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ANALYSIS OF POVERTY PROBLEMS IN RUSSIA

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Abstract

Poverty is a persistent phenomenon and therefore remains an acute problem that must be addressed as a matter of priority. The object of the study is poor households and their members. The article analyses the categorical structure and assesses the solvency and financial situation of poor households in Russia. The analysis of low-income households according to their age and economic characteristics has been done, as well as the structural analysis of unemployed citizens receiving social benefits. The assessment of the financial reliability of households is presented: more than a third of them have difficulties in buying clothes and paying for housing and utilities services, and half of households – cannot afford the purchase of durable goods. It was found that one third of households has poor financial situation, and about 65% –average financial situation. The types of regions in terms of poverty are revealed on the basis of the statistical stratified sample method. In the statistical grouping, 56 regions were represented, the analyse indicator for which exceeded the national level. The types of regions are identified: with a high, sufficiently high and critically high percentage of the population on monetary incomes below the subsistence level. The level of poverty in the regions, the scale of poverty, which exceeds the national indicator, is analysed. The wide range of research methods serves as an information and analytical basis for the implementation of various levels of government priorities in the development of effective measures to reduce poverty.

1. Introduction

Modern trends in the development of poverty reduction management require information and methodological assistant of the strategic direction to assess the welfare of low-income households, which the main criterion is their income.

Poverty, being an acute social problem, affects not only the health, education and culture of citizens, but is also associated with a decrease in the living standards level and the crime growth. In the conditions of the fragile economic situation, state regulation of the level and life quality, the Russian population is focused on minimum social standards, one of which is the subsistence minimum.

In the body of scientific information, poverty at various levels was studied by a number of authors: Abramova (2014), Nikolaev and Marushkina (2005), Sadovaja and Sautkina (2012), Bikeeva (2018), Sadykov (2017). The poverty of different categories of households was analyzed in the works of the following authors: Cherchye, Cosaert, De Rock, Kerstens, and Vermeulen (2018), Kozyreva and Smirnov (2017), Cockburn, Duclos, and Zabsonré (2014), Alkire and Foster (2011). The problem of poverty and its scope has been investigated: Meyer and Mok (2019); Meng (2013), Kartseva (2019), Bellani (2013), Decerf (2017), Fursov and Lazareva (2016). Poverty, in our view, must be understood as a state of lack of the necessary resources to ensure a satisfactory lifestyle.

2. Problem Statement

In conditions of economic turbulence, the existing system of social protection among citizens does not provide protection for the poor but allows risks of social instability in the Russian Federation and its regions. To overcome social inequality and poverty problems Russia should put priorities on domestic socio-economic policy.

3. Research Questions

In our opinion, the essential aspects to study the problem of poverty are the deficit of monetary income and the categorical composition of the poor.

It should be noted that the existing methodology for determining poverty does not reflect its real value. It is necessary to monitor poor households by age and economic characteristics, as well as the structure of unemployed citizens receiving social benefits.

A special aspect is the question of identifying the types of regions where poverty exceeds the national level.

4. Purpose of the Study

The aim of the study is a comprehensive statistical analysis of poverty in Russia and its regions in modern conditions. The proposed information and methodological approach should be combined with the application of valid decision to overcome social inequality and poverty problems at both the federal and regional levels.

5. Research Methods

The scientific validity of the obtained results is determined by the application of information resources from the Federal state statistics service using the software of statistical processing in the format to direct information technologies implementation and to apply several statistical methods: method of the general indicators, time series analysis, structural dynamic analysis, statistical typological groupings.

6. Findings

Poverty is a situation associated with a significant lack of material resources to ensure the normal living conditions of a large part of the population (Table 01). Thus, almost 13% of the population, or 19 million people, the deficit of cash income is about 31 % of the subsistence minimum. The current situation causes social tension in society and crisis processes in the family, as well as inhibits the progressive development of the state.

