

“NEW” POVERTY IN RUSSIA AFTER SOCIALISM. *Summary*

Svetlana Yaroshenko

My aim in this paper is to identify what is special about the “new poverty” that has emerged in Russia as a result of the liberal reforms of the 1990s. I discuss perceptions of the phenomenon, outline its conditions and limits, and explain how it is reproduced. The paper employs an extended case method, including a detailed ethnographic case study and local surveys carried out between 1998 and 2008.

IDENTIFYING THE NEW POOR: “EXTREME” AND “STABLE”

I start by searching for those social attributes that are conducive to the emergence of *stable extreme poverty*. On the one hand, this approach allows me to take into account the effects of new poverty management policies that are concerned with identifying those most in need and determining the most effective forms of state support to those groups. On the other hand, it allows me to focus on actual bottom-up practices of poverty formation—behavioral, rather than only statistical, expressions of group solidarity that threaten to (re)produce a stratum of permanently poor people.

The lack of money to cover vital needs such as food is a new phenomenon in Russia, but trying to identify the extreme poor simply on the basis of income has proven a highly problematic approach with imprecise results, given the spread of a shadow economy and hidden types of income. Actual levels of consumption have proven to be a more reliable indicator of poverty, since they take into account a household’s ability to meet widespread and generally accepted standards of living. From this perspective, the *extreme poor* are households with a low index of living standards as well as a low level of wealth (see Table 1).

According to a survey I carried out as part of this research project in 2002, approximately one-tenth of urban-dwellers belonged to this category. For these households, poverty was inescapable but also unacceptable. These people were getting used to poverty, to being unable on a long-term basis to make ends meet, and they were finding ways to enjoy their everyday life and adjusting their value system to respond to their situation. And yet they continued to perceive their situation as improper and unjust.

It is interesting to note that of those officially classified as poor, only one-fifth were extremely poor. Most of those receiving benefits belonged to “merely” poor or medium-income households, indicating both that the latter were willing to ask for

Table 1: Social Class of Households

		The Officially Poor, 2002		Total Population, 2002		Total Population, 1998	
		%	N	%	N	%	N
Social Class	Extreme Poor	26.2	97	12.4	128	8.6	68
	Poor	22.7	84	17.4	180	18.8	128
	Moderate-Income Groups	48.1	178	57.5	594	72.6	566
	Wealthy	3.0	11	12.7	131		
Total		100	370	100	1,033	100	762

Surveys on Household Survival Strategies (1998) and Effectiveness of State Benefits (2002)

benefits, and that they were able to obtain them, despite targeted programs and strict selection criteria.

Official recognition of need is an important basis for the formation of a new identity. It guarantees benefits, but also creates a category of "respectable" poor, those deemed worthy of support. My interviews revealed that many urban-dwellers, including those with a relatively high income, attempted to "try on" this status, weighing their options for receiving benefits, and measuring their income against benchmarks for registering with welfare agencies. As society underwent a radical transformation, and the state was being blamed for it, state benefits came to be seen as a legitimate means of support. With time, as applicants went through the cumbersome and demeaning process of collecting the required paperwork, standing in line, and submitting to inspections by welfare agency staff, they came to see applying for benefits as a less attractive, albeit still legitimate activity. The interviews made it clear that those hardest hit were families who, despite extreme poverty, fell through the cracks of the benefits system.

A surprising finding of the survey part of my research was that, despite the rhetoric that accompanied the social policies in place, the poorest constitute an insignificant portion of benefits recipients. By implication, the *permanently poor* are not just those who receive support from the state, but also those who are excluded from that system. From the point of view of the state, such people are "invisible" or excluded from its system of welfare guarantees or measures aimed to stimulate achievement- and success-oriented forms of economic behavior in the job market. From the point of view of micro-practices of economic behavior, people in this category are isolated because their own solutions to these problems, although potentially constructive, are neither supported nor taken up by the state.

