

## On the Issue of “New” Poverty in Russia in 2000–2023



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**Abstract.** The research topic is relevant because the phenomenon of “new” poverty has been recognized as Russia’s deep and lingering problem of the 21st century, which is accompanied by underutilization of accumulated human capital and an increased risk of a decline in the economic value of education, which hinders progressive and sustainable economic growth. The aim of the work is to concretize key qualitative features of “new” poverty and substantiate the reproduction of this phenomenon in Russia in 2000–2023, which is driven by rent-oriented behavior of the state and extreme socio-economic inequality. The methodology of the study is based on a systems approach, analysis using linear and separation methods in relation to identification, and analysis of causes, concomitant factors and consequences; we also use hierarchical classification of variables for clustering Russia’s constituent entities taking into account the spread of the phenomenon of absolute monetary poverty. We identify a fundamental condition, main causes determined by extreme socio-economic inequality, and their accompanying factors, which

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together explain the reproduction of “new” poverty in Russia as a major problem requiring solution at the political level. We consider key qualitative signs of “new” poverty in Russia, revealing its nature in the conditions of rent-oriented behavior of the state. They include social exclusion from the use of resources, various benefits and privileges; coverage of employees with secondary and higher professional education working in different economic sectors, downward professional and qualification mobility; expansion of the “shadow economy of survival”, etc. We conduct the clustering of Russia’s constituent entities, taking into account the spread of absolute monetary poverty in 2023. We propose some basic and fundamental measures aimed at overcoming poverty (taking into account its “new” quality) and raising Russians’ incomes.

**Key words:** “new” poverty, poverty line, median per capita income, rent orientation, social inequality, downward professional mobility, the “working poor” paradox, poverty alleviation policy.

### Introduction

#### The relevance and significance of the issue under consideration

The current stage of socio-economic development in different countries of the world, according to the Nobel laureate in Economic Sciences P. Krugman, is characterized as a systemic and stadial regression, manifested primarily in polarization, the driver of which is “unequal ownership of assets, not unequal pay” (Krugman, 2014, p. 6). The socially unjust economic system with its wealth inequality and poverty, accompanied by discrimination in education and medical care, is in a marked contrast to the basic principles of an inclusive society and sustainable development. In addition, such an economic system is incompatible with the well-known constitutional regulation about Russia as a social state, reflected in Article 7 of the Constitution of the Russian Federation, according to which one of the main purposes of a social state is to create conditions for a worthy life and free development of people (Ilyin, 2017, p. 10).

In connection with this, poverty, as a characteristic of one of the standards of living in the economic and social aspects, meaning, in fact, the impossibility of normal physical reproduction of a person, his or her labor and human potentials (Bobkov, Verzhinina, 2022, p. 179), becomes an area of special interest for responsible scientific research and development. The importance of overcoming

poverty in all its forms for achieving sustainable development has been officially recognized at the global level<sup>1</sup> and reflected in the coordination of international efforts to “end poverty as well as to promote economic growth, address a number of issues in education, health care, social protection and employment”<sup>2</sup>.

It should be noted that worldwide, in 1990–2023, humankind achieved impressive results in reducing extreme poverty. However, starting in 2020, this sustained trend was reversed due mainly to the effects of the COVID-19 pandemic; in 2020–2023, the whole world experienced the largest annual increase in poverty, which was documented in the World Bank report “Poverty and Shared Prosperity” (Braithwaite, 2022). As reported by the United Nations Development Programme (UNDP), during this period, for example, in countries with low per capita income, the number of the poor increased by 165 million people; even in the United States, the poverty rate increased from 7.8% in 2021 to 11.5% in 2022.

<sup>1</sup> Primarily, we are talking about such UN conceptual documents as “Millennium Development Goals” (2000–2015) and “17 Sustainable Development Goals” for the period 2016–2030 for all countries of the world.

<sup>2</sup> Transforming our world: the 2030 Agenda for Sustainable Development (2015). UN. Available at: <https://sdgs.un.org/ru/2030agenda> (accessed: July 8, 2024).

In Russia, on the contrary, there was a decline in the proportion of the population officially defined as the poor. According to updated data from Rosstat, in 2023, 8.5% of Russians, or 12.4 million people, were in absolute monetary poverty (this is historically the lowest value for the entire post-Soviet period) against 9.8% in 2022, 10.7% in 2012. At the same time, under the influence of anti-Russian sanctions and cyclic downturns in production, the real disposable incomes of Russians turned out to be 6.5% lower than in 2013 (Klepach et al., 2022, p. 5), and the poverty rate has not reached the 6.5% value that has been set in the National Development Goals.

It is worth noting that in the long-term outlook until 2030, as stated in the instruction of the President of the Russian Federation, following his Address to the Federal Assembly dated February 29, 2024, the Government of the Russian Federation should not only ensure a reduction in the poverty rate to at least 7%, but among multi-child families – by more than 2 times (to no more than 12%), and to reconsider approaches to the definition of poverty in order to raise the standards of living of low-income groups of the population.

Poverty as a socio-economic phenomenon is relative; its theoretical concepts are being concretized and modernized taking into account general trends and patterns of the era and features of the economic development of a particular country in a specific time period. As for the current period, for example, according to the Nobel Prize laureates in Economic Sciences (Banerjee, Duflo, 2012, p. 33), “poverty is not just a lack of money; it is not having the capability to realize one’s full potential as a human being”. Director of the HSE Institute for Social Policy L.N. Ovcharova emphasizes: “One thing is when there is less money than the poverty line... another thing is when there are

enough resources for survival, but consumption is significantly lower than the common consumption standard in the country”<sup>3</sup>.

In this context, the idea that “poverty is always with us” (Stiglitz, 2015, p. 75) means actually that under the influence of certain objective conditions and causes, the concept of poverty and its profile may change. Thus, due to the growing social inequality and “concomitant polarization” in all countries of the world in recent decades, the issue of poverty among the working-age population is acute, resulting in the emergence of an extra social group – the “new” poor, who are characterized by relatively high indicators of competency and low wages (Stiglitz, 2021, p. 69; Selivanova, Razumov, 2023).

In respect of today’s Russia, undoubtedly there is an issue of concern about the spread of this phenomenon to households with children, to those engaged in productive labor and young population, namely to those who are expected by society to reproduce the population, as well as human and labor potentials of the country. In other words, a factor of self-reproduction of poverty has formed in post-Soviet Russia due to the low level of real incomes of gainfully employed citizens; the stability of the “poverty trap” remains, which can become a powerful limiter of labor motivation and economic activity of the population, and is fraught with a rise in crime and social upheavals (Kormishkina, Ermakova, 2021).

