The impact of Russian Welfare Reform on Social NGOs: Examining Contention and Compliance in the Case of Saint Petersburg

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Abstract
In accordance with neo-liberal logic, the welfare reforms in Russia have shifted a range of social responsibilities from the national to the regional level and emphasis has increasingly been placed on individual accountability and the role of civil society organisations in service provision. The changing nature of state-society relations has challenged traditional understandings of the government’s responsibilities and therefore has become a source of contention in Russian society. Being one of the main beneficiaries of the former social system, civic organisations dealing with social rights, were placed in a puzzling situation: their interest is to resist the shift of the policy but without making challenging claims to the political system itself. This paper argues that these organisations protect their members’ interests by employing tools of “consentful” contention. The paper analyses sanctioned tools employed by social organisations to resist policy changes and revisions of the state-society relations in social provision: both through managerial mechanisms of funding redistribution and law changes. The theory of contentious politics allows us to explore mechanisms of channelling social demands under a specific political opportunity structure, taking into account structural characteristics and the rationality of social organisations that choose specific strategies to impact policy outcome.

Introduction
This paper examines how recent changes to Russia’s welfare sector have influenced the ability of social NGOs to resist the imposed liberal-oriented policy model. An assessment is made of the role of political opportunity structures in determining how civil society organisations choose their strategies in response to challenging policy changes. According to the “consentful” contention theory civic organisations are reluctant to use social protests since they prefer to be seen as respectful citizens seeking for the state’s social protection. The specific case study of NGO experience in St. Petersburg is chosen to illustrate the complex nature of state-society relations in the sphere of social provision. While it is argued that limited interest representation at the federal level has enabled the implementation of unpopular reforms, the case of St. Petersburg shows how, in reality, certain social groups are still represented and their previous social privileges are secured.

The data collection for this project involved both quantitative and qualitative methods. An initial study of federal and regional legislature and governmental regulations was used to outline the main dynamics of the policy toward nonprofit organisations (law on socially oriented NGOs, regulations
which stipulate financial support for NGOs etc). The database of socially-oriented NGOs which enjoy state funding to carry out social projects was scrutinised in order to identify civil society organisations and the specific projects they participate in as service providers.¹ The qualitative data was augmented with six qualitative interviews with leaders and activists of selected organisations and experts, thus facilitating an assessment of the outcome of policy implementation.²

The changing model of state-society relations as a source of contention

Before assessing the strategies adopted by social NGOs to pursue their interests, it is important to understand the changing nature of Russian state-society relations in recent years. This section argues that the revision of the state-society model in welfare provision takes place within the context of limited political representation and results in social dissatisfaction and attempts to resist the changes. Large-scale reforms introduced by the Russian national government have been designed to deregulate the market, leading to an outsourcing and delegation of social provision to the market and wider society. These reforms can be conceptualised as liberal-oriented endeavours under conditions of limited representation for ordinary citizens.

Essentially, the question of how to divide responsibilities between state, market and society for social provision is a political one. This is reflected in the debates among political parties which seek for citizen’s support and loyalty (Cook 2007; Kaufmann 2013). But in contemporary Russia this issue is largely depoliticised. The government has channelled and bypassed these debates through bureaucratic decisions aiming to increase effectiveness of social system. Therefore such managerial techniques as outsourcing, privatisation, means-testing for needy groups etc. are all based on neo-liberal logic despite citizens’ expectations and paternalistic claims made by politicians.

There is no conventional view in the academic literature on the assessment of the transformation of the welfare state in Russia. This is in part because of the incoherence of the manner in which the policy has been implemented, starting with liberal reforms in 2000 – 2005 and then a shift towards a more statist model in 2005 – 2012 (Cook 2011; Hemment 2009; Cook and Vinogradova 2006). The social policy model inherited from Soviet times remained almost untouched until the end of the 1990s, partly due to the resistance of the Communist Party in the State Duma (Cook 2007; Cerami 2009). As in many other post-communist welfare states this model combined broad security coverage and access to basic social services (dominant universalism) and stratified provision (a feature of a conservative model of the welfare state) (Cook 2007). Numerous organisations such as veterans, professional unions, pensioners and other vulnerable social groups were an integral part of this system, channelling social interests to decision makers. The Soviet-era system of social provision granted social privileges and services to these groups mainly as in-kind benefits and their main goal was to secure them. However, the quality of services and access to certain privileges have drastically deteriorated since the early 1990s, triggering demands for reforms (Romanov and Iarskaia–Smirnova 2007).

Limited representation of oppositional political parties in the Duma at the beginning of the 2000s facilitated the introduction of liberal-oriented reforms (Cook 2007). These liberal-oriented endeavours entailed the privatisation of social services, housing reform, marketisation of the social system (e.g. hospitals, schools) and the introduction of New Public Management techniques. The
reforms challenged public expectations concerning the appropriate role of the government in daily life (Henry 2009, 52). These bureaucratic driven reforms however faced the need to secure certain social obligations under the pressure of a worsening demographic situation. The proliferation of budget spending on health and education in general and implementation of national priority projects (above all, the introduction of maternity pay) are key examples of state-interventionism and paternalism. Such two-fold policy goals resulted in an incoherent policy outcome at the regional level in Russia.

The administrative reform launched by the national government of the Russian Federation in 2001 declared that its main aims were to attain “the ideal of good governance, such as transparency of government agency operation, the reduction of the government interference into market regulation and outsourcing of some traditionally state functions to civic institutions” (Strategy, 2011, emphasis added). Therefore the role of civic organisations was redefined from representation and advocacy for certain social groups’ interests to favouring their activity in service provision, i.e. assistance in implementing social policy (Richter 2009, 8; Jakobson and Sanovich 2010, 294). A range of specific policy instruments were introduced to reach this goal.