Table 01. The poor and the deficit of money income in Russia in 2013-2018

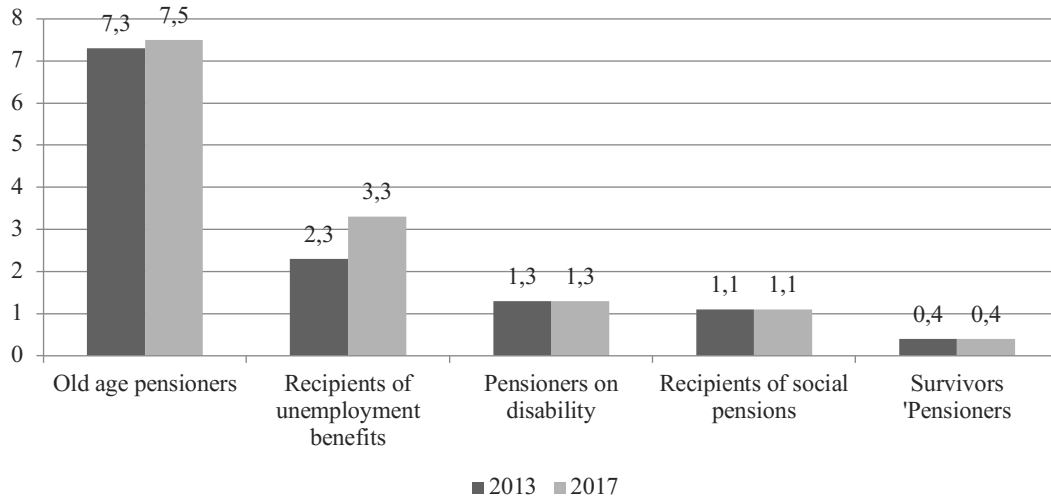| Years	Poor population		Cash income deficit		
	illion people	%	RUB per month	% by 2013	% by subsistence min
2013	15,5	10,8	2246,8	100,0	30,8
2015	19,5	13,3	2994,8	133,3	30,8
2017	19,4	13,2	3080,3	137,1	30,5
2018	18,9	12,9	3161,4	140,7	30,7

Source: authors based on official data of the Federal state statistics service (2018a).

A very large proportion of the poor (63%) are urban dwellers. It should be noted that during the analyzed period there was a relative increase in urban poverty. Analyzing the distribution of poor households by age, it can be stated that a large share is occupied by members of households of working age. There is a gradual decrease in the share of persons of retirement age, and by 2017 their share was 11 %. The observed phenomenon implies the need for social security primarily for the most vulnerable, that is, persons of retirement age.

There is an increase in economic poverty in the affected period: the share of the employed poor population increased and reached almost 62% in 2017. The main problems of poverty in Russia are the working poor. The birth of a child dramatically reduces the income per family member. Existing measures of social support for poor families with children do not allow them to get out of poverty.
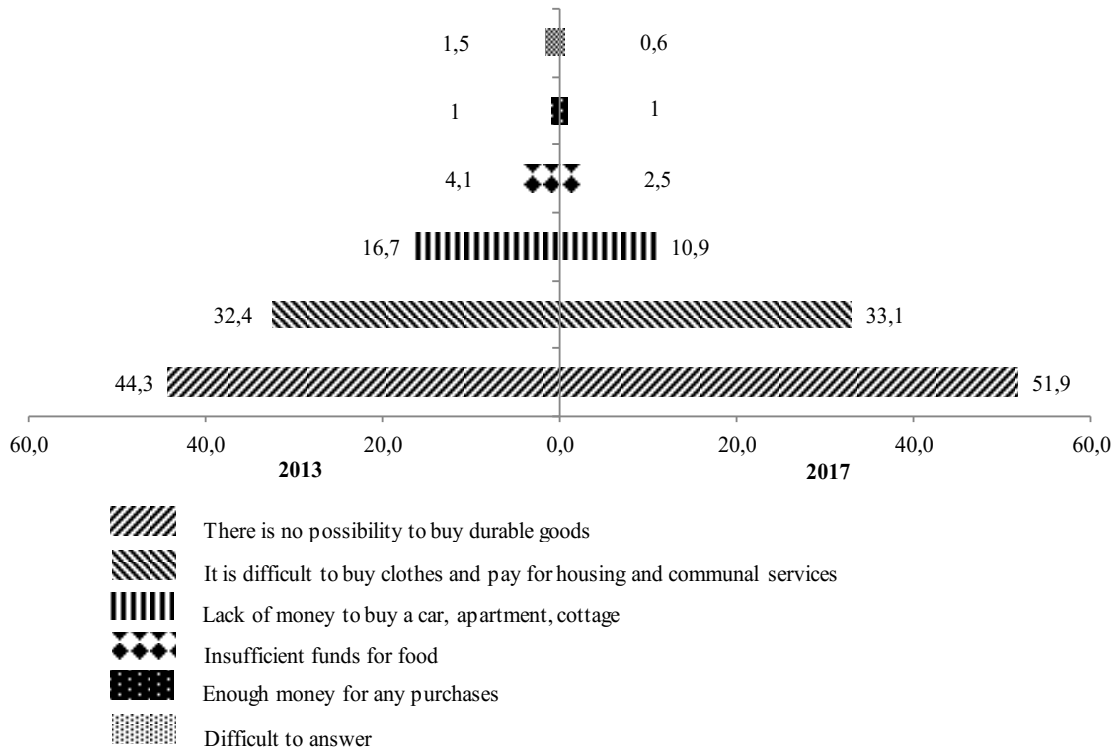
At the same time, among the unemployed in the economy citizens aged 15 to 72 years, the poverty rate decreased from 40% to 30%. And the proportion of low-income unemployed remains low-2.5 % in 2017. The structure of beneficiaries among the poor in 2013 and 2017 is shown in Figure 01. A significant share in 2013 and 2017 among the unemployed poor citizens is occupied by old-age pensioners, while by 2017 their share has increased. A small proportion, less than one per cent, are survivors. There was a slight decrease in the proportion of people receiving unemployment benefits in 2017. Sample surveys of Russian households allowed to assess the solvency of poor citizens (Figure 02).

