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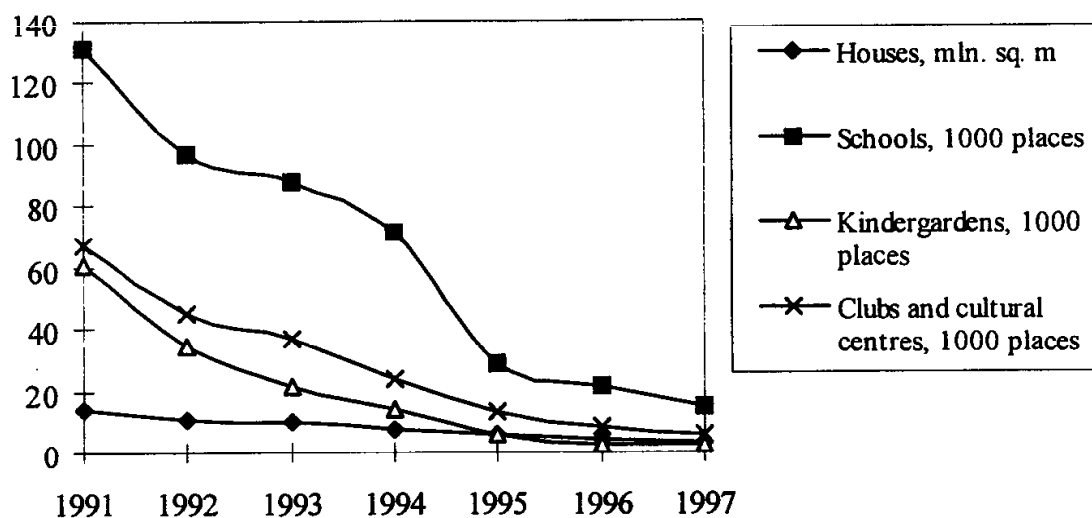
Social Aspects of Market Reforms in Rural Areas of Russia

Nearly 40 million people are to a greater or lesser extent linked with the agricultural sector in Russia (workers in agricultural production and service enterprises, members of their families, people permanently living in rural areas etc.). Traditionally, the rural social sphere was far less developed than the urban one. For example, in rural areas there are practically no normal roads, half of the low-populated settlements are not equipped with telecommunication systems, etc. The majority of rural houses are not equipped with basic facilities, only 19% of the houses have a hot water supply, 37% have sewerage and central heating, nearly 50% are supplied with water. Most rural settlements are not equipped with gas supply systems.

The situation deteriorated when, at the first stage of economic reforms, the rural social sphere was separated from production not being supported by appropriate financial sources. As a whole, it was rather reasonable. But in conditions of a declining production in agriculture and the drop of tax inflow to local budgets, as well as the absence of any other sources of budgetary support, in 1993–1997 the deficit of resources for equipment, materials and electric energy supply as well as the growing gap between the level of wages in the social sphere and agriculture and the average level of wages in other industries became the most important problems for the public health service, education and cultural units in rural areas. As a result, the social infrastructure has been dropping systematically.

In 1993–1997, indicators of the development of rural social and engineering infrastructure worsened considerably. The scale of housing construction decreased 4.2 times, school construction — 9 times, the construction of kinder gardens — 29 times. The number of local roads which were put into operation in 1997 was 57 times lower, and the number of local telephone lines — 55 times lower than in 1991. The numbers of sewerage, heating and local water supply systems which were put into operation in 1997 were respectively 15, 45 and 11 times lower than in 1991.

Figure 1. Rural social infrastructure recently put into operation



In Russia, 27% of the the population permanently live in rural areas. The natural reproduction of the population in both town and country is characterized by an increasing mortality rate, the growth of the share of elder population groups and by a decreasing birth rate. In 1996, in rural areas the mortality rate exceeded the birth rate by 6.1%. Currently, the aggregate index of mortality of the economically active population in rural areas is 35% higher than in urban areas. In 1990–1997, the average life duration fell from 68 to 61 years. The emigration from rural areas exceeds the natural growth rate of the population 1.7 times. Among emigrants, there are mostly representatives of the professionally active population. Nowadays, the average size of a rural family is 2.85 people. In rural areas, there are usually 1–2 children per family.

