



## **Peculiarities of Socio-economic Support of Federal Subjects of Russia**

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### **ABSTRACT**

Economic support of the population in the Russian Federation suggests ways to interact with the help of which the specialists of social work have an impact on material and moral, national, family and other social interests and needs of subjects of social work. These methods play a leading role in the process of impact of social work on the individual and social groups. Socio-economic methods are applied in the form of natural and financial aid, establish benefits and lump sum benefits and compensation, patronage and consumer services, moral incentives and sanctions and so on. The correct application of economic methods in the technology of social work is assessed by their effectiveness, i.e. achieving the greatest social impact for clients and society with optimal expenses. Economic methods of support for population and social work occupy a central place in the mechanism of social support, they affect the main aspects of the system of social protection, on the one hand, encouraging the individual to self-realization of its potential opportunities and self-sufficiency, providing individual, family, group specific socio-economic support in a crisis situation.

**Keywords:** Economic Support, Economic Situation, Economic Methods, Socio-economics

**JEL Classifications:** H50, H53, L81, L84, M31

### **1. INTRODUCTION**

In the scientific literature talking about two methods of farming - market and planned. Different interpretations of the concepts "administrative methods" and "economic methods" lead to the fact that they oppose each other. However, it should not be assumed that the concept of "economic methods" are based on the application of economic methods, and the term "administrative methods" - only the orders and directives. This approach can generally be omitted in the planning of the "economic methods," referring it only to administrative levers, as the implementation of the plan, to a greater extent is achieved by coercion.

The methodological basis of modern scientific approaches to the study of the spheres of economic and social support of the population, of the mechanisms of modernization of economic

support, developed and tested in theory, social services, theories of social economics and institutional economics.

Instrumental and methodical research apparatus includes various aspects of the system approach to the analysis of mechanisms of modernization of economic and social support of the population. When assessing the public and private components of the economic and social support of the population of the Krasnodar territory used methods of functional analysis.

### **2. SOCIAL PROTECTION: THE CONCEPT AND PURPOSE**

Under the social protection of the population understand the totality of the legislation of certain legal, economic, social

guarantees and rights, social organizations, which ensure their implementation and create the conditions to sustain life of different social strata of the population, especially, vulnerable.

Ensuring social stability and sustainable economic development of society is the goal of the social protection system. To achieve it we need an efficient mechanism to protect working citizens from social risks such as disability, injury, illness, migration, unemployment, loss of breadwinner or housing, poverty, old age.

The system of social protection is obliged to ensure:

1. A decent human social life;
2. The highest coverage of social space (ability to protect);
3. Equitable distribution of services, payments and benefits within the entire social system;
4. The effectiveness of the organizations of social protection.

Social protection is the population. However, no special priorities have vulnerable populations, such as families with low earnings, the elderly, disabled, orphans, etc. (Barulin, 2010).

Social protection is divided into active, which is designed for able-bodied people (organization conditions for self-defense for people with active actions at the labor market and participation in social insurance) and passive, which is aimed at disabled and socially disadvantaged people (direct financial support).

Therefore, there are two approaches to understanding the essence of social protection:

1. Social security is social security of citizens and members of their families, which transformed to the new socio-economic conditions.
2. Social protection is the social assistance provided to some segments of the population in the form of social payments, in-kind assistance and social services. This assistance is targeted (Gorshkov and Sheregi, 2009).

The international labor organization (ILO), social protection, social insurance and social assistance. The ILO conventions, formulated the basic principles of social protection of the population. National social protection systems are based on conventions with the development of a particular country.

Thus, social security provides and creates the conditions to sustain life of different social strata of the population. The object of social protection are all groups of the population. His vulnerable have particular priorities (Holostova, 2001).

