



Paradoxical Poverty in Russia

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Authors' contributions

This work was carried out in collaboration between both authors. Author SAS designed the study and performed the statistical analysis. Author EGT wrote the protocol, wrote the first draft of the manuscript, managed the analyses of the study and managed the literature searches. Both authors read and approved the final manuscript.

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ABSTRACT

The problem of poverty worries not only the population but also serves as the subject of numerous scientific works. The study of the issue was carried out with the help of surveys and a method of reviewing literary sources. The theoretical basis was the assumption of the relationship between poverty and property inequality. It is established that the curves of the change in the proportion of the poor and decile coefficients have a shift of the optimums relative to each other. This shift indicates the presence of a delay. By today, the delay was leveled that may portend social upheavals. To prevent social upheavals, one should apply the entire possible set of measures to reduce the share of the poor and decile coefficient.

Keywords: *Decile coefficient of income differentiation; minimum of poverty; the share of the poor; social upheavals.*

1. INTRODUCTION

The goal of the study was to identify the causes of poverty in Russia. For this, the poverty level and property inequality were analyzed. The research was conducted concerning one hypothesis.

The hypothesis of the study: Poverty in Russia is connected with the material inequality.

Poverty is measured by means of a subsistence minimum, which is expressed in two forms. The first form is the physiological minimum. It is the minimum set of consumer goods corresponding to medical norms, without which a person can't exist physiologically. The second form is the social minimum. This is a minimum set of material benefits, that is exceeding the physiological minimum. He is intended for the satisfaction of those needs of the person which are recognized necessary for the maintenance of the acceptable standard of living according to social standards in the concrete country [1,2].

Poverty concerns worry the population of many countries. For Russia, this issue is of particular relevance due to various events over the centuries that have led to the impoverishment of the people. Therefore, the average standard of living and is currently quite low, and the problem of poverty has been and remains a particularly sensitive issue.

Among the representatives of the population, there is no unity in the question of the causes and consequences of poverty. Some people call as reasons of the poverty a laziness and low education level. Others consider that the social environment with the "frozen" social elevators is guilty of everything. The thirds blame employers for everything, and also low labor productivity, and, respectively, low level of his payment.

By researchers, the problem of consequences of poverty is also considered from the different sides. Some are placing emphasis on poverty reproduction in subsequent generations. Others pay attention to low-impact arising as a result of poverty, and uncreative approach to the results of labor. Third researchers confine themselves to ascertaining the very fact of the existence and size of poverty.

Marxist economists and other radical theorists offer radical changes in the social and economic system. They emphasize the possibility that just

one economic growth may not be sufficient to take poor people out of poverty. This is determined by the fact that those who belong to certain poor classes cannot benefit from the overall increase in income. In the same way, the shift of prospect creates the concept of a class, being focused on the group, but not personal characteristics. And the status of individuals is considered to be dependent on the socio-economic environment in which they live.

Within the capitalist system, the reduction of poverty may require a number of measures. They are the adoption of minimum wage laws, measures to eliminate double labor markets and the enactment of anti-discrimination laws. This is considered as one of the most effective strategies of fight against poverty.

The exploitation of the poor by rich groups in society can also occur at the expense of the quality of the environment. For example, the poor, as a rule, suffer from air pollution more. This pollution is usually generated by richer groups, considering their location.

The exploitation of the poor by rich groups in society can also occur at the expense of the quality of the environment. For example, the poor, as a rule, suffer from air pollution more. This pollution is usually generated by richer groups, considering their location. The fact that poverty is both of a moral and technical problem is one more contribution of Marxist and/or radical economists [3].

Poverty in various countries looks different. Even in such oil-producing countries as Sudan, Iran, Nigeria and Algeria, levels of poverty and decile coefficients make, respectively, 14,9 and 9,9; 0,3 and 16,1; 70,8 and 42,1; 0,5 and 9,6 [4,5]. And Qatar, Kuwait, Australia and New Zealand do not publish information about poverty at all, by default considering it absent. For Russia, despite the fact that it belongs to the oil-producing countries, poverty is traditionally high.

So, Makeev N. specifies that more than 12 million able-bodied Russian citizens not in forces to provide himself and the relatives to all necessary for worthy life. In fact, they are living below the poverty line. In addition, more than half of Russians are confident that they are close to poverty [6].

41 percent of Russian citizens have become so poor that they cannot buy clothes, and 20

percent of citizens do not even have enough for food [7].

