

<https://www.bloomberg.com/news/articles/2018-08-28/putin-hints-he-ll-soften-pension-age-hike-that-angered-russians>

Putin Hints He'll Soften Pension-Age Hike That Angered Russians

By Olga Tanas, Ilya Arkhipov, and Andrey Biryukov

28 августа 2018 г.

Vladimir Putin suggested he may soften a plan to raise pension ages that's drawn intense public criticism and pushed the Russian leader's poll ratings to the lowest levels in more than four years.

"I ask that you not forget that all our decisions will affect the fates of millions of people and should be fair and take citizens' interests into account," Putin told his top economic officials in televised comments at a meeting in Siberia Tuesday. "We can't act mechanistically or formally here, only cautiously and in a balanced way," he said, adding that he'll outline his specific views Wednesday in a national address.

Officials declined to comment on just what Putin might roll back, but insiders had expected some softening of the plan since the government first outlined it in mid-June, with Putin using the opportunity to play the "good czar." While he has publicly sought to distance himself from the details of the initiative, officials said he approved the outlines of it from the start and the initial proposal was drafted to leave room for cosmetic softening in the face of public opposition.

Popular Discontent

The plan calls for raising the retirement age for men from 60 currently to 65 by 2028 and to 63 for women by 2034 from 55 at present, sweetening the pill with promises of higher benefits. Russia's current pension ages are the lowest in Europe and the government argues the changes are needed to stabilize the system's finances and adapt to a shrinking workforce. Critics charge the moves are extreme in a country where life expectancy is under 68 for men and below 78 for women.

Public discontent came swiftly even though the government introduced the plan in mid-June when popular attention was focused on the start of the World Cup soccer championship in Russia. Within weeks, approval ratings for Putin and his government had plunged to the lowest levels since before the burst of patriotic feeling around the 2014 annexation of Crimea from Ukraine.

Pension Pushback

Putin's poll ratings slipped on a plan to raise pension ages

Source: polling company VTsIOM

Confidence in Putin fell below 38 percent in the first two weeks of July, the lowest level since December 2011, according to state-run polling company VTsIOM. Another survey found that 80 percent oppose the plans, with 43 percent of respondents saying they'd join any local protests against them if they take place. Opposition groups have set demonstrations against the plan for Sept. 9.

Still, the lower house of parliament gave initial approval to the plan in July. Traditionally loyal parties declined to back it and even some legislators from the ruling party questioned the wisdom of the plan. Final approval is expected this fall.

“The only question is the scale of the compromise,” said Mikhail Vinogradov, head of the St. Petersburg Politics Foundation. “This is the greatest turbulence he’s experienced since he returned to the presidency” in 2012, he added, referring to Putin’s shift back to the Kremlin after four years as prime minister.

Compromise Seen

Among the possible options are lengthening the transition periods for the higher retirement ages or slightly reducing them, according to analysts. The government already has pledged to maintain other benefits like utility and transport discounts for retirees based on the current ages. Another sensitive issue is whether military and security-services workers will also see their retirement ages, now below the the civilian levels, rise along with the rest of the country.

Major changes in the new retirement ages or a substantial delay in the implementation of the reform “would wreck the government’s plan” and aren’t likely to be adopted, said Evgeny Gontmakher, a former government official who’s a specialist on social policy.

“The government’s proposals are aimed at solving objective problems, so they can make concessions only within certain limits,” said Evsei Gurvich, head of the Economic Expert Group, which consults the government. “They can change either the new pension age or the pace of raising it, but not both.”

— With assistance by Anna Andrianova