Reform of the Social Sphere: Institutional Barriers at the Regional Level

Moscow
2007
This publication is about the institutional barriers which reduce the social policy outcome in the Russian Federation. Many efforts of the executive power and legislators undermine the incentives of the physical persons to invest in the social sphere both in the financial form and in the form of social activity. Analyzed examples of the social policy in Canada and in other countries with transition economies underline this issue the solution of which is not connected with additional burden on the budget and could have made social institutions in Russia more stable to external economic shocks.

*JEL Classification*: I21, K39, H55

*The research and the publication were undertaken in the framework of CEPRA (Consortium for Economic Policy Research and Advice) project funded by the Canadian Agency for International Development (CIDA).*

Translated from the Russian by Anna and Alexey Yurasovsky

Page setting: Yudichev V.
Content

Introduction.................................................................5

1. The State of the Problem .............................................9
   1.1. Russia: Failed Reforms ...........................................9
   1.2. ...and new initiatives of the lawmakers
        (a selective analysis) ..................................................11
   1.3. The Expansion of Budget Liabilities: Money
        Flows along Longer and Darker Channels .....................14

2. The Ways Envisaged for Providing Solutions
   to Social Problems.....................................................16
   2.1. State “Charity”: National Projects .........................16
   2.2. Corporate Charity ..................................................33

3. Managing the Public Good: Governments
   and Education in Canada .........................................38
   3.1. Constitutional Context ...........................................41
   3.2. Historical Trends towards Centralized
        Administration..........................................................47
   3.3. Education in British Columbia ..............................50
   3.4. Debating Education as Public Good .......................57
   3.5. The Chapters’ Conclusions .....................................66

4. Education: Some Recommendations
   as an Alternative to Simple Pumping
   of Resources ................................................................67
   4.1. State Standards of Education .................................68
   4.2. Licensing, Certification and Accreditation:
        the Triple Barrier in the Way of Competition
        and Improvement of Education Quality .......................70
   4.3. The Experience of Introducing
        the Single State Examination (SSE)
        and New Approaches to Education
        Standardization ................................................................71
4.4. Problems Associated with the Financing of Education ......................................................... 72
4.5. Protection of the Autonomy of Educational Establishments and of Academic Freedoms .................. 73

Conclusion .......................................................................................................................... 76

Sources .............................................................................................................................. 77

Annex 1
Statistical Analysis ............................................................................................................. 80

Annex 2

Annex 3
Social Policies in Poland and Estonia .................................................................................. 87

Annex 4
Basic initial data for statistical analysis ............................................................................ 103
Introduction

In the 2000s, a series of reforms of the institutes of social security and insurance, public health care and public education have been undertaken.

At the same time, the implementation of each of those reforms has been fraught with some disheartening problems.

Thus, the pension reform, with its emphasis on the involvement of private initiative in the sphere of pension programs, has been brought to an end in such a way that the trust in the authorities and in their efforts in that direction has been undermined for many years to come (see below).

The reforms going on in public health care and public education have become a target for sharp criticism in society due to the dramatically aggravating corruption problems in those spheres, without any visible improvement, however, in the quality of services actually being rendered.

The reform of the social security system (or the “monetization of benefits”) has resulted in an unprecedented growth of social tension, having forced the authorities to resort to the implementation of emergency programs (the cost of which amounts to billions of USD) designed to eliminate the newly existing foci of tension, thus depriving the reform of any sense (because the State’s responsibilities, instead of having been reduced, have grown in scope).

The authorities do, indeed, realize the acute character of the problems they are faced with. The importance of these problems has been further emphasized by the RF President’s assignment to the Government concerning the preparation of the so-called “National Projects”, aimed at providing appropriate solutions to the problems existing in the spheres of public health care, public education and social protection of the population, as well as by the unwavering attention to the process of the fulfillment of this assignment on the part of the official mass media.

In this connection, in all the cases referred to above, the regional aspects of those problems have been revealing themselves much stronger than during the 1990s, when the influence of regional institutes on the development of the reforming process was rather heterogeneous – alongside the regions that acted as leaders in reforming,
having urged the federal authorities to seek efficient solutions, at the same time providing them with ready examples of best practices, there also existed certain regions that posed serious impediments to the implementation of those legislative decisions that had been adopted long ago at the federal level.

In the course of reforms going on in recent years, practically no examples of best practices have been seen, alongside a growing number of instances of “worst practices” (this trend is analyzed in the report entitled “Borrowed institutes: regional level”). This alarming trend has been making more and more important the need to expand the discussion of this theme in the experts’ community and to develop proposals aimed at improving the existing situation.

The Canadian experience of providing solutions to such problems both with the participation of the State (at the federal and regional levels) and with involving society’s resources may serve not only as a substitution, to a certain extent, of the best practices that Russia lacks, but also as an argument in the ongoing discussions as to the main directions along which these problems are to be sold, be they based on the strengthening of centralized government institutions or on the development of compact government and public structures that will be decentralized, transparent and accountable to voters.

We should stress and specify here impossibility of direct imitation of this experience without general legal and political framework, providing accountability of the Government based on political competition and on the competitive media-market. The “private-public partnership” (PPP) based project for social infrastructure building described in the chapter devoted to Canadian public goods management and provision going to degenerate into governmentally directed soviet style state-owned plant’s patronage relationship (“shefstvo”) of schools and hospitals. Even for Canada the PPP project due management and private partners’ incentives provision appears to be significant problem. The current trend in the Russia causes the risks of the projects’ obtrusion to private enterprises. The obtrusion instead profit incentives would destroy possibilities to share risks and to improve the project management and realization quality as this way of management is iden-

identical to worst practices of direct governmental control (without direct governmental responsibility for the outcomes of this control).

The fundamental idea that has become the predominant one among the decision-makers is both rational and without any prospects whatsoever. Its essence is that the resources concentrated in the hands of the central authority, their amount having dramatically increased as a result of the currently high oil process, should be made use of for purposes of large-scale financing of the programs in order to win the maximum pre-election support of the voters. It is quite obvious that no scientific studies that prove the lack of any prospects and low effect of capital investments, made by the government no matter where, can reverse the existing situation. No experience, even the most brilliant, be it domestic or foreign, of the provision of the so-called “public” benefits (within the category of which, and quite often in contradiction to logic, the aforesaid “social” services (education, health care, culture, annuity insurance, etc.) are placed by private agencies, can serve as a convincing argument if the decision-maker has an incentive for a decision based on increased budget expenditure, which, moreover, can prolong his term of office. However, the exploration of the possibilities inherent in the private provision (as well as of its efficiency) of at least “mixed” social benefits is important and does, indeed, have some prospects for countries like Russia, where the opportunities for a constructive application of the state apparatus for any purposes will be quite limited for a very long time.

However, proper argumentation should be prepared for the period that will begin after a fall in oil prices, couples with an inevitable, in the long-term perspective, collapse of the etatistic approach of “caring for everybody and all” from a single center, which can be taken advantage of in order to open a new window of opportunity for implementing reforms in that direction.

The Canadian experience of solving the existing problems by means of the participation of the State (at the federal and regional levels, and with the use of society’s resources) may not only become a substitute for the best practices lacking in Russia, but also serve as an argument

\[\text{\footnotesize{In our case – because of this country’s huge scope and the once again interrupted democratic trend – even if there soon occurs a new and decisive turn toward democratization.}}\]
in the current discussions as to which main direction for providing solutions to these problems should be chosen. They should be based either on the strengthening of centralized government institutions, or on the development of government structures – compact and decentralized, transparent and accountable to voters, or public structures accountable to private grant-providers.
1. The State of the Problem

J. Spencer, while violently attacking the system of “a caring State” and the very concept of society’s responsibility for the able-bodied poor, was basing his arguments, in contrast to his opponents, on an analysis of the history of legislation and law-enforcement practices in England. He addressed the historical period from the Middle Ages to the 1880s.

As for the history of England, it demonstrates that throughout centuries similar motivations have always brought about similar results. Unselective aid to the poor at the expense of the other part of society was constantly reproducing the pattern of negative selection and urged the “upper marginal” strata, next to the poor ones, to drop their labor activity in hope of getting aid (J. Spencer, 1884, Chapters “New Tory-ism” and “Future Slavery”).

In course of these historic processes, England, however, did not experience the phenomenon of a significant inflow of rent resources into the central government’s budget.

The resources enabling the government to temporarily make the existing problems less acute by applying the least rational methods (in England the bad (in Spencer’s opinion) laws concerning the poor were being implemented, in contrast to the Russian “national projects”, at the parish level – that is, at the level where at least the current needs of the poor – no matter what the reasons had been of a person’s beggarly state – were more visible).

1.1. Russia: Failed Reforms

The pension reform in Russia represents such an obvious example of a failure that within the framework of this project we will only briefly mention it in course of our general overview, by citing the opinion of Yevgenii Gontmakher, one of the authors of one variant of that reform, which was briefly accepted and than rejected. In accordance with the initial idea, a “funded component” was to be introduced gradually for those who worked and earned, so that the population could be properly prepared for the oncoming “privatization” in this sphere and the need to assume responsibility for their own annuity provision. The “funded
component” first was made available to those who were to reach the retirement age in 10 or more years. That is, to those workers who were the most experienced, the most highly paid, and also had sufficient life experience and sufficiently observable prospects for their old age for a reasonable and responsible decision to be made by them. Then, as noted by Gontmakher, the following happened: “suddenly, in a couple of years, when the single social tax rate was lowered, the middle-aged people were cut off. And now the right to have a funded component belongs only to those born in the year 1967 and younger. This was done presumably in order to save a certain part of the money available to the Pension Fund by means of lowering the single social tax. But this economizing resulted just in some pennies having been saved, while political losses were huge. Because the middle-aged people, that is, those whose earnings are greatest, have now been deprived even of a hypothetical possibility to create their personal savings and manage these savings. It is intended that this right should either be transferred to a private asset manager, or be left with a state asset manager. This, as far as I can judge by the results of surveys, has made a very strong impression on our people. Because this means that the authority, as always, is failing to comply with those very terms that it has put forth itself”.

As a result, the actual amount of savings has become purely symbolic. The first to receive any money at all in addition to their pensions from the funded component will be those retiring in 2022. As stated by Ye. Gontmakher, “Estimations demonstrate that this additional amount is going to be very small, as the director of the Center for Social Studies and Innovations says. Now an average pension is equal to approximately 3 thousand roubles, while the amount added will be 100–200 roubles, although it has been planned so that the funded component should provide as much as one-third of a pension, and later, in a sufficiently long-term perspective, up to a half of a pension”.

Corruption and the scandals associated with it, after “the field” has been “cleared” in this quite artificial way, seem to be such a natural phenomenon that the President’s strategy of keeping at his post the minister whose reputation was discredited as a result of such scandals appears very reasonable, indeed. In fact, nothing can be changed by replacing one person by another, if the strategy itself is like that.
1.2. …and new initiatives of the lawmakers
(a selective analysis)

Many politicians and leaders in opposition[^3], from the stand point of social demagogy that has been made fashionable by the authorities and is in great demand during elections, being popular with the majority of voters, are criticizing this Law for its attempted hidden privatization of the social sphere, and for shedding any responsibility for supporting the weak, for public education, for science and culture.

The main problem is exactly that no efficient and transparent privatization mechanism is envisaged in the Law, with one exception – through the redemption of the claims of creditors during a liquidation procedure (in accordance with Article 19). As a result, the property, which is presumably protected by the Law from being transferred to private persons, in effect remains without any owner at all. In this aspect, the Law does not differ from the unfortunate “Law on a state enterprise”, which was adopted in 1988 and enabled directors, in fact, to freely dispose of property that was not theirs (owned by the State, that is, by nobody). From the formal point of view, this Law’s wording is more accurate than that of its 18-year-old counterpart.

However, is does not create any incentives for preserving property that is not transferable into private ownership. This means that it would be considered quite reasonable to exploit that property – including “Objects of cultural heritage (or monuments of history and culture)” – until its complete deterioration. It is exactly in this manner that former mansions and apartment buildings nationalized by the Soviet power used to be exploited. It would be feasible to continually increase the share of property belonging to an autonomous organization and consisting of the legally being privatized (or transferred to creditors) assets at the expense of property “protected by the State”. Obviously, in face of a seemingly complete control by the founder, the State has at its dis-

[^3]: See, e.g., regular publications in support of the old and the intrinsically inefficient mechanism of granting privileges, against privatization in the spheres of social protection, public education, etc. These can be found at the United Civil Front’s website http://www.rufront.ru/. Although some of them do admit that in developed countries the provision of public benefits by private agencies is performed successfully, this paper aims not at borrowing that experience, but at preventing the transfer of the affairs from the larcenous and incompetent hands (in the author’s opinion) of the State into appropriate (the most interested) private ones.
posal no real control mechanisms (that is, mechanisms based on strong private interests – for example, career-related).

Privatization in this case should be directed toward the not-for-profit sector. The problem is that for the truly not-for-profit organizations to be distinguished from the fictitious ones, created for purposes of commercial acquisition of public property, there exists only one relatively reliable criterion. It is an organization’s reputation and length of existence.

From this it follows that the organizations belonging to a majority of members in the Public Chamber, that is, those that have become adjusted to a non-transparent authoritarian regime and to the mechanisms of “private – public partnership”, should be cut off from the participation in such privatization. And on the contrary, the sole players in that privatization must become those organizations that exist since the 1990s or even since the 1980s, have been financed predominantly by grants provided by the West, and therefore are suspected by the current authorities in being orientated toward interests alien to this country’s. Probably, this participation should also be shared with some of the most respected and eminent foreign organizations, predominantly those from the USA (because it is in the USA that the not-for-profit sector has become relatively better developed.

One simple reason for it is that those organizations have for a long time been making investments in their own reputation, and their incentives to employ property that has been transferred to them in accordance with declared targets, and not for purposes of personal gain (those incentives being further augmented by private grants, the donors of which watch against the danger of their funds being stolen), are so strong that they are associated with the lowest post-privatization risks and the best price-to-quality ratios of public benefits.

However, this choice, which is the only reasonable one in terms of economics, is presently faced with political restraints, – and quite understandably.

Another example of a very useful initiative with dubious practical results is the draft law “On the procedure for the formation and use of the target capital of not-for-profit organizations” (submilled by deputies of the State Duma P. V. Krashennikov (who pretends to be representative of “the liberal wing” of “United Russia”), former entrepreneur V. S. Gruzdev, and some others), and the related draft law “On the introduc-
tion of amendments to some legislative acts of the Russian Federation as a result of the adoption of the Law “On the procedure for the formation and use of the target capital of not-for-profit organizations”.

From the formal point of view, the draft law is aimed at increasing the number of available instruments and the opportunities for financing charitable activities. Donors, as well as the organization itself, may pour some capital into commercial turnover, so that the resulting income could become a more or less stable source of financing for the implementation of charitable programs.

In this connection, the capital being thus transferred is to become exempt from the value added tax and the profits tax, and accordingly, the income from the target capital is to become exempt from the profits tax.

In a situation when attempts are being made, through envisaging in the law a variety of possible situations, to provide solutions to the problem posed by the low efficiency of the judicial system, some “dead alleys” will inevitable appear.

Indeed, the laws will be falling behind real life, behind the most convenient for donors and the most advanced methods of organizing the financing. The lawmakers’ attempts to enter in the law provisions concerning transparency, designed to ensure transparency better than it could have been done by donors, do, indeed, look quite naïve.

The Soviet-type institutions, sure of their inviolability in a court of justice, will ignore the very idea of reporting through the Internet. All the others – the normal private not-for-profit organizations – have for a long time already been accounting for their activity before the donors of grants and society by posting on websites their reporting documents and other information.

The only thing that “United Russia” is really striving to achieve, no matter what the authors’ intention might be, is to additionally strengthen the state administrative control over not-for-profit organizations. This control is quite discretionional. And therefore the careful elaboration of legislative provisions (if it was, indeed, authored by “honestly erring” deputies) has, as its consequence, a lower degree of legal protection, instead of its improvement.

Of course, there are some organizations and projects, dependent on investments to be made in Russia, who will benefit from new legislation. Although along with them, some purely commercial projects, disguised
as charitable ones, may also have their benefits. As for all others, they will become even more dependent on tax officials, who demand that the daily stream of reporting and information should be increased more and more. This stream is by no means intended for the good of civil society.

The basic cause of this is the obvious situation of competition, a competition quite unfriendly to any non-government organization which is truly useful to society (human rights organizations, private orphanages, cultural projects, etc.), by comparison with government – initiated projects and government agencies. This happens ecause the former perform better and at a greater scope at a much lower cost. Thereby they, in fact, discredit “national projects” and “private – public partnership”, being an impediment to bringing the amount of resources being distributed by the State to the highest possible level. And finally, they pose a threat to the propaganda effect of similar measures being implemented by the State shortly before elections and the transfer of power, and thus also a threat to the stability of the most successful and powerful groups of social interests.

Consequently, any mechanism, designed to ensure long-term financing of not-for-profit organizations at the expense of incomes from non-commercial turnover, must also involve a reliable legal protection of that capital and income stability. Both can be achieved by relatively simple means, when Russian money is invested abroad, but not vice versa.

1.3. The Expansion of Budget Liabilities: Money Flows along Longer and Darker Channels

In most general terms, the algorithm of financing the social sphere is as follows. The federal authorities are regularly increasing their liabilities to the population at a rate that is much higher than the growth rate of GDP.

The main mechanism for such an increase is the growth of the minimum wage rate, to which the rates of remuneration in the budget – funded sphere are pegged. The number of those employed in that sphere is not to become subject to any radical cuts. At the same time, there occurs an uneven growth of expenditures on social needs, which is moderate in the federal budget and steep in regional budgets, where there are no corresponding sources of revenue. The regions may cut their investment expenditures, which would not be altogether bad, on
condition that there should exist a fully liberalized access of capital into the sphere of railroad construction and exploitation. However, there is no such access. On the contrary, plans are being developed that will involve federal investments in road construction, which means that no competitors can expect any encouragement.

Thus, the central authority is simply increasing the amount of dota-
tions allocated to regions. The sole purpose of this transaction, in the course of which money flows from one government pocket into another, is to increase the regions’ dependency on the federal center\(^4\).

However, after the abolition of an elective executive authority and the monopolization of the political markets in a majority of regions, the effect of such additional investments in political stability is becoming increasingly weaker. An additional impetus to the process of decreasing transparency will be given by the newly introduced interpretation of the notion of “extremism” (as offered by Law of 27 July 2006 No. 148-FZ), which now is to incorporate “public libel in respect to a person occupying a government post of the Russian Federation or a government post of a subject of the Russian Federation, during the execution by the latter of his official duties or in connection with their execution, together with an accusation of the aforesaid person of the commitment of the deeds specified in this Article, on condition that the fact of libel is established in the judicial procedure”. In other words, any sharp criticism is not to be treated as libel, considering that in a situation of a growing administrative dependence of judges the establishment “of a fact in the judicial procedure” becomes just a formality. Thus, the Law has greatly increased the risks of criminal prosecution of journalists and editors for any oppositional activity, which alone can create the positive external effects of the media markets (although at the same time grating on the nerves of government officials and politicians).

The longer channels for cash flows toward their final point of use, in a situation of decreasing transparency (especially at the regional level), leaves little hope that the provision of public benefits in the sphere of social protection will remain at least at its previous level.

\(^4\) These estimations are also shared by other experts – see “Kommersant” of 14 December 2006.
2. The Ways Envisaged for Providing Solutions to Social Problems

2.1. State “Charity”: National Projects

National Project “Health”

The main goals of this national project are in the sphere of public health care: to improve the general health of Russia’s population, to lower the rates of morbidity, disability, and mortality; to strengthen the public system of primary medical care, to create appropriate conditions for efficient medical care at the pre-hospitalization stage; to develop the preventive orientation of the public health care system; to satisfy the population’s needs in hi-tech types of medical care. The project’s implementation in the year 2006 is to be funded from the federal budget and state off-budget funds. The sum of 88.4 bln roubles has been earmarked in 2006 for the implementation of the measures envisaged in the project.

The main items of expenditure – the development of the emergency medical service and a substantial increase of the salaries of micro-district physicians – have been repeatedly criticized by the authorities’ opponents as a populist measure, doomed to be ineffective. This also has been admitted, in an indirect way, by the non-government mass media (see the laments of an observer of the “Delovaia Gazeta ‘Vzgliad’” [Business Newspaper “Outlook”] concerning the jealousy of colleagues in respect to the direct recipients of funding within the framework of national projects).

Regrettfully, the project is going to postpone, at least until mid-2008, the discussion of the further directions of reform in this country’s public health care system, whose position is now the worst among all the possible variants – the system is no more fully public, and is still very far from being private. Insurance-based mechanisms cannot operate efficiently, at least because the market for medical services has been divided administratively between insurance companies attached to the government, which has resulted in a nearly complete absence of any competition for customers between the insurers.
National Project “Affordable and Comfortable Housing – to the Citizens of Russia”

The priority national project “Affordable and comfortable housing – to the citizens of Russia” is envisaged for the period of 6 years. It incorporates the preparatory phase (the year 2005), the first phase (the years 2006–2007), and the second phase (the years 2008–2010). For the first phase (the years 2006–2007), four priorities have been set by the President of Russia: to increase the scope of mortgage crediting for housing construction; to increase the affordability of housing; to increase the scope of housing construction and modernization of objects in the utilities infrastructure; and to fulfill the government’s obligations in respect to providing housing to certain established categories of citizens.

The total budget of the priority national project in its first phase (the years 2006–2007) amounts to 212.9 bln roubles: direct expenditures – 122.9 bln roubles, and government guarantees – 90 bln roubles. The funding from the federal budget – 86.1 bln roubles of direct expenditures and 60 bln roubles of government guarantees. The funding from regional and local budgets will amount to 36.8 bln roubles of direct expenditures and 30 bln roubles of government guarantees.

As usual, any large-scale government investments are indicative of a high degree of regulation in the banking and investment markets and the absence of any access for competition, including international competition. The opening of access to leading US and European banks would, while creating problems for domestic bankers, at the same time eliminate the necessity for society and the State to spend billions of roubles on increasing the affordability of credits. It should also be remembered that the State may enjoy such opportunities only in the years of high oil prices, whereas the prices of housing are still too high to make is affordable for the majority of families, especially young families.

National Project “The Development of the Agroindustrial Complex [AIC] of Russia”

The priority national project “The development of the AIC” incorporates three areas of activity: an accelerated development of livestock breeding; promotion of the development of small-size forms of entering; the provision of young specialists (or their families) with housing in rural areas.
The measures declared in the project will be financed from the federal budget (34.9 bln roubles in the years 2006–2007), the budgets of RF subjects and off-budget sources.

