

# Social & Economic Policies of Putin's Fourth Term and Implications for Korea

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## I. Introduction

On March 18, 2018 Vladimir Putin was re-elected to a fourth term as president of the Russian Federation. On May 7, 2018 his fourth term officially started. Mr. Putin has managed to establish a solid base for government administration during his fourth term, and has effectively dealt with criticism regarding his long-term rule. However, several critical issues remain unresolved, mostly related to the post-Putin political order, domestic policy, macroeconomic stability, and other issues.

During his fourth term, Mr. Putin is likely to focus on domestic social and economic issues. His plans for the next six years are stated in the "List of Instructions for the Implementation of the President's Message to Federal Assembly" dated March 16, 2018 and Presidential Decree No. 204 "On national goals and strategic tasks of the development of the Russian Federation for the period until 2024" of May 7, 2018. These two documents cover the areas of medicine, education, environment, social welfare, regional development, transportation, advanced technology, R&D, and other related economic issues.

It is necessary for the Korean government to consider the overall social and economic policies of Russia when preparing future cooperation plans with Russia. This is particularly true for the regional development sector, as it includes the railway, port and Arctic route within the "9-bridges" cooperation plan proposed by President Moon Jae-In during his visit to the 2017 International Economic Forum held in Vladivostok, thus raising hopes for cooperation in housing and infrastructure construction projects.

## II. Major Social Policies

### 1. Health & Medicine

As for the Health & Medicine sector, the Russian government adopted the State Program on Healthcare Development up to 2025 on December 2017. This program covers, among others, death rate issues, problems related to providing medical service in remote areas, and R&D issues. The government in cooperation with the Ministry of Healthcare plans to spend around 34 trillion rubles over 2018–2025. Major goals of this program include reducing the

death rate, improving medical service accessibility, introducing new medical technologies, and reducing incidence of cardiovascular diseases and malignant tumor.

**Table 1. State Program of Russia on “Healthcare development up to 2025”**

<b>Major Goals</b>	<ul style="list-style-type: none"> <li>– Reducing death rate</li> <li>– Improving medical service accessibility</li> <li>– Developing new technologies</li> <li>– Reducing cardiovascular and malignant tumor</li> </ul>
<b>Sub-programs</b>	<ul style="list-style-type: none"> <li>– Improvement of disease prevention and medical service</li> <li>– Expansion of rehabilitation and nursing facility</li> <li>– Promotion of international cooperation in healthcare and medicine</li> <li>– Implementation ICT technology to healthcare system</li> <li>– Improvement national compulsory medical insurance system</li> </ul>
<b>Primary Tasks</b>	<ul style="list-style-type: none"> <li>– Promoting public awareness about self-healthcare via continuous education</li> <li>– Opening primary medical institutions in 33 federal districts by 2022</li> <li>– Developing human resources in healthcare and medicine</li> <li>– Promotion of Russian medical technology and medical tourism of Russia</li> <li>– Tightening medical regulations</li> <li>– Improving medical service via digitalization</li> </ul>

Recently as the importance of cancer treatment is growing, the Ministry of Healthcare of Russia is developing the Cancer Treatment R&D Strategy up to 2030. This strategy is expected to encompass the modernization of cancer centers, early stage cancer diagnosis, and the development of new cancer treatment technologies.

## 2. Education & Culture

In the Education & Culture sector, the Russian

government adopted the State Program on National Education Development up to 2025 on December 2017. This Program is aimed at improving the quality of education, improving the accessibility of education, and developing online education platforms. The government and Ministry of Education plan to spend around 31 trillion rubles during the period of 2018 to 2025. This State Program covers all level of education, from kindergarten to university degree and extra-curricular education, including culture and art courses. The Russian government aims to have 100 million online students enrolled by 2025 and 10 Russian universities ranked in the world top-100 level.