In 1990–1997, the number of kindergardens in rural areas decreased nearly 22%, and the utilization of places in kindergardens (calculated per 100 places) has decreased 28%. The number of schools in rural areas also decreased, but the rates of the decrease were not as high — 2% from 1990/1991 to 1996/1997. Otherwise, the number of pupils during the same period grew 9.4%, including pupils attending day schools — nearly 10%. All school age children go to school, but after finishing school few of them are able to continue their education, and some children only stay at school for 5–6 years.

According to official statistical data, the ratios between the number of people of preproductive age, those of productive age and elderly people are respectively 26%, 51% and 23%. So, for each family member able to work there is 1 unable to do so. According to the data of social studies, in 1997, the average age of rural men was 34 years, that of rural women — 42 years. This gap was caused by a sharp decrease in the life duration and by the

growing mortality of men of professionally active age which has taken place since the second half of 1980s. In 1996, the life duration of men in rural areas was 58.4 and that of women — 71.9 years (in urban areas — respectively 60.2 and 72.7 years). The gap between the life duration of men and women (over 13 years) has caused the decrease of the percentage of men in elder population groups numbering only 25–28%.

From the demographic point of view, rural families can be classified as follows: families consisting of 1 person (mostly old women) — 21%, retired couples — 10%, families without children — 8%, families with children — 30%, families with children and other relatives — 13%, other families, including those with children who are older than 18 — 15%, one-parent families — 3%. During recent years, the number of families with adult children and other relatives has grown significantly, and the number of retired couples has dropped. These shifts reflect the process of adaptation of rural families to new economic conditions which need a larger labour force to increase the productivity of family plots.

The crisis of the state system of agricultural production caused the aggravation of negative trends in the payment system. During recent years, significant distortions took place in the payment system in various industrial sectors. For example, in 1991, the average monthly salary in agriculture represented 90% of the average salary in the country, and in 1997 it represented only 40%. At the same time, social payments per employee have decreased almost 4.5 times. So, Russian agriculture pays one of the lowest salaries. This salary becomes less and less adequate to real living conditions. The situation is aggravated by the permanently growing debt to employees as well as by the delay of payment of social remunerations and payments.

Table 1

The total income structure of rural families
(according to social studies data)

Income source	1993	1995	1996	1997
Basic salary	62	29.8	30	26
Additional salary	—	0.7	4.7	4.8
Pensions	21	29	29	23
Alimony	0.4	0.1	0.1	0.1
Payments for children	5	4.5	5	4.7
Sale of agricultural products	10	27	19	28
Dividends	—	0.6	1.9	4.5
Business	—	5	3.3	4.8
Other income	1.6	3.3	6.9	4.1
Total	100	100	100	100

At the same time, the number of income sources of rural families has grown. On the one hand, the share of revenues from state sources (salary and social payments) in total income of families has tended to decrease, while on the other, the share of income gained due to the family's own economic activity has tended to grow. New income sources have appeared, such as dividends, shares and so on. The appearance of these sources is mostly linked with the reorganization of most public sector enterprises.

The decrease in share of salary in total income of the rural population is not only caused by the engagement of the population in market activity, but mostly by the drop in salary levels and by permanent delays in payment. As a result, people have to develop new activities and search for additional sources of income.

Household plots have faster adapted to market conditions developing production of commodities permanently demanded by the urban population and have occupied a significant niche on the food market. Plots belonging to many rural families were extended and household plots which in the past played only a subsidiary role started to determine the income level of the rural population. Nowadays, subsidiary household plots provide 46% of the gross agricultural output being the developed private sector capable of providing some products (primarily, potatoes, vegetables and milk) for domestic consumption.

At the same time, with the declining production of agricultural enterprises, subsidiary household plots play the role of a kind of social buffer, smoothing over the acute problem of rural population income and employment. Their activity increases agricultural output, supplies the food market and provides the income stability of the rural population. They also contribute to the forming of private producer psychology. All that enlarges the social base of the reforms in the agro-industrial sector.

To some extent, the growth of marketability of subsidiary household plots led to an increase in the percentage of car-owning families (14% in 1991 and 22% in 1997), telephones (9.3% in 1991 and 18.4% in 1997) and video units (2.0% in 1991 and 19% in 1997). But at the same time, the process of the differentiation of the population by property level has intensified. In 1997, 20% of the richest rural population gained 35% of total money income, and 20% of the poorest one gained nearly 10%.