This national project has undoubtedly the longest and least fortunate history in financial and economic terms. It is noteworthy that this time the forms of funding allocation do, indeed, remotely resemble market methods, which leaves some room to the hope that some of the resources will indeed be saved from being unreasonably wasted. The problem here has been posed by yet another precedent of the State having interfered with the natural process of interdepartmental competition for investments. The general background, characterized by talks of the economy’s diversification, its reorientation toward hi-tech development, and the selection of the sector which is the least adapted to the market for large-scale state support, is far from being optimistic. The attempt to provide solutions to the problem of “supplying public benefits” to regions with underdeveloped infrastructure is characterized by the low transparency of such investments. The rural electorate has always been, even during the years of very acute political competition, the reserve for manageable voting. Therefore the demand of the rural population for institutes capable of an efficient exploitation of such investments is minimal, just as their civil habits are barely existent.

National Project “Quality Public Education”

The main directions of the project “Quality public education”: to create incentives for those educational establishments (higher educational establishments and secondary schools) where innovative curricula are being actively implemented; to implement information technologies in the sphere of education; to support active and talented young people; to organization basic vocational training for the military personnel (conscripted and on contract); to create a network of national universities and business schools; to introduce additional remuneration to teachers charged with class supervision; to encourage best teachers; to supply school buses to rural areas; to provide schools located in dotation-dependent regions with teaching equipment.

For the definition of the demand for institutions, see Mau, Yanovskiy, Zhavoronkov et al., 2003.
The amount of financing, including the expenditures on informational support, for the year 2006 is 25.28 bln roubles, the estimated plan for the year 2007 being 31.18 bln roubles.

This potentially is the least harmful project, unfortunately, it is oriented toward criteria that are very vague, and so are fraught with opportunities for corruption (“incentives for establishments where innovative curricula are being implemented”). In this connection, it would be quite worthwhile to compare the effect of exactly similar projects of the “Open Society” Institute (where the inclusion of educational establishments in the Internet systems is envisaged), which has been ousted from Russia, and that of the government projects to be implemented after 2008.

The project’s program places no emphasis on the development of subject-oriented education and in-depth studies of mathematics and foreign languages as a basis for all subsequent education, the successful practical examples of which, in terms of mass-scale implementation (instead of the implementation as original programs authored by individuals), can also be found in the Soviet period.

And all this is happening against the backdrop of an actual collapse of the reform involving the introduction of the Single State Examination, which has failed to ensure just, equal and corruption – free competition of students from urban and rural areas and from all regions (with the understanding of the fact that the capital cities will be far ahead, and the only goal of reform has been to provide the young people “from backwater”, at the very start, with adequate opportunities to make use of remote-access technologies, with access to competitions, to best textbooks and multimedia courses, and finally, to best tutors). Such an investment, even when made only once, would have provided this process with a chance for self-reproduction even when the “oil dollars” run out (see below the substantiation for the corresponding recommendations concerning the development of the public education system).

Examples of the Implementation of National Projects in the North-West Federal Okrug

The process of the implementation of priority national projects is developing unevenly.

Karelia has been placed on the “black list” of regions where the priority national project “Affordable and comfortable housing – to the citi-
zens of Russia” is being implemented with the worst results. As stated in the materials posted on the official website of the Authorized Representative’s office of the North-West Federal Okrug, this list also includes Pskov Oblast and the Republic of Komi.

The Governor of Leningrad Oblast Valerii Serdiukov declared that the equipment and motorcars being supplied were of poor quality. From the comments of Ilia Klebanov, made in this connection, it follows that such problems emerged because no attention had been paid to the region-level opinions during the implementation of some of the components of the project “Health”. As a result, the lists of requested equipment differ from the lists of supplies, and the arriving supplies cannot be stored because no adequate premises have been prepared. Deputy Authorized Representative Galina Izotova noted that irregularities in the supplies of vaccines resulted in failures to comply with the established vaccination schedules.

At the same time, some positive results of the implementation of national projects have also been observed. These are as follows: the level of salaries of medical personnel has been raised, which reduced the outflow of cadres, including young specialists; the level of qualification of the physicians working in the district networks has been improved; the material and technical base of public health care institutions has been greatly strengthened; the introduction of the “delivery certificate” resulted in lower perinatal and maternal mortality rates. Due to the support provided to the primary care system, the staffing with micro-district general specialists in Vologda Oblast in the year 2006 alone increased from 50 to 85%. The hospitals in Vologda received the amount of equipment equivalent to 115 mln roubles.

According to Kaliningrad Oblast’s Minister of Agriculture and Fishery Andrei Romanov, under the priority national project “The development of the AIC” the region received from the federal budget 4126.7 thousand roubles to finance the development of livestock breeding, and 2308.8 thousand roubles – to support small-size forms of enterprising.

**Examples of the Implementation of National Projects in the Southern Federal Okrug**

During the implementation of national projects in the Southern Federal Okrug, some positive developments have been noted, as well as certain drawbacks.
When the results of the implementation of the project “Education” in the Republic of Dagestan were summed up, alongside positive results (the Republic’s 104 best educational establishments received 1 mln roubles each for the improvement of their educational and material base; 346 best teachers each received a bonus of 100 thousand roubles; to some talented young persons, a total of 13 and 48 bonuses, 60 thousand and 30 thousand roubles each, respectively, were paid; to 25 thousand teachers, additional remuneration is being paid on a monthly basis for class supervision, 50 motor cars out of the 131 requested from the Ministry of Public Education have already been transferred to the Republic’s rural schools; for the provision of schools with teaching equipment, 338 sets (for physics, chemistry classes, etc.) were allotted in the amount equivalent to approximately 106 mln roubles), there were also some drawbacks and failures. The schools of Agulskii, Tarumovskii, Tliaratinskii, Tsuntinskii raions and Bezhtinskii district did not participate either in the contests of comprehensive educational establishments where innovative curricula were being implemented, or in the contests of best teachers. In some territories, the measures being implemented helped to reveal the absence of real financial and economic independence of municipal educational establishments, as well as the underdevelopment of the state and public system of administering educational establishments.

In Kuban, more than 1 bln roubles was allocated in the year 2006 to finance the target programs in the sphere of public health care, while in the year 2005 only 640 mln roubles was spent on that sphere. Resulting from the project, according to the Krai’s Governor Alexander Tkachiov, the fleet of ambulances in the year 2006 in Kuban’s towns and raions was renewed by 62%. From July 2006, the health care system there has been receiving payment per one case of completed treatment through one-channel financing.

The Head Physician of Kalmykia considers the implementation of the national project to be quite unsatisfactory. In order to prevent an epidemic of influenza, it is necessary to vaccinate 130 thousand people, while only 50 thousand have actually been vaccinated – because the republic, within the framework of the federal program, received only this amount of vaccine.
From the onset of the implementation of the national project in the sphere of agroindustrial complex, 80 out of the 2 thousand farms in Adydeya received credits in the amount of more than 100 mln roubles. Of these, 80 mln was granted by the Rosselkhozbank, and 20 mln – by farmers’ credit cooperatives. The number of heads of cattle grew, as compared to the year 2005, by 10%, that of pigs – by 75%. However, overall growth was achieved owing to the three leading raions. In order to adequately raise the level of all the regions, 1 bln roubles is needed, but it is impossible to receive such a sum because of the absence of an adequate pledge.

In Stavropol Krai, in the year 2006, 750 thousand sq m of housing was constructed, while the planned target for housing construction for that year had been 738 thousand sq m. While the plan had envisaged the provision of 190 young families with housing, the subsidy certificates were already issued to 214 young families; while the volume of mortgage crediting for housing construction, agreed upon during the coordination of the national project, was to amount to 450.1 mln roubles, such credits were actually granted in the Krai in the amount of more than 1,2 bln roubles. In 2006, housing certificates were issued to 154 military servicemen (the expected number for the year 2007 is more than 200), 12 certificates – to former Chernobyl workers (the expected number for the year 2007 – 80), 24 certificates to forced migrants (in 2007 – more than 40), and 2 certificates were issued this year to workers from the Far North regions. Because of the small size of the state subsidies allocated to the solution of housing problems, these could be made use of by only 12 veterans and disabled persons. A total of 204 families from the privileged categories were able to improve their housing conditions in 2006. According to preliminary estimates, in 2007 there will be more than 400 such families.

**Examples of the Implementation of National Projects in Privolzhskii Federal Okrug**

In the Ministry of Public Health Care of Marii El, the results of the first year of the implementation of the priority national project “Health” were summed up. In 2006, 309 mln roubles were transferred to Marii El from the federal budget, and the additional 166 mln roubles was allocated in the Republic’s budget. The salaries of 739 health care workers in the district network were raised, as well as those of 304 health care workers.
employed at first-aid and tocological stations, and those of 490 physicians and nurses employed in the emergency medical care system; also, additional bonuses were paid to medical specialists participating in additional medical screenings of the employees in the budget-funded sphere and persons exposed to occupational hazards. The material and technical base of the polyclinic network is being improved; 162 units of diagnostic equipment were transferred to Marii El, and the renewal of the emergency medical system was started with the supply of 46 new ambulances. The greatest problem is represented by the absence of any normative documents that could regulate the procedure for spending the funds being flown into the Republic within the framework of the national project. Another problem is the currently existing lack of proper balance between the amounts of salaries of primary medical care staff and that of the staff of hospitals.

425.15 mln roubles was allocated from the federal budget to the implementation of the priority national project “Education” in Nizhnii- Novgorod Oblast. The total financing from the region’s consolidated budget in the first ten months of the current year amounted to 202.89 mln roubles. In N. N. Lobachevskii State University of Nizhnii- Novgorod (SUNN), within the framework of the implementation of the project “Education”, the Microsoft Innovation Center was opened. The Innovation Center at the SUNN will be operating in three areas – the accumulation of intellectual capital through the organization of software development courses, training sessions for business management students, as well as the programs for their employment; the development of cooperation in the IT industry, oriented to the creation of partnership programs in the sphere of software licensing and the development of software innovations. To the University’s personal account, the sum of 108.8 mln roubles was transferred after it had become winner in the contest for the receipt of state support in the amount of 544 mln roubles. In the contest of comprehensive educational establishments where innovation curricula were being implemented, 128 schools from 53 municipal raions and city okrugs of Nizhnii-Novgorod Oblast participated. The winners were 39 rural schools and 21 urban schools. To the payment of bonuses to the winners, 60 mln roubles was allocated from the federal budget, which was already transferred to Nizhnii-Novgorod Oblast and passed to the schools’ personal accounts. These monies were spent on purchases of
laboratory equipment (10.5 mln roubles), purchases of software products and methodologies (4.2 mln roubles), the modernization of the material and educational base (42.4 mln roubles), the improvement of the qualification and further training of the educational staff (2.85 mln roubles).

Some raions in Chuvashia have failed to achieve the target indices set within the framework of the priority national project “The development of the AIC”, as stated by the Republic’s Minister of Agriculture Mikhail Ignatiev. The production of meat will be below the targeted level in Alatyrskii, Komsomolskii, Krasnochetaiskii, Shumerlinskii, Tsivilskii and Yalchikskii raions. There are some problems relating to the attraction of young specialists to rural areas in Kozlovskii, Krasnochetaiskii, Marposadskii, Urmarskii, Tsivilskii, Yadrinskii and Cheboksarskii raions. This means that the heads of those raions have failed to properly execute their official duties. At the same time, in the year 2006 the limit of financing for measures designed to provide young specialists with housing in rural areas in the Republic of Chuvashia at the expense of the federal budget was 79.63 mln roubles. Out of this amount, as stated by the Republic’s government, 59.43 mln roubles was allocated to housing construction, where 39.43 mln roubles was to be spent on young specialists (and their families) within the framework of the priority national project “The development of the AIC”, and 20 mln roubles – on citizens within the framework of the republican program. This will make it possible to improve the housing conditions of approximately 440 families, 260 of which will be provided for at the expense of the national project.

According to Governot of Perm Krai Oleg Chirkunov, 610 young families in Perm Krai in the year 2006 were able to improve their housing conditions due to the national project “Affordable and comfortable housing – to the citizens of Russia”. To these purposes, a total of 50,6 mln roubles was allocated. In the implementation of that direction of the national project “Affordable housing”, 32 territories of the oblast have been participating this year: four city okrugs and 28 municipal raions. The program for the provision of housing involves 1800 young families in the oblast. Since the beginning of the year, 324 certificates have been issued to them, of which 252 – presented for payment. From the regional budget, 35.7 mln roubles was allocated to these purposes;
from local budgets – 17.7 mln roubles; the young families’ own savings spent on the improvement of their housing conditions amounted to 129.6 mln roubles.

Examples of the Implementation of National Projects in the Far-Eastern Federal Okrug

The situation in Primorskiy Krai can be regarded as a positive example of the implementation of the national project “The development of the AIC”. The volume of agricultural produce in Primorskiy Krai in the year 2006 will be the equivalent of 19.2 bln roubles, which is by 2.9% more than the same index in 2005. The production of corn will be 130 thousand tons, or by 6% higher than last year’s index, the production of soya – 136 thousand tons, or by 4.7% higher than last year’s level. This year, the rate of renovation of agricultural machinery on the terms of leasing has also been high. The purchases of machinery in 2006 amounted to 156.2 mln roubles, including 7 multifunctional resource-saving cultivating complexes in the equivalent of more than 101 mln roubles. The volume of produce realized by individual households and private farms increased by 7.6%. An important role in this connection has been played by the newly created consumers’ cooperative, the number of which in the territory of Primorskiy Krai is already 12.

By the results of the first nine months of the year 2006, a total of 26.5 mln sq m of housing was constructed in Russia (113.7%, as compared to the same period of the year 2005). The target index for housing construction in the plan – schedule for the year 2006 is 50 mln sq m. The lowest rates of housing construction have been noted in the Far-Eastern Federal Okrug (105.6%). The factors responsible for such a situation are numerous. Thus, for example, in Yakutia small-size construction companies cannot successfully compete with big enterprises, which dictate their own rules on the housing market. Hence the high price of one sq m of housing – 30–35 thousand roubles. If small-size companies could have participated in the project’s implementation, the price of one sq m would have gone down to 8–9 thousand roubles. The base of the construction industry in the Republic has, in fact, been destroyed.

This year, approximately 1.2 mln roubles will be spent in the Jewish Autonomous Oblast (JAO) on the additional routine medical screening of the staff of enterprises where workers are exposed to occupational
hazards. A total of 43% of such workers in the JAO have already had medical screening. Ten new ambulances were added to the car fleets of the JAO’s medical institutions. The price of one “Gazelle” is 650 thousand roubles. The ambulance is fitted with the equipment for general anesthesia, a defibrillator, a three-channel electrocardiography machine, the equipment for artificial lung ventilation, and other medical tools. Three ambulances will remain in Birobijan, while the rest have been sent to the Autonomous Oblast’s raions.

It is planned that more than 800 educational establishments in the Far East will be connected to the Internet before this year’s end within the framework of the priority national project “Education”. In Primorskii Krai, 163 schools will be thus connected, in Khabarovsk Krai – 180, in the Republic of Yakutia (Sakha) – 188, and in Amur Oblast – 88. The process of getting connected to the Internet will involve 76 educational establishments in Kamchatka, 126 in Sakhalin, 14 in Magadan Oblast, and 41 in the Jewish Autonomous Oblast. Besides, 4 schools will be connected to the Internet in Chukotka Autonomous Okrug and 4 – in Koriak Autonomous Okrug. In accordance with the requirements to the contractor carrying out this state order, a total of 18,000 secondary schools will have to be connected to the Web before the end of 2006. It is planned that in 2006, within the framework of the implementation of the project “Provision of access to the Internet for the educational establishments of the Russian Federation”, 1 bln roubles will be spent from the federal budget, and in 2007 – 2 bln roubles.

**Examples of the Implementation of National Projects in the Siberian Federal Okrug**

In order to encourage the best teachers of Omsk Oblast, 5 mln roubles was allocated in the regional budget to the payment of bonuses within the framework of the national project “Education”. In addition, all the participants in the contest’s final stage – 161 teachers from that region – received cash bonuses from the Government of Omsk Oblast in the amount of 31,000 roubles each. These monies are transferred to the teachers’ personal accounts. A total of 110 teachers from rural schools and 51 teachers from urban schools received in 2006 state support, in the amount of 100,000 roubles, on the basis of the results of the implementation of the priority national project “Education”. Presently, more than 80% of the region’s rural schools are equipped with
motor means of transportation. In 2006, within the framework of the implementation of the oblast program “Social development of the rural village in Omsk Oblast for the period until the year 2010”, 32 mln roubles was allocated, with the result that 78 educational establishments were equipped with means of transportation. During the Oblast’s 6-year-long comprehensive program “School Bus”, 388 units of motor means of transportation were acquired, their total cost being 124 mln roubles.

In the first eight months of the year 2006, 551 families in Krasnoyarsk Krai received subsidies for the acquisition of housing within the framework of the Krai target program “The provision of young families with housing in the years 2006–2008”. The total amount of subsidies was 12.7 mln roubles. Within the framework of the program for fulfilling state obligations in respect to the provision of housing to certain categories of citizens, the Krai Administration provided housing to 298 families at the cost of 259.6 mln roubles. It is planned that a total of 303 families will be provided with housing under this program. Simultaneously, a system of mortgage crediting for housing construction is being developed in the krai. According to the data published by the regional authorities, in the year’s first 8 months, credits in the total amount of 591 mln roubles were granted to 845 residents of the Krai. It is intended to grant credits in the year 2006 in the amount of 700 mln roubles.

As of 1 December 2006, peasant households and farms (PHF) and individual households (IH) in Altay Krai received 6,968 credits in the total amount of 1.27 bln roubles, including 6,405 credits in the total amount of 577.5 mln roubles granted to IHs. Agricultural consumer cooperatives were granted two credits in the amount of 6.3 mln roubles. Credits and loans were subsidized under 2142 agreements, in the total amount of 831.3 mln roubles, where the share of credits granted to IHs constituted 1712 agreements in the total amount of 152.8 mln roubles. The share of PHFs is represented by 430 agreements in the total amount of 678.6 mln roubles. The housing conditions of 173 young specialists were improved this year, these persons being employed in rural areas in the agroindustrial complex and in the social sphere of Altay Krai. For the support to be provided within the framework of the priority national project “The development of the AIC”, an annual limit was established in the amount of 9 mln roubles of subsidies from the federal
budget, and 12 mln roubles of subsidies – from the krai budget. In 2007, it is planned that, in order to provide support in the acquisition of housing to young specialists in rural areas, the resources from local budgets and those of employers will have to be made use of. Under the federal target program “Social development of the rural village until the year 2010”, another 423 rural families from 60 raions in the krai will receive support in the improvement of their housing conditions.

Novosibirsk Oblast received the whole volume of medical equipment, as it had been planned for this year in the national project “Health”. Among the supplied equipment, there was the equipment for functional diagnostic procedures, laboratory and endoscopic equipment, ultrasonography machines, and X-ray equipment. All these are already being used in the medical institutions of Novosibirsk Oblast. From the oblast and municipal budgets, 84.5 mln roubles was allocated to current and capital repairs of the polyclinics providing primary medical care, while to the equipment of polyclinics with personal computers it is planned to allocate, before the end of 2006, another 3.1 mln roubles. To Novosibirsk Oblast, 145 ambulances were supplied, their total cost being 68.9 mln roubles.

Examples of the Implementation of National Projects in the Urals Federal Okrug

Since January 2006, the implementation of programs in the spheres of public education, public health care, agroindustrial complex, and housing construction have been started in Yugra. Some qualitatively new results were demonstrated by the Autonomous Okrug at the end of the first year of the implementation of the priority national project “Affordable and comfortable housing”. It is planned that more than 900 thousand sq m of housing is going to be commissioned (this is by one order more than the index of the year 2005). In 2007, the commission of more than 1 million sq m is expected. In 2006, through auctioning, the plots of land were designated where a total of 2 mln sq m of housing can be constructed. From early 2006, the mechanism of mortgage crediting for housing construction has been launched and is working quite efficiently. Through the activity of the Mortgage Agency and authorized banks, more than 12 bln roubles has been attracted to the housing construction market (against a little more than 2 bln roubles in 2005). A big stake has been put by the government of Yugra on the
comprehensive program for the construction of small-size wooden apartment houses. Several such buildings have already been constructed with the use of local raw materials. It is planned that within 1.5–2 years under this project 200–250 thousand sq m of housing will be commissioned annually.

In Sverdlovsk Oblast, within the framework of the implementation of the project component “Implementation of modern educational technologies”, as of the end of November 2006, 152 universal comprehensive educational establishments had been connected to the Internet out of the total of 334 which were to be connected during the year 2006. The region is also working at the implementation of the project direction “Improvement of general upbringing at secondary schools”. In October, 7,107 teachers in the oblast received additional bonuses from the federal budget for class supervision, in the total amount of 5,669 mln roubles. Besides, additional payments for class supervision were made from the consolidated budget of Smolensk Oblast in the total amount of 3,208 mln roubles. The additional payments for November will be transferred between 5 and 15 December 2006. Within the framework of the project direction “Rural school bus”, the oblast received eight buses out of the planned ten, purchased at the expense of the federal budget. However, certain violations were revealed during the implementation of the national projects. In the towns of Alapaevsk, Neviansk, Irbit, Revda and some others, the instances of erroneous calculation of additional benefits for performing the functions of a class supervisor were found out. In Nizhneserginskii, Kushvinskii, Sysertskii and Serovskii raions, some violations took place when budget subsidies for individual housing construction were being granted. A total of more than 200 violations were found out by procurators during checks of how legislation was being complied with during the implementation of national projects, in respect to which appropriate measures were applied.

In course of the implementation of the national project “The development of the AIC”, 5,000 additional one-animal livestock units for were commissioned in Tumen Oblast in the first 11 months of the year 2006. And resulting from the construction of 15 dairy complexes, the oblast’s livestock sector will have at its disposal 13,000 one-animal units. To the oblast’s farms, 6,700 heads of pure breeder cattle of foreign selection were brought from France, the Netherlands, Germany, and 1,800
heads – from other regions of Russia. The oblast budget, in the form of leasing, covered the purchase of 16 complexes of highly productive fodder-processing machinety. Besides, the Oblast government decided that by the end of 2007, a seed-breeding farm, for the selection and production of perennial grasses should be created. Among the problems faced by the national project for the development of the AIC while it is being implemented in the territory of Tumen Oblast, the absence of design documentation needed for the construction of modern livestock-breeding complexes, compatible with market demand, has been noted.