Thus by identifying the extreme poor, we are able to discern differences between them and wealthier strata, as well as to gauge the formation of a stagnating or permanent type of poverty—a new, post-socialist phenomenon. I define the extreme poor as a status group whose size, composition, and formation depends on the criteria of social inequality that are dominant in a given historical period. Unlike the other

poor, their financial situation is so bad that it provokes a cycle of deprivation. Unlike an estate or class, this group does not just constitute a low rung on the ladder of social classification: it is *excluded* from the social structure and stigmatized as a *non-privileged* social category, based on the ideology of individual responsibility for one's own well-being, which distinguishes between those who deserve support and those who do not, and identifies some people as "weak," i.e. as legitimately deserving support. Members of this group lack the skills and abilities required by the system, and therefore have limited access to the main sources of sustenance. A defining characteristic of their situation is *a level of income so low that it is insufficient to maintain an active physical state; a lack of savings; and continuous downward social mobility*. Those in this group are at the highest risk of becoming permanently poor.

THE NEW POOR: CLASS, GENDER AND CITIZENSHIP

Among those of my informants who were officially registered as poor, most were blue- or white-collar workers with certain professional skills. Their perceptions of their employment and income prospects were often similar. They generally believed that their difficult financial position was due to their low rank at work or lack of qualifications (i.e. their economic class), making it impossible for them to find a better use for their labor.

The survey data confirmed that blue-collar workers, especially low-skilled ones, were more often at risk of extreme poverty. As it turns out, the main differences concern not so much unemployment as employment stability: the main breadwinners in extremely poor families twice as often hold temporary employment as those in other categories. Previously, low-skill labor could be rather well remunerated. Since such employment is now vanishing, it is the quality of employment, rather than just unemployment, that pushes people into extreme poverty. Employment in "non-strategic" or low-paid occupations, requiring few skills and characterized by high mobility and short duration, contributes to extreme poverty.

Gender is another newly important factor of poverty. The share of female households is higher among the officially poor than among the extreme poor. This distinction is due both to gendered preferences in social policy, which specifically targets single mothers, and to the fact that women more readily acknowledge economic distress and ask for help than men. While there are more women than men among all categories of the poor, the share of men among the extremely poor is higher than in other groups.

Only at first sight does the new benefits system appear gender-neutral. The statistics show how the image of the "respectable poor" is gendered: 90% of benefits applicants are women, and approximately half of the families registered as poor are single-mother households (as opposed to 2% single-father households). The statistics demonstrate how economic behavior is shaped by the institutional framework. The family members responsible for registering a family with a welfare agency are generally those privileged in obtaining the desired status (and hence state benefits), and are in charge of securing additional funds for the family budget, through savings,

subsidiary plots, exchanges with relatives, or state benefits. All of these types of activity are traditionally considered the domain of women.

The influence of economic class and gender is counterbalanced by civic status and by the principles of social support rooted in industrial society. Low skills and unstable employment lead to extreme poverty not only because they result in low income, but also because they make people drop out of state social policies, which are ill-attuned to post-industrial changes, such as deindustrialization and the rise of the service sphere and freelance work, both of which involve lower pay and less stable employment. Nor does gender provide direct access to goods; under market conditions, it is used by the state as a powerful lever of redistribution toward citizens "worthy" of aid. Single men who do not successfully perform a breadwinner role, rather than single mothers, find themselves excluded from the sphere of social policy. The extent to which these structural effects are counterbalanced by actual behavior may be studied through the prism of survival strategies.

SURVIVAL STRATEGIES: FROM FAMILY DIVERSIFICATION TO INDIVIDUAL SPECIALIZATION

My analysis of survival strategies—common practices of solving financial problems—focuses on two components: work and state benefits. They were chosen in order to test the widespread belief that state support lowers the motivation to work and leads to dependence. In addition, these two channels are indicative of changes in economic behavior and of the influence of "cultural" factors in the reproduction of poverty. My study did not find that benefits induce people to work any less. Economic dependence may be defined as a function of the length of the period during which a person receives benefits; yet I have found no significant correlation between the length of the period during which a person is registered to receive benefits and the likelihood that this person will become extremely poor, and risk remaining permanently poor. On the contrary, the extremely poor are excluded from state benefits.