**Table 2. State Program of Russia on “National Education Development up to 2025”**

<b>Major Goals</b>	<ul style="list-style-type: none"> <li>– Improving the quality of education</li> <li>– Improving access to education</li> <li>– Developing Internet Education</li> </ul>
<b>Sub-programs</b>	<ul style="list-style-type: none"> <li>– Implementation of professional educational programs</li> <li>– Development of preschool and general education</li> <li>– Development of extra-curricular education for children</li> <li>– Improving the management of the education system</li> <li>– Promotion of the Russian language</li> </ul>
<b>Primary Tasks</b>	<ul style="list-style-type: none"> <li>– Developing and distributing of innovation technologies to secondary vocational and higher education</li> <li>– Developing modern mechanisms and technologies of general education</li> <li>– Implementing measures on development of the scientific, educational and creative environment in educational organizations</li> <li>– Creating the system of extra-curricular education for children</li> <li>– Providing an infrastructure for training human resources</li> </ul>

In his presidential address to the Federal Assembly, Mr. Putin mentioned plans to create additional museum complexes, implement professional bachelor's degree programs, and to simplify the Russian citizenship acquisition procedure for professionals, but there has been no further discussion regarding these agendas. Further specific measures regarding the implementation of these tasks are expected to be published in October 2018 in the form of a new State Program on Culture Development.

### 3. Environment

As for the Environment sector, the government adopted the State Program on Protecting Environment on December 2014. This Program covers the period of 2012–2020 and the state budget for this Program amounts to 270 billion rubles over eight years. In addition, the Russian government announced 2017 as the Year of Environment. At the ECOTEX-2017 forum held in Moscow in December 2017, various talks were held in regard to joint research with business partners on ways to decrease industrial waste, protecting endangered species with international organizations, creating 24 specially protected regions throughout Russia, etc. These issues were announced the core results of the Year of Environment.

**Table 3. State Program of Russia on “Protecting Environment up to 2020”**

<b>Major Goals</b>	<ul style="list-style-type: none"> <li>– Increasing the level of environmental safety</li> <li>– Preserving environment</li> </ul>
<b>Sub-programs</b>	<ul style="list-style-type: none"> <li>– Regulation of environmental quality</li> <li>– Prevention of biological diversity of Russia</li> <li>– Managing hydro meteorological and environmental monitoring</li> <li>– Organization of scientific research in the Arctic and Antarctic</li> <li>– Elimination of accumulated environmental damage</li> </ul>

	<ul style="list-style-type: none"> <li>– Protection of Lake Baikal</li> </ul>
<b>Expected Results</b>	<ul style="list-style-type: none"> <li>– Creating an effective system of state regulation and management of environmental protection</li> <li>– Stimulating business to cooperate in ecological modernization</li> <li>– Creating conditions for the development and implementation of environmentally efficient innovative technologies</li> <li>– Developing the market of Eco-friendly goods and services</li> <li>– Creation of environmentally safe and comfortable environment in urban areas</li> <li>– Reducing regional differences in protection of rare and endangered species of the flora and fauna of Russia</li> </ul>

In addition, 69% of all Russian thermal power plants were built during the period of 1964–1988. The serious pollution resulting from these plants and the need to procure a secure energy supply has prompted the Russian Ministry of Energy to engage in a modernization program since 2014. This program will be expected to cost around 95 billion rubles.

### 4. Population & Welfare

In the Population & Welfare sector, the government adopted the State Program on Social Support to Citizens up to 2020 on December 2014. The initial budget of this Program was 13 trillion rubles for the period of 2013–2020.

**Table 4. State Program of Russia on “Social Support to Citizens up to 2020”**

<b>Major Goals</b>	<ul style="list-style-type: none"> <li>– Increasing the accessibility of social service for citizens</li> <li>– Creating conditions for the growth of welfare of citizens, who are the beneficiaries of social support measures, state social guarantees</li> </ul>
<b>Sub-programs</b>	<ul style="list-style-type: none"> <li>– Improvement of social support for certain categories of citizens</li> <li>– Modernization and</li> </ul>

	development of social services for citizens – Provision of state support to families with children – Improvement of effectiveness of state support for socially-oriented non-profit organizations – "The older generation"
<b>Expected Results</b>	– Fulfilling state obligations on social support to certain categories of citizens – Increase in the proportion of social service institutions based on other forms of ownership – Increasing by 2018 the average salary of social workers to 100 percent of the average monthly income – Federal fertility rate growth – Increasing proportion of orphans and children left without parental care, transferred to families; – Increasing the volume of social services provided by socially-oriented non-profit organizations – Improving the material and social status of the elderly