The sixth part of all workers in Russia can't provide itself and the families [8]. Despite of some stabilization in the economy, the financial position of the population continues to worsen promptly [9]. Despite a significant amount of various sources, the problem of poverty hasn't received sufficient full lighting. Therefore, a subject of this article is the identification of features of poverty in Russia.

2. LITERATURE REVIEW

Shvetsova K. [10] explains, that with regard to the fear of poverty and anxieties about the new wave of economic crisis, it is worth remembering that Russia for the last 100 years at least went through so much turmoil (war, famine, shortages, and financial crises), that these fears have become part of the historical memory. Hence the concern with such a high rate of poverty and rising prices. The average Russian is not rich enough, money is just enough from paycheck to paycheck. It is clear that he is afraid of even losing what he has.

This source notes the existence of significant poverty, but he speaks about it reasons in a too general way. In other countries, the poor are typically unqualified and poorly paid workers of a manual labor. In other words, if you are uneducated, you receive low wages. However, the picture is completely different in modern Russia, as highly educated people - engineers, doctors and teachers - have a hard time making ends meet.

It should be pointed out that in the West, a person's low living standards are usually a result of the individual. He is either an alcoholic or a drug addict, a disabled person or a victim of some other circumstances. Economic factors, for example the situation on the employment market, play, although an important one, still more of a secondary role.

This is the direct opposite of the situation in Russia. The state's condition overrides personal circumstances. The Russian poor are poor mainly because they do not receive their wages or pensions on time and their benefits are too meagre to solve everyday problems, while jobs are hard to come by. Only then does the standard set of personal misfortunes take its toll: alcoholism, illness and the like [11].

In the source there is an important indication of the difference in approaches to determining the causes of poverty in the West and in Russia. However, the disadvantage of this analysis is vague and clearly insufficient consideration of the causes of poverty in Russia.

Government propaganda has sought to attribute the spread of protests to problems in the implementation of the new laws on social security benefits while insisting the laws themselves are necessary and inevitable. However, protests by pensioners are only the tip of the iceberg. The underlying cause of growing discontent is the enormous degree of social inequality that has resulted from the introduction of capitalism in the former Soviet Union. Even a cursory examination of the social situation in modern Russia reveals a deeply divided society. An array of statistics documents the reality of two different worlds that hardly come into contact with one another [12].

In this study, the problems of the causes of poverty on the basis of social inequality are affected, but this question needs specification.

3. MATERIALS AND METHODS

The research belongs to area of social problems of society. The work has been oriented on identifying the key points in this area. The population of Russia has been chosen as an object of a research. The necessary parameters were determined by data of various literature sources. There were used the data obtained with the help of search engines Yandex, Google and Mail. The resulting list was reduced by successively deleting less significant sources.

In addition, a survey of 128 experts was conducted using a specially prepared questionnaire. Managers undergoing training under the program of professional refresher training, acted as experts.

4. THEORY

There are many theories of poverty, and almost every researcher brings his own vision of the problem. A widespread approach is the theory of dependence on Welfare. According to this theory, poverty is a state in which the person or family depend on welfare payments on social security during the long period of time. Without them, these people will not be able to meet the costs of everyday life. Dependence on social

security is generally defined as the proportion of all persons in families who receive more than 50 percent of their total family annual income. It is a social problem, and its solution is expected to reduce poverty. The disadvantage of this approach is the possibility of forming the parasitical behavior of Welfare recipients. At the same time, it is also expected the decrease in influence of the motivating impacts of material factors. Besides, possibilities of the state in social providing the population aren't boundless [13].

Another theory, the social exclusion theory of poverty, argues that people's goals and needs are better supported if they use clear, explicit verbal communication with other people. People can have three options of behavior: the behavior which is obviously indicating lack of interaction (an obvious deviation), ostracism (ignoring) and obscure behavior in the relations (an ambiguous deviation). Theory of authors is based on psychology, sociology, communications and business studies. They assume that when people aren't exposed to obvious alienation, feelings of target groups suffer less. At the same time, their needs will be better protected. And people themselves experience less inconvenience than if they used an ambiguous refusal or ostracism [14,15].

In Orthodox economic theory of poverty, the main attention has been given to an explanation of distribution of personal incomes. The theory examines the relationship between personal incomes and aggregate shares of profits, rents and wages. More and more attention is paid to inequality in the distribution of income before taxation [16].

