

UDC: 316.3

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Dynamics of social polarization in the Russian society in conditions of economic instability

Abstract. The article is dedicated to the problem of social polarization in Russia today. Its main criterion and catalyst is a hypertrophied differentiation of incomes. The paper presents a comparative analysis of social stratification degree by this indicator in different countries. The author considers the social polarization both as a phenomenon and as a process which increases during the periods of the national economy crisis. Although this problem is of social and public significance, both the government and the scientific community have neglected it. Consequently, it may be fraught with destructive consequences. The authors discuss reasons and negative effects of the social polarization, especially in Russia. Emphasizing a need for interdisciplinary researches of the problem, the authors attempt to study the genesis of the social polarization as a process in the Russian society, based on official statistics and results of sociological researches. The paper analyzes the relationship of «growth points» of social stratification with economic crises. The authors suggest that they have a catalytic effect on the degree of social stratification. Available data suggest that transformation of the social structure, determined by dichotomies of the economic development in the country, show a stable regularity. In times of economic crises, social stratification is intensified mainly at the expense of reducing the share of the middle class. Consequently, the representatives of the middle class slowly become representatives of the poor class.

Keywords: Social Polarization; Dynamics; Economic Crisis; Middle Class; Poor; Stratification

JEL Classification: J17

DOI: <http://dx.doi.org/10.21003/ea.V157-0017>

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Динаміка соціальної поляризації російського суспільства в умовах економічної нестабільності

Анотація. Стаття присвячена проблемі соціальної поляризації в сучасній Росії. Основним критерієм і каталізатором соціальної поляризації є гіпертрофована диференціація доходів населення. Розглядаючи соціальну поляризацію не тільки як явище, але і як процес, можна говорити про перманентне наростання темпів соціального розшарування, що прискорюється в кризові періоди вітчизняної економіки.

Ключові слова: соціальна поляризація; динаміка; економічна криза.

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Динамика социальной поляризации российского общества в условиях экономической нестабильности

Аннотация. Статья посвящена проблеме социальной поляризации в современной России. Основным критерием и катализатором социальной поляризации является гипертрофированная дифференциация доходов населения. Рассматривая социальную поляризацию не только как явление, но и как процесс, можно говорить о перманентном нарастании темпов социального расслоения, ускоряющемся в кризисные периоды отечественной экономики.

Ключевые слова: социальная поляризация; динамика; экономический кризис.

1. Introduction. During last two and a half decades, the problem of social polarization in Russia remains actual, especially in times of crisis of the national economy. Although the problem is of social and public significance, the government as well as the scientific community neglect it. Accumulating of destructive potential of the exaggerated social polarization can be a result of such attitude to the problem.

2. Problem statement. Social integration is the most important factor of stability and security of the state, taking into account current geopolitical risks. The problem is in the contradiction between the necessity of social integration and the lack of a political strategy for the social levelling.

3. Discussion. The problem of social inequality has been discussed by August Comte with the birth of sociology. He determined it as a structural characteristic of society. Afterwards, K. Marx (1867) paid close attention to the problem of social polarization, especially within the context of pauperization of proletariat. He wrote that wealth accumulation leads to

accumulation of poverty, hard labour, slavery, ignorance, as well as to moral degradation of the so-called elite of the society [1]. It is worth mentioning that H. Spencer (1851), F. Engels (1894), V. I. Lenin (1916) and other authors also considered social stratification through the theory of class exploitation. M. Veber (1905) made a significant contribution to the development of stratification criteria. P. Sorokin's (1917) careful study of the theory of social stratification reveals moral and religious polarization matters in the social disintegration. In contemporary Western sociology, papers by P. Bourdieu (2000) are very remarkable. He considers the inequality as a factor of social mobility [2]. O. Lewis (1968), A. Giddens (1979), R. Merton (1988), also discussed premises of social stratification [3-5].

Papers by research groups of Institute of Sociology of RAS and Higher School of Economics should be mentioned among contemporary sociological researches on the social structure of post-Soviet society, including the dynamics of social ine-

quality (for example, «Poverty and inequality in modern Russia: 10 Years Later», «The middle class in modern Russia: 10 Years Later»). The problem of social polarization is studied by M. N. Rutkiewicz (1999), T. I. Zaslavsky (2011), M. K. Gorshkov (2014), N. E. Tikhonova (2014) and V. V. Petukhova (2014) [6]. A. S. Balabanov and E. S. Balabanova (2013) study the factors that lead to the social deprivation increase, which is a consequence of social inequality. N. P. Shmelev (1995), B. B. Podgorny (2015) and other Russian researchers discuss privatization in the «Russian style» in details as a factor of social polarization [7-8]. Although there is some scientific interest to the problem, the researchers mainly consider some aspects of the problem related to the domestic middle class, and there are no complex studies nowadays. Besides, an identification criterion seems not to be well developed yet.