For purposes of improving the material status of medical personnel, through creating a system of additional payments to the staff of first-aid and tocological stations, emergency medical service and ambulatory medical institutions in Khanty-Mansi Autonomous Okrug (KMAO), a total of 175.17 mln roubles will be allocated in 2007. Of that amount, 64.88 mln roubles will be allocated at the expense of the Autonomous Okrug’s budget. In accordance with the draft law, in 2006 a total of 60.246 mln roubles are to be allocated to these purposes, including the 13.9 mln roubles that have already been allocated in the Okrug’s budget. A system of the Governor’s grants is being developed in the KMAO, in order to support the most promising projects in the sphere of public health care. The expenditures earmarked in the year 2007 for these activities are equal to 30 mln roubles.

**Examples of the Implementation of National Projects in the Central Federal Okrug**

In the agriculture sector of Ivanovo Oblast, 21 agricultural producers were granted credits for the construction and modernization of farms in the amount of 149.9 mln roubles. Of these credits, 19 were granted by the Rosselkhozbank, and 2 were received from the Sberbank. The Oblast government is going to open new representative offices of that agency in the region. Credits in the amount of 21.6 mln roubles were granted to cover the purchases of cattle. A total of 798 heads of cattle were purchased, their total cost being 36.1 mln roubles. A total of 800 thousand roubles was spent on 100 pigs. The greatest number of loans (45) were granted to Privolzhskii raion, 33 – to Lezhnevskii raion, 31 – to Verkhne-Landekhovskii raion, 6 – to Vichiugskii raion, 5 – to Shuiskii raion, and Pestiakovskii and Palekhskii raions received 3 loans each.
During the year, 18 agricultural cooperatives were created in the Oblast.

Within the framework of the project “Affordable and comfortable housing”, in March an agreement on cooperation was sighed between the Ivanovo Administration and the Ministry for Regional Development. The foundation for the national project’s implementation became the Oblast’s target program “Housing”, adopted for the years 2002–2010. Within its framework, in 2006 mortgage credits were granted in the total amount of 222 mln roubles. It is envisaged that 7,933 thousand roubles should be paid from the Oblast’s budget. In 2006, 42.6 mln roubles were allocated to the reforming and modification of the housing and utilities complex, 71.6 mln roubles – to the resettlement of residents from old and dilapidated apartment buildings into new ones. The Oblast government is now providing plots of land for the construction of utilities communications. Such activity is going on quite successfully in district “Moskovskii”. If these districts succeed in being included in the national projects, attempts can be made to negotiate the issues of price growth with the constructing company, to make prices grow at a slower rate than that observed in 2006.

In Kursk Oblast, in course of the implementation of the national project “Quality education”, 27 secondary schools in 2006 received presidential grants in the amount of 1 mln roubles each. Besides, they all received impressive bonuses from the region’s administration. In order to introduce information technologies in the sphere of education, within the national project’s framework 878 educational establishments in Kursk Oblast are to be connected to the Internet. According to the plan for 2006, 297 educational establishments are to be thus connected. As reported by the Committee for Education, 153 of them have already obtained access to the Web. The region received the planned number of school buses. The federal budget paid for 17 buses, and the oblast budget – for 11. Besides, the region will receive 82 sets of visual equipment and teaching aids. The cost of 39 such sets will be covered by the oblast budget, where 11.6 mln roubles were allocated to these purposes. The resources of the federal budget covered the complete cost of 20 sets of equipment for geography classes – in the amount of 1.56 mln roubles, and the cost of 17 interactive boards in the amount of 1.5 mln roubles. Only 30% of the total number of chemistry sets were
supplied – 15 sets of the total cost of 2.1 mln roubles. Advance payments for the equipment, in accordance with the existing agreement, are made from the oblast budget in the amount of 30% of its total cost.

More than 315 mln roubles was received in the year 2006 within the framework of the national project “Health” by the municipal institutions of the public health care system in Voronezh. The full-scale implementation, in 2006, of the measures envisaged in the national project will make it possible to supply additional cash resources, equipment and ambulances in the amount equivalent to more than 402 mln roubles. Out of this amount, in the form of additional bonuses to micro-district physicians and nurses, 138 mln roubles was allocated, and 14 mln roubles – to the personnel of the emergency medical care service. Against delivery certificates, 48 mln roubles was paid, and more than 136 mln roubles was allocated to purchases of medical equipment and ambulances. It is planned that more than 190 persons should be vaccinated, with the allocation of 18.8 mln roubles to this purpose. The salaries of micro-district physicians increased threefold and now amount to 14,000 roubles, those of nurses – by 2.5 times, to 6,700 roubles. The implementation of the national project made it possible to provide the municipal institutions in the public health care system with 92 units of medical equipment. On these items, more than 98 mln roubles were spent. Besides, the emergency medical care station received 21 ambulances and one specialized ambulance with intensive care equipment.

Tula Oblast became actively involved in the implementation of the priority national project “Affordable and comfortable housing – to the citizens of Russia”. The total amount of financing under this project in the region is 14.6 bln roubles, and in 2006, 583 mln roubles will be allocated thereto in the Oblast’s budget. Besides, government guarantees are envisaged in the oblast budget in the amount of 144.5 mln roubles. According to the planned results of the implementation of the program “The provision of housing to young families in Tula Oblast in the years 2006–2010”, housing should be provided to 1,736 young families, with the allocation of 660 mln roubles to these purposes, including 495 mln rouble – from the oblast budget. This year, 30 mln roubles will be allocated to the implementation of the program, and subsidies granted to 132 young families. In 2007, 153 mln roubles will be allocated, which will result in improved housing conditions for 401 young families. The
forecasted amount of financing for the program “The development of mortgage crediting for housing construction in Tula Oblast in the years 2006–2010” will be equal to 491 mln roubles, including 230 mln roubles of subsidies. As a result, housing will be provided to 4,411 families. Under the mortgage program, it is planned that a total of 238 thousand sq m of housing will be purchased. In 2006, 52 mln roubles will be allocated to the provision of housing to the specific categories of citizens, as established by federal legislation.

2.2. Corporate Charity

For more than a century and a half (beginning with A. de Tocqueville, whose approaches to the problem of aiding the poor were shared and further developed by J. Spencer), state support has been subject to criticism, because, firstly, of the incentives for indolence being thus created by it both for the recipients of such support and for the low-income working groups of population, who compare themselves to the former; and secondly, because of the dubiousness of the good intentions and the incentives of those who make the decisions concerning the granting of such support (Spencer).

It is obvious that the decision concerning the granting of social support made by an appointed or elected official (deputy, governor or president) implies, in effect, the provision of aid from somebody else’s pocket. A similar problem emerges also in the instance of corporate charity. The persons who manage a corporation make the decision to provide the support not at their own expense, but at the expense of shareholders. In this case, the economic motives (image, investments in human capital) become far less vulnerable to criticism, both from the point of view of morals and the effect of such aid, because in this situation the probability is higher that the agent acts not in his own personal interests, but rather in the interests of his principal. As for compatibility of interests, it means that there does exists a stronger personal incentive to work for an efficient use of the resources allocated to certain specific purposes, than in any other situation.

In this connection it should be noted that the problems of both moral hazards and the practical inefficiency of social support programs become especially acute in the case of those corporations that are controlled and supported by the State (and not necessarily by financial
means; more often the support is political – through licensing or by imposing other barriers in the way of access to the market, or by lobbying abroad).

Let us look, by way of example, to the charitable and other “socially-oriented” (i.e., oriented toward the provision of mixed social benefits) programs of two state-controlled corporations – Gazprom and Rosneft, and to those of two big private corporations – “Norilskii nikel” and “Magnitogorskii metallurgicheski kombinal” (Magnitogorsk Metallurgical Combine).

The information concerning Gazprom’s charitable and social projects, posted on that corporation’s official website, is rather astonishing (especially if we compare it to the similar information posted by Western companies of a comparable size, for example General Motors\(^6\)). Many of the events described at the website actually happened back in 2002. In this connection, it should be noted that the key declaration, two web pages long, which, in effect, represents all the company’s reports of any worthy content, cannot but make any economist feel respect and deep satisfaction:

“The company strictly complies with its tax obligations, generating every day about 1 bln roubles of revenue for the Russian budget. Besides, Gazprom is consistently constructing new pipeline connections to villages and towns in the RF, thus every year increasing by more than 300 the number of those formerly deprived of any access to “blue fuel”\(^7\).

However, all this has no relation whatsoever either to charitable activity or to “social responsibility” (the term used in the title to that web page).

Nevertheless, one cannot but agree with the maxim that a company’s social responsibility is simply its normal operation, in the course of which it seeks its own good in working for its customers’ good, by increasing their number (or “constructing new pipeline connections to

\(^6\) Section “Community involvement” (concerning the participation in the affairs of local community) http://www.gm.com/company/gmability/community/index.html represents only one of the several large sections posted on that website, with numerous subsections, reports, accounts, etc. The overall number of references under the key words “General motors” & “charity” is hundreds of thousands, which is by four orders higher than a similar index in respect to Gazprom.

\(^7\) http://www.gazprom.ru/articles/article20155.shtml.
villages and towns”) and by paying taxes, all the rest being of little im-
portance. This wise and responsible standpoint, which is not influenced
by political fashion or pressures from official groups of interest and left-
ist extremists, would have honored any private US corporation.

Among other deeds of the company, worthy of being mentioned on
the sparingly used web space, there are the following ones:
- support of high achievements in sports,
- the publication of the album “Masterpieces of Russian art. The
Golden Map of Russia”, which offers “some 400 best examples of
Russian fine arts and sculpture …”; aid to the projects developed by
eminent cultural figures – D. Khvorostovsky and V. Spivakov (that is,
the art of high achievements);
- the restoration of memorials of culture and architecture on the terri-
tory of the Valaam Stauropegial Monastery of the Transfiguration of
Saint Savior;
- support in the making of the documentary film “Pilgrimage to the
Eternal City”, depicting the Early Christian sacred relics in Rome
(the list of pilgrims, however, is not specified, nor any comments as
to who might be on it are offered);
- and besides, the fulfillment of obligations undertaken under the so-
cially-oriented provisions of the employment contracts concluded
with the company’s staff (this one represents a nice addition to the
thesis with which we began this small overview).

On the whole, it should be noted that all this activity has no direct re-
lation to the notions of charity and social responsibility, as they are pub-
licly interpreted nowadays. At the same time, however, perhaps thanks
to its lobbying opportunities, the company does not offer any examples
of participation in any large-scale, costly and rather senseless projects,
which could present a danger in view of the aforesaid low level of moti-
vation of the decision-makers.

As for the company Rosneft, we should note the activities of some of
its territorial structures. Thus, “Rosneft – Tuapsenefteprodukt” in the
late 1990s was spending up to one million USD every year on relatively
targeted local projects. Unfortunately, there is little newer data. It looks
as if such information is not necessary altogether, because “the collec-
tive of “Rosneft – Tuapsenefteprodukt”, its general director do not
boast of their charitable activity; instead they want to urge others to en-
gage in similar activities by posing a good example. As for good fame, it has already been earned by the OAS “Rosneft – Tuapsenefteprodukt”.

The parent company issued a very richly illustrated 42-page booklet. From this booklet one may learn that “the expenditures on social programs” in the year 2005 amounted to 5.2 bln roubles (according to our estimate, it is approximately 5% of the amount of sales, which is indeed quite impressive). However, as can be understood from the content of the same booklet, the main bulk of that sum is being spent on providing solutions to the problems faced by the company’s staff – housing, retraining, health care and leisure (which, by the way, is both natural and normal). The expenditures on charities constitute about 5% of the total amount of “social expenditures” (in 2006, 254.5 mln roubles was earmarked for these purposes). The booklet’s authors point out, among such purposes, the expected “restoration of spirituality” (expenditures on the needs of the Russian Orthodox Church) and environment protection. There are no details concerning any specific projects, let alone the criteria for their selection.

The information on the social programs of the Magnitogorsk Metallurgical Combine (MMC) has made it possible to come to the conclusion that the expenditures on the personnel’s needs prevail (medical care, leisure, housing); however, they are described in much more detail and better substantiated (mountain ski bases – the encouragement of open-air sports among employees, whose occupation is far from being beneficial to health).

The information concerning the company proper is much more detailed (this is a special, well-structured section of the company’s website) than that published by its state-controlled counterparts.

The reports of “Norilskii nikel” to its shareholders and general public are even more detailed. The expenditures on charitable activities, expressed as percentage of proceeds, are somewhat lower than those of Rosneft (a little more than 0.1%, and of the order of 0.3% of net profit).

9 http://www.rosneft.ru/Social/.
10 See, e.g., “Iesli vse idut k gore” [“If all go to the mountain”] – Kommersant, Social Report // 26 December 2006.
12 http://www.nornik.ru/about/social_policy/.
Both these private companies are more closely tied to certain territories. For the MMC it is primarily Magnitogorsk; for “Norilskii nikel” – Norilsk, Talnakh and other settlements around that city. All this makes the inevitable social burden of those two companies heavier than that being borne by Gazprom and Rosneft.

Moreover, a lion’s share of taxes goes to the federal and regional budgets. Thus, in 2005, Norilsk received only 7 out of more than 50 bln roubles of taxes paid by the company. Considering the high cost of the upkeep of a big city located above the Polar Circle (there being actually no sources of revenue worth mentioning except those generated by the Combine), this sum is indeed rather limited.

The information of the MMC’s and “Norilskii nikel”’s charitable projects proper is only slightly more detailed than that published by Rosneft or Gazprom. The comparatively small scope of charitable activity, in view of weak incentives to achieve the best possible cost-effectiveness of investments, represent a common rather than a differentiating features, characterizing the activity of all the four companies.
3. Managing the Public Good: Governments and Education in Canada

The special national way searching is the favorite activity of poor responsible governments in the World. Acting executive power in the Russian Federation follows this very path, unfortunately, instead searching for the lessons from experience of similar successful transitional countries (see Annex 3 – reviews of the respective institution and policies of Poland and Estonia) and old federal Rule of Law Democracies as Canada. Here is presented review of only one of the public goods supplied by government in the social sphere as a relevant example.

As providers of public goods, the roles of federal, provincial, and local governments in Canada are in decline. Governments at all levels have sought to reduce the scope of their activities and the investment of public resources, withdrawing from specific roles in favor of the private sector or other levels of government. While government has traditionally been considered the appropriate institution for the management of public services, the financial and administrative limits of government have led to questions concerning the efficiency and flexibility of public management of services. Accordingly, contemporary innovation and reform of service delivery – or neglect and deterioration, depending on the perspective – in fields as varied as health care to prisons challenge the traditional acceptance that public services are best managed and monopolized by government.

Education in Canada is one of the two most sacred of public goods. Health Care is likely the most sacred, linked as it is with the Canadian national identity and as a primary way to distinguish Canadians from Americans. According to the division of powers, both healthcare and education are provincial jurisdictions, yet the Federal government has successfully bought into national health standards through the process of federal transfers to provincial budgets. At the provincial level, health and education are the two biggest government expenditures, with health costs typically absorbing about one-third of provincial expenditures, and education costs (excluding advanced education)

about 15%. Public education is provided free to all Canadian citizens and permanent residents until the end of secondary school – usually achieved by age 18. Education is considered more than a private affair, and is charged with transmitting core knowledge and developing good citizens. It socializes children to accept and promote Canadian values. Public education is considered an important vehicle for the promotion of equality, and also provides an important economic function, preparing youth to enter the work force as productive laborers and contributors to the national economy. Education also serves to provide supervision of children, allowing parents to engage in the labor force. Lastly, education is big business: there are more than 15,500 schools in Canada, with an average of 350 students per school, employing 310,000 educators (about 2% of the total labor force). At least 42 bln public dollars are spent annually on public education. At least that much again is spent on private and higher education.

Recent trends in Canadian society have strained the status quo in public education. Declining trust in public institutions means there is growing interest in public participation in schools and administration of education. Technological change and the free flow of information have created opportunity and interest for independent learning. Declining birth rates and economic prosperity mean that smaller families with one or two children may seek educational opportunities outside the public sector – indeed, the share of students in Canada enrolled in private schools has increased from 3% to 6% in the last thirty years\textsuperscript{14}. Urban development and demography no longer ensures that the local school will be in walking distance of the home, increasing pressure for choice in public schools. Religious and ethnic communities in a multicultural Canada create greater interest in schools that promote culture, language, and faith. Additionally, the costs of education continue to rise while the number of students enrolled in public education has begun to decline (see \textit{Fig. 1}). Sacred trust or not, such factors invite discussions of renovation and reform.

\textsuperscript{14} Ibid.
This paper reviews many of the challenges and issues in the public administration of education. Because education falls under provincial jurisdiction in Canada, much of the focus here will be on the hyper-fractionalized administration of education at the provincial level, as well as the ways in which this policy arena reflect current dynamics towards intergovernmental collaboration in Canadian federalism. After reviewing the Canadian context and historical development of the administration of education, this study then focuses on the province of British Columbia. This focus on one province allows us to address in greater detail specific questions concerning public financing, the role of independent schools, the prospects for public-private partnerships in education, and other issues that animate the administration of education in Canada and the degree to which reforms and innovation are found in education. Because the institutions of governance over education are so well developed, and because public education is occasionally characterized as a centralized, bureaucratic, even sclerotic enterprise, it is easy to leap to the conclusion that there are institutional barriers to reform. Yet as we examine the field more closely, we find that although the constitutional...
framework for the administration of education is similar across Canada, there are wide discrepancies in the levels of innovation and delivery of education services across provinces. This study will conclude with some explanation as to why such differences exist.

3.1. Constitutional Context

The Dominion of Canada was created by the British North America Act (1867). This Act granted provinces exclusive power over legislation in relation to education, and there is neither a federal department of education nor an integrated national system of education. The primary reason for this decision was to protect the rights of religious and linguistic minorities, especially French Canadians in Quebec, and the perceived need for protection was a major contention in negotiations leading to confederation. Section 93 of the Act also preserves denominational school rights existing at the time of Confederation, ensuring that Catholic schools in Ontario and Protestant schools in Quebec would continue. Since the confederation of four provinces in 1867 and the subsequent inclusion of additional provinces, arrangements for the protection of rights for denominational schools were achieved through negotiation. This means that the constitutional basis for denominational schools varies across provinces. Thus, there is no uniform administration of education consistent throughout Canada, although there are similar challenges and issues. Of particular interest is the history behind the controversy of the Manitoba School Act, which, while now a historical curiosity, also illustrates the manner in which education captures important dynamics in intergovernmental relations.

Manitoba was the fifth province to join Canada in 1870. The Manitoba Act, which enumerated the authority of the provincial government, established a system of denominational schools respecting equal rights to English language, Protestant schools, and to French language, Catholic schools, not unlike the system then current in Quebec. Immigration to Manitoba, however, was dominated by English speaking settlers, and the education question in Manitoba turned on the viability of equal status for French schools. By 1890, the provincial government in Manitoba abolished French as an official language of the province and ended public funding for Catholic schools, a violation of the Manitoba Act. This provincial legislation was first upheld by the provincial Su-
preme Court, then overturned by the Supreme Court of Canada, and finally upheld again by the Judicial Committee of the Privy Council in Great Britain. This meant that the federal government of Canada became the final arbiter of the dispute. Although the Manitoba legislation dealt exclusively with provincial jurisdiction, the politics of the dispute permeated throughout Canada, led to the division of the ruling Conservative Party in Ottawa, and the election of a Liberal government led by Prime Minister Laurier (a French Canadian Catholic) in 1896. Laurier worked out a compromise with the provincial government of Manitoba, which allowed for both Catholic and French education in public schools where enough students warranted such instruction. A separate Catholic school board was also established, but without government funding. Twenty years later, after further decline of French throughout the province, the guarantee of French instruction was officially dropped.

This historical incident was not the only controversy involving education in Canadian history, but illustrates well the limits of the federal government in fostering a national standard. As a consequence of the constitutional framework and of disparate cultural and political forces, there are significant disparities among provinces concerning the funding of public education. Table 1 (Overview of School Funding Across Ten Provinces) lists the provincial standard for public education in each of the provinces, and then refers to separate and independent schools. Separate schools refer to denominational schools (Catholic schools outside Quebec) fully funded by the public purse. Independent schools are private schools that embrace different denominations, cultures, or pedagogical perspectives, and may or may not receive some measure of funding, depending on provincial policy. We see, for example, that the province of Ontario fully funds Catholic schools as a separate school system, but offers no public money for independent schools (although tax credits are extended to defray tuition costs). British Columbia, in contrast, does not have a separate school system, but partially funds independent schools, which can include Catholic schools.

---

16 See also Adler v Ontario, discussed below, and Mahe v. Alberta.
Table 1: Overview of School Funding Across Ten Provinces

<table>
<thead>
<tr>
<th>Province</th>
<th>Fully funded Public System</th>
<th>Funded Separate School System</th>
<th>Public Funds to Independent Schools</th>
</tr>
</thead>
<tbody>
<tr>
<td>British Columbia</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Alberta</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Manitoba</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Ontario</td>
<td>Yes</td>
<td>Yes</td>
<td>No</td>
</tr>
<tr>
<td>Quebec</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Newfoundland</td>
<td>Yes</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>


The incorporation of the Charter of Rights and Freedoms in the Constitution in 1982 has also led to court challenges concerning independent schools. Relying on section 2 (Fundamental Freedoms) and section 15 (Equality rights) of the Charter, some citizens have appealed to the courts to extend public funding to independent schools. Ontario had full funding for Catholic schools, but only for the first nine years of a thirteen year curriculum. In 1987, the Ontario provincial government extended public funding for Catholic education through to completion. In the aftermath of this decision came a political battle to gain public funding for other religious groups. Jewish and Christian parents with children in unfunded independent schools launched a suit charging that full funding of Catholic schools discriminated against other religious denominations. The Supreme Court of Canada decided in 1996, however, that the principles behind public and separate school funding were clearly defined by the Constitution and did not fall under the Charter. Provincial governments were welcome to extend funding to private denominational schools, but were under no legal obligation to do so.

Later that year, another claim was made by a Jewish parent to the United Nations Human Rights Committee (UNHRC), claiming that the
international Covenant on Civil and Political Rights, which Canada had signed, provided for equal and effective protection against discrimination. The UNHRC ruled that Canada was under obligation “to provide an effective remedy that will eliminate this discrimination”\(^\text{17}\). This ruling implied that either public funding should be extended to all religious groups, or that public funding for Catholic schools should be terminated. Yet the Canadian government accepted the status quo with reference to the constitutional division of powers between federal and provincial governments and the political bargain that protected enumerated school financing within the Constitution. Eliminating public funding for Catholic schools would require a constitutional amendment, something that is a ridiculously difficult challenge in the Canadian context. Alternatively, extending full funding to other denominational schools would cost an additional 300 to 700 mln dollars per year, and expense best left to political, rather than judicial, decision making\(^\text{18}\). The UNHRC reaffirmed its concerns in November, 2005, which continue to be ignored by the governments of Canada and Ontario.

