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## Transition to the Market and Falling of Living Well-Being of the Russian Population in the 1990s

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### Abstract

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The social consequences of transition in Russia have been analyzed. Due to radical changes in the 1990s in Russia there was a significant social polarization of society and the overall decline in the standard of living of the population. The phenomenon of mass poverty arose. As a result of it the following acute social problems were intensified and become chronic: poverty, social exclusion, social inequality, unemployment, the natural decline of population.

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**Keywords:** Radical transformation, poverty, level of living, the polarization of society.

### 1. Introduction

The difficulties of economic and social development of Russia were a direct consequence of the reforms of the 1990s, aimed at creating of market economy as soon as possible. Errors during the transformation, illusion, the rejection of the values of the Soviet era gave rise to many of the negative social consequences. The rapid impoverishment of the population began, the level of well-being was reduced.

### 2. The soviet life support system and the transition to a market economy

System of distribution of social and economic goods existed in the Soviet era was largely focused on improving the living standards of the population. Up until the mid-1980s there were favorable

changes in dietary patterns of the population: increased consumption of meat, vegetables, fruits and berries; reducing of the consumption of bread and potatoes. In 1985, the per capita annual consumption in the USSR: meat - 61.7 (RSFSR 67) kg, milk and dairy products - 325 (344 for the RSFSR) kg, eggs - 260 (299 for the RSFSR) pcs. (In the Russian Federation in 1995 the corresponding figures were 55, 253, 214). Overall, in the first half of the 1980s in the Soviet Union the welfare level was supported on the level of moderately developed countries, and on a number of indicators it was even higher. By 1985, the average caloric intake in the USSR was 3389 kcal in the US - 3652, Germany - 3567, Britain - 3316, France - 3156, Japan - 2916 kcal. A comparison of the wages of the population and the price of basic foods shows that the monthly salary of the average Russian could buy in the 1980 - 90 kg of meat, 500 liters of milk and 500 kg of bread. In it was 2002 - 20 kg of beef, or 135 liters of milk, or 290 kg of bread (Barsenkov, & Vdovin, 2010).

Soviet people enjoyed free education, medical care; the state suffered heavy spending on housing maintenance. Payments and benefits received by the population from public consumption funds in 1985 were amounted to 9.3 billion rubles. General decline in the share of expenses for food in household expenditure went on in the Soviet Union. During the years 1980-1988, it decreased from 35.5% to 33.7%. Available funds were for the purchase of cultural and household goods and furniture (an increase from 6.5% to 7.1%), as well as to the payment of taxes (an increase from 9.1 to 9.4) and family savings (an increase from 5.6 to 7.8) (Narodnoe hozyaystvo SSSR v 1990 g.: Statisticheskiy ezhegodnik, 1991).

Gorbachev's "perestroika" began in the second half of the 1980s and it launched a process of destruction of the state machinery and generated a total economic and social disruption in the country. This gave rise to radical liberal market-based approaches to reform economic and social systems.

It should be noted that the choice in favor of a radical reform options were associated with a powerful ideological and financial influence of international organizations, particularly the IMF. However, the appeared real actions of the Russian leadership were more radical than the proposals and recommendations of international financial institutions. IMF used to recommend privatization of only small and medium sized enterprises, it was offered only to commercialize the large ones, as in those circumstances it was impossible to carry out an adequate assessment of the cost of property to be privatized. But the Russian government led down "in its own way". The result of the "big privatization" was the transfer of numerous strategic enterprises to a small group of people for a pittance, the real cost of which amounts was billions of rubles. This property was concentrated in the hands of those with large financial resources and political connections.

Sluggish adaptation of monopolized Russian economy to the emerging markets, the overwhelming majority of non-competitiveness of industries, poor organization of production, low labor productivity, a significant proportion of low-wage labor, didn't allow creating conditions for the growth of income of the overwhelming mass of citizens. The market in Russia only helped to some people to get rich, and to the most – to get poor. State power became an instrument of implementation of interests of narrow group, and these interests weren't implementing at the expense of innovation and at the expense of primitive resources deflating out.

Gains in real terms for inflation decreased were adjusted. The rise in prices was caused as the deficit of the goods and the rapid growth of money supply. The freezing of prices in these conditions meant to do unprofitable production and import of products from other countries, which inevitably would lead to increase shortage of new products and higher prices. All this could not improve the lives of Russians, and reduce poverty.