4. The aim of the paper. The basis of social polarization has been a huge and unjustified social stratification, which is confirmed by subjective opinions of the respondents. They determine their status in the society primarily by the level of their living standard. Therefore, based at available empirical data, the authors discuss the periods when the middle class size was decreasing, and social polarization was increasing [6]. These periods may be directly connected with widespread economic crisis of the post-Soviet period. In the present paper we are not going to give a detailed study of the above-mentioned periods, since there are a lot of independent analytical papers of experts in the field of economy on the subject. We are interested to study a catalytic effect of the above-mentioned economic crises on the degree of social stratification in a relatively short chronological period.

5. The main results of the research. The first stage of social inequality increasing, which was unbelievable for the Soviet economy, is connected with the transition to the market economy. The latter had grave social consequences for the country. In the beginning of 1992, the people lost a lot of their long-term savings because of price liberalization and the subsequent hyperinflation. It was a kind of «shock therapy» for the economy and society. The authors cannot but agree with N. P. Shmelev (1995) that Yegor Gaidar «actually robbed the country» [7]. The considerable disproportions between different sectors of the economy could not but result in the same sharp property differentiation in society [9-10]. Under these circumstances, the indigent got into the most difficult situation, which is typical if we consider inflation.

At the same time, formation of the corrupt and extremely unfair oligarchic capitalism has happened. V. Zorkin (2008) (a former chairman of the Russian Constitutional Court) wrote that during the reform years the poorest had become twice poorer. He noted that 80% of the population lost more than had gained in the material sense [11]. According to the official data from the Russian Federal State Statistics Service, the share of population with the monetary income below the national poverty line (living wage) was nearly 34% in 1992 and 35% in 2000 (a subsistence wage was understood as a criterion of poverty) [12].

Thus, in the early 1990s there was a radical and apparently irreversible change in the Russian society. On the one hand, a loss of savings and a sharp middle class disbanding turned them into the poor. On the other hand, some of the middle class managed to get adapted to the new conditions and accumulate the initial capital, which turned them into the wealthiest. Privatization led to the fact that heads of enterprises actually became their owners; the so-called elite quite legitimately acquired huge assets for a mere price in a short period, thus providing their descendants for the best future in the social structure of the country.

Accumulating money for personal gain became possible due to the lowered cost of the privatized property. Some experts believe that so-called small-scale privatization allowed accelerating depreciation by more than 40 times. During the subsequent voucher privatization, the cost was dramatically lowered by several times. In this regard, the Russian budget did not get at least 2,676,3 trillion roubles, i.e., the funds which would be quite enough for levelling negative social consequences of the transition to the market economy. These

funds were the following: wage increasing to the public sector workers, pensioners and benefits in cash; implementing social functions to fight unemployment, inflation and some other. A Soviet and Russian economist, Professor G. I. Khanin (2012) gives a curious example of selling a huge grocery supermarket at the price of a used car [13]. In fact, the state did not have any material resources to level out differences in the society as consequences of the economic reforms. Therefore, the state had a highly unbalanced development of the economy. There could not be any social policy in the society in which the so-called elite embezzled material heritage of the former superpower due to economic and legal nihilism of most if not all the population.

In our opinion, the discussed initial stage of the social polarization in Russia is fundamental for the structure formation in the modern society, because such rapid upward social mobility later became impossible. Huge accumulation of money on the legal basis in a short time (often within a few months, as it was in early 1990s) became also impossible. Recently, there was a clearly defined bipolar social structure with a numerous class of the poor and the superrich few.