Thus, the constitutional context for education in Canada has created a veritable hodgepodge of principles and regulations from jurisdiction to jurisdiction. The result will likely make little sense for those who expect rational and coherent administration in an advanced democracy. Provincial ministries in the 10 provinces and 3 territories are responsible for the administration, delivery and assessment of education at the primary and secondary levels. Advanced education, including universities, colleges, and technical schools are often part of a separate provincial ministry and are co-funded by the federal government. We will examine specific funding formulae for education later in this study. At this stage, however, suffice it to say that differences across provinces reflect historical, cultural, and political factors that represent well the peculiar brand of Canadian federalism\(^\text{19}\).


\(^{18}\) Larry Johnston and Susan Swift, “Public Funding of Private and Denominational Schools in Canada”, Toronto: Ontario Legislative Library, 2000, p.3. \texttt{http://www.ontla.on.ca/library/repository/mon/1000/10286133.htm}.

\(^{19}\) These differences are accentuated by political factors, as different parties pursue contrasting policies. See appendix A: Election results across the federation for a peek at the disparate parties that have formed governments across the provinces.
There are avenues for federal cooperation among the provinces. One of the most prominent is the Council of Ministers of Education, Canada (CMEC), which was established in 1967 as a forum for the discussion of mutual concerns. CMEC allows ministers to consult and act on matters of mutual interest, and facilitates cooperation with both national education organizations and the federal government. CMEC also occasionally represents the education interests of the provinces and territories internationally. The manner in which provincial ministers and deputy ministers collaborate on policy limited to provincial jurisdiction is an effective window on Canadian “network” federalism. Even though there is no permanent chair of CMEC, the provinces take turns chairing the council, with the chairmanship rotating every two years. The Council convenes twice a year, in both Spring and Fall, and each year there are usually new ministers in attendance, since ministerial appointments and cabinet shuffles happen frequently, as well as provincial elections. While the federal government is not a member, it partners with CMEC on several projects where they is mutual interest. There is a permanent secretariat located in Toronto, which consists of a Director General and approximately 30 staff who provide research, coordination, translation, and administrative support, with an annual budget of $5.4 mln. These funds are shared among the provinces. Much of the assessment work and cooperation for French language instruction, teacher mobility, copyrights issues, etc. are handled through CMEC. While best practices are usually adopted from province to province, differences are portrayed by comparative data for operating expenditures in public education across the provinces (see Table 2).

To be sure, some of these differences are explained by the different cost of living in each province. But they also reflect different political strategies, relative economic prosperity, strength of teachers unions, and other factors. During the seven year period in question, overall costs for public education increased 22% while inflation was 14%. If we compare the data from Alberta and B.C., we note the cost cutting measures of the provincial government of Alberta that dominated the mid 1990s, and the cost cutting in B.C. that a new provincial government adopted in 2001. Phenomenal economic growth took place in Alberta post 1998, which explains the rapid growth of the total amount of dollars devoted by the provincial government to education and the si-
multaneous decline in expenditures as a percentage of the provincial GDP. Alberta’s total expenditures in public education grew by almost 4% annually over the seven year period in constant dollars, while in B.C. they grew by only 1.3%. These dollar amounts will be helpful later in this study as we compare reforms and innovation across provinces.

Table 2

Total Expenditures in Public Schools in Current Dollars
Cost per student / Total Expenditures (mln)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland</td>
<td>5,599</td>
<td>6,135</td>
<td>7,042</td>
<td>7,914</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>5,208</td>
<td>5,837</td>
<td>6,107</td>
<td>7,532</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>894.0</td>
<td>1,000.9</td>
<td>1,056.9</td>
<td>1,067.7</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>6,437</td>
<td>7,235</td>
<td>7,122</td>
<td>8,376</td>
</tr>
<tr>
<td>Quebec</td>
<td>847.0</td>
<td>918.9</td>
<td>874.5</td>
<td>995.7</td>
</tr>
<tr>
<td>Ontario</td>
<td>7,354.6</td>
<td>7,906.7</td>
<td>8,612.5</td>
<td>9,108.4</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>7,307</td>
<td>7,466</td>
<td>7,727</td>
<td>8,629</td>
</tr>
<tr>
<td>Manitoba</td>
<td>14,440.2</td>
<td>15,017.7</td>
<td>15,811.9</td>
<td>17,393.0</td>
</tr>
<tr>
<td>Quebec</td>
<td>5,979</td>
<td>6,356</td>
<td>7,052</td>
<td>7,771</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>1,115.7</td>
<td>1,216.2</td>
<td>1,294.3</td>
<td>1,408.3</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>5,699</td>
<td>6,137</td>
<td>6,965</td>
<td>8,214</td>
</tr>
<tr>
<td>New Brunswick</td>
<td>1,077.7</td>
<td>1,143.7</td>
<td>1,257.1</td>
<td>1,422.8</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>6,403</td>
<td>6,842</td>
<td>7,898</td>
<td>8,598</td>
</tr>
<tr>
<td>Alberta</td>
<td>3,292.8</td>
<td>3,163.4</td>
<td>4,184.2</td>
<td>4,564.6</td>
</tr>
<tr>
<td>British Columbia</td>
<td>7,206</td>
<td>7,620</td>
<td>7,962</td>
<td>8,463</td>
</tr>
<tr>
<td>Yukon</td>
<td>4,404.6</td>
<td>4,604.9</td>
<td>4,817.5</td>
<td>4,988.2</td>
</tr>
<tr>
<td>NW Territory</td>
<td>12,238</td>
<td>12,673</td>
<td>14,831</td>
<td>15,021</td>
</tr>
<tr>
<td>Yukon</td>
<td>74.6</td>
<td>73.1</td>
<td>80.0</td>
<td>80.0</td>
</tr>
<tr>
<td>NW Territory</td>
<td>11,281</td>
<td>10,862</td>
<td>11,992</td>
<td>13,190</td>
</tr>
<tr>
<td>Canada</td>
<td>185.5</td>
<td>101.9</td>
<td>112.0</td>
<td>123.2</td>
</tr>
<tr>
<td>Canada</td>
<td>6,826</td>
<td>7,191</td>
<td>7,701</td>
<td>8,459</td>
</tr>
</tbody>
</table>

Source: Statistics Canada 81–595.
Table 3

Total Expenditures in Public Schools as Percentage of GDP

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Newfoundland</td>
<td>5.1</td>
<td>4.3</td>
<td>3.9</td>
<td>3.3</td>
</tr>
<tr>
<td>P.E.I.</td>
<td>4.4</td>
<td>4.3</td>
<td>3.9</td>
<td>4.3</td>
</tr>
<tr>
<td>N.S.</td>
<td>4.3</td>
<td>4.2</td>
<td>4.0</td>
<td>3.6</td>
</tr>
<tr>
<td>N.B.</td>
<td>4.9</td>
<td>4.7</td>
<td>4.2</td>
<td>4.4</td>
</tr>
<tr>
<td>Quebec</td>
<td>3.8</td>
<td>3.6</td>
<td>3.6</td>
<td>3.5</td>
</tr>
<tr>
<td>Ontario</td>
<td>3.9</td>
<td>3.5</td>
<td>3.4</td>
<td>3.4</td>
</tr>
<tr>
<td>Manitoba</td>
<td>3.7</td>
<td>3.7</td>
<td>3.6</td>
<td>3.6</td>
</tr>
<tr>
<td>Saskatchewan</td>
<td>3.7</td>
<td>3.5</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>Alberta</td>
<td>3.1</td>
<td>2.8</td>
<td>2.8</td>
<td>2.5</td>
</tr>
<tr>
<td>B.C.</td>
<td>3.8</td>
<td>3.7</td>
<td>3.5</td>
<td>3.3</td>
</tr>
<tr>
<td>Yukon</td>
<td>6.8</td>
<td>6.4</td>
<td>6.3</td>
<td>5.8</td>
</tr>
<tr>
<td>NWT</td>
<td>6.9</td>
<td>4.2</td>
<td>3.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Canada</td>
<td>3.8</td>
<td>3.5</td>
<td>3.4</td>
<td>3.3</td>
</tr>
</tbody>
</table>

Source: Statistics Canada 81–595.

3.2. Historical Trends towards Centralized Administration

As this study is prepared for a foreign audience, it is necessary to point out other dimensions in the administration of education. Regardless of the province in question, there has been a long and ubiquitous historical trend towards the centralization of administration in public education. In addition to provincial ministries of education, there are also locally elected school boards or councils that serve as local administrations for education services. Because of the constitutional framework, the power of these boards and councils are delegated by, and at the discretion of, provincial and territorial governments. These boards are distinct from municipal governments, and, particularly in rural and suburban areas, will include a number of different towns and
cities in their jurisdiction. To clarify, municipal governments in Canada do not deliver educational services. Municipal governments are self-governing, autonomous institutions primarily devoted to hard and soft services connected to property. School boards deal exclusively with education, although their local budget may be significantly larger than the budgets of the corresponding municipalities. To conflate the two services would mean that either municipal governments would serve as agents of provincial ministries rather than self-governing institutions, or that the ministries would have less control over education. While school boards are elected, they have very limited autonomy. They rely heavily, or exclusively on transfers, and function more as local agents for the delivery of education services mandated by the provincial ministry. The relationship between local boards and the provincial government has shifted considerably over the past century, and is linked to the historical development of public administration in Canada.

Where schools were once paid for and dominated by parents and local interests, the push to develop public education in the 20th century required an increased supervisory role for provincial governments. Without such supervision, it was impossible to promote provincial standards in the curriculum, ensure a measure of equality in service delivery, or adequately finance public education. Originally, the costs of a local school were shouldered by locally set property taxes, and teacher salaries were negotiated locally. But demographic pressures, the need for higher salaries for teachers, 20th century province building, and changes in the public perception of the role of state in the post World War II era combined to promote the assertion of provincial authority and provincial financing in education.

No less than seventeen different commissions and reports dealing with public education were sponsored by provincial legislatures between 1925 and 1961. These reports and investigations highlight the various pressures and mindsets of the time, and reflect clearly the tendency towards centralization of authority. Any merits of decentralization were generally taken for granted or ignored, and centralization was seen as either a panacea for administrative ills or a much needed correction for excessive decentralization in education administration. Cen-

---

20 See, for example, the website of the Canadian Education Policy Studies, which has the text of all the reports and commissions. http://www.canadianeducationalpolicystudies.ca.
centralization was thus seen as a necessary means to improve the quality and equality of educational services. The arguments were consistent with general arguments for central control: there would be cost efficiencies with greater economies of scale; improved implementation and supervision of provincial policy; greater professionalization of teachers and staff, and greater influence of experts; the general interest of the province would overshadow the particular interests of local communities; education could be better coordinated with other services (health); and the quality of schools from different neighborhoods would not be dependent on the local tax base. The standard arguments for decentralization (responsiveness to local interests and needs; the promotion of innovation vs bureaucratic control; increased levels of participation; and the merits of competition) were ignored.

One expert, E. Salter Davies of the Hope Commission in Ontario (1950), noted that any extreme form of either centralization or decentralization was problematic:

The supreme problem of local government is to achieve the golden mean between over-centralization and excessive decentralization. The former may lead to a soulless uniformity and to a lack of interest on the part of those most affected, while the latter, at its worst, leads to chaos\(^2\).

Yet because the existing challenges of the day were considered to be the consequences of decentralized administration, the overall shift was for greater control by provincial ministries. Certainly, provincial budgets had a greater capacity to bear the costs of education. Revenue sources for local governments were limited to property taxes and user fees. Because education was defined as a public good, local squabbles over tax rates were considered detrimental to quality education. Moving the costs of schooling to the provincial level ensured greater equality across the province and less political grief to local school boards. With this shift in financial control, administrative reforms strengthened the control of provincial government over public education. That is not to suggest that there was no opposition to these reforms. Indeed, one backbencher of the British Columbia Legislature cautioned the provincial government that such financial reform would strengthen arbitrary

administration and lead to a “negation of democracy”\textsuperscript{22}. Yet such cautions were not common: indeed, the extension of provincial authority was routinely praised by the government, the opposition, and the press as “progressive” and much needed.

This centralization of provincial administration over education means that contemporary policy in education must wrestle with centralized provincial ministries, centralized teacher unions, and generally weak levels of local participation. Despite the push through the 20\textsuperscript{th} century to strengthen administration, the “golden mean” described by Salter Davies is now no less elusive than before. Contemporary reforms seek to find ways to encourage participation, responsiveness, and innovation – the desired fruits of decentralization – to compensate for overly centralized government.

3.3. Education in British Columbia

We will use the Ministry of Education in the Province of British Columbia (BC) as a case study for education as a public good. While any single case study has obvious limitations concerning its representation, we will compare some dimensions of BC with other provinces in Canada later in this study. We examine here the administrative structure, financing, and current policies, as well as overall trends and issues in education.

\textbf{The Structure of Administration.} Because Canadian provinces have a parliamentary form of government, the Ministry of Education is led by a government minister, an elected member of the BC Legislature, who serves in the cabinet at the discretion of the Premier. The current Minister is the Honourable Shirley Bond, first elected to the Legislature in 2001, and appointed as Education Minister in 2005, after serving earlier stints as Minister of Advanced Education, Minister of Health, and Deputy Premier. In most jurisdictions, the Education portfolio is considered a senior cabinet position. Prior to provincial politics, Minister Bond served for nine years as an elected member of a local school board. As with other ministries, the appointed Minister may come and go, and the more permanent head of the ministry is the Deputy Minister,

\textsuperscript{22} The backbencher in question was WAC Bennett, who later became Premier of British Columbia under a Social Credit majority. \textit{Vancouver Daily Province}, March 5, 1946.
in this case Dr. Emery Dosdell. Prior to his appointment by the then newly elected Liberal government in 2001, Dr. Dosdell was the Superintendent of the Edmonton School District in the neighboring province of Alberta, a jurisdiction known for innovation in public education. This appointment reflected a shift in policy from the previous government in British Columbia. Prior to a Liberal government in 1991, the social democratic New Democratic Party had appointed as deputy minister an academic and friendly towards the BC Teachers Federation (union). Thus government appointments are influenced significantly by politics and parties, and this is common throughout Canada.

The BC Ministry of Education oversees the education of some 660,000 students (63,220 of which are enrolled in 355 independent schools) and has an annual budget of almost $5 bln. The Ministry is divided into at least eight departments, dealing with such matters as legal affairs, assessment and evaluation, curriculum, supervision, infrastructure maintenance and development, and coordination with other departments and institutions. The Ministry oversees the work of 60 school districts throughout the province, 59 of which are organized geographically, the remaining district supervises French language schools in the province\(^{23}\). These districts vary greatly in size and population, with the smallest in population (district 92) serving an area with less than 2,000 people. The Vancouver district, in contrast, serves a population of almost 600,000. School districts hire teachers and staff and implement policies that emanate from the ministry. The power and authority of the district are delegated by the Ministry, as outlined in the Schools Act (1996)\(^{24}\). A map of the province with the school districts is included below, although the heavily populated area of the province is too congested for a map of this scale, the map gives a sense of the geography of education administration (see Fig. 2).

\(^{23}\) Prior to reforms in 1946 that centralized educational finance and administration, there were 650 different districts in the province. Boundaries were redrawn to make 89 districts, some of which have been amalgamated and restructured due to developments in demographics and transportation.

\(^{24}\) Available at http://www.bced.gov.bc.ca/legislation/schoollaw/ revisedstatutescontents.pdf.
School districts are governed by the school board, and the trustees on the board are elected to three year terms. While directly elected by the general population, trustees do not have nearly as much power as in the past. Most of their authority is circumscribed by legislation and ministerial guidelines, as well as detailed and strict conflict of interest regulations – employees of the public education system cannot run for school board office. Collectively as a board, the trustees manage the public schools and property within the district, manage enrollment issues and class size, spend the budget and determine the calendar and daily schedules. Perhaps most importantly, trustees are representatives of and advocates for the public to the entire public school system. For this reason, elected office either as city councilor or school trustee is a common route to higher political office.

Fig. 2. British Columbia School Districts

The number of trustees is set by the Ministry, according to population and geography. Odd numbers between 3 and 9 are the standard.
In the public school system, the bulk of administrative duties is entrusted to the locally hired superintendent. Superintendents typically have significant experience within the public school system, and oversee the administration of teaching staff and student evaluations, as well as the implementation of decisions made by the ministry and the local school board. At the school level, a Parent Advisory Council (PAC) is formed to allow for parental involvement in the school. On paper, PACs may come across as an important vehicle for democratic involvement in public education. While exceptions to the rule exist, it is most common for these PACs to assist with some of the more mundane dimensions of education, helping out with activities, and providing community members with the opportunity for a social function rather than involvement in school governance. It has been common in the past for PACs to engage in fund-raising to supplement the local school budget with monies for uniforms for athletics and other extra curricular activities. PACs also exist at the district and provincial level.

**Financing Schools.** A share of property taxes collected by municipalities throughout the province is dedicated towards education and transferred by the municipalities to the provincial government. As mentioned, in earlier years, the local rates were set by school boards, and
money raised locally was spent locally. More commonly in Canada, these amounts are now standardized throughout the province and then transferred back in order to ensure a common standard regardless of the local tax base. The BC Education Ministry, similar to other provincial education ministries, uses an established series of formulae called the Funding Allocation System (FAS), to calculate the operating grants provided to school districts. The current FAS was implemented in school year 2002/03, meeting the provincial Liberal government’s commitment to establish a student-based, equitable, and transparent system. One big alteration from the previous formulae was to move away from funding allocation based partly on infrastructure (schools). Instead, only student enrolments and student needs rather than the additional qualification of the number of schools operating within a district would impact transfers. This school year in BC (2006/07), almost $4.3 bln was transferred in the form of operating grants to school districts. About 75% of that amount is determined by the basic allocation, a set amount for each student registered with the school board.

Additional funds are allocated as supplemental funding, and are determined by the following factors:
1. to assist districts with large declines in enrolments from previous years;
2. for eligible students receiving special needs (disabilities, English as second language, aboriginal education);
3. to assist areas that have salary differentials for teachers;
4. to assist districts with rural and remote schools meet higher costs for operating schools;
5. to assist designated districts with transportation costs for students.26

These factors and a few others are defined in the School Act, which states that each fiscal year the minister must pay to the board of each school district an operating grant. The Ministry then conducts annual audits in selected school districts to ensure compliance with ministerial guidelines for enrolments and expenses.

As noted above, BC (and four other provinces) provides public money to independent schools. Not all independent schools are eligible for public funding – eligibility is determined by whether or not the inde-

26 This part of the paper has been prepared with the assistance of the BC Ministry of Education.
pendent school employs BC certified teachers, adopts the ministry’s curriculum, and meets various administrative and other requirements. Independent schools have the freedom to adopt their own curriculum, with the exception of restrictions concerning the teaching of,
1. racial or ethnic superiority;
2. religious intolerance or persecution;
3. social change through violent action;
4. sedition.

Within these guidelines, independent schools include a wide variety of educational philosophies and cultural or religious perspectives, and compliance with provincial curriculum and certified teachers is enticed by public money rather than mandated. Some groups represented in independent schools include Montessori schools, Waldorf schools, university preparation schools, international schools, faith-based schools (Christian, Jewish, Muslim, Sikh), special education schools, and others devoted to particular talents or abilities.

**Independent Schools.** According to the *Independent School Act*, independent schools are classified in four groups. The educational programs of groups 1, 2, and 4 must meet the specified learning outcomes of the BC curriculum for English language, Math, Science, Social Studies, and French (or another second language) from Kindergarten to grade 9. In grades 10–11, all subjects that count for credit towards a high school graduation certificate (*Dogwood*), must meet ministerial guidelines and students will participate in provincial examinations and assessments. Group 3 schools have no commitment to meet the requirements of the BC curriculum.

All teachers in groups 1, 2, and 4 in independent schools must be BC certified, either by the BC College of Teachers or the Inspector of independent schools (Ministerial appointment) and employment practices must conform to government regulations. The Inspector of independent schools arranges for full external evaluation of group 1 and 2 schools at least every six years, with monitoring inspections on alternating years. The Ministry thus uses legislation to exert influence over in-

---

dependent schools. But because public money can be involved, the ministry also buys influence as well. Group 1 and 2 independent schools receive respectively 50% and 35% of the school district’s per-pupil operating grant. The remaining costs need to be paid for by tuition and/or donation, decisions made by the independent school. Infrastructure and capital works in independent schools are not financed with public money. The percentage of operational grant depends on whether or not the operational costs for the independent school exceed the local public district’s operational grant. In other words, the higher rate of funding is given to those schools whose budget is at, or less than, the local district norm for public schools. Those schools with a budget that exceeds the norm receive the lesser amount of 35%. In most cases, the difference in public money transferred to group 2 schools is made up by higher tuition costs: thus, the more elite independent schools are not considered to be shortchanged. Special needs students in independent schools receive the same levels of supplementary funding as public schools.

Table 4

<table>
<thead>
<tr>
<th>Group</th>
<th>Public Funding</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>50% of per student transfer, 100% for special needs</td>
<td>Catholic (BC has no separate school system); religious or cultural schools that meet requirements</td>
</tr>
<tr>
<td>2</td>
<td>35% of per student transfer, 100% for special needs</td>
<td>Preparation schools, academies, with higher tuition costs that meet requirements</td>
</tr>
<tr>
<td>3</td>
<td>0%</td>
<td>Do not satisfy ministerial requirements for curriculum or teacher certification. 100% through tuition, donations, etc. Meet requirements for learning outcomes, but no public money transferred because schools are run for profit</td>
</tr>
<tr>
<td>4</td>
<td>0%</td>
<td></td>
</tr>
</tbody>
</table>

Again, provincial jurisdiction means that such arrangement differ across provinces. Separate schools (Catholic) in Alberta receive full funding. Independent schools in Alberta are classified in two groups, those that follow provincially mandated curriculum and employ certified teachers and work as non-profit institutions, which receive 60% of per student funding, and registered schools, which do not receive direct public funding. Similar distinctions among independent schools are common in other provinces where public money is transferred. Compliance with ministry directives in curriculum and teacher certification are the primary requirements for partial funding.
3.4. Debating Education as Public Good

With this attention to the administration and public financing of education, we are now able to focus attention on many of the debates surrounding education as a public good. Central to these debates is this relationship between public and independent schools. While this relationship varies from province to province, the foundation of the debates are similar. The most central questions are whether or not public monies ought to be spent for private delivery, and whether or not the existing model of delivery of public education is suitable for the needs of the future. Those voices with an interest in limiting or prohibiting public funds to private or independent schools and preserving the status quo question the degree to which such private education serves the public interest. They fear that schools outside the public system fail to promote common social values, perpetuate and accentuate class, religious, and ethnic distinctions, and may undermine notions of citizenship. They also highlight the comparative success of Canadian schools and our collective capacity to prepare people for the modern economy, and point out that schools of today are asked not only to teach the curriculum, but supervise students with social and emotional needs much more frequently than in earlier generations. The role of the teacher has changed, and yet the pay scale has stayed the same.