Weakening of the state has been forced to withdraw from the scope of active regulation of the social sphere. Russian Prime Minister Yegor Gaidar was carrying out the most radical part of the reform program, explained it this way: "The liberal vision of the world rejected the human right to receive public assistance. In a free country, everyone chooses his own future, is responsible for its successes and failures" (Gaidar, 2003). The result is a model of the Russian economy, based on the sharp differentiation of the population, tough competition. In these circumstances, when the economy is opened there is only a chance to survive and develop for remained commodity industries.

### **3. The social component of the new Russian economy**

The social component of the new Russian economy took a distorted form and has lost much of its independent character:

Firstly, the income of the most population (as a result of the depreciation in the course of the liberalization of prices in 1992, followed by high inflation, mass non-payment of wages, rising unemployment, etc.) could not become a source of economic development, the integration element of the population in the ownership structure and the structure of the started transformation.

Secondly, social policy is largely assumed the character of social "sops" to the population (often in the form of forced or populist); but in even such form it did not have a systematic, programmatic, progressive nature that could really work on the economy.

Thirdly, a strong system of subjects of social policy was not formed (weakness and clumsiness of Trade Unions, the fragmentation of the labor collectives, disempowerment of workers in the new commercial structures, etc.). In such circumstances, sociality did not become a solid basis for a new model of Russian society.

In the most problematic 1991 - 1996 years, according to the Russian Statistics Committee average rise in consumer prices was 5.7 thousand (December to December), while milk and bread have risen in price in about 13 - 15 thousand times, and the pension increased by only 3 thousand times the minimum wages - in 1000 again (Rossiya v cifrah, 1997), i.e. real minimum of monthly wage, was reduced by at least 6 times. There was a reduction in free social services delivered to the population (health, education, the resort and sanatorium treatment, free housing), the rates for many commercial services significantly increased (payment of utility bills, transportation costs, etc.).

In Russia, the law established minimum monthly wage. But in the 1990s, and to this day it has not become an effective social guarantee for the Russian citizens. In Russia, the minimum wage was in several times less of the minimum consumer basket that caused the loss of its social and economic sense. In the 1990s, when production precipitously declined and poverty has reached frightening sizes, the government was unable to guarantee the population a decent standard of living.

Another problem, which called for attention in the 1990s, was the problem of indexation of wages. "Price shock" in 1992 deprived the population of available savings; more actual incomes do not keep up with the inflationary rise in prices. This indexing is not actually touched the private sector, where wages are determined largely on a "pay as I want". As for the employees of the budget sector: teachers, doctors, cultural workers, the indexing was wearing haphazard, was delayed to the same months-long delay of salaries of teachers, doctors and other public sector workers, nullified its economic sense.

Government policy was not able to counteract the general negative trend of demotivation of labor. Honest, diligent, productive labor became meaningless exercise without contributing to the welfare of the citizen, it was not able to reveal a common citizen's abilities and develop his personality. It was in the 1990s when work stopped to serve as a criterion of success of a person and turned from an honorary occupation into the business of the losers.

#### **4. The changing nature of poverty in Russia**

There was poor population in Soviet Union like in any other society, but the Soviet government tried to solve the problem of blatant poverty and transform it into a plane internally, reasonable restrictions in consumption. N.I. Tikhonova wrote: "...what there had not been in Russia before the reforms of the 1990s as a mass phenomenon was a chronic poverty, which would mean "thrown out" of society... The formation of this multimillion layer "outcasts", not consisting of homeless or illegal migrants, but from quite respectable Russian citizens goes in our society rapidly..." (Tikhonova, 2003).

Obviously, the Soviet poverty and the poverty in post-Soviet Russia during the 1990s are qualitatively different; this applies to the causes of this phenomenon, and the characteristics of "a portrait of poverty", and the relationship to the problem in the community, and many other components. The poverty of the Soviet period and of the period of the market reforms are distinguished, above all, that the dramatic expansion of the poverty zone in the 1990s led to massive impoverishment of entire populations and new time from the previous in the Russia clear has separated (Vavilina, 2000).

Another feature that distinguishes the "Soviet" poverty from the "post-Soviet" was not preexisting phenomenon which scientists have named "the working poor". This phenomenon was not observed either in the USSR, or in any developed country of the West. Availability of legal wages in the 1990s, did not guarantee material security to the Russians. Although the lack of official income partly offset by "illegal wage" and the natural incomes from household plots in Russia, it was possible to operate at full load and remain poor.