This having been said, the issue of poverty, including its new qualitative features and identification of the main catalysts of “new” poverty, is urgent, requiring further theoretical research; it should remain the most important priority of the socio-economic policy of the Russian state, despite the crisis associated with the blockade of the Russian economy by the West that began in 2022 (Klepach et al., 2022, p. 5).

<sup>3</sup> Poverty is a threat to the quality of economic growth (materials of an interview with the director of the HSE Institute for Social Policy L. Ovcharova). *Ekspert*, 2019, no. 29. Available at: <https://expert.ekiosk.pro/743949> (accessed: July 1, 2024).

### **The current state of research on the issue**

The problem of poverty has been the subject of an active scientific discussion since the end of the 19th century, in which issues related to the definition and measurement of the phenomenon were in focus at different time intervals. Since poverty as a socio-economic phenomenon is closely correlated with the level of economic development and the characteristics of a particular country, theoretical concepts about it and its forms of manifestation are differentiated in time and space (Kapustin, 2006, p. 12; Ovcharova, 2009, p. 8; Ilyin, Morev, 2022, p. 14).

In the modern theory of poverty definition, three competing approaches can be distinguished, differing in their conceptual basis: welfare concept, deprivation concept, and capability approach of A. Sen. As determined in the welfare concept, based on the idea of maximizing well-being by maximizing consumer utility factors, indicators such as incomes and consumption expenditures are fundamental in poverty analysis. Moreover, a conceptual preference is given to income, which is considered, for example, by (Athkinson, Micklewright, 1992), as opportunities offered to a person to lead a favorable lifestyle. Sufficient methodological elaboration of this approach allows it to remain dominant today in the official system of defining and measuring poverty in different countries, including Russia.

The deprivation approach is grounded in the theory of basic needs, developed by the famous British economist R. Townsend (Townsend, 1979); the study of poverty is based on deprivation in the consumption of goods or services, the set of which is determined depending on the socio-economic conditions and lifestyle of a country or region. This approach, unlike the previous one, allows taking into account certain social factors related to the quality of life (for example, the ability to demonstrate and effectively use one's mental and physical capacities in the work process, social protection and social justice, etc.), which expands

theoretical ideas about well-being. In addition, P. Townsend drew attention to the fact that a significant concentration of deprivation (signs of poverty) of an individual (or households) is observed up to the income level of 50–60% of the median (Me) (Kormishkin, 2023, p. 221). We should note that the definition of poverty as deprivation has been widely used in practice in developed countries since the late 1990s; while the method itself continues to develop.

According to the capability approach put forward by the Nobel Prize laureate in Economic Sciences A.K. Sen, the assessment of well-being should be based on personal capabilities that contribute to achieving the highest value – choosing a lifestyle as one sees fit (Sen, 1982). At the same time, the scientist defines poverty as the most noticeable form of inequality, as a result of depriving an individual of basic capabilities – ranging from life's necessities (the ability to avoid death, eat normally, have access to clean drinking water, have tent), to complex, related to actions or personal feelings (get an education, take part in the life of the community, respect oneself, etc.) (Sen, 1987). It should be highlighted that the practical task of determining and justifying such a list of capabilities does not have a convincing solution today.

A comparison of various definitions of poverty and its measurement methods within the indicated theoretical approaches allows us to state the transition to a higher standard of poverty, which ensures not only physiological survival for an individual, but also takes into account his or her exclusion from socio-cultural practices accepted in the society, setting requirements for the level and method of performing certain activities (Ovcharova et al., 2022). With this understanding of poverty, there remains an urgent need for further discussion of issues related to the definition of the poverty line as a multi-criteria socio-economic phenomenon. Three well-known concepts of poverty (absolute, relative and subjective) compete here; at the same

time, some experts<sup>4</sup> point to the need to combine several poverty lines as a common method in the scientific mainstream of the 21st century (Bobkov, Odintsova, 2020; Bobkov et al., 2021; Bobkov et al., 2022; Dovgotko et al., 2022; Ovcharova et al., 2022). In this regard, it is crucial to consider the reasoned statement that in countries that faced a decline in the standard of living, the transition to the relative monetary poverty line only, which in practice is usually set at 40–60% of Me, without linking it to the absolute poverty, based on a comparison of income with the cost of a minimum expenditure basket, can lower the official poverty line below the level of physiological survival (Ovcharova, 2009, p. 32; Ovcharova et al., 2022, p. 7). This “novation” was the basis for changing models for calculating the poverty line in Russia in 2021 (it was set at 44.2% of Me and defined as relative monetary poverty). However, the mentioned method for determining the poverty line has been sharply and constructively criticized by some leading researchers of Russian poverty: by V.N. Bobkov<sup>5</sup>, for instance.

The development of theoretical concepts about poverty as a socio-economic phenomenon in recent decades, in addition to the above, is reflected in original judgments about the “new” poverty. The mentioned term is applied, as a rule, to people who find themselves at a loss as a result of new economic conditions (for example, a reduction of the influence of the state in welfare programs; a decline in standards of living due to worsening economic and social situation; an increase in life expectancy) (Armstrong, 2017).

In this context, we should note an issue raised by a famous French economist T. Piketty and Nobel laureates in Economic Sciences (P. Krugman,

J.E. Stiglitz, A.V. Banerjee, E. Duflo), regarding the relationship between extreme socio-economic inequality, capabilities of an individual and economic growth. And new trends of inequality in the 21st century, hindering sustainable economic growth and determining the existence of deep and persistent poverty, are: the so-called one percent problem; “concomitant polarization”, when the demand for highly skilled work increases to some extent, and the rest of the employment growth is accounted for low-skilled work with a correspondingly low level of wages (Stiglitz, 2021, p. 163); reduction of the influence of the state in welfare programs. Scientists argue that an extreme degree of inequality when “... social, economic, and political effects become evident” (Stiglitz, 2016, p. 323), and which is observed in the 21st century in different countries, including Russia, is due primarily to rent orientation<sup>6</sup> and the transition from socially beneficial competition (based on the principles of the free market) to socially harmful, or positional (proceeding from the predominance of private property relations) (Piketty, 2020, p. 327; Fishman et al., 2019, p. 29).

In addition, after neoliberal economic reforms implemented in Russia in the 1990s, the World Bank experts noted the spread of “new” poverty in Russian society, which primarily meant recognition of this phenomenon as one of the main economic and social problems of the country. At the same time, they explained the “new” poverty in Russia in the 1990s by the destruction of the system of state distribution based on the principle of real socialism

<sup>4</sup> Poverty is a threat to the quality of economic growth (materials of an interview with the director of the HSE Institute for Social Policy L. Ovcharova). *Ekspert*, 2019, no. 29. Available at: <https://expert.ekiosk.pro/743949> (accessed: July 1, 2024).