Classical traditions regard individuals as people who bear greater responsibility for their own destiny. These individuals choose, in fact, this approach to become poor (for example, by becoming single parents). The concept of "poverty subcultures" means that shortcomings can be reproduced over time. For example, these shortcomings can proceed due to the lack of suitable role models. In this case, the state help has to be limited to change of individual opportunities and installations.

Neoclassical theories are wider and recognize that the poverty reasons are behind The Limits of Control by individuals. The lack of social as well as private assets is among these reasons. The causes of poverty are market failures. These

failures exclude the poor from credit markets and make certain adverse choices reasonable. These failures exclude the poor from the credit markets, because certain unfavorable elections are chosen by them as reasonable. Obstacles for education also belong to the poverty reasons. In addition, immigrant status, poor health and advanced age are the causes of poverty. Obstacles to employment for single-parent families are also the causes of poverty.

We have considered the main features of classical and neoclassical approaches. Features of these theories consist in readiness of use of monetary units. With this readiness, political prescriptions can be implemented in practice. They emphasize influence of incentives on individual behavior and also interrelation between labor productivity and income.

Critics of these approaches emphasize their excessive attention to the individual without regard to relations with the community. They emphasize their emphasis on purely material means of eradicating poverty [3].

Share of people, at the disposal of whom there are less means, than this is necessary for a living wage, in domestic practice is considered a measure of poverty of the population [17].

The decile coefficient [18] represents the relation of income of 10% of the richest citizens to income of 10% of the poorest.

The work uses the data of official reports. Independent experts cite other figures, but tendencies, in general, remain.

5. RESULTS

As a result of processing of questionnaires, it is established that 79% of respondents consider that poverty is connected with property inequality. Proceeding from it, in this research compared a share of the poor and a decile coefficient of differentiation.

Property inequality in a society with a formed structure almost inevitably causes social inequality, which leads to social upheavals.

Data on the poverty level and the decile coefficient were collected for the period from 2000 to 2016.

The poor and the rich are located at the extreme poles. So, for example, the teacher in the Tver

area on average receives about 13 thousand rubles. The salary of the bulldozer driver in the Toropetsky district is 7.5 thousand rubles. The hospital attendant in Konakovo receives 9 thousand. An experienced teacher in Tver earns 20 thousand rubles. The young teacher receives 7 thousand rubles. The salary of the operator dispatcher in Veseyegonsk makes 10 thousand rubles. Monthly income of the head of Tver is about 240 thousand rubles. City manager receives about 293 thousand rubles [19].

In Russia, 88% of the wealth is controlled by millionaires and billionaires. At the same time, their number is no more than 8% of the total population [20].

In world practice of feature of distribution of riches look similarly. Against this background, comparing the share of poor and decile coefficients for different countries of the world

gives an almost complete scattering field (Fig. 1). At the same time, the coefficient of correlation 0,38 is significant for such a number of values (171) even for significance level 0,01.

From Fig. 1 it is visible that with the increase in decile coefficient the share of the poor slowly grows. Moreover, if we discard the points with a high decile coefficient, the rate of poverty growth will be significantly higher.

In Fig. 2 the interrelation of level of poverty and specific GDP per capita is shown. The correlation coefficient 0.461 is confidently significant for the significance level 0.01.

With growth of GDP per capita, as one would expect, the level of poverty falls. The greater wealth of society leads to the fact that the share of this wealth attributable to the poor increases.

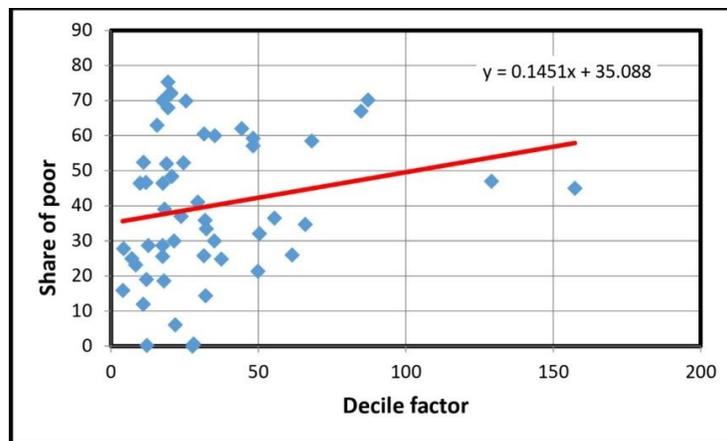


Fig. 1. Interrelation of decile coefficient and poverty level for the countries of the world

