional administration, a regional program was adopted to provide supplementary financial support and assistance for the less fortunate. (The "Care" program cited above.) Included in the program are pensioners, the disabled, families with disabled children, families with many children, single-parent families, etc.

Initial allocation for the program totaled 360 million rubles. In the fourth quarter of 1992, after indexation, an additional 158 million rubles were allocated. The regional Council and Administration also passed supplemental decrees to finance separate measures within the framework of the program.

Under the "Care" program, 1.3 billion rubles were allocated for the support of socially unprotected people in 1992. Of that amount, 813 million rubles went for payments to

pensioners (1,000 rubles per person). Excluding payments to pensioners, other types of social services were provided to 385,500 people are shown below:

<b>Social Services Provided Through Care Program</b>	
Free food provided each quarter:	15,000 people
Free clothes and shoes:	33,309 people
Free heating fuel:	22,000 people
Repair of apartments (homes):	3,421 homes
Free medication:	3,141 people
Gardening help (for pensioners and the disabled):	1,669 people
Payments for housing and community services:	24,000 people
Financial support for 40,000 children from one-parent families and families with many children:	26 million rubles
Payments for 30,000 pregnant women/nursing mothers:	43 million rubles
In-kind types of support (2,000 to 2,500 rubles each):	138,500 people
Humanitarian aid (food):	37,000 people
Pre-school food programs:	136 million rubles
Grants to socially unprotected and student families:	69 million rubles

As of October 1993, "Care" had allocated 4 billion rubles for needy families.

One of the guarantors of social assistance will be the shareholders' cooperative "Fund for Social Support of Care," established by the regional administration to provide timely social support and a safe place for older people and invalids to deposit their certificates of private ownership.

As a result of operations with the private property deposited in the fund, "Care" is supposed to develop a reliable and simple mechanism of providing guaranteed income, and the potential for additional income, to needy people. Profit from the activity of the fund will be used to assist pensioners and the disabled. In the future, the fund may become the "Care" program's main source of financing.

Despite the difficulties caused by the continuous change in pension laws, reorganization of the system for paying pensions has already begun, with the installation of computerized benefits tracking systems in 32 towns and regional social security departments, and retraining of staff.

In 1993, the system of paying pensions will be decentralized. Since February 1, pension calculations and disbursements are being made locally, and a service for delivering pensions and benefits is being created.

Social support programs are providing up to 15,000 more people with services at home. They are also providing: temporary shelter for the homeless in Kemerovo, orphanages for

teenagers, free transportation, and technical equipment for the disabled, and more old age homes in rural areas, such as Tyazhinsky and Novokuznetsk. These services cost 4 billion rubles (annually).

In 1993 the focus was on everyday necessities, such as medication, heating fuel, food, newspapers and magazines. Monetary assistance is provided for primary needs only, and all expenses must be supported by copies of receipts and checks to assure that the services were actually provided and as documentation for auditors. Special stores for the elderly provide shopping services and validate receipts submitted to "Care."

The program's emphasis in 1993 is quarterly planning and organization. Every segment of the population included in the program receives one or another form of assistance every quarter, in accordance with a predetermined cost schedule. The amount of assistance is adjusted each quarter for inflation. At the end of every quarter, town and regional administrators of the "Care" program report their expenses for the previous quarter and submit funding requests for the next quarter.

### **3.7. Current Conditions and Trends in Public Housing**

Housing is a critical problem in the Kemerovo region. At the end of 1992, there were 210,000 families (every fifth family in the region) waiting for housing or an improvement in their existing housing conditions (compared to 205,000 families in 1991). Of these families, 16,000 have been waiting for over 10 years. At the same time, the number of families that actually receives housing has been decreasing every year: from 24,400 in 1990, to 19,400 in 1991, and 14,900 in 1992.

The total housing stock in Kuzbass at the end of 1992 consisted of 52.5 million square meters. Data characterizing the structure and amount of the housing stock are provided in Appendix 3. (Tables 3.7.1–3.7.3.) The housing provided in the region is below the national average: 16.5 square meters of "general space" per person in Kuzbass, compared to 16.7 in Russia as a whole, and 10.9 square meters of "living space", compared to 12.

According to allocation of living space, the region ranks 43rd in Russia. Individual housing units usually lack basic facilities. Relevant data are provided in Appendix 3. (Table 3.7.4.) The reliability of heating, water, electricity and other utilities has decreased significantly in recent times.

**The main feature of the housing stock in the region is that 77% of it belongs to the enterprises**, that are required to bear all the financial and material costs associated with its use and maintenance. These costs place a heavy burden on the budgets of the enterprises, which are presently experiencing an already critical financial situation. (See Appendix 3., Table 3.7.5.) The natural desire of the enterprises is to free themselves from this heavy investment expense and, through sale of stock and privatization, transfer their housing stock to local administrations. But the latter do not have the productive base needed to run and

maintain the housing, or the financial resources to take it over themselves. Determining the future fate of government housing and other components of the government-owned social infrastructure is the most critical problem – not only for the region, but for all Russia.

Employees whose jobs are funded from the government budgets, such as teachers, doctors and military personnel, experience particular difficulty in trying to improve their living conditions. Some 14,000 employees of institutions in the social sphere are in need of housing: 4,314 teachers; 5,495 medical personnel; 1,225 employees in higher education; and 1,035 in cultural institutions. In addition, 556 retired military officers, and 1,250 active mid-level officers need housing.

During 1992, only 140 medical personnel, 426 teachers and 56 members of the military obtained housing. The housing shortage has prompted many specialists in the educational, medical and scientific fields to leave their positions in search of jobs that provide housing facilities.

In order to ease the shortage, the region is offering employees of social service organizations loans for housing construction and for the purchase of individual homes and apartments. Loans are given under the following eight conditions:

1. the employee must have worked in his or her present job for at least five years or must be a young person with special training;
2. after receiving the loan, the employee must continue to work in the same branch for an additional 10 years;
3. the employee will pay 13% interest annually, regardless of where the credit was granted (town or rural area);
4. handicapped people and veterans, as well as their wives, and social sector employees who participated in the clean-up of the Chernobyl accident will pay only 0.5% interest annually;
5. repayment of construction loans begins three years after they are received and are to be paid off over 15 years; after two years, the employee must report to the bank how he or she is using the loan;
6. apartment loans must be repaid within 15 years, with payments beginning in the quarter after the loan is extended;
7. overdue mortgage payments are charged 40% annual interest;
8. loans used for other purposes must be paid off before 15 years, at a 60% annual interest rate.

As an incentive for those certified as outstanding employees, part of their loan may be paid off from budgetary funds. Up to 50% of the loan can be paid off for those who have worked at their jobs for over 20 years.

For active and retired military personnel, and those who served in the military for over 20 years, up to 75% of housing/construction loans may be paid off from budgetary funds.

The financial mechanism for implementing the program works as follows: The main financial department of the regional administration deposits 1 billion rubles in the main savings bank, to be withdrawn in the year 2008. The bank distributes this sum among its regional branches, in accordance with pre-determined deposit quotas for each bank. The regional branches of the bank grant loans to eligible candidates, on the basis of a letter of good standing/support from the department of education, committee on culture and tourism, health department, regional sports administration, committee on science, higher education and technical policy, the social security administration or the military administration.

Actions and questions related to the use of credit resources are directed to a commission headed by the regional deputy overseeing social issues.

The new loan program represents a rejection of the old Soviet system and the discriminatory basis upon which housing was allocated. Encouraging signs are the gradual transformation of housing into a commodity item, development of the construction industry, and the increased use of private funds in the housing sector of the economy. **In other words, a housing market is being established.** As experience all over the world demonstrates, the leading role in that market must be played by the mortgage system. While similar to the Russian loan system described above, it has some principal differences. While both are based on bank loans, the mortgage loan uses the house or apartment itself as collateral, instead of regional budget funds and assurances from the regional administration.

Another financing mechanism is as follows: the person building a new home invests a moderate, initial sum of money for construction. Further financing for construction is supplied by the bank through, let's say, a 30 year loan. At the same time, the borrower regularly deposits money to pay back the loan. If the borrower defaults on payments, the bank slaps a lien on the house under construction or the finished house or apartment. The liquidity of such properties is high. Using the same mechanism, people can obtain loans to buy finished homes or apartments.

Real estate mortgages won't lie around as dead weight in the bank vaults, they will be sold and bought as securities. One can anticipate that a number of investors will want to invest their money in them, thanks to which the loan funds of the mortgage banks will constantly be expanding.

Of course, implementation of this mechanism, which is fine for countries with market economies, may run into many problems in Russia: For example, a low level of income in the

population, inflation, etc. But many components of a housing market are already present, and the necessary prerequisites for its creation exist.

### **3.8. Problems and Options in the Transition to Market-Based Social Programs**

As Russia makes the transition to a market economy, a legal question arises about the necessity for adequate transition mechanisms functioning in branches of the social sphere (health care, education, science, culture), as well as in the housing-communal sector. Just as the new economic prerequisites, conditions, and limitations accompanying the beginning stages of economic reform bring new opportunities for these sectors, they also create difficulties which exacerbate the crisis that has already afflicted them for many years.

The sharp rise in prices necessitated a considerable increase in the funds required to support social services. The first problem is to provide a level of funding in the social sphere that will keep pace with the rise in costs. Thus far, it has not been possible to satisfy the financial-material requirements to maintain social services at the previous level, not to mention expanding their scope.

In 1992, for example, the Ministry of Education reported that funds allocated from federal and regional budgets met only one-fifth of the demand for school meals, community services, and student uniforms. At the same time, health care facilities and services are deteriorating, hospitals are closing, and there is a lack of medicine in hospitals and pharmacies. Likewise, many cultural institutions are about to be closed and construction of private and cooperative housing may cease altogether because of inflation and a growing inability to cover construction costs. The wage level for workers in the social-cultural branches lags behind other areas, and does not reflect the character, difficulty and significance of their work.

The main task during this difficult transition is to assure stable functioning of social institutions in order to maintain the guaranteed level of health, education, cultural and housing-communal services, proscribed by federal law; to maintain the quality of social services and public access to them, and to create conditions for adapting and developing the social sphere under market conditions. For that reason, it is planned to index expenditures in the socio-cultural sphere to the rise in prices. However, that does not answer the broader questions.

The required comprehensive solution to these challenges can only be provided by fundamental changes in the role and function of the government in these areas. In order to do that it is necessary to take a series of agreed steps to privatize the social sphere which, in Russia today functions completely as a state sector. This privatization should be accomplished, in the first instance, by introduction of a voucher system along the lines of those in a number of developed western countries.

Through this system the government provides individual citizens an opportunity to increase their purchasing power. This can be done in the form of certificates with which clearly

specified goods and services can be obtained from private entrepreneurs. By taking advantage of market competition, the government can obtain higher quality services, at lower prices, from private enterprises than from inefficient state-run organizations. Other countries have found vouchers to be the best means of providing social assistance to poor people.

In the United States, for example, most social assistance is provided through vouchers and similar arrangements. Instead of creating state-run hospitals and hiring doctors to treat elderly and poor people, the U.S. government issues vouchers to certain groups of the population. These vouchers allow needy people to obtain medical service in private hospitals of their choice, at the expense of the government.

Vouchers could also be used in the housing sector. They could replace expensive and inefficient state-run housing construction programs, which are the main source of housing assistance at the moment. Vouchers could be issued to the poor to serve as money with which to buy apartments belonging to private entrepreneurs. Food coupons could be used similarly, so that the poor could buy food at private stores. Through such forms of empowerment, the state could provide poor people with access to certain goods and services without being directly engaged in the construction and maintenance of apartment buildings, the distribution of food or the organization of medical services.

Though vouchers are most widely used in only those countries with highly developed market economies, there are enough possibilities to introduce them in Russia on a limited experimental basis.

There is definite potential for vouchers in the field of education. Issuing vouchers to certain groups of students could open doors to the colleges of their choice, including private ones. Certificates could also be introduced in certain branches of health service. Medicines and specialized medical care could be provided more efficiently through vouchers than at state-run clinics and laboratories that are very expensive to maintain. Vouchers could promote not only the quality of services but also help develop private medical care services to supplement the existing network.

The extent that we concentrate our attention on the advantages and strengths of privatization in the social sphere, might create the impression that it quickly resolves all problems and is a simple process that does not create friction and conflicts. In practice, as evidenced from experiences around the world, for each success there are a few failures, numerous obstacles and hindrances. And in almost every instance the problem lies in the policy area. Privatization involves change, and change is often perceived as a dangerous source of instability and potential loss.

Another particularly important factor must be considered for Russia, as it lives through the transition period. It might seem that the best structure, organization and functioning of the social sphere; how to use technology, and so on, is already well known from the experience of the developed countries with market economies. Only one thing is not known: How to accomplish, sufficiently quickly and without pain, the transition from a system based on one

principle, to a system structured completely differently. Especially on the road to such a transition, there will obviously be very serious obstacles.

Undoubtedly, the obstacles in Russia's path can be overcome. The key is to recognize problem areas and develop tactics to minimize their effect. It is important to understand that privatization is a political process with economic and social ramifications. The political aspects should be dealt with first, and should include strategies for minimizing resistance and turning opponents into supporters.

## **PART FOUR**

# **Financial Aspects of the Solution to the Problems of Unemployment and Realization of Social Programs**

- 4.1. General characteristics of the region's financial situation**
- 4.2. General financial status of the enterprises; their role in solving current and future problems of unemployment and implementation of social programs**
- 4.3. Possibilities of budget financing for solutions to problems of unemployment and implementation of social programs**
- 4.4. Conclusions**

### **4.1. General Characteristics of the Region's Financial Situation**

The existing financial situation of a given region is determined by: the general macroeconomic situation in Russia; the system of budget and tax federalism; and the specific features of the regional economy.

The macroeconomic situation continues to be determined by the effects of the price liberalization undertaken early in 1992, and a series of still unresolved problems stemming from that liberalization. The most important problem for the current financial situation in the Kuzbass Region is the "crisis of non-payments," for which a satisfactory solution at the Federal level has still not been found. The problem of non-payments arose directly from the introduction of price liberalization, as a result of the rapid increase in prices in the absence of real budget constraints. Already in January 1992, regional enterprises raised wholesale prices relative to December 1991: 4.6 fold for electric power; 5.5 times for the fuel industry; 7.7 times for chemicals, etc.

Overall, wholesale prices in the region were increased 22-fold in 1992. With the attempts of the Federal Government to pursue strict budgetary/financial policy at the beginning of price liberalization, the enterprises began establishing reciprocal credit arrangements with each other, without any real financial and material responsibility. These activities of the enterprises even resulted in a growth in output and improved financial statistics at the beginning of 1992: average profitability of the regional industry rose to 63% (it was 30% in 1991); with corresponding increases in the chemical industry of 152%, and in ferrous metallurgy of 75%. At the same time the debts owed to the enterprises increased: In the first 4 months of 1992, debts to regional enterprises was 38 billion rubles; for the first 6 months, 192 billion rubles.

The growth of non-payments resulted in a decline in production, and the Federal Government found no other solution than to weaken budget-fiscal policy, and cancel mutual debts. As a result, credits granted to the region in 1992 amounted to 3.1 billion rubles in the first quarter;

another 3.1 billion in the second quarter; 9 billion in the third quarter; and 17.9 billion in the fourth quarter. In addition, another 16.2 billion rubles were distributed in December in order to cancel mutual republic debts.

Corresponding weakening of budget and financial policy, on the one hand, and slow down in the decline of production, on the other, legitimated the inflation hidden in non-payments. The increase in inflation for each month of 1992, relative to the preceding month, was: January, 267%; February, 162%; March, 120%; April, 118%; May, 108%; June, 111%; July, 107%; August, 109%; September, 109%; October, 122%; November, 127%; December, 135%.

So far in 1993, the picture has been repeated, except for the correctional factor in the January 1992 index. The index of retail prices in August, 1993, as compared to December, 1992, was 606%; compared to an index of 932% in August 1992, compared to December 1991; with the January 1992 "correction" accounting for the difference. At the same time, non-payments to regional enterprises on August 1, 1993, totaled 280.7 billion rubles, while the enterprises themselves owed 218.7 billion rubles in delayed credit debt.

Thus, since the beginning of 1992, the macroeconomic situation has been characterized by classical "drop-flation" ("spadflazie") and inability of the government to find a way out of the trap: "inflation - drop in production." The general financial situation in the Region, and the social problems confronting the regional administration will depend largely on the strategy chosen by the Federal Government in the present time frame: Relaxing budget and fiscal policy and supporting production at a certain level, at the price of a resulting increase in inflation; or, tightening budget and fiscal policy with an accompanying drop in production and increase in bankruptcies, but with a drop in the rate of inflation.

Other important factors determining the present and future financial condition of the region include: Only partial liberalization of prices (primarily regulation of the price of fuel transport); and structural "disproportion" in the region's economy in the absence of real restructuring. The influence of these factors will be discussed below in the section devoted to specific peculiarities of the regional economy.

The system of budget-tax federalism in Russia is still in the formative stage. Political activity at the federal level of state power and government, and the political clout of regional organs of power and government, determine the financial situation of the region, rather than a clearly defined program. The financial situation of the region is determined by both aspects of budget-tax federalism: the precise legislative determination of the distribution of expenditures among the levels of administration; and the distribution of income, primarily taxes. At present, in Russia, there is no satisfactory resolution for any of these questions. The practice of shifting expenditures from the federal level to lower levels, without a corresponding increase in income, is still prevalent.

Besides, the regional authorities have the additional financial responsibility for supporting the more needy segments of the population whose standard of living is declining because of continuing high inflation. Russian legislation does not fully provide for this responsibility,

nor does it provide corresponding sources of income to finance it. The extent of this responsibility depends, largely, on general economic conditions in the region, the level of unemployment, the price level determined by the local economy, the minimum wage level, wages paid by government organizations, and the amount of pension payments determined at the federal level. All of these factors may vary considerably during the transition period, seriously affecting the financial situation of the region.

In addition to payments for social and other services, corresponding to the activities of regional authorities in the developed countries, regional authorities in Russia historically have been directly involved in management of enterprises. In the first instance, these enterprises are related to the residential-communal economy, transport, everyday services, construction, local industry, and so on. This situation requires regional authorities to increase expenditures from regional budgets in order to support these enterprises under conditions of decreasing production.

The income side of regional budgets is determined predominantly by taxation. The regions have practically no independent taxing authority, i.e. taxes for which the regional authorities and government can establish the amount and conditions of collection. The amounts and conditions of taxation are established by the federal government. One of the most important taxes is the value added tax (VAT), which is employed as a means of regulating the economy. The share of income from VAT allocated to the local budget is actually set on the basis of a negotiated agreement between the federal and local governments. **At present, in Russia, there is no precise division of sources of income among the various levels of government and administration.** Consequently, this is determined by the general political situation in the country, and the political activity and influence of each region. Accordingly, the financial situation of the Kuzbass Region will be largely determined by its political activism and relations at the federal level, rather than its own efforts to find sources of income.

The distinguishing feature of the Kuzbass regional economy is its definite **industrial character**. Over 63% of the region's gross product is produced by industry. Mostly it is mining and production of minerals, and heavy industry: ferrous and non-ferrous metallurgy; chemicals and petro-chemicals; and, machine building. In other words, the industry of the region occupies, predominantly, the initial and intermediate positions in the technological chain from the extraction of raw materials to the production of finished consumer goods.

Limited price liberation, with retention of price regulation for fuels and energy, has had a contradictory influence on the regional economy. On the one hand, limitation and regulation of the price of coal reinforces the need to subsidize one of the main industries of the region (the coal industry) because of the inflation-related escalation of production costs as compared to the price of coal. On the other hand, the region's ferrous and non-ferrous metals, chemical and petro-chemical industries, situated in the middle of the "technological chain," could take advantage of the relatively cheap price of coal, on the one hand, and the absence of limitations on the "demand price" paid by the ultimate consumer. As a result, many enterprises of these intermediate industries managed to show satisfactory financial results in

spite of a decline in production. At present, 10% of the enterprises are unprofitable. More than half of these are coal enterprises; 9% are construction enterprises; 30% in transportation; 38% in communications; 41% community service enterprises; and, 19% in trade. Thus, the financial condition of the main enterprises in the region will be primarily determined by federal policy on fuel price regulation, and on a solution to the problem of non-payments. It is necessary to add that the tax on profit is the primary tax contributing to the regional budget. Consequently, the resolution of these problems will determine the income side of the regional budget, and the corresponding ability of the region to deal with social problems and the problem of unemployment.

#### **4.2. General Financial Status of the Enterprises; Their Role in Solving Current and Future Problems of Unemployment and Implementation of Social Programs**

Historically in Russia a significant part of the social infrastructure was administered by the industrial enterprises. In particular, this is characteristic for extractive (mining) and heavy industries, – those industries in which the Kuzbass region specializes. Thus, for instance, 70% of pre-school institutions belong to the enterprises; in 1992, they constructed 60% of all housing. In addition, some enterprises support dormitories, community heating plants, water purification and sewage facilities, clubs, sports facilities, summer holiday homes, health centers, and sanitariums.

As a result, the living standard – of both those working at the enterprises and the population in general – greatly depends on the financial situation of the enterprises and their ability to support and develop the social infrastructure. Judging by the figures one might think that the industrial enterprises function satisfactorily. Most of the unprofitable enterprises belong to the coal industry, a fact officially acknowledged by the government by virtue of its subsidization of the coal industry.