Apart from the State Program, the government has implemented a subsidy system since 2007, through which it aims to alleviate the population problem. Childcare allowance is paid out of the Federal Pension Fund, from government budget, when Russians give birth to or adopt a second child, and can only be used for the purpose of housing improvement, child education, insurance, and treatment of disabled children. The Russian government also enacted the Low-Rate Mortgage Loan Act on January 1, 2018 in response to how 92% of the childcare allowance was used mainly for housing needs.

## II. Major Economic Policies

### 1. Regional Development & Infrastructure

To deal with Regional Development concerns, the Russian government has prepared the

Concept of the Regional Development Strategy of the Russian Federation for the period up to 2025. This document is currently under review by the Federation of the Federal Assembly of Russia.

Housing and mortgage issues are administrated under the Priority Project of the Ministry of Transportation and Ministry of Construction on Mortgage and Leasing launched in October 2016. This Priority Project aims at improving the living conditions of Russian citizens and stimulating demands for housing.

**Table 5. Priority Project of Ministry of Construction, Ministry of Transportation of Russia on "Mortgage and Leasing"**

<b>Major Goals</b>	– Improving housing conditions of Russian citizens – Stimulating demand for new housing
<b>Sub-programs</b>	– Construction of high-quality, comfortable and affordable housing, – Improvement of mortgage loans for citizens and reducing financial risks – Implementation of pilot projects for construction of specialized rental housing,
<b>Expected Results</b>	– Using more than 13,500 hectares of federal land in cities with population of over 250,000 for housing – Supplying of 21.2 million m <sup>2</sup> of housing – Issuing mortgage securities more than 40% of total of securities issued over 2017-2020 – Providing mortgage and leasing online – A large-scale rental housing and apartment building project might be implemented by mutual funds, of 65 billion rubles till 2020

Another Priority Project related to regional development and Infrastructure is the Safe and Good Quality Roads project, which falls under the jurisdiction of the Ministry of Transportation. This Priority Project started in 2017 and

will continue up to 2025.

**Table 6. Priority Project of Ministry of Transportation of Russia on “Safe and Good Quality Roads”**

<b>Major Goals</b>	<ul style="list-style-type: none"> <li>– Creating normative road condition in urban agglomerations (in 2018 - 50%, in 2025 - 85%);</li> <li>– Reducing the number of traffic accidents (in 2018 - by 50% of the level of 2016, in 2025 - by 85%);</li> <li>– Optimizing traffic flows</li> <li>– Increasing the efficiency of spending road funds</li> </ul>
<b>Step I (~2018)</b>	<ul style="list-style-type: none"> <li>– Implementation of programs for integrated development of transport infrastructure of urban agglomerations aimed at eliminating accidents spots and doing restoration work</li> <li>– Adoption of legal acts aimed at improving traffic and optimizing traffic flows,</li> <li>– Management of information resource on road funds usage efficiency</li> <li>– Formation of a database of photo and video materials on traffic rule violations</li> <li>– Management of public monitoring of roads.</li> </ul>
<b>Step II (2019-2021)</b>	<ul style="list-style-type: none"> <li>– Implementation of programs for integrated development of transport infrastructure of urban agglomerations aimed at improving the system of traffic management and optimizing traffic flows, synchronizing the development of transport infrastructure and all types of transport</li> <li>– Introduction in urban agglomerations an digital traffic management systems and transport infrastructure</li> </ul>
<b>Step III (2022-2025)</b>	<ul style="list-style-type: none"> <li>– Completion of integrated development of transport infrastructure of urban agglomerations.</li> </ul>

## 2. Scientific & Technical Development

Scientific & Technical Development is addressed by the government’s adoption of the Strategy on Scientific and Technological Development of the Russian Federation on De-

cember 2016. The main goals of this Strategy are to improve human resource management in science and technology, create research-friendly environments, and promote international cooperation.