In particular, the national Ministry of Economic Development was empowered to coordinate policy toward socially-oriented NGOs and developed several financial mechanisms to support and rearrange their role in social provision: (1) governmental contracts (competition for budget funding) for projects operated by NGOs and small enterprises and (2) governmental programs of support for socially-oriented NGOs. By introducing a range of New Public Management techniques, the federal government has involved nonprofit organisations in service provision. Thus, official policies have involved offloading some of the state responsibilities in the field of service provision onto the shoulders of civic organisations and small business (Kulmala 2013).

The state’s role in social provision has not been reduced but rather reshaped. The government started to encourage civic organisations to deal with specific social issues, and to provide financial and other support. The government instead undertakes control functions, examining the way funding is used. To mention just one of the key cases, the national Ministry of Labour and Social Defence introduced a governmental program of support for civic organisations for disabled people and provided subsidies on the basis of open competition for arranging jobs for their members (Regulation of the Ministry of Labour and Social Defence of Russian Federation, 1.02.2013 №34n). The approach behind this regulation differs from the previous statist model where the government undertook the obligation to arrange jobs for this sort of vulnerable social group. The new type of state-society relations is quite close to the corporatist one with the state subsidising the nonprofit sector to do a specific job in social provision. Such a crucial change in the basic issue of what government should do in terms of the welfare has naturally challenged citizen’s expectations.

Theoretical framework

This paper proceeds from the premise that Russian welfare transformation is a potential source of contentious politics. This is based on two main considerations: firstly, reforms in Russia have not been widely debated and the interests of those groups which benefited from the previous paternalistic model of the welfare system were underrepresented (Cook 2013, 146). Since the reform entailed new costs for citizens who expected the state to take care of social issues it has led
to social grievance. Secondly, as discussed below, social dissatisfaction has resulted in numerous protest activities and attempts to impact on the reform. The role of civic organisations that protect social rights becomes of special importance under these new circumstances. However, in the context of Russia’s relatively authoritarian regime there have been limited opportunities for civic organisations to protest openly. In order to understand the nuanced dynamics of contention surrounding welfare reform in Russia, this paper therefore employs the concept of “consentful” modes and strategies of contention.

Following the work of Tilly and Tarrow (2007, 4), contentious politics are defined as demands and claims made by individuals and groups upon the state. The way in which these claims are presented, however, can vary significantly. According to social movement theory, the repertoire of collective action ranges from conventional to challenging (Tarrow 2011, 6). In other words, social movements can organise and present claims within an existing political order, or they can be directed against it. For both Sydney Tarrow and Charles Tilly, the strategies of civic organisations and their outcomes are shaped by structural characteristics (the availability of channels for interest representation and their perceived effectiveness for the satisfaction of social demands) and rational considerations of agencies (civic activists take into account the costs and benefits of collective action when mobilising their members) (Tarrow 2011; Tilly 2004b).

According to social movement theory, “contentious politics occurs when ordinary people – always in alliance with more influential citizens and with changes in public mood – join forces in confrontation with elites, authorities, and opponents” (Tarrow 2001, 6, emphasis added). Thus, social movement theory refers to a broader discussion on the agency – structure dilemma and implies that actors behave rationally (assessing the costs of collective action when taking into account the external and internal feasibility of mobilising citizens) within a specific political context when responding to contentious issues (Meyer 2004, 127).

As this theory implies, contentious politics result in a variety of repertoires of action displayed by citizen’s groups in response to challenging political and social issues. Activists are viewed as reasonably rational entrepreneurs waiting for signals from the state and larger society about what claims to lodge and how. Therefore the costs, possibilities and payoffs of collective action persist in their conceptual observations. For example, Meyer argues that “protest strategies could be seen as rational efforts of people poorly positioned to make claims on government” (Meyer 2004, 127; 13). The fact that certain interests are underrepresented is instrumental in activists mobilising groups towards collective action and using this specific political resource (Tarrow 2011). Nevertheless, the costs of collective action might be too high and encourage applying less resource-consuming strategies. According to Sidney Tarrow, the “term political opportunity structure should be understood not as an invariant model inevitably producing a social movement but as a set of clues for when contentious politics will emerge” (Tarrow 2011, 32).

Generally speaking, this political opportunity structure is shaped by the degree of openness within a given political system. A conventional agreement among scholars is that the interrelation between the openness of political regime and the evolution of collective action is not linear (Bodreau 2005; Tilly 2004a; Robertson 2010). Open democratic political systems possess a variety of instruments that are designed to take into account citizen’s interests (political parties, mass media, parliaments etc.) and therefore there is less reason for disruptive activity to arise, since plenty of less resource-intensive possibilities exist. In authoritarian societies, such costs are too
high and prevent any social explosions beyond those sanctioned by the state. In semi-authoritarian regimes such as Russia (Gel’man 2010), contention has more potential to occur when the costs for collective action are not too high, but at the same time when limited interest representation prevents the involvement of specific citizens’ interests in decision-making. In summary, the literature identifies two main variables that account for the emergence of contention in society: “access to institutions and the capacity for repression” (Tarrow 2011, 33). Both of these variables relate to the nature of the political regime. Bearing this in mind, two assumptions on the role of political opportunity structure for the evolution of contention can be formulated:

- access to representative institutions matters and collective action becomes contentious when it is used by people who lack regular access to decision making;
- the rational considerations of civic activists concerning the costs and benefits of collective action account for the chosen strategy (for example open protests or “consentful” contention (see below).

There are two expectations following from these considerations that can help to explain the relationship between political opportunity structure and a chosen strategy employed by civic organisations. First of all, the extent to which specific social groups find representation in political decision-making is crucial for the channelling of social demands. Excluded constituencies are mostly expected to express contention and mobilise citizens. However, this does not mean that we should only examine formal, institutionalised channels of political representation. The degradation of electoral politics and the crisis of political parties in contemporary Russia, for example, may have narrowed the channels for voicing political and social demands (Gel’man 2010; Golosov 2008). But this does not mean that social groups are left voiceless. As a result of the lack of institutional mechanisms for representation, NGOs in Russia have started to seek for “direct channels of contact with state officials and develop non-partisan forms of civic influence” (Cook and Vinogradova 2006, 39). Consequently, both formal and informal links with political leaders and officials are explored in this paper in order to assess the potential for representation and articulating the interests of NGOs in contemporary Russia.