Socio-economic "shock" caused by price liberalization January 2, 1992, for the entire period of the 1990s was the most powerful. This year inflation in Russia reached its peak; prices have risen by an average of 2508 % (Andrianov, 2002).

The consequence of the liberalization of prices and the transition to a new economic model number and proportion of people with incomes below the subsistence level increased more than 8 times and reached in 1992, 49.7 million people, or 33.5% of the total population. Real income of the population was reduced twice, in 1992 they accounted for 52.5% of the incomes in 1991 (Rossiyskiy statisticheskiy ezhegodnik, 2001). At the same time all kinds of nominal incomes of the population

have depreciated - salaries, pensions, allowances and scholarships. In the following 1993 - 1994 years, the poverty rate fell slightly, remaining at a high level of critical.

The second surge of absolute poverty was in 1995. It was associated with the financial crisis in October 1994. Then, during 1996-1997, there was a slight decrease in the poverty level again.

The next peak of absolute poverty reached in 1999. This was a consequence of the financial crisis in August 1998. Real cash income in 1998 compared to 1997 decreased by 18.5% in 1999 compared to 1998 - still by 12.0%; real wages per employee - by 13.0% and 22.0%; real monthly pension - by 5.0% and 39.0%, respectively. The number of poor people (with incomes below the subsistence level) increased from 1997 to 1998 from 30.7 to 35.0 million people (14.0%) from 1998 to 1999 - from 35.0 to 41.6 million people (18.9%). The share of poor people in the total population from 1997 to 1999 has increased by almost 1.5 times - from 20.8 to 28.4% and in 2000 reached 29%, reaching 42.3 million people (Rossiyskiy statisticheskiy ezhegodnik, 2001).

Russian researchers, in particular, L.N. Ovcharova, rightly criticized the official poverty estimation techniques lead alternative figures, which indicate that the number of Russian citizens with incomes below the poverty line, substantially more than the official statistics claims. According to it estimates, by the end of the decade in 2000 in Russia there were 34.7% of the population with incomes below the subsistence minimum (Figure 1). (Ovcharova, 2001)

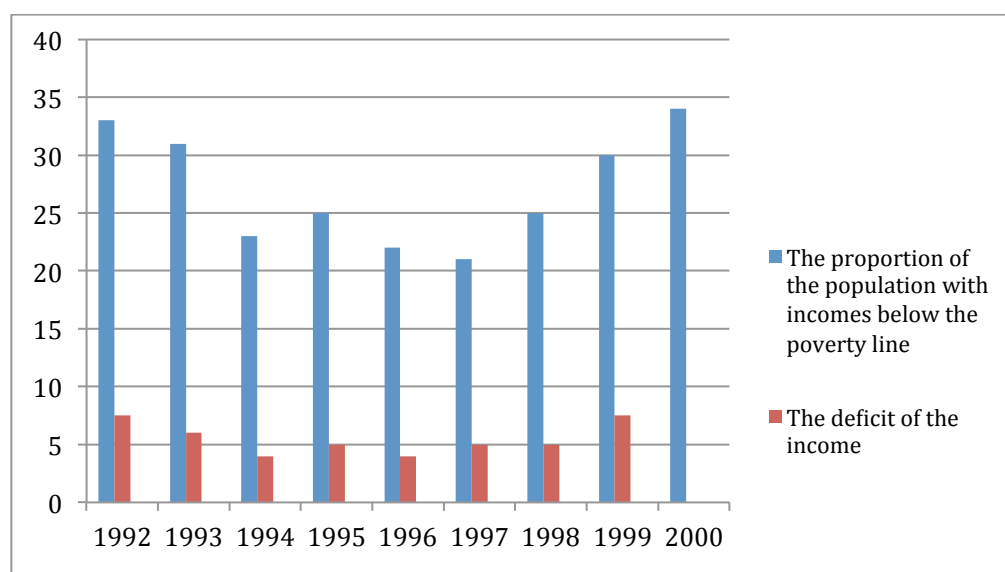


Fig. 1. The proportion of the poor and the magnitude of the missing income Russia, 1992-2000.

The dynamics of inflation, which "absorbs" the nominal income of the population, also shows the catastrophic devaluation of money: in the period from 1990 until the end of 2000 the ruble lost its purchasing capacity in 16 400 times. Taking into account the denomination in 1998 the purchasing power of the ruble to the end of 2000 was 16.4 times lower than in 1990 (Gutman, & Dgilina, & Starostin, & Chukin, 2002).