<sup>5</sup> Bobkov V. (2021). Poverty line is murky waters. *Argumenty i fakty*, 11(755), 3.

<sup>6</sup> In the new economic literature, rent orientation in a general meaning refers to all the numerous methods due to which current political processes help the rich to enrich themselves even more at the expense of others (for example, due to untraceable and traceable transfers and government subsidies; obtaining state property (such as oil or minerals) at below-market prices; selling manufactured products to the government at above-market prices (uncompetitive production); sluggish functioning of existing competition law, etc.). It is believed that rent orientation is especially common among countries with abundant natural resources (Stiglitz, 2015, pp. 99–103; Stiglitz, 2016, pp. 131–133).

“to each according to his contribution” and the consequences of the transformational recession; as its main feature, the spread of poverty among workers was identified. The “new” poor cannot alleviate their poverty getting jobs available to them, emphasizes World Bank expert J.D. Braithwaite (Braithwaite, 1998). As stated by J. Stiglitz, the “new” poverty is interconnected with concomitant polarization (Stiglitz, 2021, p. 70).

It is significant that in Russian economics, the problem of poverty as a special subject of research was identified only in the early 1990s after a series of neoliberal market reforms (in Soviet Russia, its ideological denial took place), adopting the format of academic debates around changes in the composition (profile) of the poor and, accordingly, in the nature of Russian poverty; determining the factors that influence poverty among the able-bodied and working population; explaining the impact of poverty on economic growth. The new quality of poverty in relation to the conditions of market development of the economy was considered in the works of leading domestic researchers (Rzhanitsyna, 2001; Tikhonova, 2003; Tikhonova, 2018; Ovcharova, 2009; Ovcharova et al., 2022; Razumov, Yagodkina, 2007; Shevyakov, Kiruta, 2009; Yaroshenko, 2010; Bobkov, Odintsova, 2020; Bobkov et al., 2022; Klepach et al., 2022, etc.). More specifically, the “new” poverty in Russia is positioned as a permanent, lingering socio-economic phenomenon, a result of “not a lack of finances to meet common standards of living accepted as basic in specific social conditions in a given country, but as a result of multiple social exclusion” (Yaroshenko, 2010, p. 229). A peculiarity of the Russian “new” poverty, according to N.E. Tikhonova, is predetermined by the type of economic activity and manifests itself, for instance, in the appearance of white-collar workers, employed in the public sector, among the poor (Tikhonova, 2003, p. 88; Tikhonova, 2018, p. 19). According to V.N. Bobkov and E.V. Odintsova, attempting to

specify quantitative criteria for the phenomenon of poverty, the “new” poor include those of the gainfully employed population working in any sector with a low standard of living and quality of life, who do not have standard employment incomes (at least 4.1 times more than the poverty line), which would ensure a stable financial situation of households, considering dependents, and increase their level of money income to at least 3.2 times more than the poverty line (Bobkov, Odintsova, 2020, p. 178).

In other words, in the new economic literature, “new” poverty is considered as a relative and multi-valued socio-economic phenomenon that depends on the standard of living and quality of life in a particular country and historical period, and therefore predetermined by some objective event or phenomenon (fundamental condition), for example, market transformation in Russia in the 1990s (Braithwaite, 1998); a decline in the standard of living as a result of worsening economic problems in the context of market development of the country (Bobkov et al., 2022), etc. At the same time, a change in relative perception of poverty (its “novelty”) motivates the establishment of not only adequate quantitative criteria, but mainly key qualitative (behavioral) signs of this phenomenon, depending on the context.

The complexity, controversy and insufficient elaboration of these aspects of the poverty issue predetermined the subject of this research – the “new” poverty in the conditions of rent-oriented behavior of the Russian state.

The aim of the research is to specify the key qualitative features of the “new” poverty and substantiate the reproduction of this phenomenon in Russia in 2000–2023, based on the rent-oriented behavior of the state accompanied by extreme socio-economic inequality as its existence condition. In this regard, the following main tasks have been set:

– identify the main causes and concomitant factors of the “new” poverty, determined by extreme socio-economic inequality and allowing us in their

entirety to explain the mechanism of reproduction of this phenomenon in Russia in the designated time period;

- identify the key qualitative (behavioral) signs of the Russian “new” poverty, reflecting the change in its nature in conditions of extreme socio-economic inequality;

- create the minimum necessary tools of public policy to help end the “new” poverty in modern Russia.

### Research methods

The research methodology is based generally on a comprehensive systems approach, which represents a special theory of cognition of composite objects, which contributes to the development of means to solve complex problems. In this approach, the tools of historical and comparative analysis were used, along with the methods of inductive and deductive analysis.

Among other things, the following special methods and techniques were used in the research:

1. Methods of analysis of the main causes, based on linear and separation methods for analysis of causes and effects by posing numerous questions (why?) as an effective way to identify one or more conditions leading to “errors”. In this technique, the cause is understood as a condition that creates an effect; the elimination of the cause eliminates the effect. A concomitant factor is a condition that affects the consequence by increasing its acceleration over time, and by severity of the consequences. Application of the indicated methods makes it possible to develop a number of corrective actions to prevent “errors” in the future.

2. Creation of databases necessary to display economic potential, standard of living and quality of life of the population, inequality and poverty in Russia for 2000–2023; the data from Rosstat, the World Bank, etc. served as the information base.

3. Data mining with instrumental support by Microsoft Excel, application software packages Statistica, Matlab, including clustering of the

constituent entities of the Russian Federation, taking into account the spread of the phenomenon of absolute monetary poverty in 2023 according to specified criteria, followed by analysis. Clustering provides not only visualization of the negative trend of increasing regional inequality in terms of poverty in Russia; the assessment of the obtained segments (cluster analysis) makes it possible to test the hypothesis of the spread of “new” poverty in the constituent entities of the Russian Federation, due, among other things, to the persistence of high regional inequality in per capita income.

In cluster analysis, the k-means method was used to pre-group the analyzed data set in order to determine the number of clusters with preliminary standardization of variables (in our case,  $k = 3$ ) and calculate the average values of points (indicators that become new cluster centers) belonging to a particular cluster.