The second major expectation is that a crucial characteristic of political opportunity structure is the cost of collective action, in particular, the legal structure that inhibits or tolerates civic activity. The higher the cost of collective action, the less possibility there is for it to arise. These general expectations encapsulate the relations between the political opportunity structure and strategies of NGOs. In order to further explain the preferences of civic organisations, and the degree that they are willing to present openly contentious claims, this paper also elaborates upon the concept of “consentful contention”.

The concept of “consentful” contention, as first outlined by Jeremy Straughn (2005), describes “a contentious act wherein the political claim is not directed against the authorities per se” (see also the introduction to this special issue and article by Owen, also in this issue). Instead of open claims to change the political order, consentfully contentious claims do not challenge the fundamental political status quo, but instead focus on specific claims. As Sidney Tarrow states, governments often show tolerance for nonviolent contention “channelling” it by allowing “constructive critics” (Tarrow 2011, 173). Allowing this specific form of contention the state acquires information about the most burning issues that are affecting its citizens. Additionally, it is less costly for the state than coercive control.
While many social NGOs in Russia aim to resist social policy reforms and oppose the new welfare model, “consentful” contention is a useful way of conceptualising their specific activity. This is because, as the analysis demonstrates, they refrain from wider political claims focusing on social benefits provided by the state. In order to explain the rationale behind the interaction between state and society within the framework of “consentful” contention we need to take a closer look at specific organisations involved into this kind of activity. Interest group theory is instrumental here. It seeks to explain performance of social organisations by focusing on the specific activity they display with regard to producing or redistributing public goods. This is important because the welfare reforms potentially lead to a redefinition of the role of nonprofit organisations. Previous paternalistic patterns encouraged redistributive activity. In other words, in paternalistic polities, civic organisations simply distribute goods and services produced by the state. In the context of neo-liberal reform, emphasis is placed on civic organisations themselves producing public goods and services. While examination of external political opportunity structures can help to explain the repertoire of social action and potential for the protest activity, interest group theory therefore sheds light on the internal logic behind various forms of cooperation with the state.

Of particular theoretical importance are the classifications of (1) rent-seeking, and (2) profit-seeking activities of civil society organisations. These classifications derive from interest group theory and the theory of public choice (Rowley Tollison and Tullock 1988). Public choice theory examines how governmental regulation of interest groups’ activity results either in a proliferation or a loss of public goods (Olson 1982; Zaostrovtev 2009). There are two main kinds of interest group activity which affect social welfare in different ways. Settings which encourage production of public goods and services, and provide legal privileges for interest groups, result in “profit-seeking” activity. That is to say that interest groups function in similar ways to private companies by selling their own goods and services to the public and to governments. Settings which develop legal privileges for redistributing public goods and produce public losses (costs) result in “rent-seeking” activity (Zaostrovtev 2009). Under these conditions, interest groups attempt to capitalise on their relationships with the state in order to receive favourable conditions and punitive and non-punitive rewards. Rent-seeking results in the creation of the monopoly of certain interest groups and the waste of generated goods. Profit-seeking, on the other hand, impacts on social contribution. When interest groups try to secure their own benefits within an existing policy it often inhibits this policy change. Rent-seeking activity therefore prevents policy changes since the existing configuration enables interest groups to acquire benefits (rent). Consequently, such organisations will show a tendency to resist the transformation of state-society relations.

The recently introduced neo-liberal changes to social policy, however, impose more reliance on civil society organisations in terms of service provision. The paternalistic model implies state assistance and support for civic organisations. Neo-liberal models therefore favour different kinds of activity for social organisations and demand various resources to be mobilised. While recent neo-liberal reforms have altered the nature of these relations in contemporary Russia, civil society continues to operate at a dualistic level (Kulmala, 2011:58). That is to say, certain paternalistic features are preserved alongside the introduction of certain liberalised practices. As such, civil society organisations are expected to work closely with the state but are also expected to act as service providers. When considering this duality of Russian civil society, which is partly rooted in
Soviet times and has partly evolved in contemporary Russia, one should pay attention to whether the activity of a given organisation operates in accordance with the reforms (profit-seeking activity) or contradicts it (rent-seeking activity). Conceptually the rent-seeking activity would encourage resistance of social organisations towards reform implementation (Foley and Edward 1996). Therefore rent-seeking strategies are conducive to forms of consentfully contentious politics under the context of policy changes. NGOs who engage in rent-seeking activities are reliant upon the state to redistribute the public goods and services in their favour. While such organisations may present contentious claims, they will have good reason to present these claims in non-challenging (“consentful”) forms.

Assuming rational agencies and their economic-oriented behaviour, the concept of contentious politics therefore allows us to apply interest group and public choice theory. This, in turn, helps to explain rational (economic) considerations behind involvement in the sanctioned channels which are used to pursue their own interests, understood in terms of contentious politics. In addition, social movement theory seeks to explain the absence of collective action, while interest group theory focuses on activities which are designed to pursue interests without challenging the political system as a whole. These theoretical frameworks are considered as complementary in helping to explain the rationale of the state’s decision to create channels for various civic organisations to articulate their requests, and demand further representation.

The application of contentious politics, and specifically consentful contention, to the study of welfare reform in Russia is therefore important as it facilitates a more nuanced understanding of how political contention is enacted in the Russian context. It also helps to understand the changing nature of state-society relations in contemporary Russia. The government has enacted liberal reforms which envisage modifying the role of civic organisations to become compliant supporters of state programmes, which attempt to channel the political issue of responsibility for social service provision into managerial tasks. However, as the analysis demonstrates, civic organisations continue to pursue contentious demands in relation to welfare while simultaneously playing “the persona of dutiful citizen” (Straughn 2005, 1601). This is important as it highlights the complex nature of contentious politics in Russia, especially in relation to social organizations.