As mentioned above, the primary cause of this situation lies in the controlled prices for energy resources, and the hope of the enterprises that the government will, once again, finance non-payments. Nevertheless, the last increase in the oil price, though still considerably lower than the world price, made the prices on a number of the products of the region's enterprises substantially higher than world prices. Thus, for instance, as a result of the increased oil prices, the price for caprolactam, produced by the production association "AZOT," increased to \$1,500 a ton, compared to the world price of \$600-800, a ton.

Judging by the statements of the federal government, the policy of raising prices on fuels will continue. Simultaneously, the policy of liberalizing foreign trade will also go forward. Therefore, the seemingly good financial status of the enterprises will soon vanish, with corresponding consequences for the social infrastructure. It should be noted that, even now, it is not as good as the statistics indicate. The point is that, in spite of the high rate of inflation (2,500% in 1992), in Russia the anti-inflation schemes are almost never applied when calculating

production costs. Actually, the only step in that direction is periodic reassessment of the main funds. But even that can not keep pace with inflation. Current costs are practically never indexed. **The statistics on profitability of enterprises turn out to be greatly exaggerated and the number of unprofitable enterprises understated.** Experience with reforms in Eastern European countries testifies to the non-competitiveness of the large socialist enterprises in heavy industry, on which the social infrastructure of the region basically depends. These enterprises, in particular, had financial difficulties in the first place.

**In the immediate future, one should anticipate deterioration in the financial status of the enterprises, and their inability to continue to support the social infrastructure.** In the short term this deterioration can only be avoided by federal government action to freeze the price of oil, relax budget and financial policy and increase protectionism in foreign trade. These measures could be resorted to out of concern over possible political disturbances in reaction to bankruptcies at heavy industrial enterprises with large labor collectives of politically active workers, accustomed to considering themselves the backbone of the economy and the state. They could be supported by a significant portion of the population who have become accustomed to a certain level of free social infrastructure, and who do not recognize that it may be excessive given the present economic situation in Russia, in general, and in the Kuzbass, in particular. Undoubtedly, these measures can be taken only at the expense of a deterioration in the macroeconomic situation, which determines their short life. As a result of the existing tax system in Russia, a worsening financial situation at the enterprises automatically results in a drop in the Regional administration's income, so that the regional authorities will not be able to assume even partial support for the social infrastructure.

#### **4.3. Possibilities of Budget Financing for Solutions to Problems of Unemployment and Implementation of Social Programs**

The primary sources of tax income for the regional budget are the following: tax on profit, value added tax (VAT), and income tax on individuals. The basic tax on profit in Russia is 32%; of which 60% goes to the budget of the Kuzbass region. The basic rate of the VAT is: 20% on non-food products; 10% on food stuffs; and 0% for exports and a number of exempted items. Of the VAT collected in the region, 47% goes to the budget of the territory. The minimum income tax rate is 12%, which applies to most workers (in 1993 income up to 1 million rubles was subject to this rate). 100% of income tax goes to the Kuzbass budget.

Under territorial budgets is understood the consolidated regional budget, including the regional budget and the budgets of local authorities (levels below the region.) According to existing legislation, all of these budgets are autonomous. But complete separation has not yet taken place, and thus far in Kuzbass, a consolidated budget is calculated, enacted and implemented. Local authorities have the right to establish and collect more than 10 local taxes. But the income from them is not a significant part of the budget.

In 1992 the tax on profit constituted 23% of the income for the regional budget; VAT provided 10%, and income tax 16%. It is evident from these figures that, with such a tax

system, any substantial deterioration in the financial activity of the enterprises will sharply decrease the income side of the budget because of the reduction in the contribution of two primary taxes: tax on profit and the income tax.

With the liberalization and sharp increase in prices, expenditures from the budget naturally grew. In 1992 they increased nine times compared to 1991, including an 11-fold growth for the regional economy and 14-fold for social and cultural needs. Expenditures on social and cultural needs in 1992 constituted 32% of total expenditures from the budget, compared to 22% in 1991. Expenditures for capital investments increased from 24% in 1991, to 30% in 1992. (Detailed information on the budget is given in Appendix 4., Tables 4.3.1. – 4.3.2.) While all budget outlays for 1992 totaled 88 billion rubles, this figure was exceeded in the first four months of 1993. Revenues in the consolidated regional budget for the latter period were 93.6 billion rubles, while outlays were 89 billion rubles. Expenditures by mid-1993 are below.

<b>Regional Budget Expenditures</b>		
<b>Category of Expenditure</b>	<b>Amount (mln rubles)</b>	<b>Percent of Total Expenditures</b>
Total:	89,023	100.0
Regional Economy, including:	31,074	35.0
Agriculture	1,199	1.3
Transport	7,503	8.4
Community services	16,116	18.0
External economic activity	1,256	1.4
Social/cultural needs, including:	39,469	44.0
Public education	20,183	23.0
Culture and Art	2,207	2.5
Health care	15,594	18.0
Safety net	1,243	1.5
Police, authorities	2,799	3.1
Benefits for children	2,651	3.0
Other	11,774	13.5

In general the regional budget for 1993 contemplates expenditure of 255.473 billion rubles, while the forecast for income is 165.323 billion and subventions from the republic budget are 45.681 billion. The budget was adopted with a deficit of 44.496 billion rubles. The 1993 budget allocates 52.947 billion rubles for the regional economy, about 20% of total expenditures; 65.343 billion (over 25%) for Social and cultural needs; 51 billion (20%) for capital investments.

#### 4. 4. Conclusions

1. The financial situation in the region, and at the enterprises located on its territory, is defined in the first instance by the macroeconomic policy of the federal government, and the political activism of the region's population.
2. Enterprises in the region are primarily extractive (coal mining) and heavy industry. Tightening of financial policy by the federal government will cause mass closures of enterprises and growth of unemployment.
3. The main income sources of the regional budget (tax on profit and income tax on individuals) rely directly on the functioning of the enterprises. Consequently, in the event of mass closures regional authorities will not have the budget resources necessary to lessen the impact of social problems caused by these closures.
4. The relatively positive financial situation in the region (budget share per capita is twice that of neighboring regions) is, to a great extent, the result of the political activism of the population, especially the miners. Twenty-five percent of regional budget expenditures are covered from the federal budget through subvention. In addition, the region benefits from direct subsidies to the coal industry reflected in the regional budget through income taxes.
5. Deterioration of the financial situation in the region, exacerbation of social problems and unemployment can cause an increase in political activity and social strain, with unpredictable ramifications. Resolving these problems by relaxing financial policy will worsen the macroeconomic situation in the country.
6. A normal and generally acceptable division of income and expenditures among different levels of administration in the country has not yet been achieved. The existing division is determined through negotiated agreements. Should a transition to an open, legal system for division of such resources occur, some political friction with other regions and federal authorities over the financial privileges of the Kuzbass region may arise.
7. In general, the old pre-1990 system of dealing with budget expenditures has been retained. Also retained is the predominance of negotiated, and frequently changing formulations of the budget.
8. The budgets preserve the substantial outlays for support of inefficient enterprises and subsidies for consumer goods, particularly food.
9. A considerable part of the social sphere is run by enterprises and is funded by them. In case of a sharp deterioration in the financial situation at the enterprises, regional authorities will not be able to finance this sphere from the regional budget if they have to rely on present sources of income.

## **PART FIVE**

# **Financial Crisis in the Kuzbass: Mining Enterprises**

### **Introduction**

This research is devoted to the economic situation in the coal industry of Kuzbass, as well as analysis of the relationship between prices and rate of output, employment, and external economic factors. The research is based on economic indices relating to the functioning of five underground mines belonging to the Severokuzbass Coal Association, and two surface mines of the Kuzbassrazrezugol Association (Association of surface mines in the Kuzbass region); as well as data on the economic activity of the Coal Association itself. The collected data, with some further research, will help provide a forecast of employment/unemployment should the Kuzbass coal industry be restructured; an estimate of the costs associated with the closure of several mines; expenditures needed to cushion the resulting social impact; and, the cost of opening new mines.

During the research, the economic situation in the Association as a whole, as well as the economic situation at surface and underground mines were analyzed in order to evaluate the current situation in the most successful mines, average mines and, in particular, poor mines. The latter are surface and underground mines with the highest production costs and the worst mining conditions. An attempt was made to ascertain the reasons for their failure, and determine whether they should be reconstructed or closed down.

It is typical for the Kuzbass coal industry, which is the subject of this study, that output is determined by the limitations on resources. The main resources for mines are:

- electric power and materials such as lumber, metal for roof supports, and maintenance of equipment;
- the main productive capacities (means of transportation, machinery, equipment);
- the workforce, direct and indirect labor; and
- financial resources to pay for materials, where pre-payment is required.

There are several **problems involved in evaluating the efficiency of production:**

1. The instability of recent years does not make the use of long term data feasible, since a change in external economic conditions leads to a change in the relationships among economic characteristics of mine operations. An option is to study several mines over a relatively short period of time – from two to two-and-a-half years. It is possible to obtain valuable insights into the current production situation based on such data.
2. Steady growth in wholesale and retail prices also plays an important role, and should be taken into account while developing the analysis of production efficiency. Besides, one should consider the escalation of prices on coal and other materials involved in the production of coal, and the phenomenon of “pre-payment” as a consequence of the

escalation of prices. At present, the impulse to increase wages does not reflect a growth in labor productivity, but only an external factor – the rise in prices.

3. A considerable portion of the expenditures for wages is absorbed by personnel only marginally connected with the mining of coal. Therefore, a drop in coal output only affects workers directly involved in the production of coal, and is only marginally reflected in the overall number of workers.

The low quality of production in a planned-distribution economy was transformed, in the coal industry, into low quality maintenance work, in which 90% of the overall workforce in the mines is engaged. Their wages are included in the relatively constant portion of production costs. These constant expenses also include the costs for the social infrastructure. As the majority of mine workers live in nearby settlements, the mine supports kindergartens, medical centers, shops, housing maintenance, and agricultural facilities. This is the main reason for the vague connection between employment and current coal production. Subsidies soften the financial burden on the mines, and are aimed primarily at saving mines, in order to prevent social tension and avoid the enormous costs associated with mine closures.

Harsh climatic conditions, the vast territory of the country, and the existence of large metallurgical and chemical industries all create a strong demand for coal. However, the imperfections of the existing economic system, rapid increases in prices, and reciprocal non-payments for deliveries of supplies and product, decrease customer demand for coal. Should financial relationships in Russia improve in the future, and a better economic balance is achieved, the negative factors cited above might play a lesser role. In addition, coal demand could increase as a substitute for oil.

Subsidies, the tax system, and the overall state of the economy have a considerable impact on the economic behavior of the mines. Capital investments are being cut sharply, both for equipment and social infrastructure. Management is preoccupied with the task of selling the coal on terms that require pre-payment. The need to retain adequate staff for maintenance and coal extraction in order to maintain proper operation of the mines, as well as health and safety standards, obliges management to maintain the level of real wages at the regional average. This explains the large expenditures required to index wages.

The important role played by the high cost of coal extraction calls for analysis of the cost structure, its main components and how they change, as well as the possibility of reducing them. The main components of the cost structure are wages, cost of energy and materials necessary for production and, expenditures in the social sphere. Improving the efficiency of production in the coal extraction industry in Kuzbass encounters several problems.

The coal industry has some peculiarities that set it apart from other industries in Russia. The most important of these are: the role played by subsidies in financial transactions, the social significance of employment issues in the industry, the high demand for the industry's products due to the vastness of the country, and its harsh climate.

Subsidies, required because of the impossibility of making all of the industry's production efficient, is a substitute for the planned-distributive economic model. The system of distribution of all scarce resources was replaced by the system of distributing only one scarce resource: funds. This system for distributing subsidies has a **hierarchical structure**. First the total amount of subsidies is established at the ministry level, from which a part is allocated to Rosugol. (N.B. Rosugol is the Coal Stock Company established by the government, in which the state owns a majority of the shares.) Then Rosugol distributes the subsidies to the mine associations which, in turn, distribute subsidies to individual mines. This hierarchical mechanism of distribution includes mutual agreements on the amount of subsidies at each level: the distributor explains the limitations on financial resources, the receiver explains needs based on the extent to which costs of production exceed the price. Thus, the process of multiple bargaining over funds is repeated many times. (This process is accurately described in the book, *Economy of Deficit*, by Yanosh Cornai.)

### 5.1. Severokuzbassugol Mining Association

This Association consists of 12 mines situated around the capital of the Kuzbass Region, Kemerovo. On July 1, 1993, the average cost of production for one ton of coal in mines belonging to Severokuzbassugol was 29,230 rubles, while the average cost in the Kuzbass Region was 21,808 rubles. This places the Association next to last among the Kuzbass coal associations on this parameter.

The volume of coal extraction and its cost is to a great extent determined by: social phenomena (strikes in 1989 and 1990); and, the general economic developments in the country, including price liberation and subsidies. Changes in volume of coal extraction, cost of producing a ton of coal, and labor efficiency are given in the following table:

Year	1980	1985	1986	1987	1988	1989	1990	1991	1992
<b>Production</b> ( <sup>'000</sup> tons)	10773	11264	11593	11673	12004	11689	10872	8600	8846
<b>Labor Productivity</b> (tons)	45.7	42.0	42.7	42.8	44.0	44.2	40.2	32.6	31.8
<b>Cost to mine 1 ton of coal</b> (in rubles)	16.85	21.97	21.89	22.07	22.86	24.55	24.95	97.92	15.09

This table shows a gradual increase in volume of production and cost per ton, and variations in labor productivity through 1988. Since 1989 there has been a simultaneous drop in both coal production and labor efficiency. Both indices fall sharply in 1991, following the second wave of strikes. At first, the liberalization of prices in 1992 did not influence coal prices, but

resulted in increased production costs. The result was some increase in coal extraction, accompanied by a sharp increase in its cost.

The drop in labor efficiency beginning in 1989 can be explained by changes in the economic behavior of the enterprises following adoption of a new law on enterprises, in 1987. This law made enterprises independent of higher levels of authority on issues of profit distribution and investment. This change, along with increases in the cost of living, resulted in a decrease in capital investment, deterioration of plant and equipment, and a drop in its productive capacity. This is confirmed by the following data:

<b>Year</b>	<b>1980</b>	<b>1985</b>	<b>1986</b>	<b>1987</b>	<b>1988</b>	<b>1989</b>	<b>1990</b>	<b>1991</b>	<b>1992</b>
<b>No. longwalls</b>	79	68	67	65	65	56	55	53	49
<b>Costs</b>	433	460	487	524	641	560	530	669	—

As a result of price liberalization, the inefficiency of coal extraction and government subsidies assumed extremely important roles in the economics of the Association. In 1991, income was 1,312,205,000 rubles, while production costs were 1,035,255,000 rubles. In 1992, the Association received 1,924,732,000 rubles in subsidies alone. As of mid-1993, 64% of the price went for materials, 14% for capital investments, 10% for investment in the social sphere, and 12% for costs related to the collective agreement (the latter covered by a subsidy from the state budget). It was production expenses that conditioned the relative low ranking of the Severokuzbassugol among the associations in the Kuzbass coal industry. (For example, the Yuzhni Kuzbass Association, which had the lowest production costs in Kuzbass, showed subsidies of only 7% and costs 69%.)

Among the 12 mines in the Association, Butovskaya mine had the lowest cost of production per ton: 23,542 rubles, followed by Yagunovskaya at 28,504 rubles and the Volkova mine at 31,256 rubles. Mines with the highest costs of production include Sudzhenskaya, with 32,299; Yuzhnaya, with 35,260; and Anzherskaya, with 45,146.

The chart below shows the cost/price structure for a ton of coal at six mines of the Association (in percent of the price for 1 ton of coal:)

Mine Name	Production Cost	Wage Agreement sphere	Social	Investments
Butovskaya	60	11	10	19
Yagunovskaya	71	9.5	10	9.5
Volkova	60	9	9	22
Yuzhnaya	68	11	9	12
Sudzhenskaya	69	14	9	8
Anzherskaya	69	16	9	6

This information shows how the mines with a higher cost of production have the strongest impact on the budget, including in their cost structure a greater share of subsidies. At the same time social expenses at all the mines were approximately the same. The table shows how a comparatively low price at Yagunovskaya mine results in reduction of investments and Butovskaya and Volkova mines utilize subsidies for increasing investments. It should be noted that it is impossible to increase prices further at Yagunovskaya because of the low quality of the coal and the development of new coal fields. With regard to Volkova mine – on the one hand it produces quality coal, on the other, it operates in old longwalls and is therefore starting to develop new coal fields.

During 1991, the coal extracted by the mines was entirely utilized; after price liberalization in 1992, income from coal sales dropped sharply. First, with the price increase, demand dropped. Secondly, as a result of the tight economic situation among coal customers, not all the coal that was shipped was paid for.

In 1992, non-payments resulted in a shortage of revolving funds at the mines, and by year end, the mines began shipping only coal that was “pre-paid.” Toward the middle of 1993, the amount of mutual debts declined but was still considerable. Thus, in mid-1993, coal consumers still owed the Association about 15 billion rubles in delayed payments, while the state owed it 6.8 billion rubles in subsidies. Volkova mine owed 611 million rubles to its suppliers, while its customers owed it 711 million rubles. The sales departments of the mines were busy looking for coal buyers capable of paying by cash or barter. These customers buy approximately 30% of the coal produced, while five or six big consumers purchase the balance.

In mid-1993, as a result of increases in rail transport rates, the shipment of coal to distant areas was no longer attractive for buyers. **Transportation costs together with stabilization of the ruble rate also made export of coal impossible.** In employment policy the necessity of preserving staff, numerous because of the large numbers of workers in support functions, became very important. Actually, the number of employees at the mines did not drop, as workers were retained through inducements such as regular indexation of wages and considerable investments in the social sphere. As a rule, mine employees live in isolated settlements where the entire social infrastructure is funded by the mine and is, therefore, a burden on its budget.

A reduction in the number of miners, even with a reduction in production, is possible only through updating equipment and automation. The latter is not cost effective under present conditions in view of the relatively low wages. The solution to the problem of expenses related to closures and relocations of mines demands large expenditures. This issue must be studied in greater depth. This can be done on the basis of the information collected.

The economic situation at the mines in 1991 can be seen from the following table:

<b>Mine Name</b>	<b>Coal Extraction</b> (tons)	<b>Income</b> (000 rubles)	<b>Cost</b> (000 rubles)	<b>No. of Staff</b>	<b>Labor Cost</b> (rubles)
Yagunovskaya	474,333	77,651	56,135	1,617	18,747
Sudzhenskaya	467,445	72,037	63,450	2,850	30,712
Yuzhnaya	218,699	42,081	38,125	1,200	16,870
Anzherskaya	362,777	66,457	58,435	2,400	31,298

Cost at all the mines was lower than the income from the sale of coal. All coal produced was consumed during the year. The volume of yearly extraction is not directly related to the number of staff. Wages range from 32% (Yagunovskaya) to 50% (Anzherskaya) of total coal extraction costs.

In 1992, the economic situation at the mines in the Association was characterized by price liberalization, coal industry subsidies and a further drop in production.

<b>Mine name</b>	<b>Extraction</b> (tons)	<b>Sale</b> (tons)	<b>Income</b>	<b>Cost</b>	<b>Subsidies</b>	<b>Wages</b>	<b>Staff</b>
			(all figures in thousands of rubles)				
Yagunovskaya	448,231	446,821	963,479	810,858	100,237	411,379	1,773
Volkova	490,348	480,400	535,691	568,015	106,025	397,006	1,882
Sudzhenska	408,473	379,373	628,286	1,019,353	124,407	671,661	2,805
Yuzhnaya	193,392	181,973	407,256	936,069	49,362	250,014	1,266
Anzherska	322,535	247,870	607,535	683,458	54,734	545,820	2,508

As mentioned earlier, and illustrated in the above table, difficulties with sales and payments were reflected in the fact that the mines failed to sell all the coal produced that year. The staff at all the mines increased slightly, though extraction in tons decreased at all the mines except Yagunovskaya, which was developing new fields. Wages ranged from 30% (at Yuzhnaya) to 75% (at Anzherskaya) of the entire cost of production.

This situation resulted in a decrease in investments for expansion and modernization of the production process, health and safety improvements, etc. The deterioration of equipment, along with the lack of funds for improving the organization of labor and growth of prices in this sphere, required an increase in the staff.

The following table shows the economic situation of the mines in the first half of 1993:

<b>Mine name</b>	<b>Extraction</b> (tons)	<b>Sales</b> (tons)	<b>Income</b> (all figures in thousands of rubles)	<b>Expenses</b>	<b>Subsidies</b>
Yagunovskaya	236,492	226,535	942,389	1,180,419	447,522
Volkova	405,231	337,708	853,672	1,033,990	407,682
Sudzhenskaya	234,802	197,522	1,153,307	1,153,861	655,464
Yuzhnaya	101,414	78,548	524,764	527,215	267,698
Anzherskaya	217,733	177,040	928,586	930,314	604,926

This table shows that extraction continues to decline at all the mines except Yagunovskaya, while the share of production expenses covered by subsidies continues to grow. The latter is especially significant because in the middle of the period studied coal prices were liberalized. The share of subsidies from the state budget is not always proportional to the cost of production. This share is about 50% for Yuzhnaya, maximal for Anzherskaya (65%) and minimal for Yagunovskaya and Volkova (40%). The staff continues to grow, which can be explained by the reasons mentioned above.