The reforms in the national economy and the leading growth rates of prices for commercial services provided to the population led to significant shifts in the services consumption structure. The payment for many services is compulsory (housing and public utilities) or very important (transport). Almost 15.6% of total housing expenditure is used on housing rent and 73.3% on public utilities. This has led to the considerable decrease in services consumption and to the growth of their percentage in household consumer expenditure at the expense of the decrease of the share of every-

day, recreation and other services. In 1996, the average percentage of the expenditure of rural families for everyday services was nearly 9% (for all families throughout the country — 13.5%).

Table 2

Structure of family expenditures for commercial services
(according to the data of social studies)

Commercial services	1993	1994	1995	1996
Everyday services	21.2	24.2	16.1	13.5
Housing and public utilities	8.2	17.5	30.9	35.3
Transport	22.0	27.8	26.2	24.8
Communication	4.3	6.6	7.1	7.9
Culture	5.4	2.2	1.4	1.2
Education	21.0	10.2	9.0	8.2
Sanatoriums and public health service	12.5	5.6	5.2	4.5
Medicine	—	4.2	3.2	3.4
Other	5.4	1.7	0.9	1.2
Total	100	100	100	100

Nowadays, some of the most important services (hairdressing, shoes and clothes repairs, radio, telephone and electrical repairs, transport) in rural areas are provided by families as self-service, relatives' or neighbours' help or by unofficial payment. The role of the state sector in the market of everyday services continues to decrease. Most of these services are utilized by the population in the non-state sector. Over two thirds of everyday services are provided by people doing business without official registration. For example, 94.7% of building construction and repair services, 89.9% of clothes making and repair services, 74.8% of consumers radio and electronic techniques repair services, 66,5% of shoemaking and repair services and 51.6% of car repair services are carried out by individual entrepreneurs.

In the total volume of everyday services, the growth of the share of services consumed mostly by high-income groups should be mentioned: building construction and repairs, car repairs. The number of individual services (hairdressing, laundries) is falling. Due to the growth of expenditures for compulsory services, everyday services become unattainable for the majority of the population. Besides, in 1997 the market of commercial services saw a growth in consumer demand and a certain reduction in price growth. But in 1998, as a result of the financial and economic crisis this trend took the opposite direction.

Fundamental changes also took place in the retail trade. Since the beginning of 1990s, in rural areas new forms of retail trade started to appear — commercial shops, private trade at markets, mobile trade etc. These

forms have gradually substituted the state and cooperative trade. By 1997, the number of retail trade units in rural areas had grown significantly (from 1–2 per settlement in 1991 to 10 in 1997).

In the system of commodity provision of rural population barter plays a dominant role. In rural areas, entrepreneurs realize barter operations exchanging various industrial commodities with agricultural products produced on subsidiary household plots (potatoes, onions, eggs, meat and others). Such a situation is rather advantageous for the rural population, as it makes it possible to acquire commodities without cash. At the same time, it should be mentioned that in such situations there is a process of 'cooperation' between the informal, home production and the 'black' market.

When all the branches of the state power of the Russian Federation declare the social orientation of the reforms, among the most important directions of rural social development there are the following basic measures aimed at the stabilization of the standard of living and quality of life of the rural population:

- the state budget should fulfil its obligation as regards partially financing expenditure on the social infrastructure transferred to the balances of local administration bodies;

- stimulating the growth of the efficiency of subsidiary household plots, their cooperation and integration with highly marketable agricultural enterprises;

- maintaining the existing social and rural infrastructure and the ability of all the groups of the rural population to utilize vitally important social services creating a basis for the demographic development of rural areas;

- providing support to socially unprotected groups of the rural population, and first of all in the sphere of education and the public health service, creating a basis for stimulating the birth rate and overcoming the depopulation process;

- selecting individual housing construction and gasification as a priority for rural social development, stimulating the production activity of all the members of a peasant family and maintaining their interest in individual development and a healthy mode of life;

- stabilizing the income level of the rural population, primarily by arranging settlements between employers and workers, land and property share owners, among whom there are many retired persons and workers from the rural social sphere.

State programmes aimed at the development of the rural social sphere (education, public health service, culture, transport, communication, public utilities), as well as programmes aimed at supporting rural areas with unfavourable conditions (zones of natural and environmental disaster, regions with a deformed demographic structure and a critically low standard of living) should become the basic instrument of rural social policy.

**Survey of the bibliography on agrarian sociology in Russia
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