### 3. THE SYSTEM OF SOCIAL PROTECTION AND SUPPORT IN RUSSIA

The underestimation of the regulating role of the state at the stage of radical economic reforms may lead to negative trends in the social sphere:

- Reduce the production of gross domestic product due to the rupture of economic ties and the loss of control by enterprises;

- Lower income majority of the population due to high inflation and decline in national income;
- Unreasonable increase in the difference between incomes of the rich and the average wage of production workers;
- The deterioration of the financial situation of enterprises and the state;
- Reduction in the share of national income and financial investments allocated for the development of science and education, health and other social needs.

To overcome these trends, it is necessary to make adjustments to the ongoing reforms and due the change of economic policy (Zaynyshev, 1994).

In a broad sense, the concept of social protection (social development), contains a complex of institutions, which is an indispensable attribute of a developed society. Organized, at this time, the system (e.g., the Union Ministry of social protection of population of the Russian Federation and the Ministry of Labor of the Russian Federation), is required to include those elements that can reduce the impact of factors of social risk, due to the beginning of formation of market relations (Kornyushina, 2004).

In the current system of social protection included:

- State system of development of high technologies that determine scientific and technical progress, which contributes to high productivity and sustainable employment;
- High focus of the role of science to the problem of solving social problems;
- System of social insurance and pension provision, as well as the legal warranty for their payment;
- Consumption growth and maintaining purchasing power of citizens in terms of increasing prices; indexation of fixed income as price changes; determination of the minimum wage in accordance with the real subsistence minimum;
- Material assistance to the people of social risk groups (the disabled, low-income, single-parent and large families);
- Financial assistance to states in preparation, retraining of personnel and monitoring of their employment;
- Create a high level of education, medical care, housing, services, environmental protection; promotion of the importance of the social protection system as the guarantor of social development of the individual;
- Tax incentives for entrepreneurs who invest in education, the social security system, charitable funds.

Social security (system of socio-economic measures for provision and maintenance of elderly and disabled people, families with children and other persons in need of assistance) guarantees the constitutional right of citizens to material security in cases specified by the law (old age, illness, parenting, etc.) (Gottlieb, 2000).

There are the following types of social security:

1. Pensions (old-age, invalidity, loss of breadwinner, length of service, social);
2. Benefits (for temporary disability, pregnancy and childbirth, large families and single mothers, children in low-income

families and military families of military service, invalids from childhood etc.);

3. Content and services for the elderly and disabled people in special institutions (boarding schools);
4. Vocational training and employment of disabled persons;
5. The prosthetic and orthopedic help;
6. Medical labour examination and rehabilitation of invalids;
7. Benefits and advantages for the disabled (Zaynyshev, 1994).

Currently, based on the state of the social security system is based on two main techniques: Social insurance and public investment, which differ according to funding sources. For example, social security payments are made from insurance funds established at the expense of social insurance contributions (taxes) that are collected from employers (enterprises, organizations) and workers. Public investments financed by allocations from the budget (regional and local budgets) (Zaynyshev, 2000). Thus, funds for social security generally occurs:

1. The state budget;
2. The social insurance Fund.

A considerable step towards the formation of such a pension system is the organization of the Pension Fund of the Russian Federation (resolution of the Supreme Soviet of the RSFSR from December 22, 1990). Pension funds are formed at the expense of following sources: Insurance contributions of enterprises and organizations (employers); insurance payments of citizens, self-employed (including farmers); insurance contributions of working people; and also allocations from the State budget of the Russian Federation (Resolution of the RSFSR Supreme Soviet on 22.12.1990 No. 442-1 "On the organization of the Pension Fund of the RSFSR," 1990).

Thus, the Pension Fund of the Russian Federation began to play the role of a fundamentally new mechanism of extra-budgetary target of formation of funds and financing payments of state pensions and benefits.

Considerable importance is the development of additional forms of social security: Charity, voluntary social insurance (Resolution of the RSFSR Supreme Soviet on 22.12.1990 No. 442-1 "On the organization of the Pension Fund of the RSFSR," 1990).