An extreme yet legitimate example of this concern is the existence of independent schools amongst polygamous religious communities in southeastern British Columbia. While polygamy remains nominally illegal, the Attorney General will not press charges because the law would likely not stand against a court challenge made with reference to the Charter of Rights and Freedoms. The schools in the BC communities are funded as group one schools that receive public funding. Allegations of sexual abuse among minors, and limitations on education for females are such that there are public pressures to use the Education Ministry against the communities in lieu of legal recourse and terminate public funding. See Daphne Bramham, “Polygamy in British Columbia”, *Inroads* (Summer, 2005) http://www.inroadsjournal.ca.

K. Yanovskiy’s comment: in this case the mentioned concern reflects biased, weak and inadequate reaction, I guess. More appropriate reaction would be provision of tough public control, aimed to prevent any (not just by taxpayers’) funding of violence, terrorism propaganda and advocacy and, therefore to prevent (above mentioned) “teaching of ... (3) social change through violent action; (4) sedition” which is incomparably more dangerous than polygamist tradition and more probable than direct violence against the children even in the so specific confessional schools.
On the other side of the argument are a series of concerns that public education has become an unwieldy, sclerotic bureaucracy, dominated by unelected officials, self-serving teachers unions, and other employee groups. Given near monopoly status, there is little that is public about public education, and limited opportunity for effective input, choice, or participation. Status quo solutions to issues such as crowded schools and quality pedagogy seem limited to demands for more public money to be put into the system. Concerns that the curriculum in public education is influenced by narrow interests (reflecting such disparate matters as religion, sexual education and orientation, and politics) add to doubts about the viability of public education as a public good. As costs continue to rise, so do expectations for choice and accountability.

In this author’s opinion, it is unfortunate that there is only limited public discussion concerning education policy. Here, the dated concerns expressed by critics of centralization, that democratic participation and control would be undermined by the strengthening of provincial control, have proven warranted. That is not to ignore the positive dimensions of centralized administration, since a relative degree of equality and expectations have been positive and worthy results. Yet debates and discussions about reforming education policy tend to occur within government ministries and institutions with vested interests rather than the public at large. Most parents of children in public schools, for example, do not understand the basic features of administration of schools, the authority of the local school board, or the weight of other institutions and organizations. Reasoned and informed debates rarely spill over into the local press, and a default policy of defending the status quo is the simplest way to gather political support in the public arena.

In this light, we examine here a number of issues and alternatives in public education within the context of British Columbia and Canada generally.

**Charter Schools.** The Charter School movement was launched in the United States, with the first charter law enacted in Minnesota in 1991. Since then, some 39 states and 1 Canadian province (Alberta, with fourteen schools) have created a new type of independent school. The motivation for charter schools flows from a perception that public
education is dominated by regulations and bureaucratic oversight, which stifles innovation, reform, and participation. Charter schools are thus liberated from much, but not all, of the regulation, and allowed to function as autonomous institutions, creating some of their own measures for evaluation and success. Their authority is derived from their charter, or contract, issued either by a school board, ministry, or other institution. Because charter legislation differs from jurisdiction to jurisdiction, and because the charter of each school may be unique to that school, there are great differences among the 3,600 charter schools that exist in North America

The early promise of charter schools was to strengthen innovation and accountability, both in terms of academic results and financial costs. While some charter schools have lived up to this claim, it is also fair to point out that many charter schools have failed to provide secure environments for students and/or effective teaching. Indeed, some charter schools have proven to be very successful and cost efficient, while others have been abysmal failures, and even fraudulent. For those who see education as a public good, government regulation to ensure minimal standards and safety is a reasonable price to pay, even if innovation and occasional excellence may be sacrificed. Just as government oversight in public catering ensures public safety and health, government regulation and oversight in education is considered a reasonable expectation, even desirable.

Since the only Canadian province with explicit charter legislation is Alberta, it would seem that the charter movement has not made any great inroads into public education in Canada. Yet the Alberta experience illustrates the impact of charter schools. First, it is necessary to point out that charter schools do not see themselves as replacements for a public education system, but as a complement or supplement. They cannot charge tuition fees, exist for profit, or discriminate in stu--

30 Chester Finn, “All Aboard the Charters?” National Review Online (October 9, 2006). Mr. Finn is president of the Thomas Fordham Foundation, an organization supportive of educational reform and charter schools.
dent admissions. In Alberta, charter schools must teach according to the guideline of the provincial curriculum, and students participate in the provincial wide examinations. Charters are granted to schools based on a 3 to 5 year performance review, with renewals extended to those schools that meet qualifications. Legislation for charter schools in Alberta was enacted in 1994. The first decade of charter schools led one scholar to the following conclusions:

1. The limited number of charter schools conceals a huge growth of alternative schools within the public school system. Charters are granted either from the Provincial Ministry or the School Board. Surprisingly, applications for charters made to the local board often become the foundation for an alternative school, rather than a charter school. In Edmonton, for example, the second largest school board in the province serving a population of close to 800,000 people, there are only two charter schools, but 26 different alternative programs offered through the public schools.

2. Gaining a charter means successfully negotiating a hostile environment, including much bureaucratic red tape, resistance from the Alberta Teachers Association (ATA, or teachers union). The ATA denied teachers from charter schools full membership in their association.

3. Of the first 10 stable charter schools, there were three that focused on a back to basics curriculum; three that highlighted “student-centered pedagogy”, including programs for gifted students; one devoted to street kids at risk; one designed for Arab speaking immigrants; one devoted to science and technology; and one devoted to the Suzuki pedagogical approach.

4. The greatest impact has not been in any stellar student success, but in the satisfaction levels of parents, who are pleased with the sense of community and participation that charter schools foster. This being said, such a result may be the result of self-selection – parents who desire more influence in school governance would be naturally attracted to the charter school model.

---

33 Ibid.
As with many reforms in public policy, it is the unintended consequences that are most challenging to determine. Although British Columbia has not drafted any charter school legislation, yet it is clear that the movement has still had an impact on independent schools. As we have seen, in British Columbia (and other provinces), there are provisions for public funding to be transferred to independent schools. These conditions also effectively encourage school choice, even if independent schools are not synonymous with charter schools. In other words, 50% public funding to independent schools can be viewed as a compromise between those interested in full funding to charter schools and those opposed to public funds being diverted away from the public school system\(^\text{34}\).

**Vouchers.** The marketization of public education is most evident in the idea of voucher reforms. The intent of vouchers is to give parents the opportunity to invest public funds on behalf of their children to the school of their choice. In a nutshell, the per student operating grant would effectively go to the parent or guardian of the student in the form of a voucher, and from them to chosen school – public or private. In a full voucher system, there would be complete separation of the government financing of education from the government delivery of education. The result would be competition among educational institutions for the voucher investment. Vouchers thus maintain a level of respect for public financing of a public good, although they represent an extreme side of the school choice movement, a much deeper extension of principles underlying charter schools. Detailed arguments for and against vouchers can be found elsewhere\(^\text{35}\). Much of the criticism is again based on the worry of public funds leaving the public system, the concern that public money would also find its way to confessional schools, and growing stratification within society. Yet early returns on vouchers in

\(^{34}\) Ontario and the maritime provinces continue to reject spending public money on independent schools, as noted earlier in this study. For a defense of this position, see Bernard Shapiro, “The Public Funding of Private Schools in Ontario: The Setting, Some Arguments, and Some Matters of Belief”, *Canadian Journal of Education* 11:3 (Summer, 1986), pp. 264–277.

\(^{35}\) See, for example, the discussion sponsored by the Friedman Foundation, at http://www.friedmanfoundation.org/schoolchoice/index.html, or counter arguments by the Anti-Defamation League at http://www.adl.org/vouchers/vouchers_main.asp.
Milwaukee, and in Canada with the foundation *Children First*\(^{36}\), clearly suggest that individuals from the lower strata of society benefit by their educational choices. The degree to which society at large would gain from having all students endowed with a voucher remains untested.

Again, the impact of the voucher debate is also evident by changes within the public school system in BC. Prior to the mid 1990s, parents were limited in the choices they could make concerning the public school for their children. Strict guidelines concerning *cachement* areas meant that the place of residence determined registration at the local school. A relaxation of regulations concerning the *cachement* means that while local residents are given priority, parents can now line up to enroll their children in any of the local schools. Enrollment means the preferred school receives the funding for that student. This has led to greater public attention towards school performance and waiting lists on preferred schools, something that would also be found within a voucher system. A full voucher system would put an end to different funding formulae and the four school groups in BC. Yet as we found with charter schools, the public system in BC has shown some flexibility and adaptability to incorporate some of the desired elements dimensions of school choice\(^{37}\). For parents who pay tuition to an independent school that receives public money, it is also noteworthy to underscore that those tuition costs also function as a tax credit, which means that much of the cost for independent schools is drawn from the public purse. While a physical voucher does not exist, parents and students can vote with their feet, and their preferences are supported by government transfers and tax credits.

**Evaluations.** As with school choice, school evaluations are also hotly debated in public education. Canadian provinces have pooled to-

---

\(^{36}\) Children First is a foundation sponsored in part by the Fraser Institute in Canada that uses charitable donations to pay up to $4,000 of the tuition to independent schools for hundreds of successful applicants in Ontario, in effect creating a privately financed voucher.

\(^{37}\) Alternatives to the public system include home schooling, independent schools, and charter schools. The Fraser Institute has ranked the ten provinces in Canada regarding the opportunities and capacity for such choices. The ranked order of provinces (from “free-est” to “least free” is Alberta, BC, Quebec, Manitoba, Ontario, New Brunswick, Nova Scotia, Newfoundland, Saskatchewan, Prince Edward Island. See Claudia Hepburn and Robert Van Belle, *The Canadian Education Freedom Index* Vancouver: Fraser Institute, 2003.
gether and implemented a variety of pan Canadian assessment strategies in a variety of subjects at different levels that allows for comparisons across provinces. Because Canadian education is a provincial jurisdiction, Canadian provinces are ranked in assessments with other nations. Alberta and BC typically rank highest among provinces, and among the highest internationally. The opposition to evaluations comes when the data from such assessments is disaggregated from school district or province to individual schools. Critics object to comparisons among schools because such a disaggregation of data ignores the different socio-economic factors that impact school performance. These same critics accept that school performance can be measured effectively over time – assessments for one school over many years. But they reject outright that one school can be compared with another given the data from these assessments. The result is that there is constant opposition to the use of such assessments.

The provincial ministry of education in BC also assigns a personal education number (PEN) to each student, which allows the ministry to track student performance across time and space. This PEN number was instituted in 1992, although the Ministry has yet to take full advantage of this opportunity for assessment. Ontario is the only other province to utilize such a number, although this was instituted there only recently.

Perhaps the most controversial dimension of education evaluation is the annual report card on schools, published privately by the Fraser Institute. The origins of this “report card” link back to volunteer efforts by concerned parents, who then gained institutional backing and enhanced statistical sophistication courtesy of the Fraser Institute. Now published annually in four different provinces, these report cards use comparative data on academic testing, graduation rates, and sports participation for all schools, and the results are printed in newspapers in the province. To no surprise, the highest ranked schools are those independent schools with rigorous admission standards and higher tuition.

Comparative assessments include the following: Program for International Student Assessment (PISA), which assesses reading, math, and science among 15 year olds; Pan Canadian Assessment Program (PCAP) tests 13 year olds in reading, writing, math and science; Trends in International Mathematics and Science Study (TIMSS), which includes BC, Alberta, Ontario and Quebec and tests grade 4 and 8 students; Progress in International Literacy Studies (PIRLS), which includes the four provinces above plus Nova Scotia.
tion costs. Critics claim that those schools that self select their students will naturally perform better than the norm. Yet the rankings also reveal hidden gems in the public system, schools that perform much higher than expected. Explaining why some public schools perform better than others year to year means that parents begin to take note and line up to get their children enrolled. Peter Cowley, the director of school evaluation for the Fraser Institute, recognizes that there are limitations to what the data can reveal. Yet he responds to critics by pointing out that the Teachers Federation and other organizations remain opposed to any kind of feedback mechanism to inform public choice. There is an open invitation to assist and improve upon such evaluations, but no participation from such interests39.

**Public-Private Partnerships.** Another issue current in public education is the role of P3s, or public-private partnerships in funding capital projects – primarily the construction of schools. P3s are part of a policy in new public management that has worked its way even into the sacred cows of health and education. While federal and provincial governments throughout the country engage in such partnerships for land development, the role of P3s in education is relatively new and untested.

Amendments to the School Act in BC by the new Liberal government in 2002 introduced a new institution to local school boards: the School District Business Company. Local school boards were given the opportunity by the provincial government to establish corporations to carry out commercial activity without exposing the local school district to any financial liability. In other words, local boards of a public education system can also find ways to engage in for profit activity. Efforts to do so have focused primarily on selling educational programs overseas or specific services to other districts. While prospects for profits in China and other locations exist, the early rush to create such corporations has not led to any quick pay offs, and most school board corporations exist on paper only.

Yet the development of P3s for capital projects continues to gather steam. Nova Scotia, for example, embraced the policy with enthusiasm in the late 1990s, planning on the construction of 55 new schools through public-private partnerships. The number was then cut to 33, projected to be built at a public cost of $350 mln. Contracts were given

---

39 Author interview with Peter Cowley, Fraser Institute, January 18th, 2007.
to private corporations to build the schools and then lease them back to
government. Yet cost overruns, based on upgraded construction and
design, extra frills in equipment, as well as escalated private property
costs meant that cost overruns totaled more than $32 mln. The building
of schools through public-private partnerships was supposed to make
fewer demands on the public purse, rather than more. Critics point out
that not only were costs much higher than the traditional way of gov-
ernment contracted school construction, but the end result was that the
private side of the equation now had ownership of the buildings and the
property. In other words, the public cost for the schools was greater
and property title was outside of public control\textsuperscript{40}. Controversies sur-
rounding the P3 policy of the Liberal government in Nova Scotia helped
contribute to their election defeat in 1999.

Despite this record, there are many advocates for further utilization
of P3s in public policy, including public education. Aside from school
construction, there are the corporate boards and entrepreneurialism
encouraged on schools, and the consulting and marketing of skills.
Some of the objection against P3s is the inclusion of an entrepreneurial
ethos in the public sector. Diehard supporters of public management
are ideologically opposed to such changes, fearing – rightly or
wrongly – that such trends not only undermine the status quo, but also
push a neo-liberal propaganda into the schools\textsuperscript{41}. In this sense, opposi-
tion is based as much on consequence of competing ideologies as on
specific results. Certainly such a focus on P3 endeavors does allow the
government to slough off some of the fiscal responsibility for infrastruc-
ture development. One community may demand a new, larger school
because of perceived rather than actual needs. A policy that encour-
eges P3s allows the government to fund real needs and then place the

\textsuperscript{40} See Heather-Jane Robertson, “Why P3 Schools are D4 Schools, or How Private-Public
Partnerships Lead to Disillusionment, Dirty Dealings and Debt,”

\textsuperscript{41} Here indirect impression of private activity efficiency comparing with state failures in the
similar projects mentioned, I guess. The direct modern “liberal” propaganda, including
compulsory multi-culturalism and political correctness, compulsory “socialization”
spreading and propogation is mentioned by leftist ideology supporters just like integral
part of “promotion of democratic values in the schools” – K.Yanovskyì’s comment based
on the interviews with Larry Kuehn (February 22, 2007) and Laurie Anderson (February
23, 2007).
onus on the local community to come up with additional funding through partnerships to cover additional costs. Such an approach means that the government does not have to say no to local wants.

3.5. The Chapters’ Conclusions

We have examined here some of the main features of public education in Canada, particularly those issues that address the question whether or not there are institutional barriers to reforming education services. Because public education is a provincial jurisdiction, there is no significant role for the federal government. Instead, there are disparities in the ways in which provincial governments structure and fund local schools. The different provinces also provide a fertile laboratory for studies in federalism. Why, for example, have some provinces such as Alberta and British Columbia embraced many elements of school choice? The constitutional framework for education is similar across provinces. Yet these two western provinces not only lead the county in terms of innovation, they also lead in terms of educational performance. Such results suggest that any institutional barriers to innovation are overcome by political will. School choice, such as it exists in Canada, is the result of such will.

At the same time, the modest reforms and innovations in education policy also suggest that provincial governments are aware of the sacred trust of public goods. There has been no headstrong rush towards the latest policy proposal, neither has there been any shock therapy in education. Indeed, incrementalism and cautious experimentation rather than revolution are the hallmarks of public policy in public education and government finance. This is an accurate reflection of Canadian political culture, and also a reflection of the relative success of education policies of the past. Continuing demographic pressures and fiscal concerns will likely animate education policy in the future, just as they have in the past. But change is likely to be implemented gradually and one province at a time, allowing other jurisdictions to emulate successes rather than ideas. In this regard, provincial governments portray what might be considered Canada’s best political practice – the struggle for balance among conflicting ideas.
4. Education: Some Recommendations as an Alternative to Simple Pumping of Resources

In Russia, certain forms have been emerging, and in big cities, especially in the capital, they are, in fact, already existing, that can provide at a private level appropriate solutions to certain problems in the sphere of education. Sometimes, due to very imperfect legislation and law-enforcement practices, these forms have represented corruption or quasi-corruption – extortion of money from students’ parents, cramming, etc. In this connection it should be noted that in some schools parents’ committees actually perform the functions of trustees’ committees, executing independent control over the spending of money collected from parents, also independently, by those same committees. The areas and programs of spending, approved by such agencies, actually determine the amount of money to be collected.

With the transition of the financing for the system of secondary education to the system of vauchers, the experience of such schools will be of growing interest to parents, because it offers a tool for determining the best balance between the price and quality of education services.

On the other hand, the increasing share of private sources in the financing of secondary schools will make it possible to gradually oust the services of those teachers whose performance is of poor quality, and sometimes – quite unacceptable. One source recruiting the staff of schools, at least in the teaching of specific subjects, may become, in the next 5–10 years, retired scientists, whose academic degree and experience in scientific research may compensate for their lack of proper pedagogic experience, at least when teaching senior grades.

The participation of the State and municipalities in the administration of educational establishments must correspond to their share in financing and gradually become smaller.

The growing role of financing from private sources, coupled with the growth of the third (or not-for-profit) sector will also make it possible, with the highest degree of efficiency and justness (not in the sense of equalizing the rich and the poor, but in the sense of providing adequate chances to the children of the latter), to solve the problem of recruiting talented but poor students to the best secondary schools and higher
educational establishments. Obviously, the well-to-do parents will soon understand, even without any special promotional campaign (which does not mean that such a campaign would be of no use altogether), the incomparably greater effect for their child of their investments into the free-of-charge education system, where that child will be studying in the same class as a talented child from a poor family, than the effect of the investments in furniture, equipment, food and uniform.

Of course, this would require the abolition, at the federal level, of all the latest innovations introduced in legislation on not-for-profit organizations, and the establishment of the procedure of coordinating any checks of not-for-profit organizations with an authorized representative of a human rights agency (and federal and regional authorized representatives at the federal and regional levels, respectively).

In order to boost the process of “parent maturing”, more and more restrictions may be imposed on the control executed by the State, beginning with those schools that have achieved the most impressive results in terms of their former students’ enrollment in this country’s leading higher educational establishments.

### 4.1. State Standards of Education

As early as during the present President’s first term of office, many deputies were already putting forth initiatives aimed at restricting the minute regulation of State standards in the sphere of education\(^41\). In a situation of state monopoly of financing established for the public education system, an attempt to coordinate financing with the requirements of State standards seems to be a logical one. However, no less obvious is also the danger of potential mistakes to be made by government officials, resulting from both lack of competence and, more importantly, from lack of appropriate motivation in providing solutions to such complex problems.

In areas beyond Moscow and St. Petersburg, it would be presumptuous (and dangerously wrong, as seen by typical past experiences) to rely on the competence of officials.

\(^{41}\) See, e. g., draft law No. 117605-3 of the year 2001, submitted by Deputies of the State Duma A. V. Shishlov, I. I. Melnikov, O. N. Smolin, S. V. Ivanenko, S. S. Mitrokhin and others, as well as by members of the Council of the Federation V. V. Sudarenkov and V. A. Mironov.
The following general principle is suggested: that the education standard should be determined by the requirements set by the most successful representatives of a higher level of education and science. Thus, the (minimum) standards of higher education should be determined by the usual requirements of higher educational establishments introduced for their entrance examinations in basic subjects – mathematics, the Russian language and foreign languages, history, etc. (that is, a rather narrow range of disciplines; as for any regulation of subjects like biology, not to mention fine arts, it would be quite senseless and harmful). The recommended level must correspond to the requirements established at the best higher educational establishments. In mathematics, these would be the Moscow Institute of Physics and Technologies, the Department of Mechanics and Mathematics of Moscow State University, etc.

The role of the system of higher education in determining such standard requirements, especially in mathematics and natural sciences, since higher education will, in fact, already in the medium-term perspective, become a “basic” one (or a “main” one), appears to be decisive. Besides, it is the higher education that is faced on a more regular basis and with tougher consequences with the responses of the labor market (or demand for specialists).

Accordingly, the standard of higher education is being determined, for one thing, by the requirements existing on the market for particular specialists and for degrees of Candidate of Sciences (or PhD). In this connection it is noteworthy that the requirements of the leading research centers and universities in the USA and Western Europe must represent a no less important basis for establishing this standard than the requirements of those national centers endowed with the right to grant the degrees of Candidate of Sciences and Doctor of Sciences. The ratios of relative significance may be easily determined by formal criteria (the number of publications in international scientific journals and the number of works published by international publishers, and citation index).

The State, on its part, must simply provide the “codification” of the actually developing standards, gradually raising the level of the “official” state standard in response to the additional demand on the market and the results of scientific search.
Also, the function of the State may become the provision of free access to these standards.

4.2. Licensing, Certification and Accreditation: the Triple Barrier in the Way of Competition and Improvement of Education Quality

In recent years, numerous initiatives aimed at further toughening of the procedures for the interaction of higher educational establishments and their affiliations with state authorities have been put forth. Their authors suggest that there should exist, in the general procedure, not only the licensing and attestation of such affiliations, but also their State accreditation separately from that of their parent higher educational establishments.

