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An Analysis of the First Decade of Transition**

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August 22, 2006

# **Poverty and Social Structure in Russia: An Analysis of the First Decade of Transition**

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## **Abstract**

This paper has four main objectives: (1) to monitor the rise of poverty and income inequality during the first decade of Russian transition; (2) to analyze the performance of the welfare state in reducing poverty and income inequality; (3) to identify the most vulnerable groups of transition; and (4) to elucidate the changes occurring in the social structure in terms of wage and income differences. The empirical evidences provided in the paper lead to the conclusion that the impact of the Russian welfare state has been rather limited with welfare institutions having only marginally succeeded in reducing poverty among people in need. This study has also highlighted how the Russian society is now slowly acquiring those characteristics of differentiation present in Western societies, which for so many years had been advocated by the population. Unfortunately, differentiation in wages has also implied a dramatic and excessive differentiation in life standards and opportunities. These are all challenges that the Russian welfare state is called to deal with. The *individualization and monetarization of risks* are, in fact, accentuating the self-perpetuating character of poverty, especially for children, elderly, large families with children, single mothers, farmers, manual workers, unemployed and social assistance beneficiaries.

## **Introduction**

In 1985, the appointment of Mikhail Gorbachev as new General Secretary of the Communist party signaled the beginning of a new political course for Russia, for Europe and for the entire world. Gorbachev's new political directions, Glasnost (literally "openness") and Perestrojka (literally "[economic] rebuilding"), opened the doors to a new wave of democratization in the region. For the people of Russia (and for all other Eastern European citizens who were living under the communist regime), "openness" in the political sphere and "restructuring" of the central planned economy did not automatically coincide with an improvement of their living conditions. Painful macro-economic stabilization measures coupled to a fast privatization of obsolete state-owned enterprises also worsened an already poor situation. Immediately after the first years of transition, GDP drastically fell, while unemployment (until that day an unknown problem) dramatically increased. In particular, during the first decade of transition, the Real GDP Growth of the Russian Federation dropped from a base of 100 in 1989 to 59 in 2000 (Unicef 2003). By contrast, the number of registered unemployed increased from 5.2 per cent in 1992 to 9.8 in 2000 (ILO Laborsta 2004). This negative economic performance also accompanied an increase in poverty and income inequality. The Gini coefficient increased from 0.393 in 1992 to 0.434 in 2000, while the number of poor people in the year 2000 reached 25 per cent of total population (LIS Key Figures 2005).

Unquestionably, this rise of poverty and income inequality represents a shadow on the sustainability of future reforms. For Offe (1994) and Rüb (1996), in fact, new democratic rules cannot be simply introduced by design, instead they must be institutionalized and shared by the community according to the principles agreed in advance with the citizens (the so-often quoted "social contract"). The risk is, as Adam Przeworski (1991) has correctly emphasized, that those citizens who have been economically disadvantaged by the restructuring of the Russian economy (such as unemployed, pensioners and workers of ex state-owned enterprises) might oppose or block further reforms. In this context, the social security system is called to play a crucial role in the process of democratic stabilization, helping to confer a moral legitimacy to the transformation towards a capitalist-based society and facilitating the creation of a new consensus around the new democratic rules (Cerami 2003, 2006a, 2006b). For these reasons, monitoring the performance of the Russian welfare state remains, fifteen years after the collapse of the Iron Curtain, a crucial issue for the democratic stability of the European region.

This paper has four main objectives: (1) to monitor the rise of poverty and income inequality during the first decade of transition; (2) to analyze the performance of the Russian welfare state in reducing poverty and income inequality; (3) to identify the most vulnerable groups of transition; and (4) to elucidate the changes occurring in the social structure in terms of wage and income differences. The main hypothesis of this research is simple, but also extremely worrying in that it can be argued that *the individualization and monetarization of risks*<sup>2</sup> in times of market failures is, on the one hand, resulting in a drastic increase in social inequality with a different impact according to the position that people retain in the social structure, while, on the other, it is decreasing the effectiveness of the welfare state for the most vulnerable groups of transition. Thus, one should expect to find higher poverty rates, but also a less efficient welfare state, for the people more in need.