### Results and discussion

**The main causes and concomitant factors of sustainable reproduction and qualitative changes in the phenomenon of “new” poverty in Russia in 2000–2023, predetermined by rent-oriented behavior of the state**

The expanded monographic survey conducted on the stated topic and the analysis of some factual data served as the basis for the assertion that, by its nature, the “new” poverty in Russia in 2000–2023<sup>7</sup> is a deep, permanent, lingering problem recognized by society, in which various (economic, social, behavioral, psychological) aspects are closely intertwined. It is important that, in relation to Russian economic environment, the indicated term focuses on the fact that today’s work and motivation for it are increasingly less likely to provide release

<sup>7</sup> 2000–2023 is an extremely controversial period for Russia, when measures to restore and/or improve welfare of the population were carried out during the economic growth in 2000–2007, manifestations of the global crisis in 2008–2009, the autonomous recession in 2010–2013, the sanctions pressure and the consequences of “the great lockdown in the wake of COVID-19”.

from the “poverty trap”, supporting the mass phenomenon of the working poor; “increasingly, income ... is affected by the capability to receive class-status<sup>8</sup> rent in the form of a bonus payment, which does not depend on labor productivity, but is dictated by class affiliation, location and industry organization of the employer” (Fishman et al., 2019, p. 203).

At the same time, the fundamental condition for the reproduction of deep and permanent “new” poverty in Russia of the 2000–2023 period is the established raw materials export model of the national economy, which is characterized by high dependence of the latter on the development of natural resources with an extremely low level of contribution of social and human capital to it (Kormishkina et al., 2020). In the conditions of a rent-oriented state, with the weakness of political and social institutions, a “self-expanding rental spiral” is created, when political and administrative elites are interested in increasing the share of rent for their services more than in the development of the mass labor market and in social impact investments; in the general trend of transferring public sector employees, “politically less valuable”, to a lower-standard category of workers, depriving them of part of the rent and privileges they previously enjoyed (Spence, 2013, p. 154; Fishman et al., 2019, p. 205; Stiglitz, 2021, pp. 235–236). Ultimately, rent-oriented behavior of the Russian state causes extreme socio-economic inequality, which in today’s Russia is becoming the main catalyst for the “new” poverty.

In our research, an attempt was made to systematize the main causes and concomitant factors of reproduction and to specify qualitative changes in this phenomenon in Russia in 2000–2023. These, in our opinion, include the following.

<sup>8</sup> In the new economic literature, rent is understood as financial and other benefits, privileges that individuals, social groups and even some societies receive as a result of occupying an advantageous position in the socio-political structure (see: for example, Stiglitz, 2016, p. 131).

*1. The continuing polarization of public production into competing (for resources and business conditions) raw materials (mainly energy) export sector and traditional sector that serves the national market, which reinforces, among other things, the institutional trap of the “low wages system” in conditions of a peripheral market economy.*

Such imbalance, which has developed in Russia under the influence of the raw materials (rental) export model of the national economy, is primarily dangerous by destroying the key balance in the form of the relation between sectoral structure of economic potential (fixed assets and labor resources), gross income and investments in long-term assets, only within which the economy can be reproduced as a whole. In this regard, we consider it important to note that in Russia in the first decades of the 21st century the structure of the economy was so formed that manufacturing, creating high added value and knowledge-intensive in nature, occupied a peripheral position due to the predominance of rent-seeking relations in society over relations developing in the labor market. The validity of this statement is confirmed by the calculated factual data<sup>9</sup> provided below.

The raw materials sector of the Russian economy, with relatively small production potential (in 2022 – 2.2% of all employed, 8.8% of fixed assets), provided 14.1% of Russia’s GDP, 15.2% of investments, and 40% of tax revenues. At the prevailing price ratios, gross income per employee in the raw materials sector is 3.4 times more than that in the traditional one, and the average monthly wage paid is 1.8 times higher than the average wage in the economy in general and almost twice as much in comparison with manufacturing.

<sup>9</sup> Data calculated according to: Russian Statistical Yearbook. 2008. Available at: [https://rosstat.gov.ru/bgd/regl/b08\\_13/Main.htm](https://rosstat.gov.ru/bgd/regl/b08_13/Main.htm); Russian Statistical Yearbook. Moscow: Rosstat, 2019. Available at: [https://rosstat.gov.ru/bgd/regl/b19\\_13/Main.htm](https://rosstat.gov.ru/bgd/regl/b19_13/Main.htm); Russian Statistical Yearbook. Moscow: Rosstat, 2023. Available at: [https://rosstat.gov.ru/storage/mediabank/Ejegodnik\\_2023.pdf](https://rosstat.gov.ru/storage/mediabank/Ejegodnik_2023.pdf)



In the Russian Federation in 2022, 14% of the total workforce was employed in manufacturing (for comparison: in 2007 – 16.9, in 2010 – 14.9, in 2018 – 14.1%); 6.9% of all types of fixed assets and 13.4% of production investments were concentrated; average nominal wage of employees here amounted to 60.4 thousand rubles and did not reach the level of the average wage in the economy (65.3 thousand rubles).

Under sanctions pressure and due to the manufacturing’s loss of its former position in public production, anti-stable trends (concomitant factors of polarization of public production) manifest themselves in new barriers to the growth of total factor productivity (or TFP) and production of low-paid employment on this basis. We are talking about such negative trends as the strengthening of the chreod effect (updating funds and production technologies mainly due to imports); depreciation of fixed assets, evaluated in economic security criteria as “close to unstable” [for reference: the degree of depreciation of fixed assets in the Russian Federation at the end of the accounting period in 2021–2022 was 40.5% vs 39% in 2020]; low production demand for research results, reflected in the indicator “ratio of technological innovation expenses to research and development expenses” [for reference: according to 2000–2022 Rosstat data the value of this indicator, which reflects, among other things, the possibility of creating high-tech jobs in the economy, has never reached the threshold value 2.0 recommended in the theory of economic stability (Innovative Transformation..., 2013, p. 313); its maximum value was registered in 2020 (1.9); in 2021 it decreased again and was 1.83, in 2022 – 1.85; the lowest values of the indicator were registered in 2005 (0.54), 2007 (0.56), 2008 (0.64) in years with GDP growth]<sup>10</sup>.

The trend toward a rent-oriented political regime, accompanied in modern Russia by the

<sup>10</sup> The indicator is calculated on the basis of data from the Federal State Statistics Service (<https://rosstat.gov.ru/folder/210/document/12994>).

marked structural imbalance of public production, ultimately not only prevents overcoming the institutional trap of the “low wage system” inherited from the Soviet period, but also displaces market turnover into the growing “shadow economy of survival”<sup>11</sup>. The indicated trend can be traced based on the data given in *Table 1*. They indicate a significant increase in Russia in 2018–2021 in those not employed in the economy (unemployed) among the poor and extremely poor, whose share in relation to the population surveyed by Rosstat was 76.2% in 2021 against 62.8% in 2018, and excluding retirees, 63.8 and 49.8%, respectively.

The new economic theory, confirmed by a number of experimental studies, focuses on the fact that the decline in productivity of low-paid workers is much higher than the increase in productivity of their high-paid colleagues, and therefore overall productivity is still declining (Banerjee, Duflo, 2019, p. 282).