THE USE OF THE "WEAK," OR SOCIAL EXCLUSION RECONSIDERED

To sum up, here are the key features of the "new" poverty in the Russian case:

It is new because there was no poverty in the USSR. To be more precise, poverty was not viewed as a problem, as a shameful status that needed to be overcome. As a result of a muscular social policy and relatively equal distribution of goods, the most that was recognized was a so-called "low level of material well-being," which was viewed as pertaining to a family's life cycle (such as the birth of a child, which put greater financial strain on the family's breadwinners) rather than mistakes in state regulations, which were based on the real-socialist principle of "to each according to his labor." Under real socialism, poverty was the fate of the majority; there was an "equality in poverty." In post-socialism, by contrast, poverty is an attribute of social minorities, who are subjected to positive or negative discrimination and are the object of selective social policies. The politics of distinguishing between

deserving and undeserving poor are what defines the profile of poverty in Russia in the third millennium. Poverty is clearly gendered, based on widely-held perceptions of male and female roles.

It is new because in addition to large families, single mothers, the unemployed (“parasites”) and other classically poor categories of people, poverty in Russia now includes parts of the working population, some of whom have accepted the market system, while others continue to oppose it. The impoverishment of those in employment is not in itself a new phenomenon. In early capitalism, low pay also kept workers indigent, on a par with those out of work. This situation, splendidly described by Karl Polanyi in his *Great Transformation*, led to a systemic crisis, the end of the self-regulating market, and the formation of modern capitalist societies as both the population and the system adapted to the changes. In this sense, the “new” poverty is anything but new. What is new is the gradual recognition that employment in and of itself is no safeguard from poverty. Hence the relatively high share of employed among those officially poor. And yet Soviet industrial workers found themselves in the most difficult situation, since they experienced successive downward mobility and radical status loss.

It is new because impoverishment has hit previously prosperous social strata, which are now devising strategies to cope with poverty. The strategies of blue-collar workers, whose personal and family resources were clearly insufficient to compensate for the transformation of the system of paid employment, were based on extreme dissatisfaction with their existing job and opportunities for gainful employment as well as their exclusion from family and state support networks. Those who find themselves in a situation of long-term impoverishment justifiably support Soviet norms of communal life and long for the material well-being (and opportunities to attain it) that they lost.

It is new because it is no longer a temporary feature of a life cycle, but a permanent state that is constantly reproduced and passed on from generation to generation: children from impoverished families now have significantly lower chances of escaping poverty. Few authors noted this at the beginning of market reforms, since the emergence of permanent poverty was then still a thing of the future. At the time, it seemed more important to determine the structure of poverty and identify those most in need, in order to define the circle of those deserving help (i.e. state benefits).

My study has confirmed that the *permanently poor* are not just long-term benefits recipients constantly receive benefits, but above all those excluded from the system of benefits. This illustrates the negative effects of the stigma that is attached to being defined as weak or alien and unworthy of care, as is the case for an increasing number of Russian citizens.

Thus “new” poverty is permanent poverty, resulting from multiple forms of social exclusion based on class and aggravated by gendered policies of identifying those most in need.

Several additional aspects of the new poverty are likely to gain greater significance due to globalization.

Firstly, the effects of the welfare state have generated new directions of social stratification in contemporary capitalism, since it is now possible to survive outside the labor market. Therefore, class as a social force and as a basis for collective action is replaced with various forms of solidarity (both as a social practice of defense against the market and as collective action). This leads to an increased role for social movements and new familial forms of organization to protect society and civil rights from the expansion of the market.

Secondly, the new quality of poverty is due to the impoverishment of those who lose the comfort and privileges acquired in the capitalist market rather than through socialist redistribution, and have become disillusioned with "individualistic" ways of attaining wealth. The emergence of a new global economy and new types of civic action will contribute to the search for a new, alternative meaning of life that is not based on wealth, consumption, and a view of work as a mere source of income. Poverty may well emerge as a consciously chosen lifestyle.

Translated from the Russian by Mischa Gabowitsch