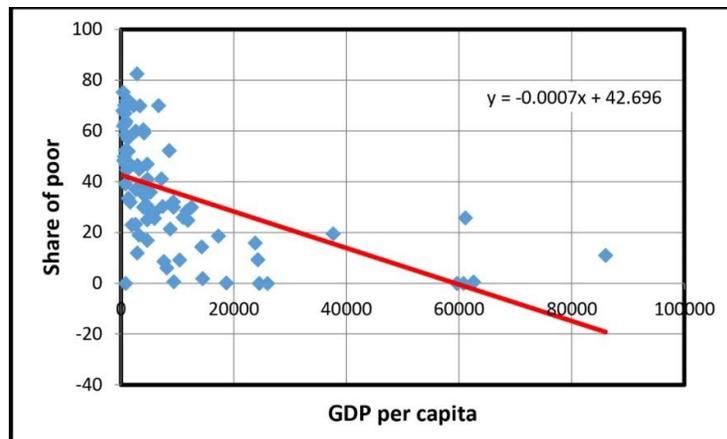


Fig. 2. Interrelation of level of poverty and GDP per capita

This means that with the growth of GDP per capita the poverty is steadily falling. Since the correlation coefficient is significant, it makes sense to look for an approximation function. The selection of this function is presented in Fig. 3.

The correlation coefficient for the approximation function with real points is 0.655. The coefficient is significant for all significance levels exceeding 0.01. The approximation function itself looks like $y = -0,1 \ln(f)$, where f is share of poor. The simplicity of the approximation function allows in further use it in the calculation models of poverty.

For Russia, comparing indicators similar to those shown in Fig. 1, looks differently that is shown in Fig. 4.

The correlation coefficient for dependence in Fig. 4 is equal to -0,893. The coefficient is significant for all levels of significance exceeding the level of 0.01. It is easy to see that with growth of decile coefficient the level of poverty falls that reflects also negative coefficient of correlation. This can be explained by two possibilities. The first opportunity is the existence of a directed will, for example, within the framework of the implementation of the concept of a social state, prescribed in the Constitution of the Russian Federation. The second opportunity consists in features of the Russian mentality. It is characterized by superimposed mental models of clan- corporate capitalism. These questions have to serve as a subject of further researches.