Hence, we can conclude that overcoming the trap of the “low wage system” in today’s Russia is problematic without an active industrial policy aimed at helping to ensure structural shifts in the economy, taking into account future needs, and creating high-tech jobs that provide an increase in the cost of labor associated with improving its quality.

2. *The growing concentration of income and wealth within the upper decile of the population, accompanied by “concomitant polarization”.*

One of the main trends in socio-economic development of the 21st century in different countries of the world, including Russia, due to rent orientation, is an extremely high concentration of income and wealth in the upper decile (10% of the wealthiest population). In the context of T. Piketty’s

<sup>11</sup> In the book (Fishman et al., 2019, p. 200), the “shadow economy of survival” is considered as part of the economy (in the form of various forms including self-employment, individual survival, barter, subsistence farming, etc.), which, unlike the “gray” (semi-legal) or “black” (illegal), is legal, but is not adapted to the additional formal and informal expenses that its unveiling entails.

Table 1. Distribution of the total number of the poor in the Russian Federation in relation to their economic activity\*, %

Indicator	Poor						People living in extreme poverty						Population observed in total, 2021
	2000	2008	2018	2019	2020	2021	2000	2008	2018	2019	2020	2021	
Workers	-	59.7	31.0	28.9	27.3	26.2	-	54.3	21.0	19.1	17.0	14.9	53.0
seniors that work, among workers	-	4.2	0.8	0.7	0.4	0.4	-	2.6	0.2	0.2	-	0.1	8.1
Nonworkers	-	38.6	29.2	30.1	33.1	33.6	-	42.6	33.8	33.4	42.7	42.6	28.1
including:													
retirees	-	14.3	8.2	8.5	7.2	7.6	-	11.4	5.0	4.4	3.7	4.7	19.1
other groups of nonworkers	-	-	21.0	21.6	25.9	25.9	-	-	28.8	29.0	39.0	37.9	9.0

\* Data are published without taking into account the results of 2020 national census.  
Source: Social status and standard of living of the Russian population. 2023. Statistical book. Moscow: Rosstat; Social status and standard of living of the Russian population. 2008. Available at: [https://rosstat.gov.ru/bgd/regl/b08\\_44/Main.htm](https://rosstat.gov.ru/bgd/regl/b08_44/Main.htm)

concept of the fundamental law, the essence of this phenomenon lies in the inequality  $r > g$ , where  $r$  is the rate of return on capital (in the form of profits, dividends, interest, rent and other types of income) as a percentage of its value, and  $g$  is the annual increase in income and production (Piketty, 2014, p. 44). This means that accumulated capital reproduces itself faster than production increases (Piketty, 2014, p. 585).

The extremely high concentration of income and wealth in the upper decile of the population leads to dangerous consequences, among which, in the context of the stated topic, in our opinion, the following should be highlighted: achieving well-being not via the production of values, but

rent seeking behavior; the increasing importance of inheritance in the formation of social status; the increasing polarization of society (between the rich and poor) in the conditions of limited availability of decent vacancies in the labor market and loss of positions by representatives of the middle class (Stiglitz, 2015, p. 67).

The growing concentration of income and wealth in the upper decile of the Russian population was confirmed by the results of a special research “From Soviets to Oligarchs: Inequality and Property in Russia 1905–2016” conducted by F. Novokmet, T. Piketty and G. Zucman (Novokmet et al., 2017). The values obtained by these authors and subsequently supplemented are reflected in *Table 2*.

Table 2. Growth of income and inequality in Russia (1989–2023), %

Income brackets (pretax income distribution per adult)	National income share		Average annual growth rate		Total real growth	
	2016*	2022**	1989–2016*	2016–2023**	1989–2016*	2016–2023**
Population in total	100.0	100	1.3	1.1	41	no data
including						
50% with the lowest incomes	17.0	15.7	-0.89	-1.2	-20	no data
40 % with middle incomes	37.5	33.5	0.5	no data	15	no data
10 % with the highest incomes	45.5	50.8	3.8	1.7	171	no data
including 1 % with the highest incomes	20.2	23.8	6.4	2.9	429	no data

Compiled based on: \*(Novokmet et al., 2017, p. 78);  
\*\* WorldINEQUALITYDATABASEBETA / Income inequality, Russian Federation, 1905–2021: Available at: <https://wid.world/country/russian-federation/>

It is significant that under the influence of “the great lockdown” (2020) and international sanctions against Russian economy (starting from 2014 to the present), according to Table 2, there was a noticeable decrease in the average annual income growth rate in the upper decile of the population (the so-called effect of “malign” and “benign” forces that reduce inequality, formulated by one of the leading experts on inequality in the world B. Milanovich (Milanovich, 2017, pp. 84–86); at the same time, the dynamics of the indicator for 50% of Russians with the lowest incomes was negative).

On this evidence, official statistics recorded in Russia in 2000–2023 an excess of the actual poverty line compared with the threshold value of economic security for this indicator (“no more than 7%” based on world experience (Innovative Transformation..., 2013, p. 322)), as well as with the value of 6.5% set for national development purposes.

According to updated data from Rosstat, in 2023 8.5% of the population were in absolute monetary poverty, using the rules for determining the boundaries of poverty in the RF as a whole and by constituent entities of the Russian Federation, approved by RF Government Resolution 2049, dated November 26, 2021 (amended December 16, 2023) [for reference: the population with money incomes below the poverty line/subsistence minimum was 29% in 2000, 2007 – 13.4%, 2010 – 12.5%, 2015 – 13.3%, 2020 – 12.1%, 2021 – 11.0%, 2022 – 9.8%]<sup>12</sup>. Historically, the

<sup>12</sup> Russian statistical yearbook – 2008 (Living standards / Socio-economic differentiation of population by income / Population with money income below poverty line and deficit of money income). Available at: [https://rosstat.gov.ru/bgd/regl/b08\\_13/Main.htm](https://rosstat.gov.ru/bgd/regl/b08_13/Main.htm); Russian statistical yearbook – 2016 (Living standards / Socio-economic differentiation of population by income / Population with money income below poverty line and deficit of money income). Available at: [https://rosstat.gov.ru/bgd/regl/b16\\_13/Main.htm/](https://rosstat.gov.ru/bgd/regl/b16_13/Main.htm/); Chapter 6. Living standards (2023). In: Russian Statistical Yearbook. Moscow: Rosstat. Available at: [https://rosstat.gov.ru/storage/mediabank/Ejegodnik\\_2023.pdf](https://rosstat.gov.ru/storage/mediabank/Ejegodnik_2023.pdf)

minimum value of the indicator for the entire post-Soviet period by Rosstat is explained by GDP growth; record low unemployment; situational income growth of citizens caused by increased payments to the military and defense enterprises’ employees; growth in offered wages as a result of the “job seeker market” formed in the labor market; increased income from entrepreneurial activities; increased budget payments to families with children, etc.