Such solutions, either suggested or already exiting, result in lowered competition between higher educational establishments. In this connection it should be stressed that the greatest sufferers from such practices would be those regions where the negative consequences of the lack of access to quality education are the strongest, and not the capital and other big cities. Many small-size higher educational establishments, even if the level of their performance is high, cannot afford to keep the impressive legal and administrative staff needed for overcoming the triple barrier of attestation, accreditation and licensing (none of those barriers, in fact, being a reliable tool for preventing the appearance of poor-quality services on the market). In any event, the costs of overcoming such barriers are being borne mainly by students and their parents.

Such initiatives once again emphasize the inadequacy of the current version of the Law “On licensing certain types of activity”, whereby 17 types of activity, including education services, were excluded from the sphere to be regulated by that Law.

The competition for enrollment and the amount of fees established by a given higher educational establishment, with due regard for the results of independent ratings, as well as the information concerning the professional success of the alumni of that higher educational establishment on the labor market, in scientific research or business, can all provide a more than sufficient form of licensing.
Naturally, in a situation when there exists army draft, coupled with the problems relating to its “legal” (or, more exactly, permitted) avoidance, it appears impossible not only to overcome the resistance of dishonest groups of specific (or private) interests, but also to determine the true demand for higher education proper, and for its use as a means to avoid “army slavery”.

4.3. The Experience of Introducing the Single State Examination (SSE) and New Approaches to Education Standardization

From the year 2009 onward, the transition of all secondary schools and higher educational establishments to SEE is envisaged. While there will still exist opportunities for establishing additional entrance examinations by higher educational establishments, this measure appears to have lost its essential meaning as a measure against corruption. The experience of the “test SSE” should be taken into account – in 2005 the number of regions where such tests took place was as high as 79, while the man-test index was 1894 thousand.

In this connection, the press reported such phenomenal cases as the superior knowledge displayed by the alumni of secondary schools in Tuva and Bashkortostan as compared to their Moscow peers in subjects like mathematics, which casts doubt on the notorious arguments being put forth by the defenders of the State’s ability to ensure universal justice.

The senselessness of SSE, in absence of legal order (when courts of justice and the militia comply with the law, and not vice versa) and transparency, unattainable for lack of democracy at the local and re-
gional levels, and the existence of interregional controversies, have all demonstrated that the examination cannot be conducted by local teachers in cooperation with the militia. As for the transportation, for the conduct of such an examination, of thousands of teachers and militiamen from other regions, appointed virtually on the eve of the examination, it represents a measure that, however effective it might be for preventing wonderful academic achievements in backward regions, would hardly be affordable for this country’s budget, even in view of the currently high oil prices.

4.4. Problems Associated with the Financing of Education

A general approach is suggested, when a physical person’s expenditures on the education of his or her children should be subject to all possible tax exemptions and of deducted from that person’s taxable income. This last measure, by the way, will result in equalizing the existing situation faced by private tutors, informal educational establishments and teachers of formally registered secondary schools.

The assumption that a parent’s expenditures on the education of his or her own child may substitute for the much higher state (or municipal) expenditures on education, being at the same time more cost-effective that even the expenditures of private charity funds, must be given more importance that the fears that tax collection might be, as a result, too low.

The expenditures of juridical persons (corporations and funds) may be subject to reasonable control. However, the requirements that transaction expenditures should be lowered will give advantage to the long-established secondary schools and universities with solid reputation, the donations to which would have made the donors safe from any suspicions that they thereby lauder their money.

It is suggested that the incomes of educational establishments – both the officially registered and informal ones, – as well as the incomes of private tutors from the fees paid by the parents of their students (or the students themselves), similar to the incomes defined in Item 6 of Article 217 of the RF Tax Code (Part 2) (in respect to the income tax), should be treated as the sums received by the taxpayer in the form of grants (or gratis aid) for purposes of supporting science and education, culture and the arts in the Russian Federation by interna-
tional or foreign organizations in accordance with the list of such organizations approved by the Government of the Russian Federation.

Accordingly, in order to reduce the burden of taxpayers, in respect to the single social tax, these payments are to be treated equally with the payments listed in Item 4 of Article 239 of the RF Tax Code:

“... the Russian funds for the support of education and science – from the sums paid to citizens of the Russian Federation in the form of grants (or gratis aid) to teachers, tutors, students of secondary school, and to undergraduate and (or) postgraduate students of state and (or) municipal educational establishments”.

4.5. Protection of the Autonomy of Educational Establishments and of Academic Freedoms

It is quite obvious that a modern competitive education system must take into account the failure of the experimenting with “free development of a child’s personality” at the state-funded secondary schools in developed countries, despite some brilliant achievements in this field observed in the West, as well as in Russia\footnote{The success of those Russian schools where original specific curricula are introduced, developed by individual teachers, represent the proof of the efficiency of small-size and flexible forms of the organization of educational establishments, which are better adaptable to experimenting and to adjusting to individual needs of both teachers and students. A talented and charismatic teacher may sometimes do without applying the prescribed strict measures or administrative pressure for ensuring proper order in class. However there are few such teachers. The refusal to control the situation in class by an average teacher, even when he or she is well-educated and properly trained, may lead to grave consequences. Unfortunately, children in general are rarely able to maintain order by themselves, and in absence of adult control, instead of enjoying “the kingdom of free development”, will become victims of the dictatorship of the most cruel and cynical teenagers. Such a situation in conductive neither to quality education nor to the upbringing of dignified, free and responsible citizens.}

However, a secondary educational establishments (especially in respect to the students in senior grades) must give due regard to the necessity of ensuring adequate guarantees of academic freedoms and the upbringing of students in the spirit of respect for these freedoms.

The degree of autonomy of academic communities must be proportional to the share of private incomes (and not to promote socialism among the teaching staff).
It is necessary to introduce the procedure of criminal prosecution for restricting the freedom of speech in the academic community, similar to the corresponding norm existing in the RF Criminal Code in respect to the protection of the rights of journalists.

It is evident that a healthy education system, based on growing private interest and responsibility and on growing competition, in terms of variety and quality, between the educational service provided by different agencies, is incompatible with archaic forms of state dictatorship, coupled with diminishing guarantees of “free-of-charge” education on the part of the State. Here we are referring to the new procedure for appointing the rectors of higher educational establishments, introduced by Federal Law of 18 July 2006, No. 113 – FZ, concerning the introduction of amendments to Articles 12 and 20 of the Federal Law “On higher and postgraduate professional training”.

The actual appointment of rectors, with the accompanying strengthening of state control, on the one hand, makes a rector dependent on the power of officials. On the other, a rector becomes an official proper, being independent from the academic community, let alone the useful (to a certain extent) dependency on students and their parents – the consumers of educational services, who have to face the market’s demands and at the same time are shouldering an increasing share of the costs of higher education, even at state-funded higher educational establishments.

The long-term effects of that Law will result in fewer opportunities for creating market incentives for improving the quality of education, limited scope of scientific discussions and, consequently, undermine the scientific potential of best higher educational establishments. No doubt, it would be feasible to have this Law abolished and then further develop the systems designed to manage higher educational establishments, specially as they will be commercializing in an opposite direction.

The autonomy of educational establishments in providing solutions to the problems associated with the need to generate incomes, coupled with the abolition of autonomy in management, appears to be quite illogical and counterproductive.
The development of Competition

The legalization of remote tutoring in the Russian Federation and the recognition by the State of the competence of those educational establishment where remote tutoring is organized, as well as the legalization of the incomes of private tutors and their informal groups, will be conducive to higher competition in some regions, while creating unique opportunities for obtaining education in other, more remote regions.

With the elimination of the factor of “higher education safeguarding against army draft”, such measures could considerably increase competitiveness, and, consequently, the quality of education in this country.

Security Problems and Challenges

Security challenges remain, perhaps, the strongest argument in favor of state patronage of educational establishments. However, considering the catastrophic failure of the state-organized measures in Beslan, it would be advisable to study the practices of Israel (as they had existed prior to the onset of the so-called “process of peace reconciliation”). There, the male teaching staff of secondary schools were strongly recommended to acquire personal weapons\(^{45}\), in order to resist terrorists when the latter attempt to overtake a school. The risk of being hit with a bullet in any classroom where they may dare enter will inevitably make terrorists move slower, while the rapidity of the arrival of special forces is much higher than that of their Russian counterparts.

And the parents also, in view of a decreasing pressure on the part of the State (in terms of administering, rather than taxation), could, when necessary, take upon themselves either the responsibilities of patrolling schools, or, in an event of growing income, the burden of costs of the services of private security agencies.

The probability of a situation when all the armed male teachers and private security guards, who are being paid by parents, would conspire with terrorists, is quite negligible. At least, it is negligible as compared to the risk of a conspiracy of this sort on the part of the lower-rank staff of the power structures, whose remuneration provided by the State is quite low, and existing legislation on the militia is such that it, in fact, encourages corruption.

\(^{45}\) While the State undertakes the function of training them in the use and maintenance of materials.
Conclusion

Just as in the previous projects involving an analysis of the political and economic problems characteristic of the early 2000s (Mau, Yanovskiy, Zhavoronkov 2001; Mau, Yanovskiy, 2002), we must admit here that the main causes of “local stoppages” of the active reforming being launched by the federal center lie in the specificity of federal, and not regional, institutions. The only different feature of the presently existing situation is that the institute of federal center itself has now become a factor responsible for such stoppages.

The indisputable success noted, in particular, in our overview of the implementation of national projects, can be explained, regretfully, only by the huge amount of resources being poured into them, and therefore is of a temporary, unstable and irreproducible character.

Regional factors proper (at least those that have been analyzed, however formally) have been found to be insignificant, as well as the situation in respect to changes in the investment climate.

When decisions are made from a single center, it is impossible to solve those tasks that can be solvable only by society and the market. This conclusion has been drawn from the whole economic history of mankind, and not just on the basis of our brief overview of the practices of supplies of mixed social benefits (“social policy”) in Russia.

As for the institutions capable of reproducing and further developing the achievements made so far in the spheres of quality public health care, education, culture, support of disabled persons, etc., they are now, perhaps, even more vulnerable than they used to be five years ago.
Sources

Legislative acts

The RF Constitution.


Federal Law of 18 July 2006, No. 113-FZ, concerning the introduction of amendments to Articles 12 and 20 of the Federal Law “On higher and postgraduate professional education”.


Federal Law of 3 November 2006, No. 175-FZ, concerning the introduction of amendments to the legislative acts of the Russian Federation in connection with the adoption of the Federal Law “On autonomous institutions”, as well as for purposes of making more precise the legal abilities of state and municipal institutions.

Draft laws (see www.akdi.ru)

“On the procedure for the formation and use of the target capital of not-for-profit organizations” (submitted by deputies of the State Duma P. V. Krashennikov, V. S. Gruzdev, and others).

“On the introduction of amendments to some legislative acts of the Russian Federation as a result of the adoption of the Law “On the procedure for the formation and use of the target capital of not-for-profit organizations”.

Books and articles

Alexeeva N. “Lennon byl by dovolen. Dmitry Medvedev nashel obrazec dlya vyshego obrazovania” (“Lennon would be satisfied. Dmitry Medvedev has found pattern for tertiary education”) // “Izvestia” December, 27, 2006 “National Projects”.


“At somebody else’s expense. The pre-electoral populism of the center will be paid for by the regions”” “Kommersant”. No. 234 (No. 3565) of 14 December 2006.


Interviews

British Columbia Teachers Federation Larry Kuehn, Director of Research and Technology February 22, 2007, Vancouver.

Vancouver School Board Laurie Anderson, Associate Superintendent, February 23, 2007, Vancouver.
Partnerships BC Tera Nelson, Senior Communications Consultant; Grant Main, Partnership Services, February 19, 2007, Victoria, British Columbia.

**Internet Resources and Information Agencies**


“Regnum” information agency http://www.regnum.ru.


http://www.memo.ru/hr/index.htm Human rights defense and charitable NGO “Memorial” web-site.

Annex 1
Statistical Analysis

Data
- Social and demographic statistics data of Federal service of states’ statistics;

Basic Results
A big number of dependencies (regressions) between intuitional variables on one side and the indicators of public health and education on other side appeared to be statistically insignificant on actual data.

Very few relatively weak dependencies could be interpreted as an indicator of indirect dependencies presence. So, basic outcome of the “Federal Reform Outcome: Influence of Modified Institutions on the Investment Climate in the Regions” statistical analysis proved for social statistics data: interregional institutional unification makes insignificant regional component of respective public goods supply outcomes and influence on the public health and education.

Very few statistically significant dependencies presented below:
1. Negative dependence of heart diseases caused mortality on salaries level in the regions could reflect “the stock” of previous regional authorities activities. The rich regions could afford more advanced specialized services and facilities financing during 1990–2000-ties. The negative dependence of unemployment on this kind of mortality needs more data about which group of population exactly suffers more of heart diseases (for example businessmen significant mortality in the regions of clearly registered unemployment could reflect better region’s adaptation to the market conditions and, respectively, higher percentage of businessmen and their personnel better paid than state hired personnel, but more vulnerable for business and respective administrative caused risks in the population).
Dependent Variable: _DEATHRATE_HEART
Method: Least Squares
Date: 12/25/06
Sample (adjusted): 1 79
Included observations: 79 after adjustments
White Heteroskedasticity-Consistent Standard Errors & Covariance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>_SALARY_BRUTT05</td>
<td>–0.02471</td>
<td>0.006773</td>
<td>–3.64846</td>
<td>0.0005</td>
</tr>
<tr>
<td>_UNEMPL2005</td>
<td>–3608.7</td>
<td>694.0554</td>
<td>–5.19945</td>
<td>0</td>
</tr>
<tr>
<td>C</td>
<td>1182.806</td>
<td>66.69563</td>
<td>17.73439</td>
<td>0</td>
</tr>
</tbody>
</table>

R-squared 0.471629  Mean dependent var 820.6797
Adjusted R-squared 0.457724  S.D. dependent var 225.7382
S.E. of regression 166.2322  Akaike info criterion 13.10188
Sum squared resid 2100119  Schwarz criterion 13.19186
Log likelihood –514.524  F-statistic 33.91911
Durbin-Watson stat 1.637879  Prob (F-statistic) 0

2. The positive dependence between infant mortality and unemployment exists, but weak and, so, poor interpretable.

Dependent Variable: _INF_MORTALITY05
Method: Least Squares
Date: 12/25/06
Sample (adjusted): 1 79
Included observations: 79 after adjustments
White Heteroskedasticity-Consistent Standard Errors & Covariance

<table>
<thead>
<tr>
<th>Variable</th>
<th>Coefficient</th>
<th>Std. Error</th>
<th>t-Statistic</th>
<th>Prob.</th>
</tr>
</thead>
<tbody>
<tr>
<td>_UNEMPL2005</td>
<td>30.57162</td>
<td>16.95384</td>
<td>1.803226</td>
<td>0.0753</td>
</tr>
<tr>
<td>C</td>
<td>10.67216</td>
<td>0.749284</td>
<td>14.24314</td>
<td>0</td>
</tr>
</tbody>
</table>
3. Negative dependence of infant mortality on small business employment could be easily interpreted as better choice of medical services for the mothers and babies of well-paid population, but the dependency is just slightly stronger than previous one, so this conclusion needs to be tested additionally.

<table>
<thead>
<tr>
<th>Model Summary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), smb_all_2004_p

<table>
<thead>
<tr>
<th>ANOVA(b)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>Regression</td>
</tr>
<tr>
<td>1</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

a Predictors: (Constant), smb_all_2004_p

b Dependent Variable: Inf_mortality05
### Coefficients(a)

<table>
<thead>
<tr>
<th>Model</th>
<th>B</th>
<th>Std. Error</th>
<th>Beta</th>
<th>t-statistics</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>12.972</td>
<td>0.491</td>
<td></td>
<td>26.441</td>
<td>0.000</td>
</tr>
<tr>
<td>smb_all_2004_p</td>
<td>-2.269E-02</td>
<td>0.009</td>
<td>-0.295</td>
<td>-2.653</td>
<td>0.010</td>
</tr>
</tbody>
</table>

a Dependent Variable: Inf_mortality05

---

## Annex 2


The changes and amendments that have been introduced into the legislative acts regulating the creation and activity of public unions and not-for-profit organizations are for most part sufficiently logical and well-substantiated. During the consideration by the State Duma, the most radical provisions of the draft law, which had caused justified anger in society, – a ban on the activity of affiliations of foreign non-government unions in any form except that of a public organizations, as well as a ban on the activity of an unregistered public union), were excluded from the draft. Nevertheless, the Law contains a number of pro-
visions that objectively make less favorable the conditions for the activity of public unions.

The following features of the Law can be characterized as positive. **Firstly,** no restrictions are imposed on the activity of an unregistered public union (with the exception of structural subdivisions of foreign not-for-profit organizations; however, the advising procedure had existed even before the amendments were introduced). Registration is necessary only for obtaining the status of a juridical person and the related privileges (the right to separate property, the right to act in a court of justice in its own name, the right to the protection of an organization’s name). In this connection, registration is effectuated on general terms for all juridical persons, without any additional procedural complexities.

**Secondly,** the grounds for a denial of registration are quite formal, distinct and adequate. The registration of a public union may be denied in the following situations:

1) if the charter of a public union contradicts the Constitution of the Russian Federation and legislation of the Russian Federation;
2) if the documents necessary for State registration and envisaged by this Federal Law are submitted incomplete, or are not formalized in the appropriate procedure, or are submitted to an inappropriate body;
3) if the person acting as the founder of a public union cannot be founder in accordance with federal laws;
4) if a previously registered public union with the same name is operating within the borders of the same territory;
5) if it is established that the constitutive documents of a public union contain false information;
6) if the name of a public union is offensive to moral or to national or religious feelings of citizens.

In this connection, no denial of State registration of a public union on the grounds of its unfeasibility is allowed. In an event of a denial of State registration of a public union, the applicant is notified thereof in writing, with the exact reference to those provisions of the Constitution of the Russian Federation and legislation of the Russian Federation, the violation of which has led to the denial of State registration of a given union.
The denial of State registration of a public union, as well as the avoidance of such registration, may be appealed against to a superior body or to a court of justice.

The denial of State registration of a public union cannot be an obstacle to a repeated submission of documents for State registration on condition that the grounds on which the registration was denied have been eliminated.

Thus, no completely unjustified restriction to registration can be noticed here.

**Thirdly,** there still exists the possibility for foreign organizations to act through any of their structural subdivisions, including affiliations and representative offices.

Some doubts have been given rise to by the expansion of the list of persons that cannot act as a founder, member, or participant in a public union. Now these also include the following ones:

1) a foreign citizen of a person without citizenship, in respect to which, in the procedure established by legislation of the Russian Federation, a decision was made concerning the undesirability of their presence (or residence) in the Russian Federation;

2) a person included in the list in accordance with Item 2 of Article 6 of Federal Law of 7 August 2001, No. 115-FZ, “On counteraction to the legalization (or laundering) of monies received in a criminal way, and to the financing of terrorism”.

On the one hand, the ban on the activity of these persons and public unions is quite logical. On the other, there exists a probability of an arbitrary placement of foreign citizens in these two categories (especially in the first one, because the list referred to in Item 2 is compiled on the basis of formal criterion – the non-participation of the country, of which a given person is a citizen, in the international cooperation against money laundering and against financing of terrorism). Consequently, the probability of an arbitrary restriction of the participation of foreign citizens in public unions becomes stronger.

The following innovations can pose an objective threat to the independence of public unions and to the possibility of their normal functioning.

**Firstly,** a ban has been placed on the activity of all foreign and international organizations in the territories of close administrative-territorial
formations, which restricts the opportunities for public control in those formations.

**Secondly**, the right of bodies of authority to deny to structural subdivisions of foreign organizations the entry of the affiliations and representative offices of foreign not-for-profit organizations in the register makes the advising procedure envisaged for them equal, in effect, to a permitting procedure, which also represents a restriction.

**Thirdly (and most importantly)**, an unjustifiably strict procedure of control over the activity of public unions is established. The controlling body has the right to do the following:

1) to request from the governing bodies of public unions their order documents;
2) to send their representatives for participation in events being organized by public unions;
3) to conduct, no more than once a year, checks of the compatibility of the activity of public unions, including in spending money and use of another property, with their chartered goals in the procedure determined by the federal body of executive authority performing the functions of normative–legal regulation in the sphere of justice (it should be noted that this norm contradicts Article 7 of Federal Law “On the protection of rights of juridical persons and individual entrepreneurs during the execution of state control (or supervision)” of 8 August 2001, No. 134-FZ, in accordance with which checks of the activity of a juridical person can be conducted no more than once a year. In this connection, the procedure for a check has not been regulated legislatively, which opens opportunities for the executive authority to establish such a procedure that would place the public unions being checked in an unfavorable position);
4) to request and receive information concerning the financial and economic activity of public unions from state statistics agencies, from a federal body of executive authority, from a commissioner for control and supervision in the sphere of taxes and levies, as well as from credit institutions and other financial organizations (thereby expanding the range of persons with access to the tax and banking secrets of public unions and increasing the associated risks).
The extensive powers granted to the checking bodies, which are not restricted by any transparent and open checking procedure, create opportunities for administrative violations. Considering the fact that the majority of Russian courts of justice are controlled by the executive authority, while the European Human Rights Court is overloaded (on 20 December 2006 the State Duma refused to ratify Protocol No. 14 to the European Human Rights Convention, which envisaged a substantial simplification of the procedure for considering similar cases and, consequently, would have increased the Court’s capacity to deal with its workload), there is no hope that appeals against the actions of supervisory bodies can have effective results.

Thus, the adopted wording of the Law worsens the position of public organizations to a much lesser degree than it would have been in the event of the initial version of the draft law being adopted; however, even in its present form, its provisions do pose a serious threat to normal functioning of public unions.

Annex 3
Social Policies in Poland and Estonia

Poland

The body responsible for social policy in Poland is the Ministry for Social Policy. The main direction of the Ministry’s activity in the sphere of social support is the implementation of the state social insurance program (including annuity, insurance against accidents and occupational diseases, disability, illness and maternity), as well as the provision of social benefits to unprotected strata of the population.

The system of social benefits incorporates the system of social insurance and goes beyond it. Social benefits are as follows:

1. unemployment benefit;
2. various cash benefits designed to support the family;
3. insurance payments:
   • annuity insurance payments;
   • insurance payments in case of illness, pregnancy and care for a child;
   • disability insurance payments;
• disability insurance payments in an event of disability arising as a result of accidents and occupational diseases;

4. payments to uninsured persons.