The Ministry of Education also adopted the State Program on Scientific and Technological Development of Russia in April 2014. This State Program covers the period of 2013 to 2020, and has been allocated a budget of 145 billion rubles. Recently, a new State Program on Scientific and Technological Development is being prepared. The new version will cover the period from 2018 to 2025. The aims of the new Program are likely to center on the development of intellectual potential, scientific, technical and intellectual support to structural changes in the economy, and the effective organization of scientific, technical and innovative activities.

Along with the Strategy and State Program on Scientific and Technological Development, the government of Russia adopted another State Program in July 2017 on the Digital Economy. This program aims at creating new digital contents, in which the data in digital form is the key factor of production in all spheres of social and economic activity, thus ensuring effective interactions across borders and throughout the business, scientific and educational communities, and between the state and citizens.

**Table 7. State Program of Russia on “National Education Development up to 2025”**

<b>Major Goals</b>	<ul style="list-style-type: none"> <li>– Development of intellectual potential of the nation</li> <li>– Improving the quality of life and strengthening national security</li> <li>– Effective organization of scientific, technical and innovation activities</li> </ul>
<b>Sub-programs</b>	<ul style="list-style-type: none"> <li>– Development of young talents</li> </ul>



	<ul style="list-style-type: none"> <li>and professionals</li> <li>– Performance of fundamental long-term scientific research</li> <li>– Forming wide range scientific, technological and innovative development</li> <li>– Doing research, development and innovation for implementing government priorities</li> <li>– Forming Infrastructure for scientific, technical and innovative activities</li> </ul>
<b>Expected Results</b>	<ul style="list-style-type: none"> <li>– Forming an integrated system of sustainable development of scientific, engineering and entrepreneurial personnel</li> <li>– Obtaining new fundamental results</li> <li>– Producing of new science-intensive products(goods, services)</li> <li>– Locating large international scientific projects</li> <li>– Reducing costs for organization scientific, technical and innovation activities</li> </ul>

Additional proposals on the Comprehensive Action Plan for the Government of the Russian Federation for 2017-2025 are still in process. The prior deadline, May 30, 2017, has been extended at the behest of the Government.

## IV. Conclusion

Coming into the fourth term of Putin's presidency, it is expected that the previous regional development policy, which focused on infrastructure construction, and the rest of the socio-economic policy platform will continue in a similar direction as his third term.

The construction of housing and infrastructure for regional development is mentioned at the beginning of the List of Instructions for the Implementation of the President's Message to Federal Assembly, dated March 16, 2018, and the concepts, strategies and programs related to regional development are being developed in accordance with this List. Other policies are

seemingly in line with the third term.

Beginning from as early as 2016, the government has announced the need for new policies on healthcare and medicine, housing, education, environment, digital economy, and economic growth.

The Korean government needs to consider all the abovementioned policies currently ongoing within Russia. The healthcare, medicine and education sectors are not included in the “nine bridges” cooperation plan proposed by the Korean government, but they are regarded as the most promising areas for cooperation between the two countries. The environment sector is seen as a particularly promising new cooperation area between Korea and Russia, and this cooperation will be expanded through projects such as joint research on environmental monitoring systems and sharing know-how on waste management. The regional development sector includes the railway, port, and Arctic route of the “Nine Bridges”<sup>1</sup> suggested by the Korean government. When considering the policy direction of Russia, the construction of housing and infrastructure will be a particularly promising area to strengthen cooperation between the two economies.

In addition, both Korea and Russia emphasize the importance of policies to support the growth of SMEs, meaning it should be possible to seek new avenues of cooperation between SMEs in the two countries. KIEP

<sup>1</sup> The concept presented by Korean President Moon Jae-In during the 3rd Eastern Economic Forum, which represents 9 bridges (shipbuilding, harbor, Arctic route, gas, railway, energy, agriculture, fishery, job) connecting Korea with northern countries.