## **PART SIX: Recommendations**

- 6.1. Characteristics and structure of recommendations**
- 6.2. Recommendations for a general policy to resolve the problems of employment unemployment and social program implementation**
- 6.3. Evaluation of initial social criteria**
- 6.4. Conservation of available jobs following large scale bankruptcy and closure of enterprises**
- 6.5. Creation of new jobs, including those in small businesses**
- 6.6. Changes in the quality and structure of the labor force in line with labor market requirements through personnel training, development and retraining**
- 6.7. Resolving the employment and social security problems of women**
- 6.8. New ways of providing social assistance**
- 6.9. Use of market mechanisms in social program implementation**
- 6.10. Preservation and support of the social infrastructure of enterprises**
- 6.11. Financial support for resolving unemployment problems and implementing social programs**
- 6.12. Organizational and legal framework and information support**

### **6.1. Characteristics and structure of recommendations**

Development of recommendations with respect to the subject problems has peculiarities because these problems can only be resolved simultaneously, on both federal and regional levels, in production and non-production spheres, in areas of market and non-market relations, etc. Under these conditions it is frequently the case that recommendations are developed that either do not have a concrete implementer, or, lack a concrete program to implement. The specific problem is to avoid these two extremes.

The first extreme is to deal only with general political or abstract economic recommendations, such as, "reorganize budget policy in order to increase social program funding", or, "stop the decrease in production which created unemployment." It is evident that such recommendations are declarative, vague and non-operational.

The second extreme is to give the simplest advice, which is limited to specific production, or a particular social program, in a specific region. Such advice is useful and realizable, but does not solve the problem because most of the reasons for unemployment lie outside the specific enterprise or local program. More radical solutions are beyond the competence of the directors of these enterprises and programs.

Thus, it is reasonable to develop, in several specific, sequential, blocks: general policy in the sphere under consideration; a separate strategy for this policy; and an organizational/legal framework for its implementation.

Each block is represented as a matrix combining the problem situation and recommendations for its resolution. It is natural that some recommendations are interconnected and cannot be treated independently outside the context of other recommendations.

## **6.2. Recommendations for a general policy to resolve the problems of employment, unemployment and social program implementation**

**Problem.** Until mid-1993 the transition to a market economy progressed slowly, and in a gradual form incapable of creating a real labor market, real competition, etc. A drop in production and inflation did not encounter any real market counterweight. A number of social programs were phased out, a significant portion of the components of social infrastructure belonging to state enterprises were left without sufficient financing. The laws passed on employment, pensions, and social protection, and the structures created for their implementation, are incapable of providing a realistic basis for resolving the problems under consideration during the period of radical reforms. A systematic approach to this situation and its regulation was not backed by an existing solid structure of preventive measures and directives.

**Recommendations.** In anticipation of radical reform it is necessary to reconcile, inventory and, where necessary, revise the approach to problem resolution in the areas of employment, unemployment and social programs. Particular attention should be directed to the views emerging from sections 1–4 of this document. They include the following:

- organize and articulate the system of initial criteria for resolving the problems under consideration;
- provide for reasonable preservation of existing workplaces at the beginning phase of mass bankruptcies and closures of enterprises;
- stimulate creation of new workplaces, including in the sphere of small businesses;
- adapt the quality and structure of the workforce to the changing demands of the labor market, through professional training and retraining;
- address and resolve the problems of social protection and employment for women;
- use market mechanisms in implementing social programs;
- preserve and support the social infrastructure of the enterprises; provide for its subsequent transfer to municipalities or privatization;
- enhance budget and financial support for resolving the problems of employment and unemployment;
- provide organizational and legal mechanisms, and informational support for resolution of the problems in question.

Recommendations in all these areas are contained in subsections 6.3 – 6.12

### 6.3. Evaluation of initial social criteria

**Problem.** Absence of definite social criteria (“poverty line,” “minimum living standard,” etc.) gives a general vagueness to the whole system of social protection for the population. In fact, the existing system is, to a large extent, oriented toward subjective evaluations rather than a real understanding of the living standard.

**Recommendations.** In determining the “minimum living standard,” it is necessary to go beyond the physiological level (that which cannot sustain a person's ability to work and only allows a person to function as a biological organism) to a socially acceptable minimum, which provides for basic needs in food, clothing, sanitation, hygiene, medicine, housing and utilities, transportation and services. In the general tariff agreement, it is necessary to set exact figures for each quarter of the year in order to bring the minimum wage in line with the minimum consumer budget. The minimum standard should be calculated and published officially each month. Similar data on the poverty line budget, for families with low incomes, should be published as well.

\* \* \*

**Problem.** There is no understanding of the economic content of the concept “minimum wage.”

**Recommendations.** It is necessary to accelerate formulation and adoption of a law on wages for employees in the Russian Federation. This law should provide, first of all, equal rights for employees and employers (owners) in determining the wages of workers in the labor market. This law should specify the economic content of the minimum wage, which is defined as: the lower limit of workforce cost in the labor market, paid as remuneration to workers performing the simplest kind of work under normal working conditions.

In circumstances where the central influence in the market sector of the economy is transferred to the level of contractual regulation of wage payments in enterprises and organizations, an expedient method for establishing guarantees for paying labor in accordance with worker qualifications could be an agreement between the government and unions on a single tariff scale, as the lower limit of wages for work, according to its difficulty.

At the same time, it is necessary to bear in mind that the minimum wage should not be lower than the minimum consumer budget. One should proceed from the assumption that this budget is a balance of income and expenses, which makes it possible to determine the cost of the material needs for groups requiring the establishment of minimum income. Action in this sphere should be oriented toward the decree, dated May 21, 1991, “On minimum consumer budget.”

\* \* \*

**Problem.** Officially announced inflation indexes do not exist. (In Russia, these are based exclusively on increases in the prices for consumer goods.)

**Recommendations.** It is necessary to determine these indexes every month for Russia and its individual regions in order to effectuate Russian legislative norms linking labor payment and social assistance to the level of inflation.

It is necessary to promptly work out a system for dividing the population into classifications based on income levels, including the composition of families, outside income (dachas, privileges of individual family members, additional income from enterprises, etc.)

#### **6.4. Conservation of available jobs following large scale bankruptcy and closure of enterprises**

**Problem.** Current social legislation is designed to support people who are already outside the enterprises. It cannot avert job losses or protect people who work at enterprises under extremely difficult economic conditions. The law on enterprise bankruptcy does not, in part, have the same forms of social protection that are included in the presidential decree on the same subject.

**Recommendations.** Under existing conditions, special legislative acts and separate legal norms capable of preventing mass unemployment should be prepared. When implementing measures connected with enterprise bankruptcy and liquidation, it is imperative to develop, change or at least restore an economically sound system of social guarantees (quotas and other social restrictions) in the areas of employment.

\* \* \*

**Problem.** The existing practical measures for resolving social issues at enterprises that have gone bankrupt are not adequate. In particular, in the following areas: (a) sources of financing to fulfill the obligations of insolvent enterprises to the workers collectives were not determined; and (b) the criteria, principles and instruments for supporting reform by assisting enterprises experiencing economic difficulties lack clarity.

**Recommendations.** It is expedient to create a special state fund, the size of which could be calculated with the input of the workers' collective, in the event the enterprise becomes totally incapable of meeting its obligations for wages, pensions, benefits and other payments. A special mechanism should be developed to assist enterprises, selected on the basis of stringent criteria, to retain part of their workforce during modernization and reorientation. This mechanism should be based on the principle of providing temporary financial assistance in the form of preferential or no-interest loans from the unemployment

fund to pay workers' financial benefits and provide retraining during the transition to new production.

\* \* \*

**Problem.** Opportunities for enterprises to solve questions of employment at their own facilities are not fully utilized.

**Recommendations.** To help resolve the employment issue, special funds, financed with contributions from profits, should be formed within the framework of separate or closely related enterprises. These funds would be used to support the salaries of workers temporarily unemployed due to reductions in the volume of production, and also during retraining. It should be legislatively established that the expenditures of an enterprise for professional training/retraining are deductible from the taxable portion of its profit.

\* \* \*

**Problem.** Measures developed to prevent mass unemployment do not consider differences among cities and regions.

**Recommendations.** It is necessary to develop concrete regional employment programs which envisage a package of organizational and economic measures to prevent mass unemployment. These programs should be agreed among all the social partners: representatives of employers, trade unions, regional and federal authorities. The programs should be tailored to the needs of the region and each enterprise.

\* \* \*

**Problem.** Lack of prospective measures for preserving and creating jobs in order to prevent mass unemployment.

**Recommendations.** It is necessary to develop and create the legislative framework for long term measures aimed at reducing working time, e.g., additional paid vacation, lower retirement age, prolonged training periods for young people aged 16–18; legislation to reinforce the status of temporary workers; mandatory collective negotiations to work out agreements regulating labor relations and providing employment guarantees.

## **6.5. Creation of new jobs, including those in small business**

**Problem.** The process of new job creation is not actively stimulated and supported by the state.

**Recommendation.** It is necessary for the state to provide legislative and organizational support for financing small business development to stimulate the creation of new jobs. The following, in particular, should be considered:

- in addition to the tax benefit envisaged by the Statement of the Council of Ministers, Government of the Russian Federation 446, dated May 11, 1993, it is necessary to create additional preferential credits for small businesses engaged in the production and processing of goods as a first priority sector which, in the last fiscal year, created not less than 15% of all new jobs;
- revise tax legislation in the Russian Federation to provide an additional 10% decrease in total taxes on the profits of small enterprises in the production sector. The changes should include total exemption from taxes on profits invested in expanding production, and insurance against the risks of encountered by small businesses in the creation of new jobs;
- exempt from taxation profits accumulated over a specified period of time, and used to create new jobs;
- establish preferential tax rates on the profits of small businesses; opportunities in the fifth and sixth years following the date of operation;
- refund taxes on the additional costs incurred by small businesses in the creation of new jobs.

\* \* \*

**Problem.** There is no institution in the state structure providing for implementation of measures of state support and stimulation for the creation of new jobs through the development of small enterprises.

**Recommendations.** The present situation must be changed in one of two ways, either by means of further structural improvement and broadening the scope of functions of the “fund for business support and development of a competitive environment;” or by creating, in the Ministry of Economics, a state committee which will carry out, through the aforementioned fund, functions similar to those of the **U.S. Small Business Administration or the Corporation of Small Business in Japan.** In particular, this means:

- provide not selective/restricted, but permanent, large scale financial and credit support for businesses working in priority sectors and creating new jobs;
- supplement federal investment funds for small businesses by attracting in-country and foreign investments;
- adjust interest rates of commercial banks, in order to extend credit to small enterprises that contribute to the creation of new jobs;
- to facilitate the activities of corporations and banks involved in regional development, in part to enlist their support for businesses that create new jobs.

\* \* \*

**Problem.** There is a great lack of concrete assistance for people who want to go into business for themselves; especially information and training on how to organize and manage their work.

**Recommendations.** State support is needed in the creation of an all-Russia system of "small business incubators." Adjusting this system to contemporary conditions requires the creation of regional business centers with the participation of the federal employment service and its regional branches. These centers, besides providing consultation services to their clients, could assume functions of professional orientation for the unemployed, retired military and young people. They could also become centers for training business people in these regions (including farming and processing of agricultural products), collecting and disseminating information on commerce, as well as sources of low cost equipment.

## **6.6. Changes in the quality and structure of the labor force in line with labor market requirements through personnel training, development and retraining**

**Problem situation.** Activities in the area of professional training and retraining are not sufficiently well-organized and do not have the necessary consistency and organizational-legal relationships.

**Recommendation.** A special law is needed to encourage and facilitate professional training and retraining, and provide for planning, organization and generation of a statistical base in this area. It could also spell out the oversight and coordinating functions of the respective federal and regional structures, and identify sources and procedures for attracting the necessary resources.

\* \* \*

**Problem situation.** The structure and number of professions for which people are trained does not fully correspond to the skills required for structural reform of the economy.

**Recommendations.** It is necessary to revise the structure and content of the system for professional training and retraining in order to accommodate these new requirements; especially in order to compensate for the lack of necessary skills in the service sector. In some areas retraining of current practitioners would be enough to qualify them to work effectively in the new environment.

\* \* \*

**Problem situation.** Delay in the development of a network of professional educational institutions to meet the skill needs of the market economy hampers implementation of the structural reform program, and aggravates the labor market situation.

**Recommendations.** The state should be more active in aiding formation of an appropriate infrastructure (by assisting in equipping centers of professional training, financing retraining and upgrading courses, etc.)

Of particular urgency is the necessity to address the training, retraining and skills upgrading needs of women. Specific programs oriented toward the needs of women should be incorporated in the state system for retraining and upgrading. These programs could draw on the experience of UNESCO and the European Community.

It is necessary to consider the possibility of financial incentives (tax breaks, customs privileges, etc.) for private investments targeted for professional training programs; and encourage development of market incentives and the involvement of private and independent organizations in the sphere of professional training. Another priority in the training area is improving the access to affordable training facilities for small business organizations.

## **6.7. Resolving the employment and social security problems of women**

**Problem situation.** The difficulties in the labor market are complicated by the special situation frequently referred to as “the women's factor.” It is evident in the growth of women's unemployment, the lack of equal opportunity for women with men (for example, by including indications of sex in job structuring, advancement, wages and layoff), as well as the problems of working mothers. The bias against women in the areas of work and employment has negative economic, social, humanitarian and psychological consequences. Poverty among women is increasing; there is a sharp drop in the living standard of women with children, single mothers, mothers with many children, etc. Women feel the effects of negative developments in the society especially sharply; events such as the critical situation facing consumers, the crisis in the social sphere, and a number of others. Despite the obvious acuteness of the situation, the organs of legislative and executive power do not give the necessary attention to the social and economic situation of women. Thus far, the position of the Government on these matters, in view of the changes in social relations, has not been determined.

**Recommendations.** Strengthen the social aspect of the Federal employment program with regard to the interests of women, youth and other categories of the population experiencing difficulties in the labor market; encourage the activities of the Federal Employment Service in creating non-traditional employment (part-time, flex-time, secondary, etc.); provide financing through the Employment Fund for opening new workplaces, including those targeted for women. Through the local organs of government and the Federal Employment Service, implement the legislative mandate contained in tax and

social security legislation, to compensate the cost to the enterprise of setting aside workplaces for socially vulnerable categories of the population (with an apportionment to women.) In accordance with international legal norms and national legislation, improve observance of government commitments to enforce the social-labor rights of workers with family responsibilities, regardless of the form of ownership of the enterprise. (The function of inspection of labor could be carried out by the local organs of the Ministry of Labor of the Russian Federation together with the unions and other social organizations.)

Develop in the legislature a normative requirement for tariff agreements and collective bargaining contracts providing continuing adjustment of the minimum wage to minimum living standards, and equality between the level of wages paid to men and women doing the same work. Develop an effective mechanism for control of information in the employment arena, including in the women's labor market; as well as corrective procedures for the legislature and programs for rule-making in the administration. Distribute economic preferences (through tax exemptions, credits, insurance rate/conditions, etc.) intended to support small enterprises in a number of areas having special significance for women's entrepreneurship, including domestic services, organization of private child care centers, counseling and enlightenment of the population, education and retraining. Create within the framework of the State Budget funds for the support of women-owned enterprises.

## **6.8. New ways of providing social assistance**

**Problem situation.** In Russia, there are practically no non-government pension funds. The plan of the Council of Ministers, Government of the Russian Federation, on implementation of the economic reforms, passed in 1993, envisages reform of the pension system; but so far nothing has been done.

**Recommendations.** It is necessary to develop, as soon as possible, a proposal and mechanism for implementing the Presidential Decree, dated September 6, 1992, "On non-government pension funds," as well as, providing the legal basis for a voluntary supplement to the current state pension system. In addition to focusing on non-Government pension funds, the government should provide the legal framework for private pension insurance plans, credit unions, personal pension accounts in banks, and other forms of non-governmental means of providing pensions.

\* \* \*

**Problem situation.** The difficult situation of low-income families cannot be radically improved without working on concrete families in concrete situations.

**Recommendations.** It is necessary to adopt federal legislation on family allowances, proceeding from the principle of basic guarantees for every child at the federal level, and financial support to needy families up to the "survival minimum," in the regions. Indexation

of child allowances to keep pace with inflation, should be introduced. Municipalities should be fully responsible for payment of family allowances.

\* \* \*

**Problem situation.** Under conditions of high inflation benefits and compensation lag behind the inflation rate. Besides, they are often not used for the intended purposes. There are no organizations or structures which are in charge of social support for new contingents of the population (e.g., unwed mothers, pregnant teenagers, etc.)

**Recommendations.** It is necessary to develop and adopt a law on charity which provides exemption from taxation for resources directed to social purposes, in order to increase the resources (financial, material, etc.) used for the resolution of social problems.

## 6.9. Use of market mechanisms in social program implementation

**Problem situation.** The main goal in the transition period is to ensure the stable functioning of institutions in the social sphere in order to preserve the legally guaranteed level of medical, educational, housing-community and similar services; provide accessibility of social services for a wide range of the population, and create conditions for the adaptation and development of the branches in the social sphere under the conditions of market relations.

**Recommendations.** Indexation of expenditures on social infrastructure to the inflation rate is essential. In addition, it is expedient to develop and implement a staged program for privatization of establishments in the social sphere. At the same time, in order to increase the buying power and provide access to elementary social services for the needy part of the population, a voucher system should be introduced, on the basis of which individual citizens are provided the opportunity to buy, at state expense, a strictly defined number of goods and services from the private sector.

\* \* \*

**Problem situation.** Economic restructuring is hampered by a lack of mobility in the population due to the absence of a housing market, inadequate investment in the business of housing construction, and insufficient commitment of national resources to the housing sector of the economy.

**Recommendations.** It is necessary to abandon the system of housing distribution and convert dwellings into commodities, thus creating a full-value housing market. It is also necessary to gradually strive toward a system of mortgage-based acquisition of bank loans against the pledge of constructing a dwelling, as the driving element of the market.

It is necessary to create more favorable conditions to promote the effectiveness of institutions in the social sphere through reductions in real estate taxes for long-term residents, limitations on rents for land, etc. Preferential bank credits should be provided to enterprises carrying out construction, reconstruction and modernization of facilities in the social sphere.

In order to resolve the problem of reorganizing government-owned facilities of social infrastructure, it is necessary to enact a series of normative laws, including:

- regulations on the use of social facilities carried on the balance sheet of the enterprise or transferred to joint stock companies during the privatization of state enterprises;
- regulations on privatization of social-domestic facilities or publication of a temporary regulation allowing the sale of such facilities through auction, or their conversion into joint stock companies (of the open type) with a prohibition on changing the nature of the services provided by the majority of such facilities. Legislative action is also required at the local government level regulating the use of facilities of the social infrastructure so as not to allow discontinuation of their service to the population.

#### **6.10. Preservation and support of the social infrastructure of enterprises**

**Problem situation.** The essence of the problem is a contradiction between, on the one hand, the reluctance of the enterprises to incur non-production expenditures for the support of facilities, appearing on their balance sheets, which provide health care, pre-school education, cultural activities, etc.; and, on the other hand, the inability of local authorities to assume the burden of these facilities because they lack the necessary material and financial resources.

**Recommendation.** It is necessary to work out a program to reform the government social infrastructure, the goal of which is preservation and support of the network of social service facilities; preventing its collapse through direct state support of enterprises which agree to support such facilities, and creation of organizational, legal and economic mechanisms for the reorganization of these facilities.

It is necessary to expand the scope of tax benefits to enterprises which finance institutions in the social sphere, making allowances for their great differentiation according to their social importance and possibilities for commercializing the activities of institutions in this sphere.

In addition, it is necessary to create more favorable conditions for the activities of institutions in the social sphere, through introduction of reductions in real estate taxes, limits on payments for the rent of land, etc. Also, it is necessary to provide preferential bank loans to enterprises carrying out construction, reconstruction and modernization of facilities in the social sphere.

To resolve the problems associated with reorganization of governmental social infrastructure facilities it is necessary to develop standards, including regulation of the use of social facilities and utilities, and publication of temporary regulations allowing the sale of these facilities through competitive bidding or their transformation into joint stock companies of the open type, with prohibitions on changes in the nature of services provided by the major portion of such facilities.

Legislative regulation at the local government level is also required in order to assure proper use of the facilities of the social infrastructure and not allow discontinuation of the service they provide to the population.

### **6.11. Financial support for resolving unemployment problems and implementing social programs**

**Problem situation.** Currently the Russian economy is in the stage of classic “dropflation” (inflation and decline in production). The federal government has not yet come up with a solution to this problem. The strategy of the federal government in dealing with it will, in many respects determine the financial situation in Kuzbass. The weakening of the financial and budget policies and the corresponding inflation growth will require an increase in expenditures for social program; more stringent financial and budget policies will cause the growth of unemployment and a simultaneous decrease on the income side of the regional budget.

**Recommendations.** The federal government should publicly explain its strategy for dealing with these problems, specifying terms and deadlines for certain economic parameters, with alternative options in case the targets are not met. The federal government should provide qualified assistance to the Kuzbass regional administrative and state authorities in developing reliable predictions of the financial situation in the region, expense requirements for solving social problems and leveling out unemployment, and establishing the financial and budget policy of the federal government.