Two bodies are responsible for the payment of social benefits – the organization of Organization for social insurance and the Fund for social insurance in the sphere of agriculture.

1. Unemployment benefits

Unemployment benefits are paid to citizens of Poland, as well as to citizens of the EU member states, for two reasons: loss of employment and search for employment in another EU member state. In order to receive a benefit, one must register with a district employment bureau; the payment of a benefit begins 7 days after the registration. In this connection, the following terms have to be complied with:

• during the last 18 months preceding the date of registration the person has been paying charges, on at least the minimum amount of salary and during at least 365 days, to the social insurance funds and to the Labor Fund;

• the person has no opportunity to become employed full time, or as a probationary appointment, or at a job funded by the State, or at a public job;

• the person regularly reports to the employment bureau concerning his or her preparedness to work.

If a person has arrived from another EU member country, he or she will have the right to the same unemployment benefit as he or she would have been entitled to in the country of previous employment. In an event when a person has been employed in several EU member countries, but each period of employment was too short to entitle that person to the right to receive an unemployment benefit, those periods can be added up (the right to the addition of periods of employment does not, however, extent to self-employed entrepreneurs). The right to receive a benefit during the period of a search for a job can be enjoyed by a person arriving from another EU member country during 3 months.

Unemployment benefits are not paid to persons who have never previously had a job (university graduates, homemakers, etc.).
2. Cash benefits designed to support the family

State cash benefits, designed to support the family are financed from the state budget, depend of an applicant’s actual family and financial status, and do not depend on whether an applicant is currently working or has ever worked, or whether he or she is ensured or not.

There exist the following benefits designed to support the family:

- cash benefit to the parents or the guardian of a child, appointed to represent that child’s interests in a judicial proceeding;
- benefit to a person who studies and is a single carer of a child;
- benefits to children with disabilities;
- a lumpsum payment in the event of the birth of a child;
- benefit in addition to the maternity payments made by an employer during the period of a maternity leave;
- benefit to persons who are single carers of a child, are not employed and have no right to receive an unemployment benefit;
- payments and benefit to persons who are carers of children.

The lumpsum payment in the event of the birth of a child takes place only if a family's income does not exceed its income received in the previous year. All child benefits are paid until the child reaches the age of 18 years (or 21 years, if the child is having vocational training, or 24 years if the child is studying at a higher educational establishment). In order to receive any of the benefits listed above, one must submit to a municipal social bureau certain documents (their number being on the average 5–7), including the child’s birth certificate, the statement of the family’s income and other special documents necessary for each specific type of benefit.

The amount of a benefit can be increased, but no such increase is allowed if the child is being cared for by a person who receives a social pension, an annuity, a disability pension or payments for the care of a baby.

The provision of all those benefits and lumpsum payments is mandatory for all EU member states, and consequently, if a person leaves the territory of the state which is obliged to make those payments, the corresponding monies must be transferred to that person’s new country of residence. In an event when a person has the right to receive benefits in two EU member state, he or she is entitled to the maximum amount (the money actually being paid by the state where the amount of benefit is...
higher, while the other state must provide the compensation of the difference between the amount actually paid and the amount envisaged by legislation of the compensating state, but no more than that amount).

3. Insurance payments

a. Annuities and disability pensions

Annuities and disability pensions are paid to persons who have been employed, insured and have been paying deductions from their wages or salaries to pension insurance funds. In this connection, if a person has worked in several EU member states, those states must participate in the payment of an annuity or a disability pension to a given person in proportions to the periods of that person’s employment in each state when that person was insured. No complicated administrative procedures, as needed in order to receive an insurance payment in an event of an illness, are envisaged for the receipt of an annuity or a disability pension.

b. Payments in case of illness, pregnancy and care for a child, and payments in an event of disability arising as a result of accidents and occupational diseases

This group included the following categories of insurance social payments:

- sick leave paid for by an employer (no more than 33 days in a year);
- payments in an event of disability arising as a result of a serious illness or an accident (no more than 182 days in a year; in the event of tuberculosis – no more than 270 days in a year) – are made by a state insurer and by an employer as a subsidiary payer;
- the payment for rehabilitation of health and compensation of the cost of rehabilitation of health (no more than 24 months and on condition that resulting from the restoration of good health the ability to work will also be restored) – is made by a state insurer and by an employer;
- benefit in an event of pregnancy and care for a child – is made by a state insurer or by an employer in the event of a child being born or adopted;
- benefit to carer – is paid by a state insurer and by an employer in an event of a need to care for a sick child or other member of a family.
In this connection, those persons who engage in an independent activity in the sphere of agriculture (or farmers) have the right only to the benefit in an event of illness (same as a sick leave payment) and the benefit in an event of pregnancy and care for a child. These benefits are paid by a state insurer.

Students and next of kin of insured persons have no right to receive the benefits listed above, if they are not themselves insured.

Insurance against illness is mandatory for all persons working under employment contracts; for entrepreneurs, this insurance is voluntary. The right to receive an insurance payment arises for persons insured under a system of mandatory insurance, after 30 days from the moment of an insurance policy’s entry in legal force in effect, and for persons insured on a voluntary basis – after 180 days from that moment. The possibility of receiving an insurance payment immediately after an insurance policy’s entry in legal force can arise in two instances only 1) when a person is a victim of an unfortunate production accident, or that accident happened on that person’s way to or from the place of work, or developed an occupational disease; and 2) the person, prior to that accident, has been for a period of no less than 10 full years insured under a system of mandatory insurance, the periods between the insurance policies being in legal force being no more than 30 days (exceptions are applied in instances, when the insurance period was interrupted because of the need to care for a sick child, during a leave without pay, or during service in the army).

In order to receive the insurance payment, a rather rigid procedure has to be complied with. Within three days from the moment of the onset of illness or the occurrence of an accident, a statement of illness (or of incapacity to work), or a sick certificate (if the physician responsible for treatments has the right to issue such a certificate) must be submitted to an authorized insurance organization. In an event when the physician has no right to issue a sick certificate, the insurer must organize a medical check-up independently, by the results of which the decision as to the payment or non-payment of an insurance sum is made. If this procedure is not complied with (in terms of timelines, or for reasons of impossibility to obtain a sick certificate from an authorized physician), a person loses the right to receive the payments. The received sick certificate must be submitted to an employer within 7 days from the mo-
ment of its issuance, or otherwise the amount of payment for the sick certificate should be decreased by 25% from the 8th day of illness until the moment of the employer receiving the sick certificate.

All the payments for illness and care for a child are made only on the basis of a medical certificate stating the necessity of being cared for (or of rehabilitation of health, etc.) and issued by an authorized physician (most often this is a representative of the insurer).

A separate group is represented by *medical insurance payments* (payments for diagnostic procedures, preventive measures, medical treatment, etc.). The right to such payments is enjoyed by insured employed persons, students (the full amount), persons in search of employment in another EU member state (during three months of such search), or persons receiving an annuity or a disability pension (in that EU member state by which the annuity or pension is being paid).

4. **Payments to uninsured persons**

The opportunities to receive the payment available to uninsured persons in Poland are rather small. In addition to cash benefits designed to support the family, these include:

- survivor’s pensions (pensions paid to a surviving next-of-kin);
- lumpsum payments in an event of the death of a next-of-kin;
- pension provision to uninsured persons.

Survivor’s pensions (payable to a widow (er) or a child) are paid only in the event when the deceased has been insured under the system of state social life insurance. The amount of pension for the applicant is calculated in accordance with the same system as it would have been calculated for the deceased person. If the deceased person received an annuity, the survivor pension is calculated in accordance with legislation of those EU member states, which participated in the payment of annuity to that deceased person.

The right to lumpsum payment in an event of the death of a next-of-kin belongs to that relative who undertook all the funeral costs, that payment covering the average cost of a funeral. The right to claim this payment exists during 12 months from the day of death of the next-of-kin. It is necessary to submit a death certificate, as well as the documentation in confirmation of the actual expenditures.
The pension to uninsured persons is equal in its amount to the minimum pension amount as envisaged in Poland’s legislation.

Thus, the social security system in Poland is aimed at creating rigid incentives for labor activity: the majority of benefits can be received only if a person has social insurance and pays deductions from his or her income to social funds at a certain rate.

Another important aspect of that country’s social policy is the encouragement of the activity of non-government organizations. The status of a non-government organization is established by Law of 24 April 2003 that regulates the activity for society’s good and volunteer activity. The Law contains the requirement concerning the development of a “third sector”\textsuperscript{46}. Non-government organizations in Poland are recognized as those juridical persons that do not belong to the sector of state and local finances and do not operate for the purpose of generating profit, and are created on the basis of the provisions of the laws, including funds and associations, with the exception of political parties, trade unions and employers’ organizations, self-regulating organizations, funds, whose sole founder is the state treasury, as well as formations without the status of a juridical person, operating in compliance with the law.

The most important innovation in the Law is the introduction of the notion of “the activity for society’s good”. The activity for society’s good is understood as a socially useful activity aimed at providing solutions to social problems. The Law categorizes as socially useful the activities in the following spheres: social support, charitable activity, support of national traditions, the cultivation of “Polish mentality”, as well as the development of national, civil and cultural consciousness, activity for the good of ethnic minorities, the protection of health and promotion of a healthy lifestyle, activities for the benefits of persons with special needs, aid in finding employment and professional realization, the en-

\textsuperscript{46} The third sector is a general term, denoting non-government organizations. It was borrowed from the English language and has to do with the division of socio-economic activity in modern democratic countries into three sectors. Under this typology, the first sector is represented by state and local administrations, also sometimes determined as the public sector. The second sector is the sphere of business, or all those institutions and organizations whose activity is aimed at generating profit. The third sector consists of all those private organizations that work for social purposes and not for generating profit, or all non-government (non-commercial, or not-for-profit) organizations.
suring of equal rights of men and women, aid in economic development, activities for the benefit of local communities, science, education, enlightenment and child-rearing, studies of local history and the organization of leisure of children and young people, culture, the arts, protection of cultural achievements and traditions, physical culture and sports, environment protection support, protection of animals and nature’s heritage, maintenance of public order and security, as well as counteraction to social pathologies, distribution of knowledge and skills relating to the sphere of improving national defense, distribution and protection of freedoms and human rights, as well as civic freedoms and democracy – promoting activities, salvage and protection of people, aid to victims of disasters, famines, armed conflicts and wars in the country’s territory and abroad, protection of consumer rights, integration into the European culture and development of contacts and cooperation between societies (or peoples), promotion and organization of volunteer activities.

On an application submitted by a non-government organization, the latter may be recognized as an organization for society's good. In this case, additional requirements are applied to it (the annual publication of a report on its activity, as well as of its financial and accounting reports, the entry in the National Judicial Register, rigid restrictions on the organization of economic activity, the use of its total income for executing its socially useful activity). However, substantial privileges are also established for the organizations for society’s good:

- the use of immovable property on privileged conditions;
- the right to receive 1% of the personal income tax;
- exemption from the tax on profit of juridical persons, from the tax on immovables, from the levies on civil legal acts (e.g., contracts), from the state and judicial levies in respect to their activity for society’s good;
- the possibility of publishing free-of-charge the information on their activity through state television and radio stations;
- the use of the work of persons drafted into the army for an alternative-type service.

One more important privilege of organizations for society’s good is the opportunity to receive a state order for the fulfillment of public tasks. The order consists in a partial or in full financing, by administra-
tive bodies, of the activity for society’s good or any other of the afore-
mentioned subjects. The initiative in this case may belong both to the
administration and to the non-government organization. In any event,
the order is to be fulfilled on the basis of a tender.

The intermediary between the State and organizations for society’s
good is the Council for the Activity for Society’s Good – the experts’ and
consulting body existing under the Minister for Social Policy. The Coun-
cil may express its opinion on issues of law enforcement, as well as the
draft laws put forth by the government and addressing the activities for
society’s good and volunteer activities. The Law envisages a mixed
composition of the Council. The Council consists of 20 members: 5 re-
present the state administration, 5 – local self-government and 10 – non-
government organizations (as well as unions and associations of public
organizations). The Council’s period of office is 3 years.

At the present moment, several dozens of big non-government or-
ganizations are operating in Poland, of which 20 have been created with
an active participation of foreign citizens; also, the UNO’s volunteer
missions are implementing their programs. It should be noted that
among non-government organizations there are also those whose ac-
tivity is directed against the government’s official standpoint (for exam-
ple, the Polish Federation of Women and Family Planning, which is
campaigning for the legalization of abortions, while in Poland there is a
ban on abortions), but the government’s attitude to such organizations
is tolerant: no cases of their prosecution have been registered, while
non-government organizations, without exceptions, are allowed to post
their e-mail addresses on the government’s portal dedicated to the de-
velopment of the third sector.

**Estonia**

The body responsible for social policy in Estonia is the Ministry for
Social Affairs.

The social security system in Estonia, as in the majority of post-
Soviet states, is to a smaller part dependent on social insurance (de-
ductions from the incomes of employed persons), and to a greater – on
state financing. The Ministry for Social Affairs has proclaimed a policy of
“social inclusion”, which implies, first of all, the creation of incentives for
the population’s employment (this is understood as the implementation
of various programs of assistance in the search for a job, of teaching
the Estonian language, of creating state-funded jobs, or of creating op-
portunities for retraining and on-site training), but alongside all those
measures the State also takes it upon itself to provide for those social
strata that are in need of social protection. In contrast to Poland, in Es-
tonia budget funding constitutes a certain component of nearly all so-
cial payments, and thus a person becomes entitled to the right to re-
ceive a benefit irrespective of whether he or she has participated in the
creation of those funds, which are the source of such payments.

The system of social payments includes the following types of bene-
fits:

- medical payments;
- disability benefits and benefits in an event of incapacity for work;
- annuities;
- survivor benefit;
- child benefits and benefits to support the family;
- unemployment benefit;
- aid in the acquisition of housing;
- aid in the restoration of “social inclusion”.

1. Medical payments

Medical payments include the funding allocated to medical treat-
ment, rehabilitation, purchase of medications, as well as the coverage
of a sick certificate. In accordance with the Law on medical insurance
and the Law on the organization of medical services, the system of
medical insurance is extended to all the citizens of Estonia, irrespective
of whether any deductions from those persons’ income are being trans-
ferred to the medical insurance fund. The medical insurance fund is
formed from the social tax (13 % of the amount of salary) paid by the
employer. The State itself transfers payments to the medical insurance
fund for certain categories of persons determined by the law (those
who exist solely on social benefits, the military, unemployed spouses of
diplomatists, victims of radiation exposure, etc.). For another group of
persons (women from the 12th week of pregnancy, persons receiving a
state annuity, children under 19 years of age, students of secondary
schools and colleges who are under 21 years of age, students of higher
educational establishments who are under 24 years of age), no deduc-
tions at all are transferred. At the same time, all those categories of citizens have the right to be recipients of the full scope of medical services covered by the system of state insurance, with no regard for the amount of deductions for those persons being transferred to the insurance fund.

Also, the resources of the medical insurance fund cover the cost of a sick leave (in the amount of 80% of salary for each day, or in the amount of 100% of salary if the sick leave is granted for the birth of a child, care for a sick child or an unfortunate production accident).

Uninsured persons have the right to receive emergency medical care.

Out of the total of medical expenditures executed in Estonia in the year 2004, 65.2% is constituted by those from the medical insurance fund, 8.8% – from the state budget, 1.5% – from local budgets, 24.5% – from the private sector (of which 20.7% – were citizens’ out-of-pocket expenditures, 1% – private medical insurance, 2.8% – employers’ expenditures).

2. Annuities

Annuities after the reform of 2002–2003 have been composed of three components: state annuity paid from the pension insurance fund formed by the social tax being paid by employers on the amount of salaries (in the amount of 20% of salaries), the sum of deductions to mandatory social pension insurance, and the sum of deductions to voluntary supplementary social insurance. Net state annuity is equal to approximately 37% of a person’s previous level of income; the sum of state annuity and mandatory pension insurance increase the amount of annuity to 50% of a person’s previous level of income, and with the addition of voluntary insurance this sum may become as high as 80%.

The right to receive an annuity is enjoyed by all those persons who have been working in Estonia for no less than 15 years. The retirement age for males is 63 years, for females – 59 years (it is planned that this index will be raised by the year 2016 and will also become 63 years).

To those persons who have no right to receive an annuity based on employment history, the so-called “national annuity” is guaranteed, to be paid from the state budget. The right to such an annuity is enjoyed by a person if he or she has been residing in Estonia for no less than 5
years, has reached the retirements age and does not receive any pension from any other state.

The persons who have reached the retirement age enjoy the right to continue to work and still receive the full amount of annuity.

3. **Disability benefit and benefit in an event of incapacity for work, survivor benefit**

All the benefits in this group are paid from the pension funds created at the expense of the social tax and mandatory medical insurance.

The right to receive the disability benefit or the benefit in an event of incapacity for work belongs to all persons under 16 years of age who as a result of their disability, or sustained trauma, or illness are 40% or more limited in their capacity for work. A mandatory requirement for such benefits to be granted is the existence of an employment history, the duration of which depends on the age at which the disability (or incapacity for work) occurred. For persons aged between 16 and 20 years, no employment history is required; for persons aged between 60 and 62 years, the duration of employment of no less than 14 years is required.

The survivor benefit (the benefit to a surviving next-of-kin) is paid to the children, parents and surviving spouse of a deceased person. In this connection it is of no importance whether those persons were the deceased person’s dependants. The amount of the benefit is calculated by the same method as the incapacity-for-work pension for the deceased person would have been calculated (the only exception is death as a result of a production trauma or an occupational disease – in this case the maximum amount of pension is paid, irrespective of the duration of employment).

The deceased person’s relatives also receive a lumpsum compensation of the cost of the funeral, in the amount of 5,500 Estonian kroons (of which 2,000 kroons come from the state pension fund, and 3,500 kroons – from the insurance pension fund).

4. **Benefits for children and benefits designed to support the family**

Beside the traditional benefits belonging to this group, which exist in nearly every country (maternity and delivery benefit – 100% of the
amount of salary for 140 days, maternity leave benefit – 80% of the amount of salary for the next 315 days payable to any parent; a lump-sum payment in the event of a birth or adoption of child – 320 euro; the child benefit and the benefit to the carer of a child, the amount of which is increased in proportion to the number of children in a family), in Estonia there exist the following types of family benefits, or opportunities equivalent to those benefits:

- tax deductions (the right to deduct from the taxable base the costs associated with the education of children aged up to 26 years; the right to increase the untaxed minimum if the family has more than one child aged up to 17 years; the right to receive from the State the compensation for 50% of the amount of an education credit received for a child);

- increased duration of a paid leave (by 7 days for employed minor persons and disabled persons, by 1 day for the carer of a disabled child, by 3 to 6 days for one of the parents depending on the number of children in the family and by 14 days, as a one-time benefit, for fathers granted a maternity leave);

- the payment for the breaks in working time needed to breastfeed a child (such breaks must be granted to breastfeeding mothers every three hours; their duration must be no less than half an hour; the upper limit to the child’s age is 1.5 years).

5. Unemployment benefit

The unemployment benefit is paid to any person who has reached the age of 16 years, has full or partial capacity for work, has been registered at a local employment center and during the 12 months prior to registration worked for at least 180 days. The last requirement is not mandatory, if the said person during 180 days was caring for a child, was the carer of a disabled child, or was undergoing in-hospital medical treatment. The unemployment benefit is paid for 270 days from the moment of registration.

As a result of reform of 2001–2002, a system of state insurance against unemployment has been created. The State forms an insurance fund from the deductions from salaries (at the rate of 0.5% to 2%) and from the tax paid by employers (at the rate of 0.25 to 1% of salaries or other types of remuneration paid to employees). Insured persons re-
ceive insurance payments in the amount of 50% of their previous income during the first 100 days after registration and in the amount of 40% of their previous income during the next 260 days (360 days is the upper limit for the receipt of unemployment insurance payments; as a rule, this period can be shortened depending on the duration of the insurance coverage).

In the event when an insurance agreement is terminated early, employees have the right to a compensation of their insurance savings in the amount of one or two salaries.

6. Aid in the acquisition of housing and aid in the restoration of “social inclusion”

This category of payment is very broad and does not depend on social insurance. Such payments are granted to those social strata who are in need or are socially unprotected. Among the benefits belonging to this group are the poverty benefit (paid to persons whose income is no higher than the subsistence level), the refugee benefit (in the amount of necessary small expenditures), the compensation to victims of political repressions, the benefit to persons who have contracted HIV or AIDS, the benefit to prisoners who have served their sentence, payable until their resocialization.

The amount of medical payments in 2003 constituted 31.8% of all the social payments, the disability benefit and the benefit in an event of incapacity for work – 9.3%, annuity – 44%, the survivor benefit – 0.8%, the family benefit – 10%, the unemployment benefit – 1.8%, aid in the acquisition of housing – 0.6%, the cost of “social inclusion” – 1.6% (4.2%, 1.2%, 5.8%, 0.1%, 1.3%, 0.2%, 0.1%, and 0.2% of GDP, respectively).

In addition to everything discussed above, “Law on the aid to victims of crimes” of 17 December 2003 is deserving of special interest. In accordance with this law, the victims of crimes associated with violence (or their relatives), if resulting from the crime was the victim’s death or damage to his or her health, have the right to receive a compensation from the state pension fund in an event when there exists no opportunity to receive compensation from the person who has committed the crime. The upper limit of the amount of compensation is 50,000 Estonian kroons (or 3,300 euro).
Thus, the state social security system in Estonia is sufficiently strong and requires far less efforts on the part of the potential recipients of social payments than in Poland.

The state promotion of the activity of non-government organizations is less developed than in Poland. At the present moment, in Estonia’s social sphere there exist, as estimated by the Ministry, between 1,000 and 1,500 non-government organizations (the index is approximate because many non-government organizations have no status of a juridical person and therefore are not subject to mandatory State registration). Most of them are affiliations of foreign and international NGOs or small-size organizations created during the transition period as a result of the then acute need to find a local solution to a specific social problem. A separate group is constituted by those NGOs that have been created as a result of reorganization of administrative formations created by the State during the Soviet period. The activity of NGOs in Estonia is regulated by general civil legal norms established for non-commercial organizations; no special regulation is applied. The operation of NGOs in the social sphere is characterized by a higher degree of variability, both in the areas of activity and in the methods applied and results achieved.