The purchase of durable goods cannot afford more than 50% of respondents in 2017. And only 1% are those who can buy everything they need. In 2017, more than a third of households have difficulty buying clothes and paying for housing and communal services, three percent of households do not have enough money for food. Such households are unquestionably extremely poor.
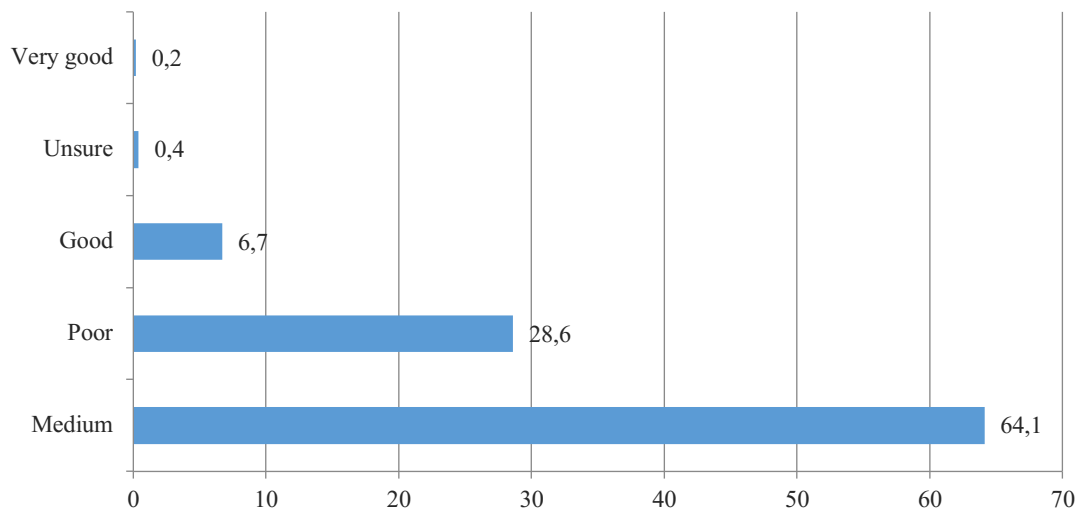

Source: authors based on official data of the Federal state statistics service (2017).

Figure 01. Share of unemployed people in the poor population in 2013-2017, %

Source: authors based on official data of the Federal state statistics service (2017).

Figure 02. Distribution of households by solvency in 2013 and 2017, %

Source: authors based on official data of the Federal state statistics service (2017).

Figure 03. Distribution of households according to the assessment of material condition in 2017,%

The characteristics of the financial situation of households are presented in figure 03. More than 64% of households have an average financial situation, a very small proportion has a very good financial situation, 28.6% have a bad situation and only 0,4% could not determine it. Consequently, a large proportion of low-income households need to improve their financial situation.

The characteristic features of poverty in Russia are defined. Along with social poverty there is an economic one, inherent among the working population. Analysis of the structure of low-income households showed that poverty in Russia is mainly due to economic and demographic reasons.

And this is despite the fact that the approved value of the subsistence minimum does not fully take into account the needs of the population. The size of the subsistence minimum does not allow to fully meet the needs of low-income segments of the population in goods and reduces the ability to pay for various types of services. Features of consumer behavior are observed in different groups of the population. Analysis of the annual sample surveys results of household budgets conducted by the Federal state statistics service showed, the elderly is the most vulnerable group for health reasons and bear significant costs of paying for medicines, receiving medical services. Meanwhile, the existing methodology for calculating the subsistence minimum for this category of population does not take into account the indicators of getting health and social services, the importance of which for this category of people increases significantly.