Additionally, this paper adopts a regional approach to the study of contentious politics and welfare reform. The implementation of social policy most commonly occurs at the regional level, and it is therefore important to focus on specific regional strategies for claim making. For example, violent protests of underrepresented social groups were organised as a reaction to the monetisation of social benefits in 2005 in several Russian regions (Hemmment 2009; Gel’man 2010, 60). This paper therefore focuses on the civic activity of groups making welfare-related claims. It demonstrates how such groups avoid strategies that directly challenge state authorities. Instead formal and informal links with regional politicians and officials are used to secure social benefits. These strategies are employed in order to allow political claims to be made, and in doing so they soften the effect of radical reforms.

The empirical analysis of regional developments are often overlooked since the academic literature either analyses federal-level policy shaping in order to understand the driving forces of welfare state transformation (Cook 2007; Magun 2011; Starodubtsev 2011), or it concerns micro-level analysis of the cases of social provision and informal networks of support (Kay 2011, 150). Therefore the state-society model is under-conceptualised, especially when it comes to examining
the role of civic organisations in resisting transformation. In particular, a critical assessment which regards civil society organisations (especially those rooted in Soviet practice) as simply “co-opted”, or “in the service of the state” (Hemment 2012, 245) does not tell the whole story. Despite not always protesting openly, such organisations still defend the social rights of Russian citizens (Kulmala and Tarasenko 2013). Consequently, this article focuses on conceptualising specific activity in advocating for social rights under Russia’s non-competitive political regime. This study therefore seeks to fill the conceptual gap by focusing on the practices of interaction between regional authorities and social/civic organisations.

Assessing the Political Opportunity Structure in Saint Petersburg: Are there Channels for (regional) Representation?

In theory, reduced legal tools for interest representation encourage challenging strategies and protest activity. This factor is essential for understanding why “consentful” contention is more attractive than “dissentful” strategies. This section therefore examines the possibilities provided by Russia’s political opportunity structure for the interest representation of social organisations.

Social organisations rooted in Soviet time are often disregarded by scholars and if considered are claimed as “loyal” and politically insignificant entities (Uhlin 2009). Nevertheless citizen’s protests against monetisation of social benefits (which were originally the part of Soviet system of social provision) are key examples of social grievance expressed by these types of organisations (Korchagina et al. 2005). As researchers have demonstrated, civic organisations and unions started to advocate for social rights (Kulmala 2013). In general, the development of such membership organisations is linked to the transformation of the welfare system of social provision in the early 1990s. The inability of the post-Soviet state to guarantee social benefits triggered the activity of social groups to unite their efforts in order to protect their rights. Organisations of veterans and disabled are a key example (Jakobson, Mersianova, and Kononyhina 2011). According to one member of the executive body of the Saint Petersburg Civic Organisation of Veterans (Saint Petersburg Civic Organisation of Veterans (namely, Pensioners and Disabled People) of War, Labour, Armed Forces and Law Enforcement Entities), “veteran organisations started to unite their efforts in order to protect their members’ interests”. Representing a wide range of Russian society, these organisations are seen as an important tool for specific social groups to fight for their social rights and make political claims on the preferred welfare system model.

Interviews with members of executive bodies of veteran and pensioner’s organisations in Saint Petersburg demonstrate dissatisfaction with these trends and readiness to counter-balance the state’s attempts to withdraw from its obligations. For instance, as one of the project managers of the Saint Petersburg branch of the Association of Pensioners and Disabled People claims: “the fact that the state significantly withdraws from social obligations is strange because we’re a great country. Citizens’ organisations can assist the state but it doesn’t accomplish its obligations even partly”. A member of the executive body of the organization for local wars veterans “Brothers in Arms” (“Boevoe Bratstvo”) also stressed that state withdrawal has been a more or less permanent process and therefore the main goal of their organisation has been “to assist their members in defending their social rights before the state”. Based on the increased activities of these social organisations it is clear that social policy reforms triggered dissatisfaction within large parts of
Russian society. These developments in state-society relations are considered a source of contention in society but this turns into open (“dissentful”) struggle and public mobilisation relatively rarely. According to the theories of political opportunity structure, the ability of social groups to channel demands through political representatives reduces protest activity. This interrelation between the openness of political regime and collective action has a curvilinear dependence. This raises the question for contemporary Russia: do any such tools of representation exist?

As experts and scholars stress, the crucial characteristic of these reforms is that they were elaborated and implemented without wide public debate. The limited political representation enabled the federal government to introduce unpopular reforms which were elaborated and implemented by the national bureaucracy (the Ministry of Economic Development) and expert organisations (such as the Centre of Strategic Planning run by German Gref). As Julia Hemment puts it: “the Putin administration advanced liberalizing reforms while it rhetorically distanced itself from them” (Hemment 2009). The absence of public debate in the Federal Assembly was partly compensated by the interest conflict between “social” ministries and those responsible for economic development and social innovations (Starodubtsev 2011). In particular, the Ministry of Health and Social Development of Russian Federation tended to preserve the status quo and secure some features of the statist model. This strategy allows budget resources to be kept at their disposal for redistribution to their constituency which includes trade unions. For instance, in 2011 the Ministry redistributed 850 million rubles among veteran organisations and labour unions without any competition (Russian Ministry of Economic Development 2011). This example demonstrates that the bureaucratic tension between various national ministries exists which in turn coincides with resistance from certain civic groups (mostly veteran and pensioners’ organisations) and produces a conducive environment for them to secure their social privileges.