The main achievement of Estonian NGOs is that of information support: non-government organizations, firstly, publish the information concerning persons in need of social support, influence public opinion in order to draw the public’s attention to social problems and develop a more positive attitude to the destitute social strata, and organize the training of volunteers and the persons whose interests they protect; secondly, they refer the information concerning the existing social problems to local and state bodies of authority and put forth amendments to prevailing legislation. NGOs are financed mainly from private sources, as well as from state and local budgets. In this connection, the cooperation with the authorities takes place mainly at the local level; the chances for NGOs to receive budget funding, as well as administrative support, depend on the importance, in a given region (or district), of the problems being provided solutions to by NGOs. Only 8% of NGOs have their own income as the principal source of funding.

Among the staff of NGOs, only 40% have professional education directly relating to their activity. Approximately 70% of NGOs pay salaries to their staff, the rest work on a purely voluntary basis (without remu-
More than half of those NGOs where salaries are paid also attract volunteers to their activity.

**Summary: “… Walking without a safety net”**

The social security systems in Poland and Estonia are striving to comply with the bulky and very detailed requirements established by the European Union, famous for its paternalistic orientation (see, in particular, Mau, Novikov, Yanovskiy, Kovalev, 2002). This is undoubtedly what is common in the approaches of Russia and her former socialist “inmates”. In the very likely situation when those social security systems based on the State’s “generosity” may collapse in not too distant future, the consequences for Russia and for the two countries selected for our overview will be fundamentally different. Poland and Estonia are rapidly and on a private basis building their “reserves” – less universal and bulky, but flexible and, consequently, more stable mechanisms for aiding those who are incapable of work. Russia has, in fact, frozen the development of such a system, hoping for the effect of centralized efforts on the part of the government. Such an approach creates risks of far more grave consequences of the potential collapse than those existing in Poland and Estonia.
### Annex 4
Basic initial data for statistical analysis

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Adygeya republic</td>
<td>444.4</td>
<td>14.4</td>
<td>9.9</td>
<td>866.2</td>
<td>5,270.4</td>
<td>0.0587309</td>
<td>26.777678</td>
<td>29.477948</td>
</tr>
<tr>
<td>Bashkortostan republic</td>
<td>4,078.8</td>
<td>10.6</td>
<td>11.1</td>
<td>752.6</td>
<td>6,755.2</td>
<td>0.0349858</td>
<td>17.970972</td>
<td>45.503579</td>
</tr>
<tr>
<td>Buryatia republic</td>
<td>969.2</td>
<td>13.7</td>
<td>5.2</td>
<td>720.4</td>
<td>7,662.7</td>
<td>0.0558192</td>
<td>22.802311</td>
<td>24.349979</td>
</tr>
<tr>
<td>Altai republic</td>
<td>203.9</td>
<td>17.7</td>
<td>24.3</td>
<td>597.8</td>
<td>5,799</td>
<td>0.046101</td>
<td>51.005395</td>
<td>34.330554</td>
</tr>
<tr>
<td>Dagestan republic</td>
<td>2,621.8</td>
<td>16.1</td>
<td>24.8</td>
<td>248.5</td>
<td>3,789.4</td>
<td>0.0997406</td>
<td>12.815623</td>
<td>14.303151</td>
</tr>
<tr>
<td>Ingush Republic</td>
<td>481.6</td>
<td>24.4</td>
<td>1.2</td>
<td>187.6</td>
<td>5,733.9</td>
<td>0.2643272</td>
<td>3.1146179</td>
<td>2.6993355</td>
</tr>
<tr>
<td>Kabardino-Balkaria republic</td>
<td>896.9</td>
<td>14.6</td>
<td>17.4</td>
<td>566</td>
<td>4,635.6</td>
<td>0.1021296</td>
<td>15.609321</td>
<td>21.853049</td>
</tr>
<tr>
<td>Kalmykia republic</td>
<td>289.9</td>
<td>8.4</td>
<td>2.9</td>
<td>369.6</td>
<td>4,521.8</td>
<td>0.0896861</td>
<td>20.006899</td>
<td>8.2787168</td>
</tr>
<tr>
<td>Karachaevo-Cherkessia republic</td>
<td>434.5</td>
<td>9.9</td>
<td>12.9</td>
<td>615.1</td>
<td>4,856.2</td>
<td>0.0639816</td>
<td>24.165708</td>
<td>20.483314</td>
</tr>
<tr>
<td>Karelia republic</td>
<td>703.1</td>
<td>9.7</td>
<td>7.9</td>
<td>860.7</td>
<td>8,747</td>
<td>0.0475039</td>
<td>40.25032</td>
<td>46.223866</td>
</tr>
<tr>
<td>Komi republic</td>
<td>996.4</td>
<td>8.6</td>
<td>2</td>
<td>639.3</td>
<td>11,726.1</td>
<td>0.063328</td>
<td>29.104777</td>
<td>45.564031</td>
</tr>
<tr>
<td>Mariy-El republic</td>
<td>716.9</td>
<td>13.3</td>
<td>3</td>
<td>749.8</td>
<td>5,160.4</td>
<td>0.052448</td>
<td>25.945041</td>
<td>44.218162</td>
</tr>
<tr>
<td>Mordovskaya republic</td>
<td>866.6</td>
<td>10.2</td>
<td>4.2</td>
<td>756</td>
<td>5,093.2</td>
<td>0.0349642</td>
<td>26.078929</td>
<td>27.809832</td>
</tr>
<tr>
<td>Yakutia</td>
<td>950.7</td>
<td>13.5</td>
<td>3.8</td>
<td>427</td>
<td>13,559.5</td>
<td>0.0452298</td>
<td>24.087514</td>
<td>21.142316</td>
</tr>
<tr>
<td>Northern Osetia – Alania republic</td>
<td>704.4</td>
<td>9.5</td>
<td>23.7</td>
<td>763.3</td>
<td>4,588.9</td>
<td>0.0411698</td>
<td>16.609881</td>
<td>31.374219</td>
</tr>
<tr>
<td>Tatarstan republic</td>
<td>3,768.5</td>
<td>11.2</td>
<td>3.7</td>
<td>714</td>
<td>7,055.2</td>
<td>0.0336473</td>
<td>22.2635</td>
<td>35.3987</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>----------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>---------------</td>
<td>------------------</td>
</tr>
<tr>
<td>Tyva republic</td>
<td>307.6</td>
<td>20.4</td>
<td>26.7</td>
<td>436.5</td>
<td>6,952</td>
<td>0.0949285</td>
<td>11.053316</td>
<td>9.7529259</td>
</tr>
<tr>
<td>Udmurtia republic</td>
<td>1,552.8</td>
<td>12.1</td>
<td>14.8</td>
<td>772.8</td>
<td>6,508.7</td>
<td>0.0411515</td>
<td>41.795466</td>
<td>30.783101</td>
</tr>
<tr>
<td>Khakassia republic</td>
<td>541.0</td>
<td>15.7</td>
<td>19.7</td>
<td>771.8</td>
<td>7,824</td>
<td>0.045841</td>
<td>58.595194</td>
<td>43.438078</td>
</tr>
<tr>
<td>-</td>
<td>1,141.3</td>
<td>12.4</td>
<td>...</td>
<td>283.5</td>
<td>6,715.9</td>
<td>0.2922106</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Chuvashia republic</td>
<td>1,299.3</td>
<td>9.3</td>
<td>2.4</td>
<td>598.9</td>
<td>5,165.4</td>
<td>0.0579543</td>
<td>31.016701</td>
<td>39.867621</td>
</tr>
<tr>
<td>Altai krai</td>
<td>2,565.6</td>
<td>12.5</td>
<td>5.8</td>
<td>792.4</td>
<td>4,960</td>
<td>0.0455254</td>
<td>33.325538</td>
<td>39.600873</td>
</tr>
<tr>
<td>Krasnodarskiy krai</td>
<td>5,100.3</td>
<td>10.1</td>
<td>3.1</td>
<td>850.5</td>
<td>6,551.8</td>
<td>0.0358606</td>
<td>34.762661</td>
<td>51.095034</td>
</tr>
<tr>
<td>Krasnoyarskiy krai</td>
<td>2,925.4</td>
<td>13.1</td>
<td>14.3</td>
<td>626.3</td>
<td>10,377.2</td>
<td>0.0483011</td>
<td>46.250085</td>
<td>33.294592</td>
</tr>
<tr>
<td>Primorskiy krai</td>
<td>2,035.8</td>
<td>13.1</td>
<td>7.1</td>
<td>808.1</td>
<td>9,019.1</td>
<td>0.0425386</td>
<td>51.8715</td>
<td>51.478534</td>
</tr>
<tr>
<td>Stavropol'skiy krai</td>
<td>2,717.9</td>
<td>11.1</td>
<td>13.8</td>
<td>840.2</td>
<td>5,520.5</td>
<td>0.0331138</td>
<td>31.384525</td>
<td>44.668383</td>
</tr>
<tr>
<td>Khabarovskiy krai</td>
<td>1,420.2</td>
<td>14.6</td>
<td>13.8</td>
<td>877.3</td>
<td>10,868</td>
<td>0.0305591</td>
<td>52.386988</td>
<td>59.7099</td>
</tr>
<tr>
<td>Amurskaya oblast</td>
<td>887.6</td>
<td>17</td>
<td>14.8</td>
<td>807</td>
<td>9,045.6</td>
<td>0.0493466</td>
<td>29.855791</td>
<td>27.15187</td>
</tr>
<tr>
<td>Arhangel'skaya oblast</td>
<td>1,304.5</td>
<td>10.1</td>
<td>7.4</td>
<td>849.8</td>
<td>9,892.1</td>
<td>0.0293599</td>
<td>24.070525</td>
<td>25.756995</td>
</tr>
<tr>
<td>Astrakhanskaya oblast</td>
<td>998.2</td>
<td>13</td>
<td>14.1</td>
<td>812</td>
<td>6,934.8</td>
<td>0.0592066</td>
<td>36.465638</td>
<td>42.676818</td>
</tr>
<tr>
<td>Belgorodskaya oblast</td>
<td>1,511.6</td>
<td>8.8</td>
<td>5.8</td>
<td>841.1</td>
<td>6,860.2</td>
<td>0.0281159</td>
<td>23.220429</td>
<td>35.260651</td>
</tr>
<tr>
<td>Bryanskaya oblast</td>
<td>1,346.5</td>
<td>12.3</td>
<td>11.7</td>
<td>1,028.3</td>
<td>5,236.8</td>
<td>0.032306</td>
<td>23.616784</td>
<td>27.107315</td>
</tr>
<tr>
<td>Vladimirskaya oblast</td>
<td>1,487.2</td>
<td>10</td>
<td>11</td>
<td>1,170.4</td>
<td>6,071.8</td>
<td>0.048951</td>
<td>35.435718</td>
<td>37.789134</td>
</tr>
<tr>
<td>Volgogradskaya oblast</td>
<td>2,655.2</td>
<td>14.5</td>
<td>6.8</td>
<td>879</td>
<td>6,032</td>
<td>0.0336698</td>
<td>34.272371</td>
<td>45.26966</td>
</tr>
<tr>
<td>Vologodskaya oblast</td>
<td>1,245.5</td>
<td>10.9</td>
<td>8</td>
<td>891.5</td>
<td>8,887.6</td>
<td>0.0272983</td>
<td>51.86672</td>
<td>50.822963</td>
</tr>
<tr>
<td>Voronezhskaya oblast</td>
<td>2,334.1</td>
<td>10.3</td>
<td>6</td>
<td>875.4</td>
<td>5,601.5</td>
<td>0.036588</td>
<td>52.654128</td>
<td>51.540208</td>
</tr>
<tr>
<td>Region</td>
<td>Area 1</td>
<td>Population 1</td>
<td>GDPPC 1</td>
<td>Area 2</td>
<td>Population 2</td>
<td>GDPPC 2</td>
<td>Area 3</td>
<td>Population 3</td>
</tr>
<tr>
<td>-------------------------</td>
<td>--------</td>
<td>--------------</td>
<td>---------</td>
<td>--------</td>
<td>--------------</td>
<td>---------</td>
<td>--------</td>
<td>--------------</td>
</tr>
<tr>
<td>Ivanovskaya oblast</td>
<td>1,114.9</td>
<td>10.8</td>
<td>977.1</td>
<td>2,135.3</td>
<td>12.6</td>
<td>866.7</td>
<td>1,104.6</td>
<td>12.8</td>
</tr>
<tr>
<td>Irkutskaya oblast</td>
<td>2,545.3</td>
<td>10.1</td>
<td>18.7</td>
<td>945.0</td>
<td>12.8</td>
<td>690.3</td>
<td>1,021.5</td>
<td>10.5</td>
</tr>
<tr>
<td>Kaliningradskaya oblast</td>
<td>1,021.5</td>
<td>10.5</td>
<td>12.8</td>
<td>352.1</td>
<td>11.6</td>
<td>559</td>
<td>937.2</td>
<td>11.6</td>
</tr>
<tr>
<td>Kemerovskaya oblast</td>
<td>2,655.0</td>
<td>8.1</td>
<td>8.1</td>
<td>1,000.4</td>
<td>8.1</td>
<td>564.7</td>
<td>1,022.4</td>
<td>8</td>
</tr>
<tr>
<td>Kostromskaya oblast</td>
<td>717.5</td>
<td>8.1</td>
<td>8.1</td>
<td>1,000.4</td>
<td>8.1</td>
<td>564.7</td>
<td>1,022.4</td>
<td>8</td>
</tr>
<tr>
<td>Kurskaya oblast</td>
<td>1,199.1</td>
<td>14.5</td>
<td>14.4</td>
<td>945.8</td>
<td>19.8</td>
<td>913.6</td>
<td>1,022.4</td>
<td>8</td>
</tr>
<tr>
<td>Leningradskaya oblast</td>
<td>1,199.1</td>
<td>14.5</td>
<td>14.4</td>
<td>945.8</td>
<td>19.8</td>
<td>913.6</td>
<td>1,022.4</td>
<td>8</td>
</tr>
<tr>
<td>Lipetskaya oblast</td>
<td>1,189.9</td>
<td>8.9</td>
<td>8.9</td>
<td>1,000.4</td>
<td>8.1</td>
<td>564.7</td>
<td>1,022.4</td>
<td>8</td>
</tr>
<tr>
<td>Magadanskaya oblast</td>
<td>6,297.7</td>
<td>10.4</td>
<td>10.4</td>
<td>6,297.7</td>
<td>10.4</td>
<td>6,297.7</td>
<td>6,297.7</td>
<td>10.4</td>
</tr>
<tr>
<td>Murmanskaya oblast</td>
<td>6,297.7</td>
<td>10.4</td>
<td>10.4</td>
<td>6,297.7</td>
<td>10.4</td>
<td>6,297.7</td>
<td>6,297.7</td>
<td>10.4</td>
</tr>
<tr>
<td>Nizhegorskskaya oblast</td>
<td>3,445.3</td>
<td>11.9</td>
<td>11.9</td>
<td>3,445.3</td>
<td>11.9</td>
<td>3,445.3</td>
<td>3,445.3</td>
<td>11.9</td>
</tr>
<tr>
<td>Novgorodskaya oblast</td>
<td>2,674.1</td>
<td>12.1</td>
<td>12.1</td>
<td>2,674.1</td>
<td>12.1</td>
<td>2,674.1</td>
<td>2,674.1</td>
<td>12.1</td>
</tr>
<tr>
<td>Omskaya oblast</td>
<td>2,662.3</td>
<td>12.1</td>
<td>12.1</td>
<td>2,662.3</td>
<td>12.1</td>
<td>2,662.3</td>
<td>2,662.3</td>
<td>12.1</td>
</tr>
<tr>
<td>Orenburgskaya oblast</td>
<td>2,046.6</td>
<td>12.1</td>
<td>12.1</td>
<td>2,046.6</td>
<td>12.1</td>
<td>2,046.6</td>
<td>2,046.6</td>
<td>12.1</td>
</tr>
<tr>
<td>Region</td>
<td>Column 1</td>
<td>Column 2</td>
<td>Column 3</td>
<td>Column 4</td>
<td>Column 5</td>
<td>Column 6</td>
<td>Column 7</td>
<td>Column 8</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>Orenburgskaya oblast</td>
<td>2,150.4</td>
<td>11.2</td>
<td>6.1</td>
<td>805.2</td>
<td>6,042.2</td>
<td>0.0460379</td>
<td>55.61756</td>
<td>56.268601</td>
</tr>
<tr>
<td>Orlovskaya oblast</td>
<td>842.4</td>
<td>11.3</td>
<td>8.7</td>
<td>915.6</td>
<td>5,456.3</td>
<td>0.0307455</td>
<td>27.065527</td>
<td>27.896486</td>
</tr>
<tr>
<td>Penzenskaya oblast</td>
<td>1,422.8</td>
<td>12.7</td>
<td>3.6</td>
<td>949.5</td>
<td>5,441.5</td>
<td>0.0328226</td>
<td>54.329491</td>
<td>49.831319</td>
</tr>
<tr>
<td>Permskaya oblast</td>
<td>2,769.8</td>
<td>11.9</td>
<td>6.5</td>
<td>904.2</td>
<td>7,649</td>
<td>0.0359232</td>
<td>23.359087</td>
<td>46.57376</td>
</tr>
<tr>
<td>Pskovskaya oblast</td>
<td>736.7</td>
<td>13.5</td>
<td>12.2</td>
<td>1,224.5</td>
<td>5,826.9</td>
<td>0.0332564</td>
<td>33.663635</td>
<td>46.151758</td>
</tr>
<tr>
<td>Rostovskaya oblast</td>
<td>4,334.4</td>
<td>13.6</td>
<td>12.5</td>
<td>909.9</td>
<td>5,988.6</td>
<td>0.0419897</td>
<td>14.258029</td>
<td>16.426726</td>
</tr>
<tr>
<td>Ryazanskaya oblast</td>
<td>1,194.8</td>
<td>11.7</td>
<td>9</td>
<td>940.8</td>
<td>6,224.8</td>
<td>0.026699</td>
<td>151.74088</td>
<td>146.55172</td>
</tr>
<tr>
<td>Samarskaya oblast</td>
<td>3,201.3</td>
<td>8</td>
<td>4.7</td>
<td>820.8</td>
<td>7,666.3</td>
<td>0.0286446</td>
<td>53.197139</td>
<td>75.750476</td>
</tr>
<tr>
<td>Saratovskaya oblast</td>
<td>2,625.7</td>
<td>10.5</td>
<td>10</td>
<td>897.1</td>
<td>5,705.2</td>
<td>0.0462353</td>
<td>28.525726</td>
<td>33.514872</td>
</tr>
<tr>
<td>Sahalinskaya oblast</td>
<td>532.4</td>
<td>13.8</td>
<td>9.7</td>
<td>835.5</td>
<td>15,175.1</td>
<td>0.0443276</td>
<td>56.724267</td>
<td>60.480841</td>
</tr>
<tr>
<td>Sverdlovskaya oblast</td>
<td>4428.2</td>
<td>10.4</td>
<td>12.4</td>
<td>871.6</td>
<td>8,695.6</td>
<td>0.0360643</td>
<td>33.128585</td>
<td>51.736597</td>
</tr>
<tr>
<td>Smolenskaya oblast</td>
<td>1019.0</td>
<td>12</td>
<td>11.8</td>
<td>1048.3</td>
<td>6,301.3</td>
<td>0.0409225</td>
<td>27.968597</td>
<td>22.571148</td>
</tr>
<tr>
<td>Tambovskaya oblast</td>
<td>1144.8</td>
<td>10.9</td>
<td>23.8</td>
<td>998.1</td>
<td>5,077.3</td>
<td>0.0413173</td>
<td>23.497554</td>
<td>24.458421</td>
</tr>
<tr>
<td>Tverskaya oblast</td>
<td>1425.6</td>
<td>11.8</td>
<td>10.4</td>
<td>1275.4</td>
<td>6,644.6</td>
<td>0.0305836</td>
<td>39.421998</td>
<td>36.335578</td>
</tr>
<tr>
<td>Tomskaya oblast</td>
<td>1036.6</td>
<td>13.8</td>
<td>13</td>
<td>547.8</td>
<td>9,639.6</td>
<td>0.0531545</td>
<td>35.790083</td>
<td>63.766159</td>
</tr>
<tr>
<td>Tulskaya oblast</td>
<td>1621.9</td>
<td>11.7</td>
<td>12.7</td>
<td>1152.1</td>
<td>6,338</td>
<td>0.0246008</td>
<td>33.232628</td>
<td>35.637216</td>
</tr>
<tr>
<td>Tyumenskaya oblast</td>
<td>3307.5</td>
<td>9.7</td>
<td>7</td>
<td>376.2</td>
<td>19,981.7</td>
<td>0.0370975</td>
<td>37.157974</td>
<td>42.479214</td>
</tr>
<tr>
<td>Ulyanovskaya oblast</td>
<td>1350.7</td>
<td>10.9</td>
<td>6.1</td>
<td>871.8</td>
<td>5,450.2</td>
<td>0.039461</td>
<td>25.690383</td>
<td>32.797809</td>
</tr>
<tr>
<td>Chelyabinskaya oblast</td>
<td>3551.4</td>
<td>12.5</td>
<td>5.9</td>
<td>848.7</td>
<td>7,612.4</td>
<td>0.0273695</td>
<td>37.647125</td>
<td>41.054232</td>
</tr>
<tr>
<td>Chitinskaya oblast</td>
<td>1135.7</td>
<td>13.1</td>
<td>28</td>
<td>848.8</td>
<td>7,711.1</td>
<td>0.0531831</td>
<td>31.082152</td>
<td>16.72977</td>
</tr>
<tr>
<td></td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>6</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>----------------</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-----</td>
<td>-------------</td>
<td>-------------</td>
</tr>
<tr>
<td>Yaroslavskaya oblast</td>
<td>1338.7</td>
<td>10.3</td>
<td>10.9</td>
<td>1057.8</td>
<td>7,390.1</td>
<td>0.0210652</td>
<td>45.940091</td>
<td>41.308732</td>
</tr>
<tr>
<td>Moscow</td>
<td>10406.6</td>
<td>9.9</td>
<td>3</td>
<td>712.6</td>
<td>13,735.7</td>
<td>0.0046413</td>
<td>135.00086</td>
<td>164.4245</td>
</tr>
<tr>
<td>St.Petersburg</td>
<td>4600.0</td>
<td>7.1</td>
<td>3.5</td>
<td>981</td>
<td>10,791.3</td>
<td>0.0120435</td>
<td>136.41304</td>
<td>135.5</td>
</tr>
<tr>
<td>Yevreyskaya oblast</td>
<td>188.8</td>
<td>21.6</td>
<td>5.3</td>
<td>905</td>
<td>8,229.6</td>
<td>0.0381356</td>
<td>29.661017</td>
<td>35.487288</td>
</tr>
</tbody>
</table>