An important factor in stimulating the reduction of wellbeing of the population was the privatization of state property; it was often autocratically captured by undercover state and departmental structures through of enterprises auctioning hardware-bureaucratic way. Citizens have lost not only their

ownership earlier, though formally, but owned, but they themselves state enterprises were mostly plundered, dismantled, sold out, including recycling.

The surge in unemployment, total unpaid wages in the first half of the 1990s, as a consequence - a lack of income, reduction in the consumption of basic products. This is not a complete list of the indirect losses of the population derived from privatization. Pledge auctions of the 1995 further exacerbated the social division and led to the emergence of oligarchs. Enrichment of a limited group of people turned out for the mass poverty of other members of society.

Specialists of the Institute of Economics of UB RAS B.S. Pavlov and V.F. Ivanova points out that the fabulous riches of new owners could not take be taken from "somewhere" or be the product of thrift and diligence, luck of an ordinary engineer, a doctor, a former party worker. They were simply withdrawn from the working part of the population by speculation, direct robbery, brokerage operations and inflation (Gartman, & Ivanova, & Kozlov, & Pavlov, 2002).

Thus, poverty turned to be widespread and became chronic phenomenon by the end of the twentieth century in Russia. Conducted nationwide survey "Rich and poor of Russia" and "Eurobarometer - 40: poverty and social exclusion" showed that in a few years the formation of a new social structure in Russia by 2000, people stopped consider the status of poverty as a temporary condition, characteristic "for all" and the associated reforms held in the country. The self-reproduction of social excluded began (Tikhonova, 2003). Quantitative poverty turned into a new qualitative state.

## **5. The social degradation of society**

In 1990, the United Nations Development Program has introduced into wide use the concept of "human development". This concept refers to the three most important choices that every person must have: the ability to choose a long and healthy life, the possibility of acquiring knowledge and having access to the resources needed for a decent standard of living. These three possibilities open the doors to all potential. But in Russia, these capabilities were neglected and were ignored when moving to a new social order. According to economist D. Petrosyan: "During the transition period the economic policy of Russia was aimed at establishing priority of economic efficiency, but rather maximize the price received any commercial profit, with total disregard for the principles of social justice" (Petrosyan, 2006).

The concept of human development is repelled completely different from the theoretical sending; from the fact that economic growth is not automatically ensure favorable development of the person. Growth in the number of goods consumed is not directly correlated with the development of the individual, and is just one of the means to achieve human development. Existed the view that the economic efficiency having achieved and sustainable economic growth received, we will get a panacea for all social ills, initially proved to be false. That man was sacrificed reformist experiments. The effectiveness of the economy in Russia is not able to create the present day.

The basic results of social and economic reforms in Russia are:

*Social sphere:* chaos, decay and polarization. One of the most dramatic results of liberal reforms was the catastrophic deterioration of the situation in the social sphere, is responsible for the reproduction of all the foundations of Russian society. The Soviet system of social guarantees was

destroyed; its analogue adequate current situation has not been established. Russian citizens appeared disoriented and socially unprotected before the new market relations being built.

Unprecedented high polarization of incomes of Russian citizens has become one of the most dramatic manifestations of social deformation. According to the degree of income inequality Russia significantly surpassed the developed countries, and very close to the third world countries. The country was split into a handful of billionaires and millionaires, on the one hand, and the poverty-stricken majority, on the other. This could not but give rise to social tension.

The process of formation of large middle class in Russia was pushed into boundless future. Those who were engaged in the public sector of the economy of Soviet times: teachers, doctors, workers of science and culture suffered in the first place. In 2000, salary in education was 99% of the subsistence level, in the field of culture and arts - 96%, health care - 107%. The proportion of educators payroll at or below the subsistence level was 67.5%, culture and the arts - 70.7%, health care - 65.7%, science - 39.6% (Socialnoe polozhenie i uroven zhizni naseleniya Rossii, 2003). Most of the people employed in these industries were in the category of the poor population.

Underestimating the cost of labor in the field of science and education in the 1990s has led to the fact that the number of people employed in scientific and technological sphere has decreased from 1990 to 2000, from 2.5 million to 800 thousand people (Reformirovanie Rossii: realnost i perspektivy, 2003).