The case of Saint Petersburg proves that there are political and social entrepreneurs in the regional executive and legislative authorities who represent the interests of veteran’s and pensioner’s organisations. For example, these organisations have well-established links with the Committee on Social Policy of the Saint Petersburg government. As one of the executive body members of Saint Petersburg Council of Veterans states: “we have wonderful relations with the Committee on Social Policy, they know our concerns and usually seek for possibilities to assist”. The head of the Committee is noted to be sympathetic to veteran’s and pensioner’s concerns and even a member of the organisation for local war veterans Brothers in Arms. As one of the members of the executive body of the St. Petersburg branch of Brothers in Arms states: “14 deputies from the regional parliament are members of our organisation (28% of the whole number of members), so we have our own lobby”. Moreover there is a Commission on Veteran’s Issues in Saint Petersburg Parliament which is run by the head of the organisation Brothers in Arms – Igor’ Vysotskii. The goal of the Commission is to initiate legislature to protect these specific social groups. As the further analysis will show it is quite successful in achieving this goal through open legislative procedures. In doing so the social organisations experience “consentful” contention while making political claims concerning the state’s social obligations without challenging the political system itself.

The political resources veteran’s and pensioner’s organisations have at their disposal have enabled “consentful” contention through open legislative process in favour of their members – the local
wars veterans. According to the deputy’s assistant, who works for the Parliamentary Commission on Veteran’s Issues in Saint Petersburg Assembly, there is a set of law amendments, new legislature and official appeals to the regional and federal authorities have been adopted in order to protect social rights of veterans and pensioners. There were twenty initiatives presented to the regional authorities by the Commission from 2005 to 2014. Among these thirteen regional laws and amendments were adopted, four of them are still being considered and only three of them were rejected. The majority of them concern the introduction of various forms of state financial support for specific categories (additional pension payments, financial support etc.). For example, social benefits for veteran organisations are mainly stipulated in the regional law #76-24 “On state support of civic organisations of veterans of war, labour, Nazi camps, disabled people and those suffering from political repression”. In accordance with this law veteran and pensioner’s organisation are granted state subsidies for covering housing costs and other expenses. The most recent initiative concerns transport fares which were reduced for this category of citizens.

Regarding the federal initiatives, there were thirty six initiatives directed to federal authorities (including the State Duma, the national Government and the President of Russian Federation) from 1998 to 2014. Only six of them were successfully supported, eleven of them are still being considered and eleven were rejected. Seven of the initiatives were appeals in order to attract attention to certain issues of specific categories of citizens and all of them were positively met. These figures demonstrate high efficiency of the Saint Petersburg Commission in lobbying for veteran and pensioner’s interests at the regional level and with much less success at the federal level. Nevertheless these successful lobbying activities aimed at securing and widening the state funding for certain social groups demonstrate the relatively effective activity of veteran and pensioners’ organisations in resisting state withdrawal and revision of the model of social provision. Therefore this kind of activity is considered as an example of “consentful” contention whereby the new welfare system is not challenged itself though open struggle. Instead, social organisations make very specific claims and initiate law amendments at the federal and regional level in order to resist policy changes.

Some studies within social movement theory claim that service-oriented organisations encouraged the maintenance of advocacy-oriented groups (Meyer 2004, 136). There is, for example, some evidence of limited political demands being made by members of Brothers in Arms. Elena Chebankova, for example, describes the case of the deputy director of the Moscow city branch of Brothers in Arms, Dmitrii Baranovskii, who openly criticised the regional administration and security service for being involved in corruption (Chebankova 2013, 117). Therefore, under specific circumstances the protection of veteran’s rights can still evolve into conscious efforts to challenge some aspect of the political system as a whole. Nevertheless, this strategy has remained relatively rare as such organisations have preferred to work within the framework of consentful contention.

Another crucial opportunity within the existing political structure is created by the fact that a large proportion of social responsibilities have been delegated to the regional level without much bargaining with local authorities. The political weakness of the Federation Council (the upper chamber of national parliament), which includes subnational representatives, leads to a situation whereby it is easy to disregard regional interests. Despite the obvious priority of regional governors to get rid of costly social obligations, the federal administrative reforms have reshaped the balance
between federal and regional levels of governance. As a result, the implementation of social policies currently takes place at the subnational level. There is great regional variation in success of these reforms. For instance, the federal reform of social benefits was only partially implemented in the Russian regions in 2005. Only four regions entirely carried out the reform and six regions (including Moscow) did not reform at all but kept the old system of benefits. Similarly, regional cases vary in terms of adopting market mechanisms (government contracts for non-state agencies to provide social services, outsourcing and project management mechanisms) and reliance on non-state agencies in social provision (Iakimets and Isaeva 2010, 59). This evidence demonstrates resistance to federal-driven reforms and the possibility for interest groups to employ this opportunity. As the case of Saint Petersburg demonstrates, the responsibility for reform was delegated to “social” committees which are not interested in changing the policy model and tend to resist reforms. As the analysis of civic organisation’s activity shows, some veteran organisations successfully employ such possibilities to protect their interests.

To sum up, there are possibilities in the political opportunity structure for interest representation despite the overall limited political opportunities to voice social and political issues. In particular, the tension between regional and federal governments as well as between “social” ministries and those responsible for economic development and social innovations preserve political opportunities which might be utilised by civic organisations. The political institutions at the regional and federal level inherited from the 1990s, which were oriented towards protecting the interests of veterans and pensioners, resist the revision of the social system and serve as a possible tool for lobbying activity. This observation explains the lack of open protest activity since there are representative tools at the disposal of social organisations. Therefore, such organisations’ repertoire of action is rarely focused on open struggle with the existing political settings. Instead their main arena for action concentrates on their target groups and these groups’ specific agenda. The analysis of rent-seeking and profit-seeking activity employed by various organisations will demonstrate the way their concerns are satisfied through sanctioned tools.

**NGOs’ “profit-seeking” activity in the sphere of social provision**

This section shows that rational choices made by civic activists are based on an assessment of the available opportunities for channelling social demands through political representatives. They are also based on appraisals of the mechanisms for launching social initiatives and projects without membership mobilisation or without recourse to representation in political decision-making. The analysis focuses on the financial mechanisms which have allowed the government to channel social dissatisfaction into less challenging contention, shifting focus instead onto the newly-introduced logic of social service provision.