Another important aspect of the modern social security system is the transition (since 1993) system of obligatory medical insurance.

Thus, social services cover sectors of national economy that create social benefits, such as social work, education, health, culture, etc. In the basis of the state social security system are social insurance and public investments. Funded by the social security state budget and social insurance fund. I want to draw attention to the fact that social protection is, in some ways, needs improvement.

#### 4. METHODS OF STATE REGULATION IN ECONOMIC AND SOCIAL POLICY

The main priority of socio-economic policy of Russia is the continuous improvement of the welfare of the population.

Government regulation of the economy is a system of economic activities of the state through which it can influence socio-economic development society (Zayats, 2003).

In a market economy, the country uses various methods in accordance with the adopted policy. There are two main ways of state regulation of economy:

- Centralized (legislative), i.e. the administrative-policy;
- Decentralized (indirect), through the influence of the market mechanism, i.e. the regulation of the entrepreneurial activities happening through commodity-money relations, prices, taxation, trade regulations, etc. (Chorbinsky, 1994).

Thus, among the direct and indirect methods of state regulation are the following directions:

1. The state is the owner involved in market relations, and an active subject of the market, which affects the market (prices, the ratio of supply and demand, etc.). In this case, the forms and methods various: New construction or the purchase of shares from private entrepreneurs, inheritance of property throughout history, confiscation, sequestration (seizure or prohibition of the use and disposition of property), etc.
2. Measures for privatization of state property: Privatization - the transfer of state property to private use for a fee; re-establishment of social justice through the return of the enterprises, the property's former owners; redemption (in installments) of enterprises and the workforce; hire-purchase; creation of a joint public-private enterprises, etc. in the market organization of production provide different forms: Ownership of shares of the company; the receipt of rents (dividends, interest) in a savings Bank; maintaining a cooperative or a family production with the use of the admitted use and possession of the means of production (house, land, workshop, shop, vehicle, etc.).
3. Legislative regulation of entrepreneurship. A significant part of present countries do not give orders to business entities, but the legal regulation of business has established the technological orientation: Registration (creation) of the company, the laws of bankruptcy (liquidation) of enterprises, economic-financial results of activities of the Antimonopoly (antitrust) legislation, the laws on the protection of consumers from unfair business practices and so on (Krekova et al., 2016).
4. State support of small business. In most countries, this business occupies a significant place in the resolution of scientific, technical, economic and social problems.
5. The tax system is an indirect method of influencing the market and the entire economy. Taxes carry out such functions as:
  - Financial - the concentration of funds in the budget for the purpose of public expenditure;
  - Stimulating the development of priority branches of the economy, business activities;
  - Inhibitory - effects on the import and export mechanisms to keep levels of investment, etc.

Taxation is an essential tool in social policy. For example, in the US taxes account for about a third of the whole value produced during the year of goods and services. Taxes are important in the redistribution of income.

6. State regulation of prices. Usually, in situations of free market economy, prices are determined due to the principle of freedom of enterprise, but the state only in the rarest cases (war, acute shortages of some commodities, sharp increase in inflation, etc.) interfere in the pricing system. However, most countries apply active price policy, i.e. practice confirms that in a market economy prices are set influenced by the balance of supply and demand and regulated by the state.
7. State regulation of accounting and reporting. The performance of the market economy largely depends on a balanced information system, statistics that require objectivity in reporting. For example, in the US and UK provided substantial will perform accounting and provide reporting. Thus, every firm, certainly shows the methods and techniques in the preparation of its financial reports. In other countries (Germany, Sweden, Japan, France) have statutory regulation of external reporting. Reporting is designed in some cases to calculate income taxes, in others - to assess financial stability. Reporting gives the opportunity to collate and compare results of activities of different firms, etc.
8. The personnel policy. System selection and placement helps to regulate socio-economic processes in the country. Usually, the government does not interfere in the solution of this problem at the level of the private firm, although often draws labor relations relevant legislation, including the regulation of trade Union activities. Essential aspect here is the selection and arrangement, rotation of personnel in the state apparatus. The government actively participates in the creation of various business schools, universities, etc.
9. Foreign trade, protectionist policies and ricedersi. Modern countries are of great importance in international economic relations (trade, technological, monetary, cultural, tourist). Foreign trade relations are subject to two trends: Protectionism and free trade (freedom of trade and non-interference of the state in international trade). Protectionism has a long historical roots, but at this time, most countries have special customs law which reglamentary and regulate the order of export-import operations. However, civilized countries also carried out a policy of free trade.
10. Development of state programs and predictions. In most countries these levers are used as an effective tool of state regulation of economy. State program support the introduction of new technologies in the field of economy and social development of the population.