Poverty assessment in Russia in 2021–2023 changes significantly when using an international approach (the OECD methodology) to determine this phenomenon, in which the limit of relative monetary poverty is set at 50–60% of Me. According to this approach, the poverty rate in our country in 2023 was 17.8% of the total population.

It is important to note that the “new” poverty in Russia in 2000–2023 is characterized by some qualitative (behavioral) signs. In the conditions of the dominant rent-class character of Russian society and rent-power social relations generated by it, the “novelty” of this phenomenon consists primarily in changing its nature: from a temporary phenomenon of the life cycle of a household, poverty transformed into a deep and permanent socio-economic problem; its main factors are “not predetermined (socio-demographic), but achieved characteristics, such as education” (Yaroshenko, 2010, p. 224). It is the level of education that should determine the position of an individual in the labor market (for example, the risk of unemployment, wages (bonus payments) for various levels of education, occupational mobility), as well as social status, the depth of poverty. This leads to the conclusion that the inability to increase the level of education and get qualifications increases the likelihood of poverty (Stiglitz, 2021, p. 241).

In general, according to our extensive monographic survey of the relevant literature, the “novelty” of poverty in relation to today’s Russian

realities can be determined based on income-generating activities, kind of economic activities, stability of this phenomenon, and education of individuals. The “new” poverty seems to be a socio-economic problem, which means not so much a lack of money for those employed in any economic sector among the gainfully occupied population to meet the standard of living and quality of life accepted in a given country in specific economic conditions as the minimum justifiable, as recognition of social exclusion from the use of resources, various kinds of benefits and privileges.

It is foundational to say that in Russia in 2000–2023, due to the dependence of economic development on raw materials, accompanied by low investment and innovation activity, deindustrialization and low rates of total factor productivity, an imbalance between demand and supply of qualified (workers with secondary and higher professional education) labor<sup>13</sup> was formed. In other words, such an economy cannot provide enough jobs with middle class wages, capable of absorbing a huge mass of workers with high formal education. Hence, there is a downward professional and qualification mobility, when workers move to worse jobs (with low wages) that do not correspond to the high formal education they received in order to avoid unemployment, as well as an anti-stable tendency toward maintaining low real earnings among those engaged in productive work, including not only young people, but also pre-retirees, working senior citizens, parents of multi-child families with part-time jobs, self-employed, as well as those employed in the public sector [for reference: in the domestic economy in 2016, at least a third of all workers with secondary and higher education were doing jobs that do not

require high qualifications (Kapelyushnikov, 2016, p. 508)]. This situation is dangerous for the country due to underutilization of accumulated human capital, which means that it hinders progressive and sustainable economic growth. It is encouraging that the escalation of the supply of highly qualified labor has not yet led to any noticeable decline in the economic value of higher education; however, it increases the requirements for qualifications of students. It is significant that under the influence of the well-known institutional and organizational (partly technological) restructuring of the Russian economy and the “job seeker market” formed in the last two years, the demand for highly qualified labor began to grow faster than its supply, which contributes to an increase in the number of jobs with sufficient wages provided a favorable business climate is created.

Considering that the “new” poor, in terms of their financial behavior, gravitate toward the middle class (Klepach et al., 2022, p. 12), and money borrowed from credit institutions are of great value among the main aspects of their financial security level, the urgency of the issue of heavy household debt and growing debt load increases among gainfully employed population in the Russian Federation. Thus, according to the Bank of Russia, as of March 1, 2024, approximately 440 thousand rubles of loan indebtedness accounted for every gainfully employed Russian<sup>14</sup>.

At the same time, a comparison of the ratio of debt load of gainfully employed population in today’s Russia to GDP demonstrates that in our country this figure is 21% against, for example, 62% in the United States<sup>15</sup>. This means that the issue is not the total amount of loans taken, but non-

<sup>13</sup> According to the International Standard Classification of Education, tertiary education is understood as education of type A (Russian equivalent – higher education) and type B (Russian equivalent – secondary education).

<sup>14</sup> Belyanchikova T. (2024). Our debt has increased. How much have Russians borrowed, and what indicator of debt load is considered normal. *Argumenty i fakty*, 19, 10. Available at: <https://aif.ru/money/mymoney/v-nashem-dolgu-pribyloskolko-nazanimali-rossiyane>.

<sup>15</sup> Ibidem.

performing liabilities and complete defaults of credit users. In this regard, the judgments of the economist S. Mullainathan and the psychologist E. Shafir (Mullainathan, Shafir, 2011), who experimentally proved that living in need often involves choices that can lead to even greater need, are illuminative: “The poor borrow at great cost and stay poor”.

To summarize the above, we note that the growing concentration of income and wealth in the upper decile of the population of Russia, accompanied by “concomitant polarization”, determines the need for “a well-planned active policy in the labor market and industry, which can ensure the creation of jobs ... and the switching of people from old jobs to new ones” (Stiglitz, 2021, p. 242). At the same time, a progressive and efficient tax system should be an important part of a dynamic and fair society.

3. High regional economic inequality, which, along with a weak institutional environment, reproduces the uneven distribution of poverty (taking into account its qualitative changes) across the RF constituent entities.

Researchers, as a rule, associate the phenomenon of Russian regional economic inequality with the agglomeration effect of large cities, which is enhanced by the institutional advantages available here; with a significant competitive edge in the form of hydrocarbons (oil, gas) or primary processing products in demand in the world market (even under conditions of international anti-Russian economic sanctions), predetermined by the raw materials export model of the national economy. It is obvious that the presence of these factors expands the possibilities of territories in improving the welfare of the population and social support for citizens in need (Kormishkin et al., 2023).

To visualize regional inequality, taking into account the spread of the phenomenon of absolute monetary poverty in the Russian Federation in 2023, the clustering of constituent entities

was carried out according to three indicators: proportion of the population with money incomes below the poverty line/subsistence minimum, % of the total population (X1); poverty line per capita of the able-bodied population, rubles per month (X2); minimum wage, rubles (X3). Also, indicators X2 and X3 generally reflect the prevailing minimum standard of living in the country, and the ratio of X3 to X2 – the region’s ability to reduce the extreme level of absolute poverty among the employed. The results of the clustering are presented in *Table 3*.

We consider it fundamental to note that the “new” poverty makes a significant contribution to the overall level of poverty in the constituent entities of the Russian Federation/countries; therefore, with some assumption, the clustering of the constituent entities of the Russian Federation by the general poverty rate reflects the significant impact of the “new” poverty.