The federal law on *socially–oriented NGOs* (2010)\(^{14}\) is one of the mechanisms used to outsource some social functions to civil society organisations. It introduced the notion of socially–oriented NGOs which are supposed to undertake some state responsibilities in the social sphere. In return, the government guarantees the reduction of taxes and the creation of particular conditions for their activity (simplification of accounting reports; budget funding, inductive legal environment etc.). This idea was adopted from the Western experience where NGOs working in the social sphere are granted particular ‘socially beneficial status’ and as a result enjoy tax reduction and other forms of state support. In a nutshell, the differentiation of certain organisations in order to give tax preferences for those who produce services is a form of encouragement of *profit-seeking activity*. 
In other words, the Law on socially-oriented NGOs gives priorities to a limited number of interest groups and encourages the production of public goods (social services). There is a range of policy measures which encourage the involvement of NGOs as social providers in the new social policy framework. The “Concept of social and economic development in Russia to 2020” stipulates that public services should be partly implemented by NGOs through outsourcing mechanisms. The main spheres are disabled and vulnerable families. According to investigations, 87% of Russian civic organisations are involved in providing services and more than 50% engage in social assistance for citizens and the development of education and culture (Mersianova and Jakobson 2007).

The problem is that most of these organisations are accustomed to working within the paternalistic (clientelistic) model of interaction, relying on state funding and other forms of support (Cook and Vinogradova 2006, 38). Having survived Soviet times, these organisations represent the interests of specific social groups (veterans, pensioners, professional unions etc.), possess a hierarchical structure and are based on membership. Therefore only a small proportion of these organisations are professional nonprofits with a focus on service provision. The national government therefore tends to encourage this specific type of nonprofit social organisation financially, regarding them as an important aspect of welfare provision in Russia. Moreover, the federal Ministry of Economic Development fosters regional governments to invest into the nonprofit sector since the federal funding for socially-oriented NGOs is only accessible at the regional level, and only in cases of co-financial subsidising from both budgets.

Several financial and legislative instruments have been adopted in order to bring this idea into fruition: governmental programs of support for socially-oriented NGOs, presidential grants (federal competition), “state contracts” (outsourcing of some public services to business and nonprofit organisations) and regional subsidies for NGOs. As the figures show, the amount of money redistributed to facilitate and encourage the implementation of social projects by NGOs at the federal level has grown dramatically in recent years. The so-called presidential grants are annual federal competitions operated by five NGOs (in 2006 – 600 million rubles; in 2014 – 2.7 billion rubles). These funds are redistributed for national and regional level organisations. At the regional level the situation with budget financial support varies, as the case of Saint Petersburg shows (see table 1).

**Table 1. Redistribution of funds among NGOs from the budget of Saint Petersburg through competition procedures**

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<th>Source of funding</th>
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<tbody>
<tr>
<td>Government program of support for socially-oriented NGOs (regional competition)</td>
<td>No competition held</td>
<td>37,591,000 rubles</td>
</tr>
<tr>
<td>Government program of support for socially-oriented NGOs (federal competition)</td>
<td>7,726,884 rubles</td>
<td>12,502,926,58 rubles</td>
</tr>
</tbody>
</table>
These new financial possibilities do not translate to an increase of resources distributed among civic organisations. The procedure of acquiring state funding implies the outsourcing mechanisms and delegation of certain social functions to the civil society sector. The governmental program was initiated by the Ministry of Economic Development and implemented at the federal as well as at the regional level, encouraging projects that aim to develop the infrastructure of civil society and the redistribution of “good practices” (Ministry of Economic Development). By arranging open competitions for the specific category of socially-oriented NGOs in accordance with the market-oriented approach, the authorities foster “profit-seeking” activity since given privileges result in certain projects (common goods) producing expertise and the exchange of experience. For example, the Saint Petersburg Association of Societies of Parents of Disabled Children (GAOORDI) arranges seminars for state social service centres to share their practices of dealing with disabled children. The head of the association stresses, “by arranging an individual approach for every disabled child we produce unique services which are very relevant and supported by the state”.

GAOORDI typically works within the framework of a market-oriented paradigm which fits well with the policy provided by the Ministry of Economic Development.

Regional subsidies are distributed annually among NGOs and can be characterised as an outsourcing mechanism. Regulations of the competition vary according to procedures of different government committees and tend to be over-bureaucratised. For example, the Committee for Social Policy of Saint Petersburg’s municipal government tends to give money to the same organisations: in 2009 it redistributed 71.5% of the total share of money to the same range of organisations as in 2008 (Tarasenko 2013). Analysis shows that this mechanism fosters profit-seeking activity since it implies open competition despite some paternalistic features such as the persistence of granting money to the same organisations.

The implementation of this governmental program alongside “state contracts” allows us to see how liberal-oriented policies apply to the use of NGOs as state assistants. The “state contracts” have been elaborated in accordance with the principles of marketisation and liberal reforms, their use encourages both profit-seeking and rent-seeking activities. Although presented as a competitive mechanism to “buy” a range of services from non-state providers, the governmental contract provides “positive discrimination” for certain NGOs. In particular there are priorities for disabled organisations to obtain state funding through “state contract” mechanism in order to provide their services. According to the federal government regulation 17.03.2008 # 175 and Saint Petersburg regional law 31.12.2003, the All-Russian Society of Deaf and Blind is allocated 5% of the total value of the government contract, which is usually redistributed without any competition. According to the federal law #44-FZ (5.04.2013), socially-oriented NGOs and small businesses should get at least 15% of the total amount of state contracts in every region per year. This positive discrimination therefore provides possibilities for certain NGOs to benefit from their status and

<table>
<thead>
<tr>
<th>Subsidies for civic organisations (money redistributed by governments’ committees from their own budget resources on the basis of competition)</th>
<th>37,426,000 rubles</th>
<th>363,002,000 rubles</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total:</strong></td>
<td><strong>45,152,884 rubles</strong></td>
<td><strong>413,095,926,58 rubles</strong></td>
</tr>
</tbody>
</table>

Source: Tarasenko 2013
produce services under specific regulation. These examples demonstrate that newly introduced outsourcing mechanisms (“state contracts”) encourage profit-seeking activities of nonprofit organisations. It is significant that a Soviet-type organisation (indeed, one created in the Soviet period) – the All-Russian Society for the Deaf and Blind is involved in this kind of activity of service provision. Significantly, the profit-seeking activity reduces the likelihood of overtly contentious strategies.