Based on the current situation, the system of economic mechanisms should include large-scale, well-coordinated social programs and to target on the whole population, and primarily on the less protected populations. For example, currently in Russia are funded such programs of Federal significance, as "Children with disabilities," "Children of Russia," "Social protection of elderly people" (Galaktionova, 2003).

Thus, the above directions of state regulation influence on the system of social protection of the population, created at the macro and micro levels of development of society to address long-term (strategic) and short term (tactical) objectives. Experts in the field of social work, with social technologies should be used in their

practice, all existing in their Arsenal of economic methods to assist people in solving the most vital social problems in the transition period and the establishment of market relations (Zherebin and Romanov, 2002).

## 5. METHODS OF SOCIO-ECONOMIC SUPPORT OF THE POPULATION

The feasibility of using economic methods in social work is determined by their performance, namely the achievement of maximum social impact for clients and society at optimal costs economic instruments (Vishnevsky, 2006).

The main economic methods of solution of this complex problem include the following:

1. The introduction of minimum socio-economic guarantees. The problem of determining the lower threshold of the minimum wage has always in the economy of a developed country. So, until October 1991, the minimum wage amounted to 70 rubles, which is equivalent to 89.7% of the cost estimate of a living wage. Since the end of 1991, the minimum wage introduced by law. During the transition period to the market value of the introduction of the concept of a living wage is very large. In the presidential Decree "On the system of minimal consumer budgets of the population of the Russian Federation" dated March 2, 1992 No. 210 for the period of overcoming the economic crisis the Russian government was instructed to determine the level (budget) subsistence (physiological) minimum, which is differentiated by key social groups, and characterize the minimum permissible limits of consumption of essential goods and services. This figure officially notes the poverty line. It is a key indicator of the conclusion of a collective agreement or collective agreement with management. Living wage and the minimum subsistence level in situations when there is limited material and financial capabilities of the state, are used as a basis for targeted socio-economic support of the poor, eligibility for the various kinds of social benefits. In this case, the cost of living and budget are both major targets in the regulation of income and consumption by the poorer groups of the population (Novikov et al., 2015).
2. During the transition to a market economy, the most acute problem of social protection of inhabitants from rising prices (inflation) and unemployment.
3. In order to increase the price of goods and services has not led to a catastrophic reduction of their consumption and, consequently, lower living standards, the government uses such a socio-economic method, as the indexation of income. Income indexation is established by law, or by the decision of the executive, or at the conclusion of the employment contract, the mechanism of automatic adjustment of income in accordance with the rising cost of living (Popov, 2009). In other words, minimum wage, pensions and other types of fixed income should grow with increasing retail prices and services. Not subject to indexation of lump sum payments, property income, stocks, real estate. Indexing can be done in different ways: Periodically (at increasing prices) or legislative

(in set terms, for example, once a year, or advance a specified percentage).