\* \* \*

**Problem situation.** The structure of the region's economy is dominated by large industrial enterprises in coal mining and other heavy industries (ferrous, non-ferrous, metals, chemicals). Such enterprises are not competitive and are at the top of the list to be closed. Serious political problems can arise at such enterprises, which have politically active worker collectives that have become accustomed to a significantly high social and material status under the former system.

**Recommendations.** The restructuring process must be speeded up. Its first aim should be to encourage the growth of light industry, services and agriculture. It will be necessary to attract foreign investment in these branches of industry, since it is doubtful whether sufficient resources exist in federal and private budgets in Russia. Structural

reorganization should be pursued on the basis of a clear and comprehensive program that is understandable to the population, with definitions of terms, number and quality of the working places being created.

\* \* \*

**Problem.** During the transition period, there is a great possibility of rapid, extraordinary disruptions in various areas of economic development – abrupt or very rapid rises in prices, massive unemployment, etc. Such disruptions can lead to outbreaks of political activity and social tension.

**Recommendations.** It is expedient to create special extra-budgetary funds for emergencies, with highly liquid capital and permission for commercial activities. These funds could be created with equal contributions from regional and federal budgets. The main problem is the possibility of corruption and misuse of funds. To ward off this problem, the funds could be limited to short term purposes, for example two to three years, until the economy stabilizes. State security structures could oversee the fund.

\* \* \*

**Problem.** A system of budget taxation federalism has been established in Russia. However, a legislated system dividing expenditures among different levels of state management does not exist. The practice of transferring expenditures, especially in the social sphere, from the federal level to lower levels without a corresponding division of income, prevails.

The system of state standards for satisfying social needs, and state mechanisms for their implementation, has practically disappeared. The division of income sources among levels of state management is not satisfactory. The portion of the main regulating tax (VAT) going to the regional budget is determined by agreements with the federal level; the main sources of income for the regional budget are taxes on profits and personal income, which are directly related to the financial state of the enterprises.

**Recommendations.** On the question of normalizing budget and tax federalism, it is recommended to use the scheme suggested by the World Bank mission in 1991–1992. In the area of satisfying social needs within the framework of state standards, creation of a fund for regional budget support is recommended. Only services with social significance could be financed from the fund. The first type of services include state social guarantees, such as nurseries and kindergartens, vocational schools and medical centers, which are, by definition financed from the public budget. The second type includes the services traditionally belonging to municipalities because of their great public importance. Garbage disposal, water supply and the sewage system, heating and transportation are included in the second group.

In order to preserve a definite level of social services in Kuzbass, one should develop a scheme of counter-financing, under which financing from the federal budget is provided only when a certain level of financing (determined beforehand) from the regional budget is

available for a specific social need. The scheme may be of a permanent character, i.e. the proportion of funds from the federal and regional budget is established for the entire period of the program's implementation, or regressive, in which case the share of the federal budget would decrease with time.

\* \* \*

**Problem.** Kuzbass still retains the "negotiated" system of developing, submitting and implementing the budget. It is characterized by simplified budget classifications, low transparency and correspondingly low level of open competitiveness among budget expenditure users; deviations from the rules for preparation, submittal and approval.

**Recommendations.** It is necessary to introduce a rapid transformation of the budget development and implementation systems, with a stricter procedure for the use of resources. For this, technical assistance from Western countries would be very desirable. Kuzbass could become a testing ground for efforts to make the financial mechanism of the regional budget process comparable to Western standards. This experience could serve as an example for the whole of Russia.

## 6.12. Organizational and legal framework and information support

**Problem.** The resolution of practical questions of employment, unemployment and social program implementation is hampered by the absence of legal acts with direct application, concrete procedures and regulations for interpreting the general statements of corresponding laws, decrees and other legal acts.

**Recommendations.** What is needed is the urgent development of detailed instructions, regulations and mechanisms for resolving typical questions of employment and social protection in accordance with newly enacted Russian legislation. It is especially important to prepare these documents in advance so they can be implemented effectively in situations of mass unemployment, social conflict, etc.

\* \* \*

**Problem.** The existing mass of legal norms is contradictory in a number of respects. It is open to free interpretations, especially in the questions of responsibility and competence of federal, sub-federal and local authorities, and management structures. There are no laws or separate legal norms determining general rules of state support for poor people; no laws on charity and a number of other areas which could create additional links in the system of social protection.

**Recommendations.** It is necessary to modify laws on employment, unemployment and social protection of the population, as well as to prepare detailed legal commentaries

emphasizing the exclusive competence of various executive and management structures. It is necessary to develop and adopt a legal basis for Russian legislation on social assistance and social support for the population which will give to every citizen the right to state support in case of poverty or other difficult life situation. It is necessary to develop and adopt a law on charity envisaging exemption from taxes on resources directly designated for social goals, in order to increase resources (financial, material, etc.) used for resolving social problems. It is necessary to speed up adoption of a Russian Federation law on commercial organizations that will provide favorable conditions for organizations which will orient their activities toward resolving acute social problems.

\* \* \*

**Problem.** There are numerous violations of labor laws and legal guarantees of employment. At the same time, a problem is developing from violations by the unemployed who receive benefits.

**Recommendations.** It is needed to enhance control functions of state structures in the sphere of labor market relations. For example, the Ministry of Labor should create a special inspection agency to enforce labor legislation and provide legal labor rights and guarantees to the population. Secondly, it is necessary to create a special inspection commission to verify the income of the unemployed and their true financial situation.

\* \* \*

**Problem.** Local employment service centers, pension and other centers of social protection do not have modern technical equipment, office space, etc.

**Recommendations.** Under conditions of large scale layoffs and possible aggravation of social tension, it is necessary to plan for a considerable expansion of the existing service network, train specialists in required areas of expertise (including social psychologists), provide certain services of the mass media free of charge (e.g. advertising job vacancies on television and radio), provide modern technical equipment from the appropriate funds, or the republic and oblast budgets. It is also necessary to develop and adopt a corresponding federal program.

\* \* \*

**Problem.** Public information support systems in the region are incapable of supporting the demands made by political and economic reform. This applies to the completeness, timeliness and accessibility of information.

**Recommendations.** Technical assistance and equipment from foreign countries can help introduce Western standards of statistical information and create a unified information system in the region. It is necessary to adopt legal standards assuring the population free access to information.

## APPENDIX 0

- 0.1. Statistical and Analytical Materials Used in the Report
- 0.2. Rosugol to Minister of Fuel and Energy of Russian Federation
- 0.3. Statement on State Support to Coal Industry

## Appendix O      Statistical and analytical materials used in the report

### I      Statistical materials covering the entire Russian Federation

1. Main indexes of economy and national community conditions in the republics of the Russian Federation, regions, Moscow and St. Petersburg in January-December 1992 - M.: State Committee on Statistics of Russia, 1992. 387 p.
2. Main indexes of national economy conditions of republics within the Russian Federation, regions, Moscow and St. Petersburg in January through December 1992 - M., 1993. 421 p.
3. Main indexes of national economy conditions of republics within the Russian Federation, regions, Moscow and St. Petersburg in January through June 1992 - M., 1993: 375 p.
4. On social and economic development of Russian Federation in January through December 1990 - M., State Committee on Statistics Of the Russian Federation, 1991. 95 p.
5. On social and economic development of the Russian Federation in January-December of 1991 - M., 1992. 97 p.
6. On social and economic development of the Russian Federation in January-December of 1992 - M., State Committee on Statistics of Russia, 1993. 98 p.
7. On social and economic development of the Russian Federation in January-December, 1993. - M., 1993. 98 p.
8. Statistic report "Main indexes of economic situation in the Russian Federation in January-March 1992" - M., 1992, 46 p.
9. Statistic report "Main indexes of economic situation of the Russian Federation in April-June 1992" M., 1992, 46 p.
10. Statistic report "Main indexes of economic situation of the Russian Federation in July-September 1992" - M., 1992, 46 p.
11. Statistic report "Main indexes of economic situation of the Russian Federation in October-December 1992" - M., 1992, 46 p.
12. Statistic report "Main indexes of economic situation of the Russian Federation in January-March 1993" - M., 1992, 46 p.

13. Statistic report "Main indexes of economic situation of the Russian Federation in April-June 1993" - M., 1992, 46 p.
14. On the development agricultural and industrial complex of the Russian Federation (economic survey).- M., State Committee of Statistics; 1992, 58 p.
15. On development of the economic reforms in the Russian Federation (additional data) in 1992 - M., 1993, 110 p.
16. On development of the economic reforms in the Russian Federation in January-March 1993 - M., 1993, 110 p.
17. On social and economic situation in the Russian Federation "weekly reports of the State Committee of Statistics in 1992 and in January-June 1993" - M., 1992 - 1993.
18. Material and technical supply in the Russian Federation. 1992.
19. Education and culture in the Russian Federation. 1992. -M., State Committee of Statistics. 1992, 343 p.
20. Trade in the Russian Federation. 1992. - M., State Committee of Statistics. 1992, 105 p.
21. Main indexes of functioning of the economy of the Russian Federation in 1992. - M., State Committee of Statistics. 1993, 77 p.
22. Main indexes of functioning of the economy of the-Russian Federation in the first quarter of 1993. - M., State Committee of Statistics. 1993. 77 p.
23. Concise social and demographic characteristics of the population of the Russian Federation. Part 2. Sources of means of living, social group - M., State Committee of Statistics. 1991, 251 p.
24. Concise social and demographic characteristics of the population of the Russian Federation. Part 3. Family, housing conditions. - M., State Committee of Statistics. 1991, 274 p.
25. On the development of economic reforms in the regions of the Russian Federation in 1992. - M., State Committee of Statistics. 1993. 185 p.
26. On the development of economic reform in the regions of the Russian Federation in January-March of 1993 - M., State Committee of Statistics. 1993, 35 p.
27. Population of republics in cities, settlements and districts by January 1, 1991. Statistic data . - M., Information center of State Committee of Statistics. 1991, 49 p.

28. .Number of population in republics on towns and regions of Moscow and St. Petersburg in January-December 1992. - M., State Committee of Statistics, 1992, 223 p.

29. Main indexes of national economy functioning in republics within the Russian Federation in January-December 1992. - M., State Committee of Statistics, 1993, 528 p.

## II Regional materials

1. Main indexes of economic and social development of Kemerovo region in 1985-1991. Kemerovo regional department of statistics of State Committee of Statistics. 1991. 237 p.

2. Employment in Kemerovo region (statistic report) in 1990, 1991, 1992. Kemerovo regional department of statistics of State Committee of Statistics. 1993. 245 p.

3. Main indexes of economic and social development of Kemerovo region in 1992 (statistic report). Kemerovo regional department of State Committee of Statistics. 1993. 39 p.

4. On development of economic reforms in Kemerovo region in 1992. Kemerovo regional department of State Committee of Statistics. 1993. 49 p.

5. Housing and communal economy in 1992 (statistic report). Kemerovo regional department of State Committee of Statistics. 1993. 89 p.

6. Education and culture (statistic report). Kemerovo regional department of State Committee of Statistics. 1993. 103 p.

7. On the development of economic reforms in Kemerovo region (statistic report). Kemerovo regional department of statistics of State Committee of Statistics. 1993. 77 p.

8. Kuzbass-92. Kemerovo regional department of statistics of State Committee of Statistics. 1993. 250 p.

9. Main indexes on economy in Kemerovo region in January-August, 1993 (statistic report). Kemerovo regional department of statistics of State Committee of Statistics.- 1993. 48 p.

10. Social and economic situation and development of economic reforms in Kemerovo region in January-August, 1993. Kemerovo regional department of statistics of State Committee of Statistics. 1993. 38 p.

11. Statistic estimation of living level of the population in Kemerovo region in the first quarter of 1993 (according to random survey on family budgets of workers and employees). Kemerovo regional department of State Committee of Statistics. 1993. 17 p.

12. The issues of social and economic development of Kuzbass in 1993 and prognosis for 1993. Analytical report of Main Economic Department of Kemerovo regional administration. 1993. 37 p.

13. Statistic issues, collected by the authors on the basis of elaborated 26 pages questionnaire which was confirmed by the administration, and information on budget and social programs and etc. provided by regional administration.

### **III Orders of Kemerovo region administration.**

1. On allocation of budget means for youth programs (05.01.93).
2. #293 "On creation of centers of social assistance to population" (13.04.93).
3. #504 "On creation of the system of analyzing and prognosing social processes in the region" (03.06.92).
4. #510 "On additional measures on social protection of disabled of the region. (08.06.92).
5. #535 "On elaboration of complex programs of social security of military men and retired from military service" (17.06.92)
6. #589 "On the measures of social support of families with many children (06.07.92).

**Appendix 0            ROSUGOL to Minister of Fuel and Energy of Russian Federation**  
**Yu. K. Shafronik**

According to the decree of the Council of Ministers and Government of the Russian Federation No. 727 of July 27, 1993 a possibility of self financing of coal associations under conditions of free prices on coal and state support to inefficient coal enterprises was defined.

Associations were divided into four groups with different rate of funding from the state budget. In fact, 25% (10 associations) are efficient, 42.5% (17 associations) cover the cost of production, 32.5% (13 associations) are unprofitable.

Group I comprises 10 associations, providing entire self financing and high profits with production over 100 million tons of coal per year and number of employees. These associations will pay excise taxes not less than 5 billion Rubles in 1993.

Group II comprises 2 associations with low efficiency, production of 18.4 million tons and number of employees 68.3 thousand people. They get subsidies for implementing tariff agreement.

Group III comprises 15 low efficient associations producing 119 million tons per year with 318.7 thousand employees. They get subsidies for realization of tariff agreement and capital investment.

Group IV comprises 13 inefficient associations producing 70.6 million tons with 312.6 thousand employees. They get subsidies for realization of tariff agreement, capital investment and covering losses.

Besides, all the groups will get subsidies for social sphere in the 3-d quarter of the year.

After transition to free prices calculated minimal price of 1 ton of coal was 11,880 rubles per ton, and free price was 8,066 rubles per ton, that is 6.2 fold increase as compared to wholesale price before July 1, 1993.

In July-August only one third of shipped coal was paid for. Non-payments were 322 billion rubles on Sept. 1, 1993. Only 36% of subsidies from the budget were received in the 3-d quarter of 1993 so the associations had only 49% of due funds.

In connection with hard situation in the industry it is necessary to do the following:

1. Pay the rest of the subsidies due in the 3-d quarter of 1993 (383 billion rubles).
2. Create fund for financial support of coal industry through 3% tax on the production of all the rest industries.

## **Appendix 0            Statement on State Support to Coal Industry**

1 State support is given to coal industry in order to provide regular functioning of coal enterprises working under hard geological, technical, economic and geographical conditions resulting from free prices on coal since July 1, 1993

2. Funds are raised by Ministry of Finance of Russian Federation while making up Budget of Russian Federation taking into account demand of Ministry of Fuel and Energy, based on ROSUGOL's, ROSTOPROM's, Oblkemerovougol's proposals and coordinated with Ministries of Economy and Labor of Russian Federation.

3. The terms are defined by Ministry of Finance of Russian Federation, ROSUGOL, ROSTOPROM, Oblkemerovougol.

### **Statement on Free (market) Prices on Coal, Shale and their Products**

Transition to free prices is simultaneous and is based on the following:

Basic average prices and the rate of their growth are defined taking into account funds of state support (according to Rosugol's plan for the 2-nd quarter of 1993). In the 3-d quarter of 1993 social sphere is paid for by the state.

There are 4 groups of associations:

- I        efficient
- II       need funds for capital investment
- III      need funds for capital investment and tariff agreement
- IV      need funds for capital investment, tariff agreement and losses

## APPENDIX 1

- 1.3. Labor Demand and Availability
  - 1.5.1. Budget Expenses in 1992
  - 1.5.2. Share of Expenses in State Budget in 1992
  - 1.5.3. Structure of Expenses on Social and Cultural Events
  - 1.5.4. The Classification of the Existing Kinds of Social Support
- 1.6. Legal Acts on Employment, Unemployment and Social Safety
- 1.7. Normative Acts on Issues of Employment, Unemployment and Social Guarantees

## Appendix 1.3

## Labor demand and availability at the labor market of the Russian Federation on April 1, 1993

Areas	Number of people searching jobs	Number of registered unemployed	Demand f workers at t enterprise
A	1	2	3
<b>Severni Region:</b>	77,398	50,174	14,048
Republic Karelia	13,985	5,951	1,266
Republic Komi	10,505	8,980	4,422
Arkhangelskaya Region	24,939	15,370	932
Vologodskaya Region	12,032	6,752	4,205
Murmanskaya Region	15,359	12,780	3,143
<b>Severo-Zapadni Region:</b>	85,898	76,648	16,332
St.Petersburg	44,539	44,467	11,311
Leningradskaya Region	17,685	13,903	2,301
Novgorodskaya Region	9,231	5,071	1,899
<b>Tsentralni Region:</b>	240,323	170,157	120,885
Bryanskaya Region	9,392	7,859	959
Vladimirskaya Region	21,449	20,210	3,392
Ivanovskaya Region	26,787	25,192	738
Kaluzhskaya Region	3,602	2,826	3,659
Kostromskaya Region	13,444	12,344	1,393
Moscow	54,014	22,761	75,813
Moscow Region	42,383	28,713	18,234
Orlovskaya Region	1,748	3,091	2,139
Ryazanskaya Region	4,799	4,214	2,789
Smolenskaya Region	3,573	2,027	1,894
Tverskaya Region	11,225	8,334	2,623

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Areas	Number of people searching jobs	Number of registered unemployed	Demand for workers at enterprise
A	1	2	3
Tulskaya Region	8,316	5,002	6,020
Yaroslavskaia Region	36,591	27,584	1,232
<b>Volgo-Vyatski Region:</b>	92,720	74,003	15,687
Republic Mari-El	9,345	6,863	392
Mordovskaya SSR	12,261	9,840	682
Republic Chuvashia	16,795	14,195	1,303
Kirovskaya Region	20,089	17,530	2,741
Nizhegorodskaya Region	34,230	25,567	10,569
<b>Central Region:</b>	41,929	21,398	17,033
Belgorodskaya Region	7,796	1,931	1,524
Voronezhskaya Region	8,321	5,957	6,209
Kurskaya Region	7,108	2,128	3,709
Lipetskaya Region	5,337	3,428	4,094
Tambovskaya Region	13,367	7,900	1,497
<b>Povolzhski Region:</b>	97,662	52,856	34,123
Republic Kalmykia-Khalm Tangch	3,183	2,551	1,248
Republic Tatarstan	14,578	3,254	5,455
Astrakhanskaya Region	8,644	6,611	2,357
Volgogradskaya Region	5,862	4,554	6,349
Penzenskaya Region	14,180	11,032	3,043
Samarskaya Region	24,679	4,610	9,078
Saratovskaya Region	19,577	14,832	4,221
Ulyanovskaya Region	6,959	5,412	2,372

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Areas	Number of people searching jobs	Number of registered unemployed	Demand f workers at t enterprise
A	1	2	3
<b>Severo-Kavkaz Region:</b>	96,271	64,819	27,156
Republic Adygheya	4,191	3,486	536
Republic Daghestan	31,137	24,839	1,183
Republic Kabardino-Balkaria	3,463	2,565	1,175
Republic Karachayevo-Cherkesia	710	630	1,152
Severo-Osetinskaya SSR	8,530	4,167	714
Republics Chechenskaya and Ingushskaya	3,562	384	821
Krasnodarski Region	22,151	12,673	8,918
Stavropolski Region	8,887	5,898	6,049
Rostovskaya Region	13,640	10,177	6,558
<b>Uralski Region:</b>	137,362	100,234	30,762
Republic Bashkortostan	12,296	9,687	9,697
Republic Udmurtia	28,137	18,240	2,280
Kurganskaya Region	8,649	7,254	1,579
Orenburgskaya Region	4,199	3,410	3,223
Permskaya Region	23,208	13,888	5,030
Sverdlovskaya Region	34,259	26,200	5,423
Chelyabinskaya Region	24,386	19,703	3,475
<b>West-Sibirian Region:</b>	102,677	53,010	33,119
Republic Altai	2,347	767	267
Altaiski Region	31,149	16,568	3,052
Kemerovskaya Region	18,096	6,994	7,241

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Areas	Number of people searching jobs	Number of registered unemployed	Demand f workers at t enterprise
A	1	2	3
Novosibirskaya Region	24,001	12,640	3,512
Omskaya Region	7,306	5,430	3,187
Tomskaya Region	6,112	3,915	3,766
Tyumenskaya Region	6,548	2,617	4,400
<b>East-Siberian Region:</b>	51,969	23,498	21,682
Republic Buriatia	4,621	2,092	1,150
Republic Tuva	1,968	450	656
Republic Khakasia	4,841	1,842	1,804
Krasnoyarski Region	13,068	6,319	7,117
Irkutskaya Region	23,601	9,804	7,483
Chitinskaya Region	2,935	2,324	2,976
<b>Dalnevostochni Region:</b>	53,685	30,894	23,783
Republic Sakha (Yakutia)	4,975	1,294	3,915
Primorski Region	10,041	6,691	6,425
Khabarovski Region	10,384	4,669	7,119
Yevreiskaya Autonomous Region	1,370	1,069	200
Amurskaya Region	5,589	2,943	2,135
Kamchatskaya Region	3,347	2,603	870
Magadanskaya Region	4,016	2,745	1,590
Chukotski Autonomous Region	1,254	992	888
Sakhalinskaya Region	12,382	7,667	54
Kaliningradskaya Region	10,865	7,116	1,535

Appendix 1.5

BUDGET EXPENSES IN 1992 (million roubles)

	Consolidated budget	Republican budget	Areal bud
Social expenses	1,284,418.5	421,451.3	862,967.
Culture, Art, Mass Media	99,302.5	64,312.2	34,990.3
Public health	341,201.4	67,428.8	273,772.
Physical culture and sport	759.9	157.8	602.1

Table 1.5.2.  
SHARE OF EXPENSES IN STATE BUDGET IN 1992 (%)

	Consolidated budget	Republican budget	Areal bud
Social expenses	23.3	10.9	53.9
Culture, Art, Mass Media	1.8	1.7	2.1
Public health	6.2	1.7	16.8
Physical culture and sport	0.7	0.1	2.0

Table 1.5.3.