Another example that highlights how Soviet-type organisations tend to adjust to state demands to perform social services according to the new neo-liberal logic is the Saint Petersburg branch of the Association of Pensioners and Veterans. The association carries out the program “Grandmother and Grandfather online” (*Babushka i dedushka online*),¹⁹ which is a part of a broader governmental program aimed at improving the quality of governmental services and their accessibility for ordinary citizens. Applying the social initiative approach, the organisation clearly works within the new model of welfare provision. The director of the program in Saint Petersburg argues: “if the government were to coordinate this project it would kill the whole issue because the bureaucracy is very difficult to deal with”. In some cases therefore the adaptation to a new policy results in the reconstruction of the whole logic of the organisation’s operation.

To sum up, the described mechanisms for involvement NGOs into service provision are operated within the market-oriented logic and encourage “profit-seeking” activity of NGOs. This means that civic organisations have a chance to implement their projects by pursuing the interests of their target groups through sanctioned governmental tools. By pursuing profit-seeking strategies, social NGOs become reliant upon the central authorities because their funding is secured from state allocated budgets. The system of allocating resources and prioritising certain “social” NGOs therefore helps to ensure that these organisations have a vested interest in maintaining close relations with state structures. At the same time, profit-seeking strategies allow NGOs the latitude to pursue the specific interests of their members and the groups they represent. Contentious claims can therefore still be addressed, but they are de-politicised through the financial mechanisms of the state, and the rational considerations of social NGOs. It is also significant that Soviet-type NGOs are closely involved in these new policy mechanisms. This reveals a degree of continuity with the Soviet era, notwithstanding the ostensibly neo-liberal reform that have been introduced.

**NGOs’ “rent-seeking” activity and resistance of revision of the model of state-society relations in social provision**

Continuity with Soviet practice is also highlighted with paternalistic models of support for NGOs, reflecting the old statist policy towards civil society. Such paternalistic models also exist at the regional level in Saint Petersburg. The core example is the annual direct subsidising of a limited range of NGOs from Saint Petersburg’s regional budget (table 2).

<table>
<thead>
<tr>
<th>Source of funding</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct support from the budget of St. Petersburg</td>
<td>379,604,900 rubles</td>
<td>481,076,000 rubles</td>
<td>300,252,100 rubles</td>
</tr>
</tbody>
</table>

Table 2. Funds redistributed among NGOs directly from the budget of Saint Petersburg without competition procedures
This subsidising of certain organisations from the regional budget as a rule is given to professional unions, veterans, disabled groups etc. For instance the local war veterans’ organisation Brothers in Arms annually enjoys state funding and they expect the government to support them because they represent war veterans which are an important and prominent social group in society. This close link with regional deputes enables the organisation to obtain financial support on a non-competitive basis. It is uncertain how these resources are used, with what purposes and with what results.

This redistribution of budget resources can be characterised as a rent-seeking activity possessing two main features: (1) non-competitive and non-transparent practices of direct financial support (deputies’ amendments into the regional budget and subsidies for certain NGOs); and (2) the restricted number of NGOs that enjoy state financial support produce uncertain social outcomes (ineffectiveness) which in all probability means a welfare loss since one cannot estimate the outcome and effectiveness of the use of redistributed money. Therefore, these characteristics allow us to define it as a rent-seeking mechanism since it results in the redistribution of public money with uncertain results rather than contribution to society in a broad sense. This financial practice is definitely embedded in the Soviet legacy of social provision which implies state paternalism. The case of Brothers in Arms nevertheless is instrumental in understanding the specific practices of intermediation with the authorities which allow these organisations to pursue their own interests and secure privileges despite the new logic of state-society relations which is imposed by the Ministry of Economic Development.

The explanation for choosing collaborative strategies (cooperation) rather than challenging activity (protests) in the case of Brothers in Arms centres on their access to political channels as mentioned above. Although they lack formal institutional channels to negotiate their concerns at the stage of policy formulation at the national level, such organisations clearly possesses access to decision making in order to protect the interests of their members. Therefore interest representation has reduced the attractiveness of challenging strategies and protest activity in accordance with the expectations that the concept of contentious politics implies (Tarrow 2011). Strategies of “dissentful” protest are usually adopted by poorly positioned social groups that choose this rational strategy to make claims on government. But cases of such organisations as Brothers in Arms and the Saint Petersburg Council of Veterans have clear positive representation in the regional parliament as well as in the Social Policy Committee. Consequently, these organisations do not need to mobilise their members for collective action.

The empirical analysis shows, therefore, that veteran and pensioner’s organisations most commonly pursue their goals through conventional mechanisms available within the given political opportunity structure. Finding themselves in an uneasy context of the transformation of the previous welfare system, the organisations that are rooted in the Soviet system seem to combine a number of strategies. Instances of claim making combined with toleration of the political system as a whole serve as examples of consentful contention. Despite the elite-driven liberal endeavours, Soviet-type organisations maintain previous (paternalistic) practices and therefore inhibit the transformation of the welfare system. Therefore the interrelation between structural characteristics (social policy reforms) and agency actions (lobbying activity) impacts on the policy outcome. This
paper therefore enables deeper understanding of the variety of conventional strategies taken by different organisations from a broadly similar category – Soviet-type membership organisations. It also allows us to map their ability to satisfy certain social demands under specific political settings. The direct financial support for labour unions from the federal ministry and secured social benefits demonstrate their effective lobbying activity.