Without making a detailed analysis and assessment of the situation in each of the three clusters formed, we consider it necessary to underline the following: in 2023, only in cluster I, which united 11 RF constituent entities, the level of absolute monetary poverty (7.38%), calculated in accordance with the adopted in Russia in 2021 (RF Government Resolution 2049, dated November 26, 2021) methodology, was lower than the national average value of this indicator (8.5%), which is explained by higher per capita incomes and the standard of living due to the special competitive advantages mentioned above, as well as the effect of the northern and district coefficients in regions with specific climatic conditions.

As a result of the clustering, we found an interesting fact: in the constituent entities of the Russian Federation in which titular nations are the majority of the population (for example, the Republic of Ingushetia, the Republic of Tyva) the proportion of the poor exceeds 20%.

Table 3. Clustering of the constituent entities of the Russian Federation, considering the spread of absolute monetary poverty in 2023

Number of a cluster	Cluster composition	Indicators' means		
		X1	X2	X3
I (11 constituent entities)	Moscow, Nenets Autonomous Area, Murmansk Region, Khanty-Mansi Autonomous Area – Yugra, Yamal-Nenets Autonomous Area, Republic of Sakha (Yakutia), Kamchatka Territory, Khabarovsk Territory, Magadan Region, Sakhalin Region, Chukotka Autonomous Area	7.38	17034	25901
II (55 constituent entities)	Belgorod Region, Bryansk Region, Vladimir Region, Voronezh Region, Ivanovo Region, Kaluga Region, Kostroma Region, Kursk Region, Lipetsk Region, Moscow Region, Orel Region, Ryazan Region, Smolensk Region, Tambov Region, Tver Region, Tula Region, Yaroslavl Region, Republic of Karelia, Komi Republic, Arkhangelsk Region without Autonomous Area, Vologda Region, Kaliningrad Region, Leningrad Region, Novgorod Region, Pskov Region, City of Saint Petersburg, Republic of Adygea, Krasnodar Territory, Astrakhan Region, Volgograd Region, Rostov Region, City of Sevastopol, Republic of North Ossetia-Alania, Stavropol Territory, Republic of Bashkortostan, Republic of Tatarstan, Republic of Udmurtia, Perm Territory, Kirov Region, Nizhny Novgorod Region, Orenburg Region, Penza Region, Samara Region, Saratov Region, Ulyanovsk Region, Sverdlovsk Region, Tyumen Region (without Autonomous Areas), Chelyabinsk Region, Altai Territory, Kemerovo Region – Kuzbass, Novosibirsk Region, Omsk Region, Tomsk Region, Primorye Territory, Amur Region	9.48	17283	15056
III (19 constituent entities)	Republic of Kalmykia, Republic of Crimea, Republic of Dagestan, Republic of Ingushetia, Kabardino-Balkarian Republic, Karachayevo-Circassian Republic, Chechen Republic, Republic of Mari El, <b>Republic of Mordovia</b> , Chuvash Republic, Kurgan Region, Republic of Altai, Republic of Tyva, Republic of Khakassia, Krasnoyarsk Territory, Irkutsk Region, Republic of Buryatia, Trans-Baikal Territory, Jewish Autonomous Region	16.45	16370	15667

Source: the minimum wage is presented on the basis of the ConsultantPlus reference information “Minimum wage in the constituent entities of the Russian Federation (accessed: September 1, 2023)”. For a number of constituent entities, the minimum wage is indicated as 16,242 rubles, raised by a district coefficient and a rated increase for work experience in areas with specific climatic conditions, including the Far North, the Far East and areas equated to them, or for work experience in the constituent entity (Republic of Buryatia, Republic of Sakha (Yakutia), Republic of Tyva, Republic of Khakassia, Trans-Baikal Territory, Kamchatka Territory, Primorye Territory, Magadan Region, Yamal-Nenets Autonomous Area).

In addition, the proportion of the poor population is noticeably increasing even in the regions of cluster I when using the international standard for assessing relative monetary poverty (income below 50% of Me), which indicates a significant layer of the low-income population that are not covered by social support measures. For example, in the Yamal-Nenets Autonomous Area, the poverty rate increases from 3.6% (the lowest value in the Russian Federation according to the country’s methodology for assessing the phenomenon under consideration) to 21.4%; in Moscow – 4.5 and 19%, respectively; in the Sakhalin Region – 6.1 and 18.2%; in the Magadan Region – 6.6 and 18.2%, etc.

The situation with loan indebtedness and debt load per each gainfully employed citizen broken down by RF constituent entity is also indicative. Thus, with the average national value of this indicator of 440 thousand rubles on March 1, 2024, its excess was noted even in the regions included in cluster I. For example, in the Yamal-Nenets Autonomous Area, this indicator reached 836 thousand rubles, in the Khanty-Mansi Autonomous Area – Yugra – 734 thousand rubles, in the Magadan Region – 650 thousand rubles<sup>16</sup>.

<sup>16</sup> Belyanchikova T. (2024). Our debt has increased. How much have Russians borrowed, and what indicator of debt load is considered normal. Argumenty i fakty, 19, 10. Available at: <https://aif.ru/money/mymoney/v-nashem-dolgu-pribylo-skolko-nazanimali-rossiyane> (accessed: June 29, 2024).

However, the highest loan indebtedness and debt load per gainfully employed citizen (925 thousand rubles) as of March 1, 2024 were noted in the Republic of Tyva<sup>17</sup>, where the proportion of the titular nation is 77% of the total population of the republic [Tyva is included in cluster III, which unites 19 constituent entities with the lowest standards of living, in which the proportion of the population with incomes below the poverty line/subsistence minimum reached 23.5% of the total population of the region in 2023]. At the same time, in the Republic of Ingushetia (the proportion of the titular nation in the total population here reaches 94.1%), where the absolute monetary poverty rate in 2023 was 27.7%, there is the lowest loan indebtedness and debt load per gainfully employed citizen (58 thousand rubles)<sup>18</sup>. In our opinion, such interesting facts discovered using cluster analysis concerning the financial behavior of the gainfully employed population in different regions of the Federation should become a special line of research of the “novelty” of poverty in modern Russia.

In addition, the clustering of RF constituent entities, considering the spread of absolute monetary poverty in 2023, confirms the need to continue improving the welfare of the population and overcoming poverty as a priority of the state socio-economic policy of Russia (considering qualitative changes).

#### **The policy of overcoming the “new” poverty**

In the course of the study, it was found that in the conditions of rent-oriented behavior of the Russian state in 2000–2023, the main catalyst for the “new” poverty is high socio-economic inequality and related factors. In this context, the policy of overcoming the phenomenon under study involves the implementation of a number of basic, foundational measures, among which, in our opinion, the following can be named.

<sup>17</sup> Ibidem.

<sup>18</sup> Ibidem.