## Structure of Expenses on Social and Cultural Events from the Budget in 1992 -1993

Billion roubles	1992			1993			1993 in % to 1992		
	Consolidated budget	Republican budget	Local budgets	Consolidated budget	Republican budget	Local budgets	Consolidated budget	Republican budget	Local budgets
Total expenses on social and cultural needs	1,284.4	421.5	862.9	5,077.7	1,703.3	3,374.4	395.3	404.1	391.0
%	100	100	100	100	100	100			
<i>including:</i>									
education	527.9	227.1	300.7	1,976.3	641.2	1,335.0	374.4	282.3	443.9
%	41.0	53.9	34.8	38.9	37.6	39.6			
health care	341.2	67.4	273.8	1,465.6	346.7	1,118.9	429.6	514.1	408.7
%	26.6	16.0	31.7	28.9	20.3	33.2			
physical culture and sport	0.76	0.16	0.60	2.8	0.37	2.4	369.1	237.4	403.6
%	0.06	0.04	0.07	0.06	0.02	0.07			

TABLE 1.5.4.

**THE CLASSIFICATION OF THE EXISTING KINDS OF SOCIAL SUPPORT  
DEPENDING ON THE LAYERS OF POPULATION**

1. Sugar

1.1. Children living in the families

a) Allowances:

- receiving monthly allowance on baby care (if the baby is under 1 and a half years);
- receiving monthly allowance for the children aged from 1 and a half to 6;
- monthly allowance to single parent families;
- receiving monthly allowance in case of refusal to pay the alimony or in other cases presupposed by legislation when it is impossible to put a claim on alimony
- receiving monthly allowances such as children under guardianship
- receiving monthly allowances as people having AIDS
- receiving allowances as children of regular army military men
- receiving monthly allowances as belonging to low income families

b) Target payments:

- receiving monthly payments as children not getting allowances or benefits
- receiving quarterly compensation payments due to price rise of children's goods
- receiving annual clothing allowances

c) Compensations

- receiving pensions as invalids from childhood
- students of secondary and vocational schools over 18 years old and not receiving scholarship, allowances and pensions until they finish their educational establishment

- students eating in canteens of professional technical educational establishments and high school students
- children of 1 to 2 years old to get food in dairy supply centers
- students of secondary and higher educational establishments who are on academic leave

#### 1.2. Children living in orphanages and boarding schools

Expenses on current support

#### 1.3. Juvenile delinquents

Expenses on current

1.4. Children staying in medical and other children centers (sanatoriums, hospitals, pioneer camps, nurseries, etc)

#### 2. Benefits and payments to able-bodied population:

- partial payment for food
- compensation for transportation costs
- partial payment for delegating to holiday homes, spas and children holiday camps
- compensation for temporary working inability
- seniority payments
- payment for annual health care
- partial payment for kindergartens
- payment for upgrading and re-training
- partial reimbursement for petroleum
- children allowances
- children clothing compensation
- allowances for sick child care
- scholarship

- amount of money received as compensation for professional disability due to damage and the loss of breadwinner
- payments in case of force majeure situations
- loans to young families
- money compensations and privileges, freeing from income taxes for different layers of society
- allowances to people after jail
- allowances to refugees
- payments and loans to forced migrants
- unemployment payments
- payments and other forms of assistance in monetary and other forms from means of public organizations

### 3. Retired people

#### 3.1. Due to age:

- people receiving pensions
- war participants receiving pensions due to their age
- war invalids receiving pensions due to their age
- labor invalids
- war participants - labor invalids
- invalids who are military men
- people receiving privileged pensions due to their age (people having worked in toxic and difficult working conditions)
- people living in the regions having additional payments (e.g. "Northern coefficient")

#### 3.2. In the case of the loss of breadwinner:

- in the families of parishes military men

- in the families of military men who died due to different reasons

### 3.3. Social pensions

- invalids of group 1

- invalids since childhood of groups 1 and 2

- children-invalids

- people aged 60 (women) and 65 (men) years old

### 3.4. People receiving pensions as victims of political repressions

**Appendix 1.6      Legal acts on employment, unemployment and social safety of the population**

Statement by the Cabinet of Ministers of the USSR of 17 May 91 No.270 "On Additional Measures To Strengthen the Social Safety Of the Population In Connection With the Retail Prices Reform".

Decree by President of the USSR of 19 March 91 No.UP-1666 "On Retail Prices Reform and the Social Safety Of the Population".

Statement by the Cabinet of Ministers of the USSR of 3 April 91 No.137 "On the Social Safety Of Workers Of the Coal (Shale) Industry During the Implementation Of Retail Prices Reform".

Statement by the Supreme Soviet of the USSR of 25 March 91 No.2041-1 "On the Implementation Of Retail Prices Reform and Measures For Social Safety Of the Population".

Statement by the Council of Ministers of the USSR of 8 August 90 No.791 "On the Social Safety Of Workers During the Conversion Of the Defence Industry". "Law On the Basic Lines Of the Social Safety Of the Disabled In the USSR". Of 11 December 90 No.1826-1

Statement by the Council of Ministers of 31 May 91 No.299 "On Priority Measures To Create a State System Of Social Assistance To the Family In the Russian Federation".

Order by Chairman of the Supreme Soviet of RF and Chairman of the Council of Ministers of RF of 6 June 91 No.1368-1 "On Strengthening Social Safety Of Youth and Students Of Higher and Secondary Educational Establishments".

Statement by the Council of Ministers of the USSR of 15 May 91 No.261 "On Additional Measures For Social Safety Of Children, and College and University Students".

Order by President of Rf of 28 August 91 No.28 "On Strengthening the Social Safety Of the Military, Serving On the Territory Of the Russian Federation".

Statement by the Supreme Soviet of RF of 26 December 91 No.3008-1 "On Measures Of the Supreme Soviets Of RF Republics, as well as Province, Regional, Moscow-city, St.Petersburg-city, Autonomous Regional, City and City District Soviets Of People's Deputies - To Ensure Social Safety Of Low Income Population In the Period Of Price Liberalization"

Decree by President of RF of 26 December 91 No.328 "On Additional Measures For Social Safety Of the Population In 1992".

Statement of the Gvt of RF of 20 June 92 No.409 "On Urgent Measures For Social Safety Of Orphans and Children Without Parental Support".

Decree by President of RF of 2 July 92 No.723 "On Measures For Social Support Of Persons Who Lost Their Jobs and Are Legally Considered Unemployed".

Decree by President of RF of 26 October 92 No. 1304 "On Using Privatisation Checks For Social Safety Of the Population".06.10.01

Statement by the Supreme Soviet of RF of 15 January 93 No.4300-1 "On Proposals By President Of RF On the Social Policy: On Improving the Management Of State Social Insurance".

Statement by the Council of Ministers of RF of 7 February 92 No.42 "On Measures For Improving Social Servicing Of the Disabled In RF".

Statement by the Supreme Soviet of RF of 27 December 91 No.2126-1 "On Insurance Tariffs Of Dues To the Social Insurance Fund Of RF".

Statement by the Gvt of RF and Council of the Federation of Independent Labor Unions of 4 January 92 No.5 "On Improving the Management Of the Social Insurance Fund Of RF IN 1992".

Statement by the President of RF of 25 May 92 No.2845-1 "On Representation Of the RF In the International Association Of Social Insurance".

Law of the Supreme Soviet of RF of 25 December 92 No.4230-1 "On Insurance Tariffs Of Dues To the Social Insurance Fund Of the RF; To the State Employment Fund Of RF , and To Compulsory Health Insurance Of Citizens For 1st Quarter Of 1993".

Statement by the Council of Ministers of the USSR of 6 November 84 No.921 "On Approving Statutes On Councils Of Social Insurance Of Collective Farmers".

Statement by the Council of Ministers of the USSR and Trade Unions of 15 August 90 No. 818 "On Arrangement of Pension Fund of the USSR".

"On Urgent Measures on Improving Pension and Social Insurance of the Population".

Statement by the Supreme Soviet of Russian Federation of 22 Dec. 90 No. 442-1 "On Arrangement of Pension Fund of Russian Federation".

Statement by the Council of Ministers of Russian Federation of 17 April 91 No.209 "Issues of Pension Fund of Russian Federation".

Decree by president of Russian Federation of 16 July 92 No. 1077 "On Non-state Pension Funds".

Statement by the Government of RF of 26 December 91 No.64 "Issues Of the Ministry Of Social Safety Of the Population Of RF".

Order by the Government of RF of 3 December 91 No.91 "On Strengthening Social Safety Of Education Workers".

"Statute On the Ministry Of Social Safety Of the Population Of RF". Approved by Decree of the Government of RF of 21 August 92 No.615

Decree by President of RF of 5 May 92 No.431 " On Measures For Social Support Of Families With Many Children".

Order by Gvt of RF of 16 February 92 No.304 "On Activating State Administrative Bodies For Social Safety Of the Population".

"Statute On Republican (Federal) and Territorial Funds Of the Social Safety Of the Population". Approved by Decree of Gvt of RF of 19 February 92 No.121

Statement by the Presidium of the Supreme Soviet of RF of 29 June 92 No.3144-1 "On Establishing a Fund Of the Supreme Soviet Of RF For Social Safety Of the Population".

Order by President of RF of 26 February 92 No.80 "On Enhancing Social Safety Of Workers Of State Financed Organizations and Institutions".

Statement by the Gvt of RF of 20 February 92 No.109 "On Improving the Material-Technical Property Of Offices, Enterprises and Organizations Of the Social Safety Network".

Statement by the Gvt of RF of 13 May 92 No.312 "On Urgent Measures To Ensure Economic and Social Safety In Education".

Decree by President of RF of 13 May 92 No.509 "On Additional Measures For Social Safety and Creating Incentives For Education Workers".

Statement by the Gvt of RF "On Amending the Statement Of the Gvt Of RF Of 18 January 92 No.33 "On Additional Measures For Social Safety Of College and University Students" of 1 September 92 No.656".

Decree by President of RF of 31 March 92 No.321 "On One-Time Payments For April 1992 and Social Safety Of Certain Groups Of Population In 1992".

Statement by the Supreme Soviet of RF of 20 March 92 No.2548-1 "On Social Safety Of the Population In Transition To Market Relations".

Order by the Gvt of RF of 6 June 92 No.1025 "On State Financing Of Accommodation and Employment Programs For Demobilized Persons and Their Families".

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Law of the Russian Federation of 24 Oct. 92 No. 3697-1 "On Raising State Pensions in Russian Federation".

Statement by the Gvt of RF of 9 April 92 No. 237 "On Approving Lists of Professions and Positions which Allow for a Lower Pension Age".

"Statute on State Employment Fund" Approved by Statement of Cabinet of Ministers of 14 May 91 No. 247.

"Basic Law of USSR and Republics on Employment". Law of 15 Jan. 91 No.1905-1.

"Law of RF on Employment" Law of RF of 19 April 91 No. 1032-1.

"Temporary Statute on State Employment Fund of RF". Statement of Council of Ministers of RF of 4 July 91 No. 393.

"Temporary Statute on State Employment Service of RF". Statement of Council of Ministers of RF of 4 July 91 No. 393.

Decree by President of RF of 10 Nov. 91 No.187 "On Ministry of Labor and Employment of RF"

Order by the Government of RF of 11 Nov. 91 No.4 "On the Council on Employment of Ministry of Labor and Employment of RF".

Order by President of RF of 16 Feb. 92 No.51 "On Normative Acts by Ministry of Labor and Employment of RF".

Law of 15 July 92 No.3307-1 "On Amendments to the Law of RF "On Employment in RF"".

Decree by President of RF of 14 June 92 No.625 "On Federal Employment Service".

Law by the Supreme Soviet of RF of 25 Dec. 92 No.4230-1 "On Insurance Tariffs on Dues to Fund of Social Insurance of RF, to State Fund of Employment of RF and for Compulsory Health Insurance for the 1-st Quarter of 1993".

Order by President of RF of 21 May 92 No.515 "On Raising Social Payments and Compensations in 1992".

Order by President of RF of 14 Nov. 92 No. 1365 "On Raising Social Payments and Compensations to Families with Children and Other Categories of Citizens".

Order by Council of Ministers and Government of RF of 15 Feb. 93 No. 243-P "On Conditions of Payments, Benefits, Privileges and Social Guaranties, Defined in Order of Government of RF of 17 July 1992 No.1292-P".

**Appendix 1.7      Normative acts on issues of employment, unemployment and social guarantees**

In Supplement 1.6. there are Acts defining main streams of social policy of Russia (including laws of 1990-1991) and some decisions on employment and social guarantees. Some Acts are given here.

Decree by President of USSR of 19 March 91 No. UP-1666 "On the Reform of Retail Prices and Social Guaranties".

Statement of Ministers' Cabinet of USSR of 3 April 91 No. 137 "On Social Guaranties to Employees of Coal Industry in Connection with the Reform of Retail Prices".

Statement of Ministers' Cabinet of USSR of 25 March 91 No. 2047-1 "On Implementing the Reform of Retail Prices and Measures on Social Guaranties".

Statement of Ministers' Cabinet of USSR of 8 August 90 No.791 "On Social Guaranties in Connection with Conversion".

"Law on Basics of Social Guaranties to Invalids in USSR" of 11 Dec. 90 No.1826-1.

Statement of Ministers' Council of USSR of 31 May 91 No. 299 "On Priority Measures for Setting up State System of Social Guaranties to Families in RF".

Order by the Chairman of the Supreme Soviet and the Chairman of Ministers' Council of RF of 6 June 91 No. 1368-1 "On Improving Social Guarantees to Young People and Students".

Statement of Ministers' Council of USSR of 15 May 91 No. 261 "On Additional Measures for Social Guarantees to Children and Students".

Order by President of RF of 28 July 91 No. 28 "On Improving Social Guarantees to Military Men on the Territory of RF".

Statement by the Supreme Soviet of RF of 26 Dec. 91 No. 3008-1 "On Measures by the Supreme Soviets of the Republics of RF , Moscow, St.Petersburg, Autonomous Regions and Areas, Towns' Councils of People's Deputies on Social Guarantees to Poor People After Liberalization of Prices".

Order by President of RF of 26 Dec. 91 No. 328 "On Additional Measures for Social Guarantees to People in 1922".

Statement by Government of RF of 26 Dec. 91 No. 64 "Issues of the Ministry of Social Guarantees of RF".

Order by Government of RF of 3 Dec. 91 No. 91 "On Improving Social Guarantees to Educational Staff".

"Statement on Ministry Of Social Guarantees to the Population of RF" of 21 August 92 No. 615.

Decree by President of RF of 5 May 92 No. 431 "On Measures for Social Support to Families with many Children".

Order by Government of RF of 16 Feb. 92 No. 304 "On Activities of Government Bodies for Social Guarantees".

"Statement on Republican (Federal) and Territorial Funds for Social Guarantees" of 19 Feb. 92 No. 121.

Statement by the Presidium of the Supreme Soviet of RF of 29 June 92 No. 3144-1 "On Fund of Supreme Soviet of RF for Social Guarantees".

Order by President of RF of 26 Feb. 92 No. 80 "On Improving Social Guarantees to Employees of Budget Organizations".

Statement by the Government of RF of 20 Feb. 20 No. 109 "On Improving Financial and Material Supply to Social Guarantees Centers".

Statement by the Government of RF of 13 May 92 No. 312 "On Urgent Measures for Economic and Social Protection of the System of Education".

Statement by the President of RF of 13 May 92 No. 509 "On Additional Measures for Social Guarantees and Stimulating Work of Educational Staff".

Statement by the Government of RF "On Amendments to the Statement by the Government of RF of 18 Jan. 1992 No. 33 "On Additional Measures for Social Guarantees to Students"" of 1 Sept 92 No. 656.

Statement by the President of RF of 31 March 92 No. 321 "On Payments for April 1992 and Social Guarantees to Certain Groups of the Population in 1992".

Statement by the Supreme Soviet of RF of 20 March 92 No. 2548-1 "On Social Guarantees under Conditions of Transition to Market Economy".

Order of Government of RF of 6 June 92 No. 1025 "On Funding State Programs for Social Guarantees and Help to Regular and Former Military Men and their Families".

Order of Government of RF of 20 June 92 No.409 "On Urgent Measures for Social Guarantees to Orphans and Children without Parents' Support".

Statement by the President of RF of 2 July 92 No. 723 "On Measures for Social Guarantees to Citizens Who Lost Job and Income and Were Registered as Unemployed".

Statement by the President of RF of 26 Oct. 92 No. 1304 "On Utilizing Vouchers for Social Protection of the Population".

Statement of the Supreme Soviet of RF of 15 Jan. 93 No. 4300-1 "On RF President's Proposals on Social Policy in Improving Management of State Social Insurance".

Statement by the Council of Ministers of RF of 7 Feb. 92 No. 42 "On Measures for Improving Social Service to Invalids in RF".

Statement of the Supreme Soviet of RF of 27 Dec. 91 No. 2126-1 "On Insurance Tariff of Dues to Fund of Social Insurance of RF".

Statement by RF Government and Council of Independent Trade Unions of 4 Jan. 92 No. 5 "On Improving Utilization of Social Insurance Fund in 1992".

Statement of the Presidium of the Supreme Soviet of RF of 25 May 92 No. 2845-1 "On Place of RF in the International Association Of Social Guarantees".

Law by the Supreme Soviet of RF of 25 Dec. 92 No. 4230-1 "On Insurance Tariff of Dues to Fund of Social Insurance of RF, to State Fund of Employment and Compulsory Health Insurance for the 1-st Quarter of 1993".

Statement by the Cabinet of Ministers of USSR of 6 Nov. 90 No. 921 "On Councils of Social Guarantees for Collective farmers".

Statement by the Cabinet of Ministers of USSR and Trade Unions of 15 Aug. 90 No. 610 "On Arranging Pension Fund of USSR".

"On Urgent Measures for Improving Pension and Social Insurance of the Population".

Statement by the Supreme Soviet of RF of 22 Dec. 90 No. 442-1 "On Arranging Pension Fund of RF".

Statement by the Cabinet of Ministers of RF of 17 April 91 No. 209 "Issues of Pension Fund of RF".

Statement by President of RF of 16 July 92 No.1077 "On Non-State Pension Funds".

Law of RF of 24 Oct. 92 No. 3697-1 "On Raising State Pensions in RF".

Statement by the Government of RF of 9 April 92 No. 237 "On the Approved Lists of Works (Professions, Positions) with Reduced Pension Age".

"Statement on State Fund of Facilitating Employment" Cabinet of Ministers, 14 May 91 No. 247.

"Basic Law of USSR and the Republics on Employment" of 15 Jan. 91 No. 1905-1.

"Law of RF on Employment" of 19 April 91 No. 1032-1.

"Temporary Statement on State Fund for Employment in RF". Statement by Cabinet of Ministers of RF of 4 July 91 No. 393.

Statement by President of RF of 10 Nov. 91 No. 187 "On Ministry of Labor and Employment in RF".

Order of Russia's Government of 11 Nov. 91 No. 4 "On Council Of Labor Ministry for Employment in RF".

Order by President of RF of 16 Feb. 92 No. 51 "On Normative Acts by Ministry of Labor and Employment of RF".

Law of 15 July 92 No. 3307-1 "On Amendments and Additions to the Law of RF "On Employment in RF""

Order by President of RF of 14 June 92 No. 625 "On Federal Employment Service of RF".

Statement by President of RF of 21 May 92 No.515 "On Raising Social Payments and Compensations in 1992".

Statement by President of RF of 14 Nov. No. 1365 "On Raising Social Payments and Compensations to Families with Children and other Groups of Population".

Order by Council of Ministers and Government Of RF of 15 Feb. 93 No. 243 -P "On Conditions of Payments, Benefits, Privileges and Social Guaranties Set in Accordance with the Order by the Government of RF of 17 July 1992 No.1292-P".

## APPENDIX 2

Table 2.1.1.	Distribution of Labor Resources
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Table 2.1.1.

## The Distribution of Labor Resources According to the Branches of Activity.

	1990	1991	1992	1992 in % to 1990	1992 in % to 1991
Total amount of labor	1,802.4	1,799.5	1,865.4	103	104
Resources engaged in national economy	1,599.0	1,571.3	1,462.5	91	93
Full-time students of working age group	112.3	111.6	109.7	98	98
Priests	0.2	0.2	0.2	100	100
Number of registered unemployed	-	-	2.7	-	-
Population of working age group engaged in private plot cultivation and home economics	90.9	116.4	290.3	3.3 fold	3.5 fold

Table 2.1.2.