Many tens of thousands of highly qualified professionals - doctors and candidates of sciences, graduate students, alumni - left to work abroad, not only in the United States and Western Europe, but also in developing countries. And representatives of specialties that form the driving force of scientific and technological progress - mathematicians, physicists, biologists, chemists and others were leaving. The economic damage caused by "brain drain" is difficult to overstate; apparently, it is several hundred billion dollars (Rossiyskoe obshchestvo i sociologiya v XXI veke: socialnye vyzovy i alternativy, 2003). So, the center of scientific life of Siberia, Novosibirsk region has lost eight years of reform almost half of its scientific personnel; Tyumen region - 2/3 of its scientists, and the Kemerovo region - 3/4. This reduction was the result of not only external "brain drain". Addition internal migration took place: in Russia, hundreds of thousands of specialists in the interests of survival had to work not within their specialty, working in the trade, in business, in advertising. Russian scientists left for the West and East and those who stayed in Russia worked in the fields that did not meet their qualifications.

The outcomes:

- Degradation of the resource support of the social sphere. Most of health care institutions, education institutions, cultural establishments were saved in the 1990s only by reducing to a minimum level of compensation of employees (the average salary in these sectors during the 1990s did not exceed the subsistence level), many months of delay in payment of salary, non-payment (e.g., utilities) and a significant reduction in quality of service.
- The persistent state underfunding, the commercialization of the social sphere, shifting the costs of these industries on the population were integral parts of social policy throughout the period of the 1990s. While in Western countries over the past 50 years

the dominant trend is the socialization of education and health, increasing the share of public funding in total funding for these sectors.

- Disastrous decrease in the real incomes of the population in the early 1990s. This applied to all components (salaries, pensions, benefits, scholarships). This resulted in a multiple increase in the number of poor people in the country. The fall of living standards and increased social tensions led to a serious deterioration in the health of Russian citizens. Already in 1993, about 40% of the populations were faced with stressful situations, which often resulted in serious problems with health (O gosudarstvennoy politike v oblasti ohrany zdorovya grazhdan i sostoyaniya zdorovya naseleniya Rossiyskoy Federacii v 1993 godu, 1994).

*Demographics:* A sharp drop in income levels followed the rapid mortality growth (1992-1994 and 1999-2000). The reasons for this were related to the deterioration of the structure of supply, reduction of opportunities recreation. The destruction of the national health care had made its "contribution" to the deterioration of public health. Attempts to reform health care by the formal copy elements of commercial and insurance systems proved to be unproductive. The process of human reproduction was open to question. Massive demographic collapse was the result of people losing faith in the future, inability to support their families adequately. The depopulation that lasted throughout the decade started since 1992. In the 1990s, as a result of natural population decline Russia annually lost up to 800 thousand people (O sostoyanii i tendentsiyah demograficheskogo razvitiya Rossiyskoy Federacii, 2002). The demographic situation was characterized by low birth rate and high mortality (Table 1). (Rimashevskaya, 2004)

Table 1. Crude birth rate, death rate and natural growth in the Russian Federation (per 1000 population).

	1990	1992	1993	1994	1995	1996	1997	1998	1999	2000
Life expectancy at birth, number of years:										
the entire population	69.2	67.9	65.1	64.0	64.6	65.9	66.6	67.0	65.9	65.3
men	63.8	62.0	58.9	57.6	58.3	59.8	60.8	61.3	59.9	59.0
women	74.3	73.8	71.9	71.2	71.7	72.5	72.9	72.9	72.4	72.2
<b>In 1000 population</b>										
born	13.4	10.7	9.4	9.6	9.3	8.9	8.6	8.8	8.3	8.7
The dead - all	11.2	12.2	14.5	15.7	15.0	14.2	13.8	13.6	14.7	15.4
children under 1 year	17.4	18.0	19.9	18.6	18.1	17.4	17.2	16.5	16.9	15.3
Natural increase, decrease (-) population	2.2	-1.5	5.1	6.1	5.7	5.3	5.2	-4.8	-6.4	-6.7

In 1990, the number of deaths from all sorts of reasons was equal to 1116.7 thousand people in 1998 - 1361.1 thousand people, in 2000 - 1564.4 thousand people. According to the State Statistics Committee, in 1990 the death rate per 1,000 people reached the value of 11.2; by 2000 it had risen to the level of 15.4 per 1,000. Life expectancy in 1990 was 69.2 years in 1995 - 64.6, in 2000 - 65.3 years, and the difference between the expectancy of men and women in 2000 was equal to 13.3 years in favor of women (O sostoyanii i tendentsiyah demograficheskogo razvitiya Rossiyskoy Federacii, 2002). According to the State Statistics Committee, in Russia in 2000, 1.7 times more died than were born (O sostoyanii i tendentsiyah demograficheskogo razvitiya Rossiyskoy Federacii, 2002). The reasons for the low birth rate and high mortality were catastrophic decline in living standards, deterioration in the



quality of food, the increase of diseases, lack of access to many health care services for a significant part of the population, deterioration of moral and psychological atmosphere in the society, the uncertainty and unpredictability of social processes.

