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PENSION REFORM IN RUSSIA

A TEST OF THE REGIME'S RESILIENCE AND CITIZENS' PATIENCE

The Kremlin has cast a cloud over the horizon for millions of Russian citizens. People do not perceive the forthcoming pension reform as a necessary measure for sustaining economic and social stability. Rather, it has ignited a collective sense of anger among the people that they have been cast adrift by the elite.

On June 14, the day that marked the kick-off for the FIFA World Cup, the Russian government announced that from the beginning of 2019 the retirement age would rise gradually from 60 to 65 for men, and from 55 to 63 for women. Since the Putin regime is facing the most difficult and unpopular social reform since coming to power, the timing of the announcement to coincide with the start of the World Cup was designed to divert public attention away from the reform.

Few deny the overall need to reform the Russian pension system owing to the country's troubling demographic forecasts and uncertain economic prospects. Nevertheless, to all intents and purposes the reform looks like a knee-jerk reaction to fix the leaking budget

sustaining the Kremlin's foreign policy adventurism and the elite's corrupt benefits, rather than a well-planned reform for the sake of society. In effect, the pension overhaul would mean that millions of Russian men would not live to the age of retirement given the current life expectancy rate (67 for men, 77 for women).

The political ramifications of the plan have been immediate, and it remains to be seen whether Putin's concessions regarding the reform will allay citizens' frustration. The major concession was to increase the retirement age for women by five years instead of the proposed eight. The well-organized World Cup, the success of the Russian team and the holiday season notwithstanding, the government's

move has mobilized the population into large-scale resistance. According to the Levada Centre, 89% of Russians are opposed to the reform, while the Public Opinion Foundation reports that an unparalleled 43% of Russians have announced their readiness to protest against it.

The most resonating consequence is evident in Putin's public support. Up to now, his approval ratings have remained virtually intact regardless of Russians' widely acknowledged dissatisfaction with the government and the authorities. Putin is still popular, yet the impact of the government's plan has caused a worrisome trend for Russia's personalistic authoritarian regime. In April, Putin enjoyed 82% support, but by July this figure had dropped to 67%.

Deepening public grievances coupled with the president's crumbling popular support have increased pressure on the Kremlin's political status quo. Within Russia's quasi-democratic system, the so-called systemic opposition has been allowed to criticize the government mostly on domestic matters. The most influential actor in this respect has been the Communist Party of the Russian Federation (CPRF), whose core supporters comprise pensioners and citizens close to retirement. Hence, it is hardly surprising that the CPRF has been the most active in organizing protests against the reform plan thus far.

Critics have viewed the activation of the Communist Party as a part of the regime's tactics to channel popular grievances through the control of the CPRF and labour unions loyal to the Kremlin. This would constrain the popular mobilization into protests organized by the non-systemic opposition, in particular by such figures as Alexei Navalny.

In order to succeed, such tactics call for the systemic opposition to be the most credible opponent of the reform. Moreover, the regime needs to provide certain incentives if the systemic opposition is to continue to play its part. Nominal

leverage in the political system has been the major incentive since this status has formed a buffer against new political challengers and provided attractive positions within the system. The consensus on the Kremlin's foreign policy and the relatively stable domestic political situation have not given the systemic opposition any reason to challenge the regime. But now the equilibrium is challenged by protracted socio-economic difficulties and the pension reform is the last straw.

The regime is caught between a rock and a hard place. First, the ability of the systemic opposition to respond to such wide popular discontent is weak due to the poor reputation of political parties among the population.

Second, the decreasing support for the Kremlin's United Russia Party along with the waning trust in the president might increase the systemic opposition's temptation to act as the real opposition. The activation of the non-systemic opposition might also motivate such a move.

Third, if the CPRF's rank and file do not comply with the party leadership's position, there is a risk of intra-party factions, some of which might be ready to co-operate with the non-systemic opposition.

The magnitude and social-political focus of the popular resistance to the pension reform shows that not all internal problems can be chalked up to the West's hostile actions. Russian citizens may have certain expectations with regard to foreign policy that the Kremlin has managed to fulfil. However, when the issue concerns core domestic demands, the foreign and domestic political realms diverge. People may want Crimea but they are not ready to pay for it. Potential new sanctions by the US would deepen the economic woes, while the Kremlin's additional foreign policy adventurism would immediately trigger further sanctions. This would make any attempt to balance the budget through reforms and new taxes even more fraught in the eyes of the public.

The Kremlin is struggling with the obvious need to sustain economic and social stability while popular resistance to the government's unpopular moves is growing. The pension reform is putting the resilience of the Putin regime to the test. Support for the president is declining, the sense of injustice in society is deepening, and the repression against anti-governmental activities is intensifying.