## Annual Number of Workers in National Economy (thousand people)

	1990	1991	1992	1992 in % to 1990	1992 in % to 1991
A	1	2	3	4	5
Total in the administrative district	1,595.8	1,565.1	1,444.2	91	92
Industrial personnel	608.7	593.6	587.2	96	99
Agriculture	103.0	101.6	93.3	91	92
Forestry	3.1	3.0	2.7	87	90
Transport	128.3	123.6	111.6	87	90
Communication	16.4	16.3	15.5	95	95
Construction	200.7	188.1	144.6	72	77

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Table 2.1.2 (continued)

	1990	1991	1992	1992 in % to 1990	1992 in % to 1991
A	1	2	3	4	5
Food industry	126.3	122.1	84.7	67	69
Information services	2.2	1.8	1.1	50	61
Other spheres of production	17.4	14.9	12.6	72	85
Housing, non-productive everyday services	72.8	65.3	61.8	85	95
Health, cultural and social provisions	98.8	100.0	93.2	94	93
Public education	128.1	127.2	132.6	104	104
Culture	18.5	18.0	17.0	92	92
Art	5.4	3.8	3.3	61	87
Science and research	20.7	17.8	14.7	71	83
Geological survey organizations	6.8	6.3	5.4	79	86
Credit and state insurance	9.0	9.4	10.3	114	110
State authorities and management, including managers of coops and public organizations	30.6	52.5	52.2	171	99.8

\* Including the number of people working in coops, small enterprises, collective farms; calculations are carried out in a centralized order.

Table 2.1.3.

The Distribution of Labor Resources According to the Branches of Activity.  
(in % to total)

	1990	1991	1992
Total number in the administrative district	100	100	100
Branches of industry	72.0	71.0	69.5
Industry	38.1	37.9	40.7

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Table 2.1.3. (continued)

	1990	1991	1992
Agriculture	6.4	6.5	6.5
Forestry	0.2	0.2	0.2
Cargo transport	5.4	5.3	5.1
Communications (for industrial enterprises)	0.2	0.2	0.2
Construction	12.6	12.0	10.0
Trade, food services	6.6	6.8	4.?
Material-technical provision and sale	1.1	0.8	0.?
Storage	0.2	0.2	?
Information service	0.1	0.1	?
Other kinds of activities	1.1	1.0	?
Non-productive branches	28.0	29.0	?
Housing and everyday services	4.6	4.?	?
Passenger transport	2.7	2.?	?
Communication (of non-productive branches)	0.8	0.8	0.?
Health service, physical culture, social provision	6.2	6.4	6.4
Public education	8.0	8.1	9.2
Culture	1.2	1.2	1.2
Art	0.3	0.3	0.2
Science and research	1.7	1.5	1.4
Finance, credit, insurance and pension provision	0.6	0.6	0.7
State authorities and management, including managers of coops and public organizations	1.9	3.3	3.6

Table 2.1.4.

## Employment Distribution in Sectors of Economy

		Breakdown												
		At the private enterprises												
	Total number of employees	At the state enterprises and offices	At the collective farms	At the coops	At the consumers' coops	At the farms	Individual labor	Leases	Joint stock ventures	Associations	Individual and other	At public associations	At joint ventures	
	1	2	3	4	5	6	7	8	9	10	11	12	13	
National economy	1991	1,571.3	1,292.0	20.3	40.5	17.2	3.0	2.8	104.9	26.2	-	48.4	15.6	0.4
	1992	1,462.5	1,130.6	14.3	9.5	15.8	7.2	2.7	109.3	94.2	17.5	44.1	8.9	8.4
	1992 in % to 1991	93	88	70	24	92	240	96	104	360	-	91	57	21
														fold
Industry	1991	597.6	516.4	1.6	11.5	2.2	-	2.3	57.1	0.2	-	4.4	1.8	0.1
	1992	597.6	409.2	1.2	2.1	2.0	-	2.2	81.7	66.1	9.3	1.9	1.7	8.2
	1992 in % to 1991	100	79	75	18	91	-	96	161	340	-	23	94	82
										fold				fold
Agriculture	1991	100.8	80.7	16.5	0.4	0.1	3.0	-	0.1	-	-	-	-	-
	1992	100.5	54.1	12.1	0.2	0.1	7.2	-	0.2	1.7	4.4	20.5	-	-
	1992 in % to 1991	99.7	67	73	50	100	240	-	20	-	-	-	-	-
Forestry	1991	3.0	3.0	-	-	-	-	-	-	-	-	-	-	-
	1992	2.9	2.7	-	-	-	-	-	-	-	-	-	-	0.2
	1992 in % to 1991	96.7	90.0	-	-	-	-	-	-	-	-	-	-	-

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Table 2.1.4. (continued)

	1	2	3	4	5	6	7	8	9	10	11	12	13
Transport and communications 1991	140.0	134.7	-	0.6	1.7	-	0.1	2.6	-	-	0.3	-	-
1992	127.2	123.2	-	0.2	1.6	-	0.1	0.9	0.4	0.1	0.7	-	-
1992 in % to 1991	91	91	-	33	94	-	100	35	-	-	233	-	-
Construction 1991	189.4	138.3	1.3	24.1	0.7	-	-	16.4	0.3	-	7.9	0.4	-
1992	144.6	103.5	0.4	6.1	0.5	-	-	13.0	16.6	2.4	2.0	0.1	-
1992 in % to 1991	76	75	31	25	71	-	-	79	55 fold	-	25	25	-
Trade, food service, sale and storage 1991	122.4	36.3	0.3	0.4	12.3	-	-	19.1	19.1	-	-	-	-
1992	84.7	53.3	0.2	0.2	11.6	-	-	0.1	0.3	0.6	-	-	-
1992 in % to 1991	69	147	67	50	94	-	-	1	3	-	-	-	-
Information service 1991	1.8	1.6	-	-	-	-	-	-	0.1	-	-	-	-
1992	1.1	1.0	-	-	-	-	-	-	-	0.1	-	-	-
1992 in % to 1991	61	63	-	-	-	-	-	-	-	-	-	-	-
Other branches of industry 1991	15.0	14.2	-	0.3	-	-	-	-	0.1	-	0.1	0.1	0.1
1992	12.6	12.3	-	-	-	-	-	-	-	0.1	0.1	0.1	-
1992 in % to 1991	84	87	-	-	-	-	-	-	-	-	100	100	-
Housing and everyday services 1991	65.7	53.9	0.1	1.6	-	-	0.3	9.5	-	-	0.2	0.1	0.1
1992	62.1	57.4	0.1	0.4	-	-	0.3	3.4	0.3	0.2	-	-	-
1992 in % to 1991	95	106	100	25	-	-	100	36	-	-	-	-	-

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Table 2.1.4. (continued)

	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>Commercial activities on supplying the market</b>													
1991	-	-	-	-	-	-	-	-	-	-	-	-	-
1992	0.4	0.1	-	-	-	-	-	-	0.1	0.1	0.1	-	-
1992 in % to 1991	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Health , physical culture, social provision</b>													
1991	100.0	93.0	-	0.7	-	-	-	-	-	-	0.1	6.2	-
1992	93.2	91.5	-	0.1	-	-	-	-	-	0.1	-	1.5	-
1992 in % to 1991	93	98	-	14	-	-	-	-	-	-	-	24	-
<b>Public education</b>													
1991	149.6	144.9	0.5	0.4	0.1	-	0.1	0.1	-	-	0.1	3.4	-
1992	153.0	149.7	0.3	0.1	-	-	0.1	-	0.1	0.1	-	2.6	-
1992 in % to 1991	102	103	60	25	-	-	100	-	-	-	-	76	-
<b>Science, research</b>													
1991	24.2	23.2	-	0.4	-	-	-	-	0.2	-	0.2	0.1	0.1
1992	20.1	19.7	-	0.1	-	-	-	-	0.1	0.1	0.1	-	-
1992 in % to 1991	83	85	-	25	-	-	-	-	50	-	50	-	-
<b>Housing, everyday services</b>													
1991	9.4	3.2	-	-	-	-	-	-	6.2	-	-	-	-
1992	10.3	3.8	-	-	-	-	-	-	6.5	-	-	-	-
1992 in % to 1991	110	119	-	-	-	-	-	-	105	-	-	-	-
<b>Administration</b>													
1991	52.4	48.6	-	0.1	0.1	-	-	-	-	-	3.5	0.1	-
1992	52.2	49.1	-	-	-	-	-	-	-	-	0.2	2.9	-
1992 in % to 1991	99.6	101	-	-	-	-	-	-	-	-	6	29 fold	-

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Table 2.1.4. (continued)

	1	2	3	4	5	6	7	8	9	10	11	12	13
National economy 1991		82.2	1.3	2.6	1.1	0.1	0.1	6.7	1.7	-	3.1	1.0	0.03
1992		77.3	0.9	0.7	1.0	0.6	0.2	7.5	6.5	1.2	3.1	0.6	0.5
Industry 1991		86.4	0.3	1.9	0.4	-	0.4	9.5	0.03	-	0.7	0.3	0.02
1992		68.4	0.2	0.4	0.3	-	0.4	15.4	11.4	1.5	0.3	0.3	1.4
Agriculture 1991		80.1	16.4	0.4	0.1	2.9	-	0.1	-	-	-	-	-
1992		53.9	12.0	0.2	0.1	7.2	-	0.2	1.6	4.4	20.4	-	-
Forestry 1991		100.0	-	-	-	-	-	-	-	-	-	-	-
1992		93	-	-	-	-	-	-	-	-	-	-	7.0
Transport, communications 1991		96.2	-	0.4	1.2	-	0.1	1.9	-	-	0.2	-	-
1992		96.8	-	0.2	1.2	-	0.1	0.7	0.3	0.1	0.6	-	-
Construction 1991		73.0	0.7	12.7	0.4	-	-	8.6	0.2	-	4.2	0.2	-
1992		71.6	0.3	4.2	0.3	-	-	8.9	11.5	1.7	1.4	0.1	-
Trade, food service 1991		29.7	0.3	0.3	10.0	-	-	15.6	15.6	-	28.5	-	-
1992		63.0	0.2	0.2	13.7	-	-	0.1	0.4	0.6	21.8	-	-
Information service 1991		88.8	-	-	-	-	-	-	5.6	-	5.6	-	-
1992		90.9	-	-	-	-	-	-	-	9.1	-	-	-

(continued at the next page)

Table 2.1.4. (continued)

	1	2	3	4	5	6	7	8	9	10	11	12	13
Other branches of industry 1991		94.6	-	2.0	-	-	-	-	0.7	-	1.3	0.7	0.7
1992		97.6	-	-	-	-	-	-	-	0.8	0.8	0.8	-
Housing and everyday service 1991		82.0	0.1	2.4	-	-	0.4	14.4	-	-	0.3	0.2	0.2
1992		92.4	0.2	0.6	-	-	0.5	5.5	0.5	0.3	-	-	-
Commerce 1991		-	-	-	-	-	-	-	-	-	-	-	-
1992		25.0	-	-	-	-	-	-	25.0	25.0	25.0	-	-
Health , physical culture, social provision 1991		93.0	-	0.7	-	-	-	-	-	-	0.1	6.2	-
1992		93.2	-	0.1	-	-	-	-	-	0.1	-	1.6	-
Public education 1991		96.8	0.3	0.3	0.1	-	0.1	0.1	-	-	0.1	2.2	-
1992		97.8	0.2	0.1	-	-	0.1	-	0.1	0.1	-	1.6	-
Science, research 1991		95.9	-	1.7	-	-	-	-	0.8	-	0.8	0.4	0.4
1992		98.0	-	0.5	-	-	-	-	0.5	0.5	0.5	-	-
Credits, insurance 1991		34.0	-	-	-	-	-	-	66.0	-	-	-	-
1992		36.9	-	-	-	-	-	-	63.1	-	-	-	-
Administrative bodies 1991		92.7	-	0.2	0.2	-	-	-	-	-	6.7	0.2	-
1992		94.0	-	-	-	-	-	-	-	-	0.4	5.6	-

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Table 2.1.5.

## Yearly Average Number of People Working in National Economy

	1990	1991	1992	1992 in % to 1990	1992 in % to 1991
A	1	2	3	4	5
Total in the administrative district	1,595.8	1,565.1	1,444.2	91	92
Industrial production personnel	608.7	593.6	587.2	96	99
Agriculture	103.0	101.6	93.3	91	93
State farm	64.2	63.8	47.6	74	76
Collective farm	19.9	20.3	14.3	73	70
Small agricultural enterprises	14.1	14.0	8.7	62	62
New services in agriculture	-	-	18.7	-	-
Collective farmers	3.8	3.5	4.0	105	114
Forestry	3.1	3.0	2.7	87	90
Transport	128.3	123.6	111.6	87	90
Railways	52.5	52.4	52.2	99.4	99.6
Water	0.1	0.1	0.1	100	100
City electricity	3.9	3.9	3.1	79	80
Automobile and others, means of transportation, movers	71.8	67.2	56.2	78	84
Communication	16.4	16.3	15.5	95	95
Construction total	200.7	188.1	144.6	72	77
Construction of new buildings	160.4	154.0	123.8	77	80
Building reconstruction	28.4	22.4	10.9	38	49
Survey-construction organizations	11.9	11.7	9.9	83	85

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Table 2.1.6

Number of People Working at the enterprises with basic kinds of property  
(thousand people)

	1991	1992	1992 in % to 1991
A	1	2	3
]Total in the administrative district	1,571.3	1,462.5	93
State enterprises and organizations	1,292.0	1,130.6	88
Collective farms and coops	78.0	39.6	51
Collective farms	20.3	14.3	70
Coops	40.5	9.5	23
Consumer cooperation	17.2	15.8	92
Private business	185.3	275.0	148
Farms	3.0	7.2	2.4 fold
Etc.	2.8	2.7	96
Private enterprises:	179.5	265.1	148
Leasing	104.9	109.3	104
Joint stock companies	26.2	94.2	3.6 fold
Associations of concerns	0.6	0.2	33
Others	47.8	61.4	128
Public organizations	15.6	8.9	57
Joint ventures	0.4	8.4	21 fold

Appendix 2

Basic Parameters of Labor Market in 1992 to the End of the Reviewed Period

	January	February	March	April
Registered unemployed looking for jobs	11,834	14,334	16,810	18,563
Number of people who found a job within a month through Employment Service	804	1,113	1,136	1,170
Vacancies	14,913	13,728	12,023	11,793
Acknowledged unemployed	411	672	861	1,193
including:				
Lost jobs as the result of closures	153	255	349	296
Unemployed getting benefits	237	396	645	964
Retraining at the recommendation of Employment Service	39	45	74	89
People participating in public work	23	41	48	52
	May	June	July	August
Registered unemployed looking for jobs	18,005	18,921	19,078	19,946
Number of people who found a job within a month through Employment Service	1,074	1,185	1,061	1,075
Vacancies	8,847	8,069	9,196	8,368
Acknowledged unemployed	1,280	1,641	2,086	2,465
including:				
Lost jobs as the result of closures	556	844	1,172	342
Unemployed getting benefits	1,121	1,294	1,728	2,038
Retraining at the recommendation of Employment Service	80	60	47	74
People participating in public work	54	70	23	33

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Table 2.2.1 (continued)

	September	October	November	December
Registered unemployed looking for jobs	20,743	21,827	22,579	16,620
Number of people who found a job within a month through Employment Service	1,063	1,112	1,024	1,105
Vacancies	7,708	6,822	6,909	7,491
Acknowledged unemployed	3,096	3,836	4,595	4,973
including:				
Lost jobs as the result of closures	1,716	2,093	2,336	2,487
Unemployed getting benefits	2,632	3,014	3,463	3,771
Retraining at the recommendation of Employment Service	119	214	53	158
People participating in public work	41	56	45	100

Table 2.2.2.

## Number of Unemployed

	1991		1992		1992 and 1991 compared	
	Total	Including Women	Total	Including Women	Total	Including Women
Unemployed registered at the end of the year	313	286	4,973	4,415	15.9	15.4
Those getting benefits	159	146	3,771	3,307	23.7	22.7
Classification of unemployed	114	105	1,785	1,493	15.7	14.2
1. Causes of resign:						
Voluntary	4	2	53	29	13.3	14.5
Breaking labor discipline	176	160	2,497	2,350	14.2	14.7

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Table 2.2.2 (continued)

	1991		1992		1992 and 1991 compared	
	Total	Including Women	Total	Including Women	Total	Including Women
<b>2. Level of Education:</b>						
Higher education	92	84	869	793	9.4	9.5
Secondary vocational education	136	131	1,707	1,615	12.6	12.3
Secondary general education	66	59	1,601	1,401	24.3	23.7
Incomplete secondary education	19	12	796	605	41.9	50.4

Table 2.2.3.

**Rate of Officially Registered Unemployment According to Occupations and Trades in % to Economically Active Population (October 1992)**

	Unemployed	Men	Women
Total	5.1	4.4	5.8
Including experts:	4.0	2.9	2.5
in economics and commerce	5.0	6.3	5.0
in health care	3.4	11.1	2.6
in culture and art	7.9	6.7	8.3
in transport and communications	6.8	-	10.7
in employment and staff	6.5	-	6.5
Clerks:	6.0	-	7.0
accountants, cashiers, statistics	7.1	-	7.7
typists, short hand clerks	15.2	-	15.2
archivists	10.0	-	10.0

(continued at the next page)

Table 2.2.3. (continued)

	Unemployed	Men	Women
Workers:	4.6	3.9	5.6
operative men	6.9	-	11.1
fitters, concrete workers	9.4	9.5	-
taylors, taylor's cuttery	8.4	25.0	7.8
masons	13.5	16.3	-
controllors, blacksmiyhs	4.9	33.3	3.4
locksmiths	11.1	11.1	-
carpenters, joiners	7.0	8.1	5.1
tractor and combine drivers	2.9	1.8	11.8
adjusters of the equipment	8.6	8.5	9.1
computer operators	16.7	-	16.7
cooks	5.2	16.7	4.6
press operators, stamp operators	11.4	-	16.7
collectors, fitters	25.0	25.0	35.0
electricians	20.0	12.5	50.0

\* The information is given according to the latest place of work

Table 2.3.1.

## Vacancies on December 31

	1990		1991		1992	
	Vacancies	% to the total	Vacancies	% to the total	Vacancies	% to the total
Vacancies (total)	17,299	100	15,178	100	7,491	100
Workers	16,745	97	14,303	94	6,687	89
Administrators, technical specialists and clerks	554	3	875	6	804	?
National economy	-	-	7,098	46.7	2,757	6.8
Agriculture	-	-	1,143	7.5	98	1.2
Transport and communications	-	-	1,465	9.7	575	6.0
Construction	-	-	2,907	19.2	1,810	24.3
Trade and food service	-	-	393	2.6	323	4.3
Housing and everyday services	-	-	886	5.6	454	6.1
Other branches	-	-	1,286	8.5	1,674	22.3

Appendix 2

Table 2.4.1.

Employment of Population (thousand people)

	1990			1991			1992		
	Applied for jobs	Were employed	%	Applied for jobs	Were employed	%	Applied for jobs	Were employed	%
Total	37.2	19.5	53	32.9	12.8	39	48.6	10.5	28
Women	-	-	-	14.4	5.8	36	31.8	8.0	25
Former workers	-	-	-	20.4	8.3	41	29.9	8.8	29
Clerks	-	-	-	7.5	1.6	21	12.5	3.4	27
Students willing to work in their free time	4.4	2.9	66	3.3	1.4	61	0.9	0.5	56
People who do not work	30.9	15.9	51	37.3	10.7	39	46.5	13.9	28
Pensioners	1.7	0.8	47	0.8	0.3	38	1.0	0.1	10
People taking vocational training	-	-	-	-	0.1	-	-	0.6	-

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Table 2.4.2.

## Employment and Number of Unemployed in the Cities and Regions in 1992

	Applied for jobs	Were employed	% of the employed	Number of unemployed	Got benefits	Were retrained	Demand for employees	including workers
A	1	2	3	4	5	6	7	8
<b>Cities:</b>								
Anzhero-Sugensk	541	240	44	-	-	-	301	288
Belovo	2,326	728	31	6	4	-	157	153
Berezovski	1,085	286	26	63	37	43	82	76
Gurievsk	1,551	724	47	53	45	18	28	24
Kaltan	88	33	38	19	19	3	30	25
Kemerovo	10,734	2,696	25	1,201	987	100	1,637	1,283
Kiselevsk	1,490	343	23	99	88	5	65	35
Leninsk-Kuznetski	3,450	1,008	29	129	92	22	738	627
Mariinsk	1,063	301	28	150	139	7	20	18
Mezhdurechensk	1,621	519	32	58	49	30	378	346
Myski	282	119	42	12	12	15	82	78

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Table 2.4.2. (continued)

	Applied for jobs	Were employed	% of the employed	Number of unemployed	Got benefits	Were retrained	Demand for employees	including workers
A	1	2	3	4	5	6	7	8
Novokuznetsk	7,721	1,834	24	532	240	60	3,239	3,108
Osinniki	1,751	729	42	181	113	19	33	21
Prokopyevsk	4,363	695	16	274	221	58	148	118
Salair	115	42	37	9	7	-	-	-
Tayga	517	242	47	96	13	2	101	81
Tashtagol	1,072	333	31	212	183	7	75	61
Topki	1,643	277	17	556	556	7	-	-
Yurga	1,879	438	23	229	105	7	116	116
<b>Regions:</b>								
Belovski	112	46	41	2	-	-	7	7
Guryevski	180	74	41	40	34	2	2	2
Izhmorski	271	96	35	103	76	-	15	14
Kemerovski	455	190	42	51	46	13	10	9

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Table 2.4.2. (continued)

	Applied for jobs	Were employed	% of the employed	Unemployed	Got benefits	Were retrained	Demand for employees	including workers
A	1	2	3	4	5	6	7	8
Krapivinski	349	119	34	142	108	-	-	-
Leninsk-Kuznetski	166	64	39	49	30	-	43	40
Mariinski	238	45	19	99	79	-	28	28
Novokuznetski	136	28	21	51	43	-	12	12
Prokopyevski	102	35	34	22	12	1	-	-
Promyshlennovski	430	187	43	31	25	27	16	13
Tisulski	376	120	32	64	50	-	20	18
Topkinski	182	87	48	22	22	1	-	-
Tiazhinski	566	48	8.5	84	75	-	9	4
Chebulinski	376	164	44	123	90	2	1	1
Yurginski	149	40	27	60	57	-	15	6
Yashkinski	848	362	43	74	74	11	-	-
Yayski	404	182	45	77	40	-	83	80

Table 2.4.3.