The indicator of the subsistence minimum used in Russia as a standard of consumption is underestimated and, therefore, does not satisfy the most important needs of modern man — psychophysiological and social. When assessing the consumer basket, it is necessary to use not minimum, but rational norms of food consumption.

The comparative characteristic of the poverty level in the regions of Russia is carried out. Regions with the level of poverty below, at and above the Russian level have been identified. The state of regions where poverty exceeds the national level is analyzed. There are 3 types of regions, the development of which should be paid special attention.

Table 02 presents the results of the typological grouping of 56 subjects in terms of population with monetary incomes below the subsistence minimum, exceeding the all-Russian indicator (according to 2017). There are 3 groups of subjects: with a high, sufficiently high and critically high percentage of the population with monetary incomes below the subsistence level.

Table 02. Grouping of subjects in which the population with monetary incomes below the subsistence minimum exceeds the national figure in 2017

Percentage of population with incomes below the subsistence minimum	Number of subjects in the group	Composition of the group
High	34	Amur oblast; Arkhangelsk oblast; Arkhangelsk oblast; Autonomous Okrug; Astrakhan oblast; Bryansk oblast; Volgograd oblast; Vologda oblast; Sevastopol; Ivanovo oblast; Kaliningrad oblast; Kemerovo oblast; Kirov oblast; Novgorod oblast; Novosibirsk oblast; Omsk oblast; Orenburg oblast; Oryol oblast; Penza oblast; Perm Krai; Primorsky Krai; Republic of Adygea; Republic of Karelia; Republic of Komi; Republic of North Ossetia-Alania; Rostov oblast; Samara oblast; Saratov region; Smolensk oblast; Stavropol Krai; Tomsk oblast; Tyumen oblast; Tyumen oblast; without Autonomous Okrugs; Ulyanovsk oblast; Chelyabinsk oblast
Sufficiently high	14	Altai Krai; Zabaikalsky Krai; Irkutsk oblast; Kamchatka Krai; Krasnoyarsk Krai; Kurgan oblast; Pskov oblast; Republic of Buryatia; Republic of Crimea; Republic of Mordovia; Republic of Sakha (Yakutia); Republic of Khakassia; Chechen Republic; Chuvash Republic
Critically high	8	Jewish Autonomous region; Kabardino-Balkar Republic; Karachay-Cherkess Republic; Altai Republic; Mari El Republic; Ingushetia Republic; Kalmykia Republic; Tyva Republic
Total	56	—

Source: authors based on official data of the Federal state statistics service (2018b).

According to Table 02, it can be concluded that the group with a high percentage of the population with cash incomes below the subsistence minimum included: Samara region; Saratov region; Tyumen region without Autonomous districts; Orenburg region; Sevastopol and others.

The group with a critically high percentage of the population, whose income is below the subsistence level, included 8 regions: the Jewish Autonomous region, the Kabardino-Balkarian Republic, the Karachay-Cherkess Republic. Among the subjects of the Russian Federation with an extremely high rate allocated to 3 regions of Russia: Republic of Kalmykia (27,3 %), Ingushetia (32,0%), Tuva (40,5%) –they have the worst indicators. In 67% of the subjects there is an excess of the national poverty level, which confirms the severity of the problem of poverty and socioeconomic inequality. Inter-regional differences and high spatial differentiation of poverty level in the context of regions of the Russian Federation are revealed.

The assessment of structural differences of the population in terms of per capita income for 2013 and 2017 was carried out on the basis of the IR index (Ryabtsev index). It was 11.0 %. The estimation of

structural differences is carried out according to the scale of structural differences measure proposed by us. On the basis of the calculated index and the scale of the measure of differences, it is possible to draw a conclusion about the low level of structural differences in the analyzed period. Therefore, the authorities should develop mechanisms for the distribution and redistribution of income in favor of the middle-income strata of the population to form the necessary solvent majority of Russian citizens.

7. Conclusion

The problem of poverty should be given special attention. Due to the poverty 42% of Russian families cannot transform their knowledge into a decent wage. Reducing the number of poor and preventing its increase should be the vector of economic policy. It is necessary to ensure the development of the system of state social assistance to poor citizens. For this purpose, an effective mechanism for overcoming poverty at the regional level should be developed, allowing encouraging citizens with low incomes to take dynamic actions, focused on improving their financial situation. In addition, the regional labor market should work out a mechanism advancing the situation, first, to ensure real employment and decent wages. To reduce poverty, it is necessary to implement the concept of decent work, which allows to increase the incomes of the main part of the population on the basis of economic growth, and to realize constitutional human rights. This vector is very important, because preserving a low living standard among a large part of households hinders the progressive socioeconomic development of society.

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