Especially noteworthy is the super mortality of men of working age. Index of life expectancy of Russian men is very low, even in comparison with many developing countries - 58 years. According to their research, N.M. Rimashevskaya: "While maintaining the current level of mortality of Russians in 2000 reached 16, and 60 will survive less than half of men. Life expectancy of men who are 25 years or more, is equal to or less than the life expectancy at the end of the XIX century" (Rimashevskaya, 2004).

*Drug addiction:* The international drug mafia quickly won a huge market like Russia. The number of drug addicts registered at the end of the year in Russia in 1990 was equal to 19, 1 thousand people, and in 2000 - 186, 6 thousand people (Figure 2). (Zdravoohranenie v Rossii, 2001)

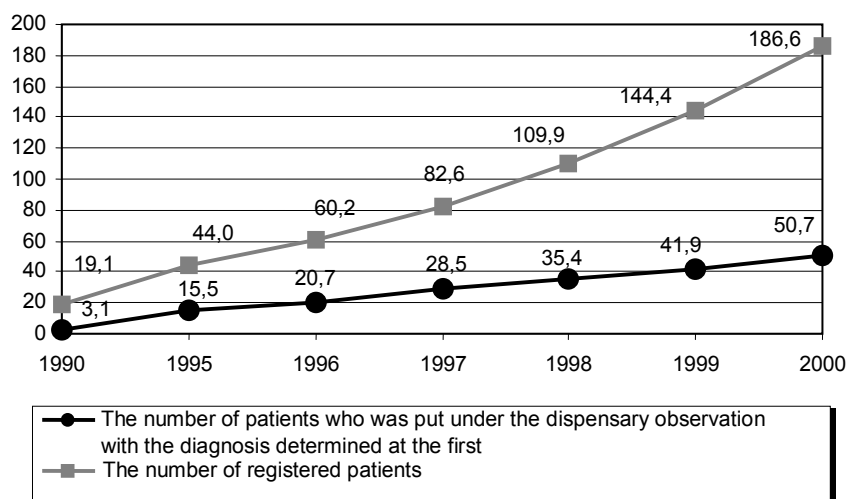


Fig. 2. Incidence of drug abuse in the Russian Federation (100 000).

The number of officially registered drug addicts has grown over the post-reform decade, more than 9 times. Among adolescents and young adults, this figure is even more dramatic. A large proportion of studying youth was attached to drug use and become addicted. The whole drug culture originated. Many representatives of show business and literature were engaged in propaganda actually corresponding lifestyle. Appeal to drugs and alcohol was the result of a total disorientation of adolescents and youth in the conditions of large-scale socio-economic and spiritual crisis facing Russia.

*Alcoholism:* Alcoholism was a serious problem in the Soviet Union, but in the post-reform Russia, the situation with the disease of alcoholism worsened seriously. The peak incidence of alcoholism came in the mid-1990s. In 1995, the absolute number of patients for the first time with a diagnosis according to official statistics in Russia reached 229.7 thousand people, or 155.5 per 100 thousand populations (Figure 3). (Zdravoohranenie v Rossii, 2001)