## Workers Training at the Vocational Schools

	1990	1991	1992	1992 in % to	
				1990	1991
Total number of graduates from	27.2	25.2	23.1	65	92
full-time schools	19.8	19.0	18.1	91	95
secondary schools	11.0	9.2	4.4	40	48
part-time schools	4.0	2.9	2.0	50	69
Ministry of the Interior school	2.7	2.7	2.6	96	96
specialized schools	0.2	0.1	0.1	50	100
drivers' courses	0.2	0.2	0.2	100	100
retraining of technicians	0.3	0.3	0.1	33	33

Table 2.4.4.

## Delegating Qualified Workers Who Graduated from Vocational Schools to Different Industries of National Economy

	1990	1991	1992	1992 in % to	
				1990	1991
A	1	2	3	4	5
Regional Economy (Total)	18,991	17,145	15,200	80	89
Industry	10,906	10,326	8,677	80	84
Power Plants	230	212	126	55	59
Fuel	6,988	6,187	5,596	80	90
Ferrous and Non-ferrous metallurgy	1,584	1,631	1,755	111	108
Chemistry and oil	443	525	218	49	42
Machine building, metal processing	390	447	129	33	29

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Table 2.4.4. (continued)

	1990	1991	1992	1992 in % to	
				1990	1991
A	1	2	3	4	5
Industrial construction materials	51	129	145	2.8 fold	112
Light Industry	706	680	500	71	74
Food	152	140	79	52	56
Polygraphy	60	52	22	37	42
Agriculture	2,395	1,974	1,755	73	89
Transport and communications	1,009	954	792	89	83
Construction	1,818	1,511	1,391	77	92
Trade and food services	1,323	994	818	62	82
Communal and public services	1,179	1,063	622	53	59
Part-time college graduates	4,040	2,941	1,973	49	67

\* On the basis of voluntary employment

Table 2.4.5.

Number of Workers, Trained at Vocational Schools According to the Agreement of 1992

	Total	Including		
		New training	Retraining	Upgrading
A	1	2	3	4
<b>Total:</b>	1,468	1,025	253	190
Women	460	438	14	8
People under 30	815	551	193	71
<b>Delegated by the Employment Service:</b>	113	80	26	7
Women	16	10	6	-

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Table 2.4.5. (continued)

	Total	Including		
		New training	Retraining	Upgrading
A	1	2	3	4
People under 30	44	17	20	7
<b>On the basis of contracts with the enterprises:</b>				
Total	729	331	227	171
State	709	311	227	171
Coops	20	20	-	-
On the basis of individual contracts	626	614	-	12
<b>In % to the total:</b>				
Total	100	100	100	100
Women	31.3	42.7	5.5	4.2
People under 30	55.5	53.8	76.3	37.4
<b>Delegated by the Employment Service:</b>				
Total	7.7	7.7	10.3	3.7
Women	1.1	1.0	2.4	-
People under 30	2.9	1.7	7.9	3.7
<b>On the basis of contracts with the enterprises:</b>				
Total	49.7	32.3	89.7	90.0
State	48.3	30.3	89.7	90.0
Coops	1.4	2.0	-	-
On the basis of individual contracts	42.6	60	-	6.3

Table 2.4.6.

## Distribution of Workers after Vocational Training (thousand people)

	1990	1991	1992	1992 in % to	
				1990	1991
Total	292.3	165.9	126.7	43	76
Workers trained (total)	84.4	69.1	56.8	67	82
individual training	33.9	49.1	30.4	90	74
Training at regular schools and courses	50.5	28.0	26.4	52	94
Newly trained	22.6	18.4	14.4	64	78
Trained in a new profession in the same industry	25.6	21.7	16.7	65	77
Retrained	36.2	29.0	25.7	71	89
Advanced training for workers	207.9	96.8	9.8	34	72

Table 2.4.7.

## Vocational Training of Workers in Different Branches of National Economy in 1992

A	Completed vocational training	including:				Money spent on vocational training
		in connection with closures	at the enterprise	foreign citizens	women	
	1	2	3	4	5	6
Total in National Economy	126.7	3.5	88.3	0.8	27.0	1,536.5
Industry	86.2	1.9	57.9	0.6	16.6	1,503.7
Power Plants	4.5	0.0	2.8	-	0.7	2.4
Coal	43.3	0.9	23.3	-	3.0	100.9

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Table 2.4.7. (continued)

	Completed vocational training	including:				Money spent on vocational training
		in connection with closures	at the enterprise	foreign citizens	women	
A	1	2	3	4	5	6
Ferrous metallurgy	14.9	0.1	14.5	0.2	3.4	1,393.7
Non-ferrous metallurgy	1.4	0.0	1.4	-	0.2	0.7
Chemical and oil industry	6.3	0.3	5.8	-	2.8	0.8
Machine building, metal processing	7.0	0.5	5.9	0.1	2.9	2.4
Wood processing, paper industry	0.9	0.0	0.2	0.2	0.0	1.0
Construction materials	3.4	0.0	1.4	0.1	0.7	0.4
Forestry	3.2	0.0	2.7	0.0	2.2	0.6
Food industry	0.0	-	0.0	-	0.0	-
Agriculture	1.3	0.1	0.9	-	0.2	2.3
Transport	19	0.3	16.4	0.1	4.8	17.0
Communications	2.3	0.2	1.9	-	1.5	0.2
Construction	10.8	0.9	6.1	0.1	0.9	10.0
Trade, food service	4.0	0.0	3.5	-	1.6	1.1
Sale and storage	0.5	0.0	0.2	-	0.1	0.3
Communal and public services	1.2	0.0	0.5	-	0.3	1.2
Health care, physical culture, social provision	1.0	-	0.7	-	0.8	0.1
Culture and Art	-	-	-	-	-	-
Research and scientific service	0.1	0.0	0.0	-	-	0.6

Table 2.4.8.  
Workers' Training in Different Branches of National Economy

(thousand people)	1990	1991	1992	1992 in % to	
				1990	1991
Total	84.4	69.1	56.8	67	82
Industry	48.5	42.3	41.6	86	98
Power Plants	0.4	0.9	0.9	2.3	100
Coal	17.4	1.7	20.2	fold 116	121
Ferrous metallurgy	6.6	6.4	6.9	104	108
Non-ferrous metallurgy	0.9	0.9	1.0	111	111
Chemical and oil industry	4.8	5.4	3.6	75	67
Machine building, metal processing	7.0	5.0	3.6	51	72
Wood processing, paper industry	1.3	0.3	0.5	39	167
Construction materials	2.7	1.9	2.3	85	121
Light	2.3	2.3	1.6	70	70
Food industry	2.4	0.8	0.0	-	-
Agriculture	2.3	2.3	0.8	35	35
Transport	8.4	7.3	5.2	62	71
Communications	1.3	1.5	1.0	77	67
Construction	16.4	12.2	5.9	35	48
Trade, food service	2.9	1.2	0.4	14	34
Sale and storage	0.7	1.0	0.3	43	30
Communal and public services	2.1	1.1	0.9	43	82
Health care, physical culture, social needs	0.3	0.2	0.6	2 fold	3 fold
Culture and Art	0.1	0.1	-	-	-
Research and scientific service	0.5	0.1	0.1	20	100

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Table 2.4.9.  
Advanced Training of Employees in Different Branches of Economy

	Accomplished training			% of trained to all workers		
	1990	1991	1992	1990	1991	1992
Total	289	134	102	21	10	8
Industry	123	66	54	20	11	9
Power Engineering	5.2	3.9	4.5	30	21	21
Coal	43	26	25	20	11	9
Ferrous metallurgy	19	15	11	22	17	13
Non-ferrous metallurgy	2.7	1.2	0.7	22	11	6
Chemical and oil industry	14	7.9	4.8	34	19	12
Machine building, metal processing	18	6.4	4.1	21	6	5
Wood processing, paper industry	1	0.2	0.5	6	1.2	3
Construction materials	3	1.5	1.1	12	6	5
Light	7	2.2	2	29	8	9
Food industry	3.6	0.5	0.0	14	2.2	-
Agriculture	8	1.9	0.7	9	2.1	1
Transport	26	15	16	22	14	15
Communications	12	2.2	2.2	68	13	14
Construction	34	12	6	24	8	5
Trade, food service	48	15	5	39	13	10
Sale and storage	1.5	1.4	0.4	13	6	4
Communal and public services	9	3.9	0.4	23	11	1
Health care, physical culture, social needs	4	4.5	4.1	4	5	5
Culture and Art	2.8	0.5	0.4	23	4	3
Research and scientific service	2.9	0.5	1.1	16	3	1

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Table 3.1.1.

Income and Expenses of the Administrative District

	1990	1991	1992
Total income including:	8,587	19,706	198,305
salaries	6,256	13,119	148,421
pensions and doles	1,115	3,218	23,877
grants	27	94	755
receipts	401	2,243	3,656
Expenses (total):	7,897	16,844	124,344
charges for purchases and services	6,053	11,450	92,741
obligatory payments and various fees	1,166	1,891	22,825
savings	609	3,339	6,579
Profit	690	2,862	74,051
% of profit	8	15	37
Profit per individual	2,702	6,186	52,387
Consumer expenses (purchases, payments) per man	1,904	3,600	39,177

Table 3.1.2.

Division of Population According to Average Income in 1992

	1-st quarter	2-nd quarter	3-d quarter	4-th quarter
Total number of the polled families with income:	100	100	100	100
up to 4000 roubles	94.1	68.1	41.2	8.6
4001 - 6000	4.7	20.0	25.5	13.7

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Table 3.1.2. (continued)

	1-st quarter	2-nd quarter	3-d quarter	4-th quarter
6,001 - 8,000	1.2	7.2	16.5	20.2
8,001 - 10,000		2.9	8.5	17.6
10,001 - 12,000		1.8	8.3	39.9
12,001 - 14,000		1.8	8.3	39.9
14,001 - 16,000		1.8	8.3	39.9
16,001 - 18,000		1.8	8.3	39.9
18,001 - 20,000		1.8	8.3	39.9
20,001 - 22,000		1.8	8.3	39.9
22,001 - 24,000		1.8	8.3	39.9
24,001 - 30,000		1.8	8.3	39.9
30,001 - 36,000		1.8	8.3	39.9
36,001 - 46,000		1.8	8.3	39.9
46,001 - 50,000		1.8	8.3	39.9
Over 50,001		1.8	8.3	39.9

Table 3.1.3.

## Distribution of Income Among Groups with Different Income Brackets (1992)

	1-st quarter	2-nd quarter	3-d quarter	4-th quarter
Total income (%)	100	100	100	100
including 20-% groups:				
1 (the lowest income)	7.77	7.75	8.11	8.57
2	12.49	12.60	12.86	13.60
3	16.79	17.29	16.93	17.86
4	23.09	23.30	23.21	23.39

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Table 3.1.3. (continued)

	1-st quarter	2-nd quarter	3-d quarter	4-th quarter
5	39.86	39.06	38.89	36.58
Index of income concentration (ginny quotient)	0.337	0.322	0.315	0.294
Proportion of the highest and lowest	7.68	7.86	7.56	6.45

\* The survey is based on the poll of 813 family budgets: over 2,500 people were polled; they were divided into 5 equal groups (500 people each) according to the income)

Table 3.1.4.

## Structure of the Families Income and Expenses

	1990	1991	1992
<b>Income:</b>			
per 1 member of a family per year (thousand rubles)	2.5	5.3	62.1
<i>Percentage (per 1 thousand people):</i>			
Salaries	87.7	80.1	88.1
Pensions, scholarships, other forms of state support	6.3	12.7	7.0
Other sources of income	6.0	7.2	4.9
<b>Expenses:</b>			
Expenses per family member per year (thousand rubles)	2.3	4.8	55.3
<i>including (%):</i>			
Food	22.5	27.1	33.6
Expenses on food service	3.4	3.8	2.3
Purchases of non-food products	40.0	41.6	40.8
Expenses on everyday services	9.1	6.7	4.4
Purchase of alcohol	4.2	3.7	3.3
Taxes	11.8	9.7	10.7
Other expenses	9.1	7.5	4.9

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Table 3.1.5.

## Consumer's Expenses per Family Member per Month (roubles)

	1991	1992			
		1-st quarter	2-nd quarter	3-d quarter	4-th quarter
Total consumer expenses	397	1,559	2,864	5,039	8,966
<i>including:</i>					
food products	123	574	1,087	1,731	3,228
non-food products	165	571	1,028	2,162	3,766
alcohol	15	56	100	162	282
services	26	84	145	247	326
taxes	38	185	345	523	927
other expenses	30	89	159	214	437

## Structure of the Consumer Expenses (%)

	1991	1992			
		1-st quarter	2-nd quarter	3-d quarter	4-th quarter
Total consumer expenses	100	100	100	100	100
<i>including:</i>					
food products	30.9	36.8	38.0	34.4	36.0
non-food products	41.6	36.6	35.9	42.9	42.0
alcohol	3.7	3.6	3.5	3.2	3.2
services	6.7	5.4	5.1	4.9	3.6
taxes	9.7	11.9	12.0	10.4	10.3
other expenses	7.4	5.7	5.5	4.2	4.9

\* Based on the survey of the polled families

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Table 3.1.6.

Purchasing Power of the Income of the Population  
(Average monthly Income, divided by the price of a certain product)

	1991	1992	
	December	January	December
A	1	2	3
<b>FOOD PRODUCTS (KG):</b>			
Beef (1-st category)	74.9	17.8	72.0
Sausage (1-st category)	48.4	7.2	41.1
Semi-smoked sausage (1-st category)	23.7	7.4	32.2
Butter	74.2	14.1	23.5
Oil	200.6	69.2	67.6
Pasteurised milk (3.2 - 3.5 % fat)	1,864.7	487.3	349.9
Sour cream	372.9	15.6	75.4
Rennet cheese	149.8	29.3	40.0
Eggs (tens)	232.0	46.2	139.9
Granulated sugar	287.9	25.5	87.1
Rye bread	1,132.1	277.0	288.0
Wheat bread (1-st and 2-nd category)	1,132.1	306.8	270.0
Pasta	559.4	142.9	161.9
Potatoes	684.2	472.4	547.7
Cabbages	617.5	420.8	492.2
Onions	165.4	119.8	491.3
Apples	96.5	51.6	107.2

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Table 3.1.6. (continued)

A	1991	1992	
	December	January	December
A	1	2	3
<b>NON-FOOD PRODUCTS:</b>			
Women's light wool coats	2.1	0.7	2.3
Men's light wool coats	1.8	1.0	2.0
Synthetic coats with lining for boys	15.9	8.6	0.6
Light wool coats for girls	25.5	8.9	26.6
Men's shoes (pairs)	5.0	1.0	3.0
Women's low heel boots (pairs)	4.7	0.9	1.3
Refrigerators with semi-automatic melting	0.7	0.2	0.2
TVs (61 cm)	0.4	0.3	0.2
Tobacco products (cigarettes) (packs)	1,864.7	652.5	294.8

Table 3.1.7.

Cost of 19 Most Important Food Products of Weekly Purchases  
(average in December 1991 and January-December 1992; roubles per person)

A	Per month	Increase in cost	
		% of the previous month	Folds to December 1991
A	1	2	3
January	440	318	3.2
February	589	134	4.3
March	588	100	4.3
April	861	146	6.2
May	994	115	7.2

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Table 3.1.7. (continued)

	Per month	Increase in cost	
		% of the previous month	Folds to December 1991
A	1	2	3
June	1,191	120	8.6
July	1,224	103	8.9
August	1,477	121	10.7
September	1,707	116	12.4
October	2,175	127	15.8
November	2,755	127	20.0
December	3,737	136	27.1

Table 3.1.8.

Correlation between Income of the Population and Cost of basic food products  
(19 items) in 1992 (roubles per person)

	Income	Cost of basic food products	
		Roubles	% to income
A	1	2	3
January	770	440	57
February	1,527	589	36
March	2,260	588	26
April	2,702	861	32
May	2,335	994	43
June	4,086	1,191	29
July	4,871	1,224	25
August	4,028	1,477	37
September	4,840	1,707	35

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Table 3.1.8. (continued)

	Income	Cost of basic food products	
		Roubles	% to income
A	1	2	3
October	6,850	2,175	32
November	8,432	2,755	33
December	12,527	3,737	30

Table 3.1.9.

Correlation between Income, Retail Prices and Tariff Growth in 1992  
(% to the preceding period)

	Income per person	Salary per person	Combined index of retail prices and tariffs	Combined consumer prices
January	81	180	199	267
February	198	146	144	162
March	148	127	129	130
April	118	114	114	118
May	86	108	107	108
June	175	134	110	111
July	119	105	105	107
August	83	117	108	109
September	120	119	109	109
October	141	127	119	122
November	123	119	125	127
December	149	146	134	135
Dec. 1992 to Dec. 1991	1,317	1,779	1,223	2,135
1992 to 1991	1,007	1,361	-	-

Table 3.1.10.

## Correlation between Income, Expenses, Consumer Prices

	March 1992 to Dec. 1991	June 1991 to March 1992	Sept. 1992 to June 1992	Dec. 1992 to Sept. 1992
Income per person	238	181	118	259
Consumer expenses per person	214	119	130	220
Average employee wages	331	163	147	221
Index of consumer prices	562	142	128	210

Table 3.1.11.

## Consumption of Basic Food Products (kg per person)

	1990	1991	1992
Meat and meat products	79/73	67/62	57/52
Milk and milk products	396	374	260
Eggs, apiece	392	322	297
Bread	119	123	125
Potatoes	120	119	127
Vegetables	82	77	49
Sugar	46.4	33.5	
Oil	10.0	6.9	
Fish and fish products	18.1	11.6	

Table 3.1.12.

## Consumption of Basic Food Products (per person per month) in 1992

	1-st quarter	2-nd quarter	3-d quarter	4-th quarter
Meat and meat products	5.1	5.1	4.7	5.8

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Table 3.1.12. (continued)

	1-st quarter	2-nd quarter	3-d quarter	4-th quarter
Milk and milk products	21.9	25.3	26.3	24.7
Eggs, apiece	18.3	20.0	18.0	16.7
Bread	7.4	7.4	7.2	7.5
Potatoes	10.6	10.5	9.1	11.2
Vegetables	5.6	5.5	8.0	5.6
Sugar and confectionery	1.9	1.8	2.1	2.5

Table 3.1.13.

## Consumption of Food by Workers and Employees (kg per person)

	1990	1991	1992
A	1	2	3
Baked bread	79.5	86.5	84.8
Flour	13.8	12.5	13.5
Groats, beans, pasta	12.7	13.5	12.1
Potatoes	113.0	110.4	124.3
Vegetables	89.1	84.2	74.0
Fruit	41.4	38.9	29.6
Sugar	17.6	13.0	13.5
Meat and meat products	76.6	65.6	61.8
beef	20.6	16.6	16.9
mutton	2.2	1.8	1.0
pork	9.7	10.0	11.9
sausage	16.0	14.8	12.3
Fish and fish products	14.1	13.1	13.1

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Table 3.1.13. (continued)

	1990	1991	1992
A	1	2	3
Milk and milk products	405.7	371.8	295.0
butter	6.4	5.2	5.6
cheese	2.4	2.2	2.4
milk	115.4	116.4	92.5
Eggs	216.5	212.4	219.5
Fat	4.1	2.4	2.6
Oil	3.0	3.4	3.2

Appendix 3

Table 3.2.1.