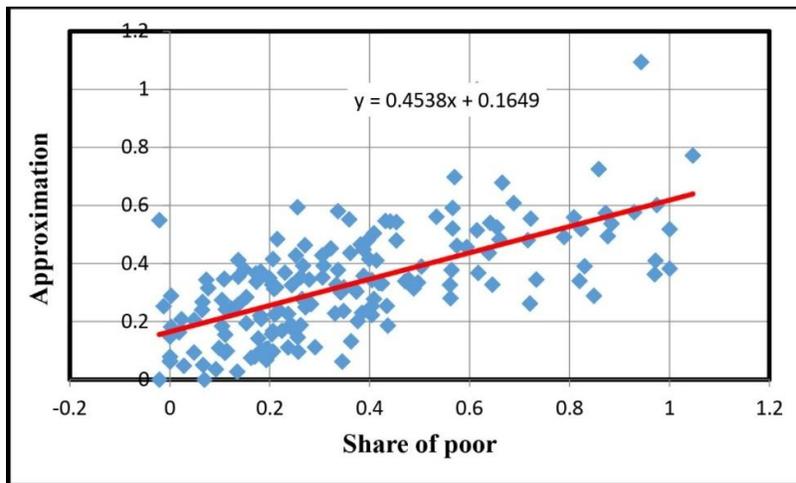


Fig. 3. The selection of the approximating function

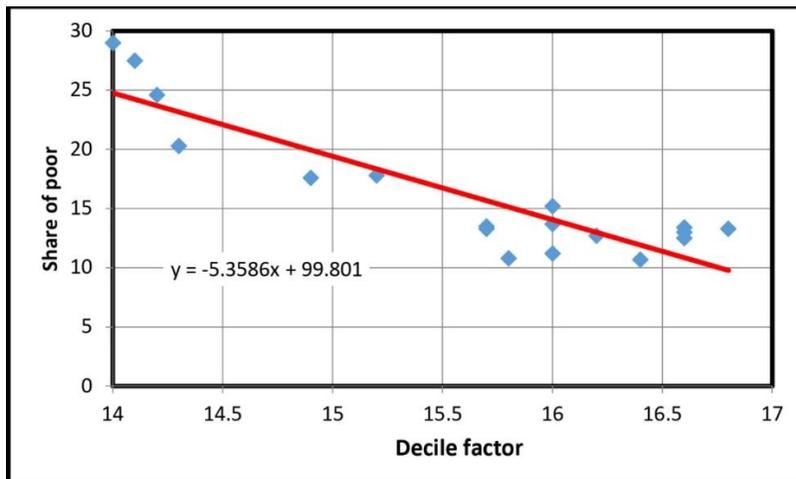


Fig. 4. Interrelation of poverty and decile coefficient for Russia

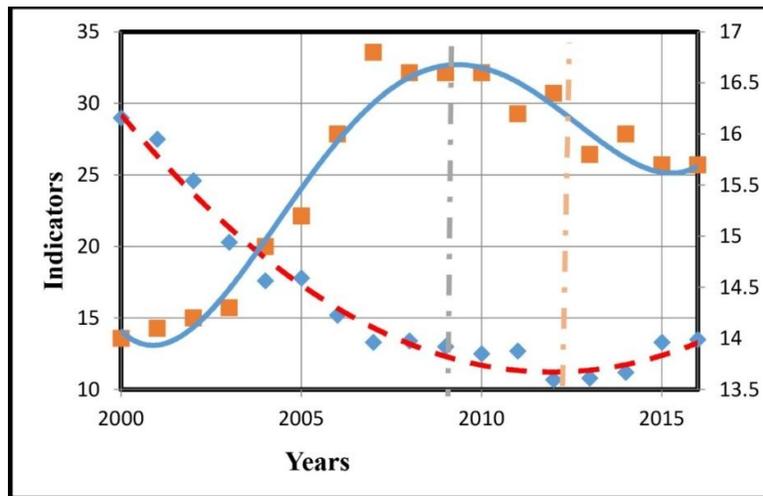


Fig. 5. Change of parameters by years

Existence of such peculiarities forces us not to be limited to these data on Fig. 4. It requires to study the temporal features of the indicators of the Russian society.

Aggregated data for the reporting period are shown in Fig. 5.

Solid line shows the change in the decile coefficient, the dash line shows the change of a share of the poor. The left scale belongs to change of a share of the poor, the right scale reflects decile coefficient.

Analysis of the curves in Fig. 5 shows that changes in indicators are not equidistant. It occurs even not in an antiphase as it would be possible to assume. There is a "shoulder of delay", or, in other words, a "lagging lag" in socio-economic processes. It can be seen that the delay period was three years. But in recent years, the picture has changed. The share of the poor increases again, also the decile coefficient grows. Delay is practically absent that can be a harbinger of social upheavals.

6. DISCUSSION

The presence of the poor in Russia cannot but cause surprise. After all, In the majority, they are working people or pensioners, care of whom is written down in Constitutions of the Russian Federation.

At a search in the apartment of the official of the ministry have withdrawn 51 000 gemstones and 19 kg of gold and platinum. A collection of

wristwatches worth about a million dollars was found in the house of one governor. One billion rubles in cash was found in another governor [7]. Against the background of such incomes poverty of the population is represented paradoxical.

At the same time rates of fall of real income of the population continue to accelerate. In June 2017, the downturn was estimated at 4.8%, in July - at 7.3% [21].

Russia in general has high potential. It ranks first in the world, not only in the territory, Russia belongs to the first place in terms of production and sales of oil and gas, potash and nitrogen fertilizers, nickel and aluminum, helicopters and fighter jets. Reserves of oil and gas, coal, zinc, titan, niobium, diamonds, tin, table salt, drinking water in Russia has also the greatest in the world [22]. Human Development Index for Russia is 0.804 [23]. At the same time the population was 146 804 372 people in 2017, and the number of the able-bodied population was 82,8 million.

But this potential has to be realized. But without people or with poor people of it you won't make.

7. CONCLUSION

The hypothesis put forward in the work was confirmed: It is established that one of the poverty reasons in Russia is property inequality.

The hypothesis put forward in the work was confirmed: It is established that one of the poverty reasons in Russia is property inequality. It was revealed that in the past, the delay in

socio-economic processes related to poverty was three years. By now, the delay has been leveled, which can serve as a precursor of social upheavals. With an increase in the decile coefficient for Russia, the poverty level falls, which also reflects a negative correlation coefficient. The form of this dependence is anomalous and differs from the global trend. It is necessary to take urgent measures for prevention of undesirable social events. The Russian economy is too weak to withstand such upheavals. The recommendation in this regard is to strengthen the fight against poverty, for example, by improving infrastructure.

COMPETING INTERESTS

Authors have declared that no competing interests exist.

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