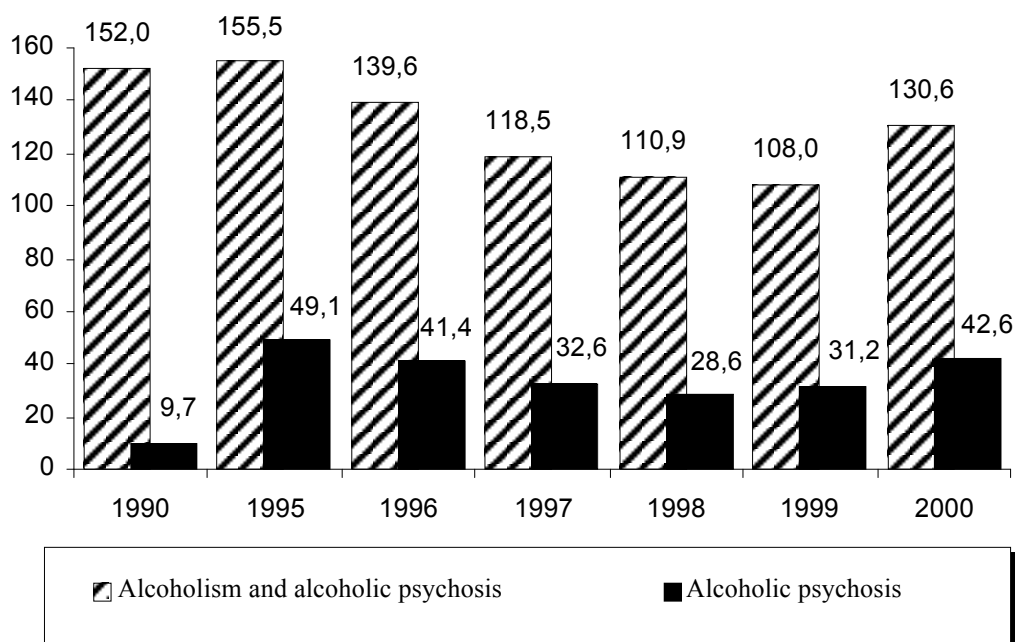


Fig. 3. Incidence of alcoholism and alcoholic psychoses in the Russian Federation (the number of patients with the diagnosis set for the first time, under medical supervision, per 100 000 population).

During this period the Russian consumer market was flooded with cheap imported alcohol, the bulk of which was surrogate. The consumption of low-quality alcohol had a very negative impact on health, leading to a rapid increase in the number of diseases associated with alcoholic psychosis. In 1990, under medical observation with a diagnosis of alcoholic psychosis there were 9.7 patients per 100 thousand populations, in 1995 this figure rose to 49.1. In addition consumption of surrogate was one of the causes of mortality, especially in the early reform years (Table 2). (Socialno-ekonomicheskie pokazateli Rossiyskoy Federacii v 1991-2010 gg., 2011)

Table 2. Mortality of the Russian Federation from all causes and from accidental alcohol poisoning.

Years	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Deaths from all causes of death, per 100 000 population	1139.3	1216.8	1448.8	1566.5	1497.7	1416.9	1373.7	1357.4	1467.9	1529.0
Deaths from accidental alcohol poisoning	11.2	17.6	30.9	37.8	29.5	24.0	19.0	17.8	20.4	25.6

The increased incidence of alcoholism and drug addiction exacerbated the problem of crime, and deprived the society of its young and active citizens. Compared with 1990, the total number of reported crimes in 2000 was 1.6 times higher, and the number of drug-related crimes and psychotropic substances - almost 15 times (Table 3). (Rossiyskiy statisticheskiy ezhegodnik, 2001)

Table 3. The number of reported crimes in the Russian Federation, including those related to drug trafficking (thousands).

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Recorded crimes. Total:	1839.5	2168.0	2760.7	2799.6	2632.7	2755.7	2625.1	2397.3	2581.9	3001.7	2952.4

including crimes related to drug trafficking	16.3	19.3	29.8	53.2	74.8	79.9	96.8	184.8	190.1	216.4	243.6
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The position of offenses related to drug trafficking, in the general structure of crimes is different now. In 1990 they accounted for only 0.9% of the total number of recorded crimes in 2000 - more than 8%.

*Homelessness:* Most visibly social barbarism in the post-reform Russia was manifested in a rapidly unfolding processes declassing and social degradation. The most obvious result of this phenomenon appears in the form of so-called homeless people, i.e., persons of no fixed abode and without permanent employment.

Accurate official national and regional statistics on the number of homeless people in Russia is absent. This is due to the lack of well-organized accounting and complexity of the position of the object itself, is beyond counting and unambiguous estimates by various organizations and agencies.

In 2000, the Institute of Social and Economic Studies of Population estimated the number of homeless people; there were 3.3 million homeless adults in Russia (Gutov, & Nazarov, 2001). But later the Ministry of Internal Affairs estimated this figure to be 4.5 million, without specifying whether it included children (Karlinskiy, 2004). Thus, according to the most conservative estimates in the category of homeless people by the end of the century embraced 2.5-3% of the population.

*Homeless and neglected children:* child-neglect and homelessness phenomenon was unfamiliar to Russian society since the 1920s, but it was reborn as one of the negative consequences of liberal reforms. The worsening financial position of Russian families in part of their frank lumpenization only exacerbated the problem of child neglect and juvenile delinquency.