Population of the Administrative District (cities and regions) (thousand people)

Names	1/1/91	1/1/92	Average, 1992
A	1	2	3
Total population	3,180.4	3,176.8	3,178.6
Cities population	2,778.1	2,771.6	2,774.9
Rural population	402.3	405.2	403.7
Cities:			
Anzhero-Sugensk	106.4	106.4	106.4
Belovo	93.2	92.2	92.2
Berezovski	52.0	52.3	52.1
Gurievsk	28.6	28.8	28.7
Kaltan	25.8	26.0	25.9
Kemerovo	520.6	517.1	518.8
Kiselevsk	126.4	125.9	126.2
Leninsk-Kuznetski	132.0	131.7	131.9
Mariinsk	41.5	41.6	41.5
Mezhdurechensk	107.5	107.8	107.6
Myski	48.6	48.7	48.6
Novokuznetsk	600.2	597.5	599.9
Osinniki	63.4	63.0	63.2
Procopievsk	271.5	269.1	270.3
Polysayevo	32.6	32.9	32.7
Salair	11.5	11.3	11.4

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Table 3.2.1. (continued)

Names	1/1/91	1/1/92	Average, 1992
A	1	2	3
Tayga	25.9	26.1	26.0
Tashtagol	26.4	26.3	26.4
Topki	34.1	34.1	34.1
Yurga	94.1	94.1	94.2
<b>Regions:</b>			
Belovski	33.7	34.0	33.9
Gurievski	13.3	13.4	13.3
Izhmorski	19.5	19.5	19.5
Kemerovski	37.7	38.2	38.0
Krapivinski	31.4	31.2	31.3
Leninsk-Kuznetski	29.9	30.0	30.0
Mariinski	22.2	22.5	22.4
Mezhdurechenski	3.0	3.0	3.0
Novokuznetski	48.8	50.1	49.5
Prokopyevski	35.4	35.7	35.5
Promyshlennovski	49.7	50.3	50.0
Tashtagolski	38.0	38.0	38.0
Tisulski	33.9	34.1	34.0
Topkinski	19.6	19.9	19.7
Tiazhinski	34.5	34.8	34.7
Chebulinski	18.4	18.5	18.5
Yurginski	23.3	23.3	23.3
Yayski	26.9	27.1	27.0
Yashkinski	37.8	37.7	37.8

Table 3.2.2.

## Migration Growth (Decrease) of Population (thousand people)

	1990	1991	1992
Total	- 0.6	7.3	4.6
Cities	- 1.9	1.6	1.2
Rural areas	1.3	5.7	3.4

Table 3.2.3.

## Natural Growth (Decrease) of Population (thousand people)

Number of people at the end of the year	1990	1991	1992
Total	3,180.2	3,180.4	3,176.8
City	2,780.6	2,778.1	2,771.6
Rural areas	399.6	402.3	405.2
Born	40.1	36.5	31.9
Died	35.1	36.1	40.5
Natural growth	5.0	0.4	- 8.6
<b>Per 1,000 people:</b>			
born	12.6	11.5	10.0
died	11.0	11.3	12.7
natural growth	1.6	0.2	- 2.7

Table 3.2.4.

## Number of People According to Age Groups (end of the year)

Year	Under working age		Working age		Over working age	
	people	% to total	people	% to total	people	% to total
1990	792,612	25.0	1,796,990	56.6	585,396	18.4
1991	781,991	24.6	1,796,306	56.6	596,901	18.8
1992	774,364	24.4	1,795,201	56.6	602,073	19.0

### Appendix 3

Table 3.4.1.

#### Basic Indexes of Health Care Development (end of the year)

	1990	1991	1992	1992 in % to	
				1985	1991
Medical institutions	192	192	209	90	109
Number of occupances	42,394	41,368	39,585	86	96
Number of doctors of different specialities	13,841	13,855	12,750	98	92
Medical personnel	41,586	40,276	38,339	92	95
Clinics	344	324	372	115	115
Medical units	634	608	606	93	99
Sanitary-epidemic units	40	40	40	80	100
Ambulance stations	25	25	25	100	100
<b>Provision per 10,000 people for:</b>					
Hospital occupances	135.5	130.3	124.3	85	96
Number of doctors of different specialities	43.6	41.6	40.2	97	97
Medical personnel	131.0	119.5	121.8	85	102

Table 3.4.2.

#### Environmental Protection

Billion roubles	1990	1991	1992
A	1	2	3
Capital investment for construction (all objects)	2,387.4	2,232.0	2,070.5
Water basin	1,527.9	1,471.2	1,359.0
Air basin	718.3	616.8	499.8
Protection of forests and natural resources	141.2	144.0	211.7

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Table 3.4.2. (continued)

Billion roubles	1990	1991	1992
A	1	2	3
Enterprises polluting surroundings	701.0	698.0	653.0
Number of sources of pollution	16.3	15.6	13.2
Amount of discharges (thousand tons)	1,435.0	1,269.0	1,022.0
including per person (kg)	514.0	456.0	368.0
Consumption of water (mln cubic meters)	3,175.0	3,171.0	2,777.0
Fresh water utilization (mln cubic meters)	2,690.0	2,563.0	2,245.0

Appendix 3

Table 3.5.1.

Public Education (beginning of the school year)

	1990/91	1991/92	1992/93
A	1	2	3
Number of schools (total)	1,179	1,186	1,201
<i>including:</i>			
Boarding schools	18	17	17
High schools	3	7	16
Licees	1	4	5
Number of students in schools (thuosand people)	400.1	441.0	439.0
<i>including:</i>			
Boarding schools	4.1	3.7	3.4
High schools	1.3	11.1	11.5
Licees	1.2	2.6	2.1
Number of students in evening schools (thuosand people)	155.1	155.2	153.9
Number of pre-school institutions	1,696	1,715	1,631
their capacity (thousands)	170.6	166.2	150.0
Number of children in pre-school establishments (thousands)	173.5	165.1	145.6
Number of boarding pre-school establishments	-	-	84
their capacity	-	-	1,443
Provision of children with preschool education (% to total number of children aged 1 - 6)	59	59	60
Number of children per 100 places in pre-school establishments	102	106	97

(continued at the next page)

Table 3.5.1. (continued)

	1990/91	1991/92	1992/93
A	1	2	3
Number of specialized educational establishments	58	58	59
<b>Number of students in them (thousands):</b>	49.5	48.8	46.1
full-time	32.6	33.3	32.0
part-time	3.6	3.2	2.8
correspondence	13.3	12.3	11.3
<b>Total admission (thousands):</b>	16.6	16.2	14.8
full-time	10.3	10.9	10.4
part-time	1.3	1.0	0.9
correspondence	4.7	4.3	3.6
<b>Total number of graduates (thousands):</b>	13.9	13.0	12.0
full-time	8.8	8.2	8.0
part-time	1.0	1.0	0.8
correspondence	4.1	3.8	3.2
<b>Specialized schools:</b>			
number of specialized schools	-	-	7
number of students (thousands)	-	0.9	7.0
admission	-	0.3	2.3
number of graduates	-	0.2	1.8
Number of higher educational establishments	9	10	11
and their affiliations	2	3	4
<b>Total number of students (thousands):</b>	41.9	41.9	38.9
full-time	27.5	28.4	27.6
part-time	2.0	1.6	1.3

(continued at the next page)

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Table 3.5.1. (continued)

	1990/91	1991/92	1992/93
A	1	2	3
correspondence	12.4	11.8	10.1
<b>Total admission:</b>	9.6	9.7	7.9
full-time	6.5	7.1	6.3
part-time	0.5	0.3	0.2
correspondence	2.6	2.3	1.4
<b>Total number of graduates:</b>	6.0	5.8	6.4
full-time	3.6	3.8	4.3
part-time	0.3	0.2	0.2
correspondence	2.0	1.8	1.9

### Appendix 3

Table 3.6.1.

Number of Pensioners, Registered in Social Guarantees (end of the year)

(thousand people)	1990	1991	1992	1992 in % to	
				1985	1991
Total number of pensioners:	704.6	743.1	781.5	123	105
old people	568.9	595.8	621.5	127	104
invalids	56.0	55.1	53.8	102	98
invalids (former military men)	3.5	2.3	1.8	38	78
as the result of loss of a bread winner:	62.7	54.1	63.5	79	117
among workers and other employees	54.2	45.5	56.2	86	123
among military men	8.5	8.6	7.3	50	85

Table 3.6.2.

Average Monthly Pension in the Administrative District (roubles)

	1990	1991	1992	1992 in % to	
				1985	1991
Pensions (total) (mln roubles)	86.4	369.8	2,982.4	55 fold	8 fold
Average monthly pension:	123	498	3,816	46 fold	8 fold
pensioners according to age	130	514	4,046	43 fold	7 fold
Disabled at work, professional disease:	93	387	3,095	51 fold	8 fold
invalids of group I	137	712	6,203	61 fold	8 fold
invalids of group II	126	473	4,189	49 fold	9 fold
invalids of group III	70	296	2,049	42 fold	7 fold
Disabled after a disease:	98	445	3,361	55 fold	8 fold
invalids of group I	123	697	5,432	60 fold	8 fold
invalids of group II	110	462	3,578	50 fold	8 fold
invalids of group III	57	297	1,995	55 fold	7 fold

### Appendix 3.7

Table 3.7.1.

#### Housing in the Administrative District (end of 1992)

	Total space (thousand square meters)	Including dwelling space	Regular inhabitants (thousand people)	Average space per person	
				Total	Dwelling
Total in the administrative district:	52,465.7	34,693.2	3,176.8	16.5	10.9
State and public housing fund	38,198.1	24,565.0	2,204.0	16.5	10.6
State housing fund:	36,675.3	23,571.1	2,173.5	16.5	10.6
local authorities	6,811.1	4,368.6	406.6	16.8	10.7
independent enterprises	29,302.7	18,863.2	1,725.1	16.5	10.6
state collective farms	1,819.4	1,233.0	118.2	15.4	10.4
budget enterprises and organisations	561.5	339.3	41.8	13.4	8.1
Public housing fund:	431.2	293.1	26.0	16.5	11.2
centralised	42.6	28.2	2.9	14.6	9.7
collective farms	313.8	217.1	18.4	17.1	11.8
cooperative housing fund	1,091.6	700.8	64.5	16.9	10.9
Individual housing fund	14,267.6	10,128.2	-	-	-

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Table 3.7.2.

## Housing Space in Cities (end of 1992)

	Total space (thousand square meters)	Including dwelling space	Regular inhabitants (thousand people)	Average space per person	
				Total	Dwelling
Total in the administrative district:	45, 662.3	29,792.2	2,771.6	16.5	10.7
State and public housing fund	34,442.5	21,992.4	2,034.3	16.6	10.6
State housing fund:	33,313.8	21,265.2	1,967.2	16.6	10.6
local authorities	6,712.9	4,299.6	401.0	16.7	10.7
independent enterprises	28,???.8	16,648.2	1,526.6	16.6	10.6
state collective farms	???.?	68.2	6.6	16.2	10.4
budget enterprises and organisations	534.1	320.4	39.6	13.5	8.1
Public housing fund:	?	23.4	2.6	14.1	8.8
centralised	22.5	14.6	1.7	13.5	8.7
collective farms	-	-	-	-	-
cooperative housing fund	1,091.6	700.8	64.5	16.9	10.9
Individual housing fund	11,219.8	7,799.8	-	-	-

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Table 3.7.3.

## Housing Space in Rural Area (end of 1992)

	Total space (thousand square meters)	Including dwelling space	Regular inhabitants (thousand people)	Average space per person	
				Total	Dwelling
Total in the administrative district:	6,803.4	4,901.0	405.2	16.8	12.1
State and public housing fund	3,755.6	2,572.6	229.7	15.5	10.5
State housing fund:	3,361.5	2,302.9	206.3	15.3	10.4
local authorities	98.2	69.0	5.6	17.3	12.2
independent enterprises	3,235.9	2,215.0	198.5	15.3	10.4
state collective farms	1,712.7	1,164.8	11.6	15.3	10.4
budget enterprises and organisations	27.4	18.9	2.2	12.5	8.6
Public housing fund:	394.1	269.7	23.4	16.8	11.5
centralised	20.1	13.6	1.2	16.2	11.0
collective farms	313.8	217.1	18.4	17.1	11.8
cooperative housing fund	-	-	-	-	-
Individual housing fund	3,047.8	2,328.4	-	-	-

Table 3.7.4.

## Modern Conveniences in Houses (%)

	Running water	Sewage	Central heating	Bathrooms	Gas	Hot water	Electric cooker
A	1	2	3	4	5	6	7
Total communal housing space:	93.2	84.3	83.3	80.1	10.9	75.1	53.7
cities	96.1	90.5	89.9	86.5	6.6	81.9	58.7
rural areas	67.9	28.9	24.9	23.2	49.4	15.2	9.0
State housing	93.3	84.6	83.7	80.4	10.5	75.2	53.0
cities	96.0	90.2	89.6	86.1	6.8	81.3	57.5
rural areas	67.8	30.0	26.3	24.5	47.1	16.6	9.9
<i>including:</i>							
Independent enterprises and organizations:	92.4	81.9	80.9	77.3	11.4	71.3	48.0
cities	95.5	88.5	87.9	83.9	6.7	78.2	52.9
rural areas	68.3	29.8	26.1	25.1	48.3	16.8	10.2
Budget organizations:	97.1	92.2	92.4	73.1	2.8	80.5	40.3
cities	97.8	94.1	94.3	77.0	2.8	84.1	42.4
rural areas	85.6	60.7	60.6	7.3	3.6	19.0	5.3

(continued at the next page)

Table 3.7.4. (continued)

	Running water	Sewage	Central heating	Bathrooms	Gas	Hot water	Electric cooker
A	1	2	3	4	5	6	7
Local soviets:	96.9	95.2	94.6	93.9	7.4	91.3	74.9
cities	97.7	96.3	95.7	95.2	7.2	92.6	76.0
rural areas	48.1	25.3	23.8	13.1	23.0	10.5	4.1
Public housing:	68.9	23.7	16.4	15.2	64.8	8.2	3.7
cities	72.1	59.7	51.5	50.6	23.6	48.5	27.6
rural areas	68.7	20.5	13.4	12.1	68.4	4.7	1.6
Individual housing:							
cities	43.0	19.7	21.7	12.9	11.1	12.9	9.0
Total city housing	82.0	71.7	71.8	67.0	7.8	63.5	45.5

Table 3.7.5.

## Housing Expenses in the Region

	End of 1992	1-st half of 1993
Total expenses (mln. ruobles):	30,881	72,714
<i>Sources of funding:</i>		
federal budget	-	17,577 *
regional budget	-	-
city budget	3,440	8,100
Financed by enterprises:	19,365	28,021
<i>Industries:</i>		
energy	717	1,689
coal	7,465	-
metallurgy	3,132	7,374
chemistry	638	1,502
forestry	294	692
transport	713	1,679
agriculture	1,420	3,344
other industries	4,986	11,741
Housing cooperative fund	609	1,435
Private construction	7,467	17,581

Note: housing services of coal industry has been financed by the federal budget since 1993.

## Table 3.7.6.

### Credit Agreement

Kemerovo

Kemerovo administration on one side and Kemerovo Savings bank on the other side have signed this agreement on subsidizing individual houses construction and buying apartments from Regional budget.

#### 1. Duties of the Sides

##### 1.1 Administration is obliged:

- 1.1.1. transfer to the bank 1 billion roubles till the year 2008;
- 1.1.2. analyse utilization of the credit and update the agreement;
- 1.1.3. let know about resign to stop credit and have it paid back.

##### 1.2 Bank is obliged:

- 1.2.1. Receive 1 billion roubles till the year 2008;
- 1.2.2. Give credits only for individual houses construction and buying apartments by at 13 % of yearly interest;
  - 1.2.2.1. on overdue credits 40% of yearly interest is paid.
  - 1.2.2.2. if credit is used for other purposes it must be paid back ahead of schedule with 60 % of yearly interest;
- 1.2.3. the dead line for pay back is 2008;
- 1.2.4. provide credits;
- 1.2.5. pay 10 % yearly interest to regional budget;
- 1.2.6. At the end of the term of the deposite agreement returne the money to the investor, excluding % for overdue credits that are returned when got from the credit users.

#### 2. Special Terms and Conditions

- 2.1. The agreement is in force from the day of money transfer to the bank account.
- 2.2. The agreement can be cancel only through additional agreement.

## APPENDIX 4

- Table 4.3.1. Structure of Income on Regional Budget
- Table 4.3.2. Regional Budget Expenses in 1992
- Table 4.3.3. Kemerova Soviet of People's Deputies, XV Session

Appendix 4

Table 4.3.1.

Structure of Income of Regional Budget in 1992

1. Tax on profit	23.0%
2. Population income tax	15.5%
3. Added value tax	9.7%
4. Subventions and money from federal budget	14.4%
5. Subventions and subsidies from regional, district and cities' budgets	4.7%
6. Money income on mutual payments	20.6%
7. Others	14.0%

Table 4.3.2.

Regional Budget Expenses in 1992

1. Regional economy	22.9%
2. Public education	13.9%
3. Culture, arts and mass media	1.8%
4. Health care	13.6%
5. Social guaranties	6.1%
6. Others	7.6%
7. Capital investment	34.2%

Table 4.3.3.

Kemerovo Soviet of People's Deputies  
21-st summon  
XV session

06.08.93

[On regional budget, subventions to cities and areas in 1993]  
After listening to the reports of administration officials the Soviet decided:

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1. To adopt regional budget for 1993 with 255,473,188.2 thousand roubles of expenses including 203,585,066.2 thousand roubles of current expenses and 51,888,122 thousand roubles for development. Forecast for income is 165,323,299.2 thousand roubles, with subvention from the republican budget of 45,680,991 thousand roubles.

Limit of deficite of regional budget is 44,468,898 thousand roubles.

2. To adopt cash amount of 2,700,000 thousand roubles for Jan.1, 1994.

3. To define income for regional budget for 1993 according to the main sources as follows:

	thousand roubles
Tax on profit	46,928,715.3
Added value tax	77,345,434.0
Population income tax	20,027,036.0
Excise (on vodka)	9,859,042.0
Enterprises' asset tax	2,823,047.0
Tax on land	2,098,619.9
Water supply payments	57,095.0
7. Others	6,184,310.0
<b>Total income</b>	<b>165,323,299.2</b>

4. To adopt expenses for 1993 as follows:

	thousand roubles
<b>1. Regional economy:</b>	
1.1. Design organizations	6,660
1.2. Agro-industrial associations	2,290,617
1.3. Inventory of lands	-
1.4. Losses on city and suburban bus routes	26,864,247

	thousand roubles
1.5. Production association "Formatsiya"	1,330,700
1.6. Cinamafication	461,822
1.7. Fuel Industry	2,232,988
1.8. Housing-communal expenses	2,445,526.6
1.9. Land reclamation	1,543
1.10. Fertilization	193,120
1.11. Cattle breeding	17,250,000
1.12. Cattle selling	2,900,000
1.13. High breeding cattle	176,000
1.14. Ministry of Ecology	32,164
1.15. Quarantine and others	4,500,000
1.16. land tax to centralized republican fund	178,285
1.17. Social/design arrangements in region	1,058,223.8
1.18. Losses of gas supplies	311,005
1.19. River port	65,150
1.20. Local navigation	94,903
1.21. Newspaper delivery	95,000
1.22. Spring flood	8,000
1.23. Compensation for heating rural areas	412,775
Total in regional economy	62,947,255.5
2. Social and Cultural measures:	
2.1. Education	40,572,724.7
<i>including:</i>	
- public education	34,891,141.0

5. Expenses on Authorities:

	thousand roubles
Regional Soviet of People's deputies	203,142
Regional administration	605,865
Lower level administrative bodies	1,071,623

6. Adopt a list of defended articles of regional budget that are to be financed in full scale.

7. To separate budgets of the towns of Katlan and Osinniki.

8. Taxes on heritage, insurance taxes, banks' profits, forestry, state tax, water go to local budgets.

9. Deductions to local budgets:

- payments for utilisation of main natural reserves - 100%
- payments for utilisation of coal - 50%
- from taxes for added value tax, excise, income tax (50% - 100%)

10. To transfer from regional to local budgets in 1993:

Cities	thousand roubles
Taiga	329,253
Tashtagol	2,029,050.8
Regions	
Belovski	2,352,236.5
Gurievski	1,510,329.8
Izhmorski	1,249,366.0
Kemerovski	1,293,087.8
Krapivinski	2,070,158.9
Leninsk-Kuznetski	1,488,495.5
Mariinski	2,179,577.8

Novokuznetski	603,225.1
Prokopyevski	1,256,798.7
Promyshlennovski	2,376,663.0
Tisulski	1,260,967.6
Topkinski	1,971,660.0
Tiazhinski	1,272,502.6
Chebulinski	1, 486,158.5
Yurginski	1,864,126.9
Yayski	1,586,173.0
Yashkinski	2,155,378.0
Total	30,335,239.8

11. To send from regional budget to local budgets 12,000,000 thousand roubles including "Preparation of communal services to winter" - 4,221,000 thousand roubles, "Highways" - 3,779,000 thousand roubles, "Communications" 4,000,000 thousand roubles.

12. Regional administration must:

12.1. Update budget according to the law of RF.

12.2. In case of lower income spend money according to actual situation.

13. Make up detailed plan for distributing funds.

14. Inform cities' administration about regional programs.

Chairman of regional Soviet A.M.Tuleev

Required Prices and Subsidies for Coal Production by Associations (enterprises) of  
"Rosugol" Company since July 1993

Groups of associations, enterprises	Subsidies (roubles. copeks per ton)	Required price (roubles. copeks per ton)
<b>Group 1:</b>		
Vorgashorskaya	-	13,022.54
Vostsibugol	-	4,123.99
Krasnoyarskugol	-	3,181.61
Borodinski	-	2,901.03
Raspadskaya mine	-	11,930.64
Kuzbasskaya washery	-	19,196.88
Mezhdurechye joint stock company	-	7,155.25
Kuzbassugolobogasheniye	-	20,965.80
Sibkon	-	15,564.13
Khakasugol	-	5,606.36
<b>Group 2:</b>		
Vorkutaugol	-	23,931.58
Intaugol	-	10,845.44