4. In certain periods, in order to maintain the level of provision of pensions and benefits, used as a socio-economic method as compensation costs. Reimbursement is the reimbursement of expenses of representatives of various social groups with authorities in connection with the expected or actual price increases that may be due to: Natural disasters or man-made, the cost of having children, care for the disabled (Popov, 2009; Makushkin et al., 2016). For social protection are used are socio-economic methods, as a system of compensation and benefits for certain categories of the population defined by law. There are also benefits to children and the unemployed.
5. One of the methods of socio-economic support of the population are subsidies and incentives for housing and utilities. In accordance with clause 1 of the RF Government Decree of 18 June 1996 No. 707 of compensation (subsidies) for housing and utilities are given to citizens in the framework of social norms area of housing and standards of consumption of utilities taking into account the subsistence level and total family income. While the cost of their own citizens should not be more than half of the established minimum size of payment for accommodation if total family income per person does not exceed the established subsistence level (Russian Federation Government Resolution dated June 18, 1996 No. 707 "On the ordering-Research Institute of housing and utilities payment system," 1996).
6. Methods of socio-economic support, in most cases, provided in the form of indirect financing. For example, in the form of exemption of certain categories of citizens from different types of taxation. So, from the payment of property taxes shall be exempt the participants of the wars and fighting, invalids I and II groups and disabled children, pensioners and some other categories of citizens.
7. In this same category of socio-economic methods it is possible to allocate procedure of provision of free social services at home or in hospital. Lonely elderly living in institutions for free. But if they have relatives who are obliged to support them according to the law, partly they are paying for the content, if the average per capita income of the family exceeds the minimum subsistence level by 150%.

In connection with the foregoing, are obvious the necessity of improving the system of social services that it could adequately ensure the rights of citizens in this area.

One of the most important in the technology of protection of the population, the issue of its overall socio-economic support and protection from the effects of the transition period. For this purpose, the following socio-economic methods: The system of minimum socio-economic guarantees; compensation income; indexation of income; the system of benefits and subsidies, free social services at home or in hospital.

Social risks are always subject to each person and therefore the assistance and social protection remain an important solution to these problems, not only in our country but throughout the world.

## 6. CONCLUSION

Economic methods of social work are one of the leading places in the system of social protection and support. They are pushing the desire to provide for themselves and their family, and, at the same time, provide socio-economic support to those who need it.

On the basis of the materials considered in the work can be done a number of conclusions:

- Social work is based on the economic laws that ensure the interests of the individual and society as a whole.
- Social protection provides and creates the conditions to sustain life of different social strata of the population.

In the system of social protection included:

1. The state system of development of high technologies;
2. The direction of science to the solution of social problems;
3. The social insurance system and pension security;
4. Consumption growth and the maintenance of purchasing power;
5. Indexation of income;
6. Determination of the minimum wage based on the subsistence minimum;
7. Material assistance to the population;
8. Financial assistance to states in preparation, retraining and supervision in employment;
9. Maintaining a certain level of education, medical care, housing, services, environmental protection;
10. Understanding social protection systems as a guarantor of social development of the individual;
11. Tax incentives for entrepreneurs who invest in education, the social security system, charitable funds.

There are basic directions of state regulation in economic and social policy: The state is the owner and active subject of the market; measures for privatization of state property: Privatization, the establishment of social justice; the purchase of enterprises' labor collective, etc.; market organization of production offer different forms; legislative regulation of business; government support of small business; tax policy; government price controls; government regulation of accounting and reporting; personnel policy; foreign trade, protectionist and ricedersi policy; development of state programs and predictions (Dobryshkin et al., 2000).

Apply the following socio-economic methods: The system of minimum socio-economic guarantees (minimum wage, living wage); system benefits; payment of income; state benefits; regulatory analysis (studying and determining the amount of pensions, allowances); the positive analysis (the relationship of economic phenomena).

Created the system of social protection is largely based on the experience of the most developed countries with a market economy. Still, if in Russia, its basic elements are created one-time, on a statutory basis and mainly on economic base of the state, in most other countries the social protection system was the result of quite a long development, and the many forms and economic sources.

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