There is no official statistics on the number of homeless children in the 1990s. Expert assessments of the extent of child homelessness vary considerably, due to both the difference in valuation techniques and with the concealment of the phenomenon of official statistics. The maximum rating of homeless children at the beginning of the XXI century has given the Chairman of the Federation Council Committee on Security and Defense V. Ozerov: from 2 million to 5 million homeless (Ozerov, 2002). According to Labor Ministry estimates Russia in the country at that time were about 1 million homeless children (Klimantova, & Fedotovskaya, 2002). Thus, in Russia in 2000 among 34 million juveniles from 1 to 5 million were homeless children that range from 2.9% to 14.7%. Foreign experts also confirm that there is not any reliable statistics on the number of homeless children in Russia, and given numbers range from 100-200 thousand to 2.5-4 million people (Child Welfare outcomes during the 1990s: The case of Russia, 2002).

The crisis of the family, the degradation of moral values in society, led to the fact that many children were outside of the upbringing process. Family as the primary institution of socialization was in distress and the ability to carry out its basic functions was lost: to provide children and their physical development, upbringing, education. In poor families, children become a burden to their parents.

Unaccompanied children were involved in crimes, prostitution. They became victims of porn industry, suffered from drug addiction and alcoholism. Official statistics show that since the beginning of reforms number of crimes committed by minors grew rapidly (Table 4). (Rossiyskiy ststicheskiy ezhegodnik, 2001)

Table 4. The number of crimes committed by certain categories of persons in the Russian Federation (thousands).

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
The number of crimes committed by minors or with their complicity	162.7	173.4	199.3	223.7	221.6	209.8	202.9	182.8	189.3	208.3	195.4

Peak juvenile crime in Russia has fallen to 1993 when the number of crimes with their participation reached 223.7 thousand.

*Morality and Spirituality: moral degradation.*

Poverty in Russia became a self-perpetuating phenomenon. Poor parents gave birth to poor children and life in poverty creates a very special, ugly way of thinking and human activities. In Russia during the 1990s, moral and psychological degradation of the population was enormous, dramatically worsened the moral well-being of society. In fact, there was a scrapping labor ethic, a positive binding being an individual with his professional success in a creative, socially useful forms of work. As a result of the negative social processes and propaganda of the values of "consumer society", consumerist lifestyle among the Russian adolescents and young adults has plummeted prestige productive creative work for the benefit of society. Professions of skilled workers, engineers, doctors, scientists, teachers, pilots and military became unpopular (Rossiyskoe obshchestvo i sociologiya v XXI veke: socialnye vyzovy i alternativy, 2003). The younger generation attracted profession banker, businessman, manager, advertisers, public relations specialist, journalist, killer profession unrelated to actual production.

Despair and hopelessness in conditions of profound socio-economic and moral-psychological crisis led to such a tragic social phenomenon, the growth of suicides (Table 5). (Rossiyskiy ststisticheskiy ezhegodnik, 2001)

Table 5. Mortality by major causes of death in the Soviet Union and the Russian Federation.

	1975	1980	1985	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>Thousand</b>														
Deaths from all causes	1309.7	1525.8	1625.3	1656.0	1690.7	1807.4	2129.3	2301.4	2203.8	2082.2	2015.8	1988.7	2144.3	2225.3
including from suicide	44.8	47.9	44.6	39.2	39.4	46.1	56.1	61.9	61.0	57.8	55.0	51.8	57.3	56.9
<b>Per 100,000 population</b>														
Deaths from all causes	976.0	1099.5	1131.9	1116.7	1137.5	1215.6	1446.4	1566.1	1496.4	1417.7	1376.0	1361.1	1472.4	1535.1
including from suicide	33.4	34.6	31.1	26.4	26.5	31.0	38.1	42.1	41.4	39.4	37.6	35.4	39.3	39.3

In 1990 committed suicide 39.2 thousand people already in 1994 registered 61.9 thousand suicides. In 2000, the death rate from suicide was still extremely high - 56.9 thousand.

## 6. Conclusion

Thus, due to the radical changes of the 1990s in Russia there was a very unfavorable situation, the general social and economic disruption of society has occurred. The phenomenon of mass poverty

arose; social inequality has reached a critical level. The disadvantaged, the crisis in the social sphere has led to decline in population, a rise in crime, alcoholism, drug addiction. All this stimulated the savagery of large part of society and formed the primitive forms of human activity. At the same time the population accepted these conditions and started to consider them normal.

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