1. *The active industrial policy of the state*, which in the current economic conditions actually means accelerated neo-industrial (digital, knowledge-intensive, innovative) modernization of the Russian economy based on the construction and priority development of a high-tech complex as the core of the economy and, taking into account future needs, the main source of reproduction of systemic technical and technological resources capable of ensuring the growth of the total factor productivity. Such a policy expands the economy’s ability to generate a sufficient number of high-tech and high-paid jobs, including via new innovative industries; it should be combined with an active labor market policy that involves helping people with retraining and finding a new job.

At the same time, it should be recognized that new innovative technologies (primarily in the field of artificial intelligence and robotics) can create more problems. On the one hand, some achievements in this field (for example, intellectual support systems) stimulate an increase in the level of education and improvement of professional training of employees, which means that they ensure an increase in productivity and wages. On the other hand, innovative technologies with mediocre management can cause concomitant polarization in the labor market and be accompanied by a decline in wages, especially for low-skilled workers; job cuts are also possible, which can stimulate unemployment.

Considering this, the issue of the introduction of artificial intelligence, in our opinion, acquires the status of a political problem, and the government decisions are of great significance.

2. *Progressive fair tax system as a tool aimed at reducing the extremely high concentration of income and wealth in the upper decile of the population and the concomitant polarization*. It is known that from January 1, 2025, a progressive personal income tax system with rates from 13 to 22% will begin to operate in Russia. However, in the context of a

dynamic and fair society, such an adjustment of the tax system seems insufficient. In the conditions of the persistence of large-scale extreme poverty and low income of Russians against the background of a high concentration of income and wealth in the upper decile of the population, it seems advisable to extend the principle of progressive tax not only to income, but also to wealth for the fair circulation of capital. Such a tax instrument is more difficult to manipulate than personal income tax. In addition, property (for example, expensive housing, hotels, retail chains) that is unaffordable for the middle class should be subject to increased taxation.

The designated tax instruments (progressive taxes on property and large fortune) can become a source of financing, for example, a special Capital Investment Fund for the young (for example, at the age of 25), designed for various social needs.

3. *Increase in the minimum wage as a tool initially aimed at protecting the employed from excessively low wages.* In the Russian Federation, great attention has traditionally been paid to state regulation of the minimum wage (only in 2018–2022 the government increased it 8 times). In the scientific community the increase in the minimum wage itself is associated with two main effects: 1) it acts as a “soft buffer” to support the standard of living of low-paid workers; 2) reduces wage differentiation. In accordance with the current methodology for determining the poverty line / subsistence minimum in 2024, the minimum wage is 19,242 rubles, which seems insufficient to significantly reduce extreme poverty and increase welfare of the population. According to the calculations of some experts, Russia already has the opportunity to set the minimum wage at the level of 1.4–1.5 of the poverty line. At the same time, this indicates an underestimation of the official poverty line in Russia and necessitates the adjustment of the methodology for determining it.

4. *Expansion of public and private investment in human development*, i.e. in education and

healthcare, which increases labor productivity and income levels of the employed (provided active development of a segment of highly qualified jobs in the economy). In this context, insufficient financing of the education sector limits the development potential of children and youth, which can subsequently not only negatively affect the level of income received, but also lead to the preservation of the established structure of society and “new” poverty. The main measures to expand access to higher education, based on the best international practices, include reducing the cost of education, as well as public educational (student) loans tied to the borrower’s future income, and the ability to convert a private educational loan into a public one.

5. *Transformation of traditional (passive) welfare system into a new development-oriented model.* In the context of countering the “new” poverty, which in today’s Russia extends, among others, to families with children and those not employed in the real economy, but involved in the “shadow economy of survival”, priority is given to expanding measures within the framework of “family policy”, as well as the practice of concluding “social contracts” that allow setting up one’s own business, develop a personal subsidiary plot, retraining, etc. Such measures make it possible to enhance the significance of regional poverty reduction programs, including targeted ones, with an assessment of need, and social contracts.

### Conclusion

Based on the completed study of the phenomenon of “new” poverty in Russia in 2000–2023, results were obtained that contribute to the development of scientific knowledge in this subject area and have a certain socio-economic significance, in particular:

1) formulation and theoretical substantiation of the idea of a “new quality” (nature) of Russian poverty in 2000–2023: from a temporary phenomenon associated with the life cycle of an individual (household), it is transformed into a deep,



permanent, lingering socio-economic problem, accompanied by underutilization of accumulated human capital and an increased risk of a decline in the economic value of education, meaning that it hinders progressive and sustainable economic growth; the “new” poor in today’s Russia are primarily low-paid people engaged in productive work, with high formal education; not officially employed, but “included” in the so-called “shadow economy of survival”;

2) concretization and theoretical substantiation of the fundamental condition (rent orientation); the main causes determined by the extreme level of socio-economic inequality (continued polarization of public production; growing concentration of income and wealth in the upper decile of the population, accompanied by “concomitant” polarization; high regional inequality in terms of absolute monetary poverty); concomitant factors of these reasons (destruction of the key balance in the form of correspondence between the sectoral structure of economic potential (fixed assets and labor resources), gross income and investments in fixed assets; depreciation of fixed assets, low innovation and investment activity; the inability of the Russian economy to generate a sufficient number of high-tech and high-paid jobs; the increasing importance of inheritance in the formation of social status, etc.), which together determine the reproduction of the “new” poverty in Russia as a major problem requiring the rapid improvement of public relations, including the development and implementation of a number of fundamental measures to overcome this phenomenon in the constituent entities of the country;

3) definition and theoretical justification of key qualitative features revealing the nature of the phenomenon of the Russian “new” poverty in 2000–2023 as a deep and permanent socio-economic problem: the stability of the institutional trap of the “low wage system”; social exclusion from the use of resources, various kinds of benefits and privileges; spread to the employed with high formal (secondary and higher) education, working in different sectors of the economy; downward professional and qualification mobility due to the ratio between demand and supply of highly qualified labor; growing debt load per gainfully employed Russian; “inclusion” in the “shadow economy of survival”;

4) proposed minimum necessary basic tools of state policy to help overcome Russian poverty (considering its “new” quality): an active industrial policy, progressive and fair tax, an increase in the minimum wage with appropriate adjustments to the methodology for determining the poverty line / subsistence minimum, the expansion of public and private investment in human development.

The authors of this article are undoubtedly fully aware that the range of issues raised in it is so complex, debatable or limited by a property of a unit of analysis, that it leaves little chance of coming up with definite solutions to them. In this regard, it is planned to continue research on this issue in order to elaborate on it and form our opinion, for example, on measuring and quantifying the phenomenon of “new” poverty in Russia in changing economic and social conditions.

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