The next stage of social polarization deepening in the Russian society is associated with the economic crisis of 1998. It aggravated the economy, which had gone through miscalculations in the economic policy, implementation of previous reforms and macroeconomic factors. The standard of living fell in proportion to the rapid inflation (devaluation of the rouble); prices almost doubled, whereas an average salary for that period was a little more than 50 dollars. All doubled the number of unemployed in the country [14]. Most of the actual and potential members of the middle class moved to the lower stratum: entrepreneurs and employees of bankrupt businesses. At the same time, the so-called elite consolidated its material well-being. In fact, there was the second robbery of the middle- and low-income strata in the recent history of Russia. The elite are believed to predict the subsequent development of the events and plan a default. The fact is that banks began reducing the currency sale scale for the citizens in advance. A few days before August 17, 1998, it was virtually impossible to buy dollars. In order to attract new investors, interest rates for rouble deposits were sharply increased. Consequently, the leadership of the country presupposed that devaluation, and financial institutions had that information, too. However, they did not to inform the people but planted misinformation. Three days before Black Tuesday, the first Russian President Boris Yeltsin (1998) had assured that there would not be any devaluation [15]. Obviously, the holders of dollar savings or secret information on the coming default could significantly improve their material conditions during that period. In general, experts evaluate the consequences of the default of 1998 positively. Social standards of living returned to the pre-crisis levels rather quickly. Since 2004, there has been steady economic development [16]. However, according to the Russian Federation Federal State Statistics Service, social polarization in Russia has increased significantly (Table 1) [17].

The global economic crisis or «The Great Recession» in 2008 had no negative effect on the aggravation of the differentiation in the social structure of the Russian society. In general, the domestic economy suffered through that crisis without serious consequences compared to other countries. However, the relative prosperity of the Russian economy did not last long. In early 2014, consequences of a new crisis (which many experts consider to be a continuation or consequence of the global economic crisis of 2008) began to appear.

The impact of the present crisis on the social structure of the Russian society appeared soon. The changes have affected the two poles. According to the National Agency for Financial Studies, the number of the Russian people (7% of the respondents) who suffered from the lack of money to buy food has increased to the highest level since 2009. According to Russian Federation Federal State Statistics Service, the share of the poor in Russia has increased by 15.7% compared to the previous year. After increasing the living wage to 146.08 dollars per capita, the number of citizens

Tab. 1: The distribution of total money incomes and characteristic differentiation of monetary incomes of the population, 1970-2014

	Money income ¹ – total	including 20% groups of population. %:					Decile coefficient of funds. times	The Gini Coefficient
		first (lowest income)	second	third	fourth	fifth (with the highest income)		
1970	100	7.8	14.8	18.0	22.6	36.8
1980	100	10.1	14.8	18.6	23.1	33.4
1990	100	9.8	14.9	18.8	23.8	32.7
1995	100	6.1	10.8	15.2	21.6	46.3	13.5	0.387
1996	100	6.1	10.7	15.2	21.6	46.4	13.3	0.387
1997	100	5.9	10.5	15.3	22.2	46.1	13.6	0.390
1998	100	6.0	10.6	15.0	21.5	46.9	13.8	0.394
1999	100	6.0	10.5	14.8	21.1	47.6	14.1	0.400
2000	100	5.9	10.4	15.1	21.9	46.7	13.9	0.395
2001	100	5.7	10.4	15.4	22.8	45.7	13.9	0.397
2002	100	5.7	10.4	15.4	22.7	45.8	14.0	0.397
2003	100	5.5	10.3	15.3	22.7	46.2	14.5	0.403
2004	100	5.4	10.1	15.1	22.7	46.7	15.2	0.409
2005	100	5.4	10.1	15.1	22.7	46.7	15.2	0.409
2006	100	5.3	9.9	15.0	22.6	47.2	15.9	0.415
2007	100	5.1	9.8	14.8	22.5	47.8	16.7	0.422
2008	100	5.1	9.8	14.8	22.5	47.8	16.6	0.421
2009	100	5.2	9.8	14.8	22.5	47.7	16.6	0.421
2010	100	5.2	9.8	14.8	22.5	47.7	16.6	0.421
2011	100	5.2	9.9	14.9	22.6	47.4	16.2	0.417
2012	100	5.2	9.8	14.9	22.5	47.6	16.4	0.420
2013	100	5.2	9.8	14.9	22.5	47.6	16.3	0.419
2014 ²	100	5.2	9.9	14.9	22.6	47.4	16.0	0.416

Notes: ¹ - 1970-1990 - total income (including net cost products of private farms of the population); ² - Refined data.

Source: Estimates based at data from sample surveys of household budgets and macroeconomic indicator of monetary income of the population [17]

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Received 22.12.2015

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