The Ministry of Economic Development is imposing a new framework for cooperation with nonprofit organisations while the alternative, paternalistic model continues to co-exist. As stressed in the introductory article to this special issue, the development of “Russian style” civil society combines Soviet repertoires of state-society relations and presents forms of engagement in policy implementation. The analysis above has conceptualised these models which are embedded in various types of welfare provision. Statist models encourage rent-seeking activity providing opportunities for redistribution of public goods (money, the use of authorities’ premises as working spaces etc.) for a certain range of organisations, so that they enjoy monopolies on granted privileges. The new model implies privileges for socially-oriented NGOs which produce public goods (social services) and therefore encourages profit-seeking activity. What is important is that this division allows us to move beyond simplifications of the existing dichotomy of Soviet-type NGOs versus new associations. As the analysis shows, these characteristics do not tell us much about their activity. Although Soviet-type organisations are involved in social initiatives, “new associations” are also involved in paternalistic cooperation with the authorities. All in all, the evidence from this case, however, demonstrates the dualistic nature of the pensioners’ organisations and their relationship with the state – both in the sphere of social provision as in the advocacy-oriented activities. Such a dualism requires a specific theoretical framework to describe and explain this phenomenon.

Conclusion

This analysis focused on Russia’s welfare reform within the country’s noncompetitive regime, conceptualising it as an endeavour to reconstruct the state-society model of service provision. The question of how the government (state) reacts to contention that has followed the challenging reforms is explored on the basis of the case study of Saint Petersburg. It appears that managerial mechanisms which combine both features of paternalistic and more liberal models are employed. This serves to reduce social dissatisfaction by continuing direct subsidising for certain organisations, while simultaneously employing them as service providers. The concept of political opportunity structures facilitated an examination of the tension within the political system between various governmental agencies which can be seen as possibilities for civic organisations to pursue their interests.

New principles of governance of social policy (outsourcing and reliance on the non-state organisations in service provision) introduced by the federal Ministry of Economic Development is the main context and a source of contentious politics in contemporary Russia. The federal government has made several endeavours to get rid of certain social functions and entrench social spending. One would expect Soviet-type organisations to resist this transformation. But under conditions of limited political representation and inability to impact the launch of the reform they have tended to choose sanctioned tools for the sake of their interests. Their choice to employ “consentful” contention also deals with their dependence on financial support from the state which diverts them away from open protest. The concept of consentful contention enables us to explore
the role of social organisations in channelling contention within the context of the nondemocratic regime.

The analysis demonstrates that the division between the profit-seeking and rent-seeking activity seems to be instrumental in describing the specific nature of conventional strategies developed by various organisations in response to contentious politics. Rent-seeking demonstrates the specific intermediation practices which emerge and explain the absence of overt resistance and dissentful contention (NGOs acquire benefits out of the existing system and tend to support the status-quo). The analysis of rent-seeking activity however is also instrumental in revealing why certain organisations resist the revision of the paternalistic welfare model. Rent-seeking strategies allow privileged social organisations to present contentious claims such as legislative initiatives and demands for direct subsidies for their organisations. At the same time, these demands can be presented and satisfied without challenging the political system itself. Rent-seeking is therefore conducive to strategies of consentful contention.

Profit-seeking activity complies with the new social policy approach which sees NGOs as social providers and encourages this function by awarding tax privileges and providing financial support for their activity. As the analysis demonstrates, profit-seeking activity seems less likely to result in any kind of contention since organisations’ concerns are channelled thorough managerial tools of cooperation with the authorities. There is therefore far less latitude to present contentious claims.

This division therefore enables us to conceptualise conventional strategies employed by NGOs in response to contentious politics, namely the changing model of the welfare provision. The revision of the system of welfare provision attempts to redefine the role of social organisations as assistants to the state. However, because certain paternalistic features are maintained in Russia’s current welfare system, a number of different strategies are still employed by social organisations. As the examples of veteran and pensioner’s organisations demonstrate, the Russian welfare system has still preserved considerable space for the articulation of (consentfully) contentious claims.

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1 This database is available on the website of the Committee on Social Policy of St Petersburg Government ([http://gov.spb.ru/gov/otrasl/trud/organizacii-tretego-sektora/](http://gov.spb.ru/gov/otrasl/trud/organizacii-tretego-sektora/)).

2 The empirical data used in the analysis is partly gathered within the joint project in cooperation with Dr. Meri Kulmala, postdoctoral researcher at the Aleksanteri Institute (Finnish Centre for Russian and Eastern European Studies, Helsinki University).

4 The regulation is available on-line: http://www.rg.ru/2013/03/20/programma-dok.html
5 Personal interview: 14.05.2014, Saint Petersburg
6 Personal interview: 5.11.2013, Saint Petersburg
7 Personal interview: 24.10.2013, Saint Petersburg
8 Personal interview: 14.05.2014, Saint Petersburg
9 Personal interview: 24.10.2013, Saint Petersburg
10 Personal interview: 24.10.2013, Saint Petersburg
11 The official webpage of the Commission on Veteran’s Issues at the Saint Petersburg Parliament:
   http://www.assembly.spb.ru/authors/view/635500475
12 The information gathered during person interview: 13.05.2014, Saint Petersburg. The information on legislative initiatives of the Parliamentary Commission on Veteran’s Issues is available on the official website:
13 The information gathered during person interview: 13.05.2014, Saint Petersburg. The information on legislative initiatives of the Parliamentary Commission on Veteran’s Issues is available on the official website:
14 Federal law # 40-FZ (05.04.2010)
15 The official website of the Strategy of social and economic development to 2020:
   http://2020strategy.ru/g16/documents/32655464.html
16 The source of this data is the material on the website of the Foundation of Civil Society Development:
   http://civilfund.ru/povestka/15
17 The official website of the Ministry of Economic Development:
18 Personal interview: 11.05.2012, Saint Petersburg
19 The official website of the program: http://babushka-on-line.ru/