In order to examine these aims and to find a response to the main question of whether the residual welfare state introduced in the last decade to the new Russia is effective or not in tackling poverty and income inequality, an in-depth analysis on the Luxembourg Income Study (LIS) has been carried out. The LIS dataset is a collection of household income surveys, which provide demographic, income and expenditure information on three different levels: household, person and child. The three datasets involved in this study concern Russia during the period 1992, 1995 and 2000. These datasets are based on the answers from more than 3000 households. For the purpose of this investigation, the analysis has been carried out on the household, as well as on the person level. In other words, not only the overall household income has been taken into account, but also the single income. In general, calculations include the Gini coefficient and poverty rates, calculated as 60 per cent of the median average income of the population, on the net disposable income and on the net disposable income minus social transfers. The purpose has been to see to what extent the absence of social transfers would affect social inequality, as well as trying to understand how resources (inputs) were turned into results (outputs).

### **Social Structure, Poverty and Income Inequality in Russia**

Russian economic transition has not only meant the transition towards a more democratic society, but it is also resulted in a social catastrophe with rise of poverty, infectious diseases, mortality, divorce rates, children in alternative care, drug and alcohol abuse, prostitution, and homelessness (Manning and Tikhonova 2004, pp.12-17). In order to describe the unexpected

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<sup>2</sup> The term "monetarization" has been introduced by Frank Ettrich to whom I owe a huge debt for valuable discussion on this topic.

negative consequences of Gorbachev's *Perestrojka*, these dramatic social changes have been defined by Zinoviev as "*Katastrojka*" (quoted in Field and Twigg 2000, p.5), a term that gives a clear picture of the severe "human crisis" (Manning and Tikhonova 2004) occurring in the post-communist Russia. The rise of poverty has also coincided with the formation of specific poverty sub-cultures. The new poor consist of large sections of skilled specialists and blue-collar workers, who often have second vocational or even higher education, are middle-aged or elderly and, prior to reforms, belonged to the best-off strata among the population (Manning and Tikhonova 2004, p.20; 34; see also Manning, Shkaratan and Tikhonova 2000; Simonia 2003). Unsurprisingly, the first "socially excluded" Russians have been identified in those who do not have a residence permit and, hence, do not have access to the welfare state (Manning and Tikhonova 2004, p.22). In this context, ethnic segregation (Mickiewicz 1991), such as in the case of people coming from Chechnya, becomes a determinant factor of poverty (Zdravomyslov and Tsutsiev 2004). Nonetheless, other social groups, among which children (Unicef 2004), women (Klingman 1994; Manning and Tikhonova 2004; Davidova and Tikhonova 2004), disabled (Dunn 2000) and pensioners (Velkoff and Kinselle 2000) can also now be included into the context of extreme poverty.

An important issue that needs a special focus concerns the health situation of Russian citizens, which has dramatically worsened in recent years. Just to quote few examples, life expectancy at birth decreased from 64 years for men and 75 for women in 1989 to 59 for men and 72 for women in 2003. The standard death rate, by contrast, increased from 1162 per 100,000 citizens in 1989 to 1568 in 2003. Similar dramatic increases concern the diseases of the circulatory system from 664 per 100,000 citizens in 1989 to 871 in 2003, as well as the number of deaths due to AIDS from 107 in 1999 to 632 in 2003 (WHO 2005 *Health for All Mortality Database*). This list could, unfortunately, continue for pages. Moreover, as Twigg (2000) noted, the lack of funds has severely hindered the state's ability to tackle even the most pressing health concerns and Russians citizens now show greater anxiety for becoming ill due to the impossibility of paying the doctors (Brown and Rusinova 2000). In this context, it is no exaggeration to state, as Powell (2000) has affirmed with regard to the HIV/AIDS problem in the region, that this dramatic health deterioration of the Russian society represents a form of "self-induced genocide" caused by a chronic lack of funds.

## Empirical Evidences from LIS

Figure 1 shows the poverty rates for the total population, children and elderly. As it can be seen, the poverty rate for the total population has remained almost stable during the first decade of transition, showing no sign of improvement. It was 26.0% in 1992, 25.7% in 1995 and 25.6% in 2000. Children, by contrast, have seen their situation worsening. The child poverty rate increased from 23.6% in 1992, to 28.8% in 1995 to 28.9% in 2000. The elderly are one of the groups of citizens who suffered most from the collapse of communism, especially in the first years following the dissolution of communism. The elderly poverty rate reached 49.3% in 1992, but then decreased up to 26.7% in 1995 and to 24.2% in 2000 (see also Table 1 in the appendix).

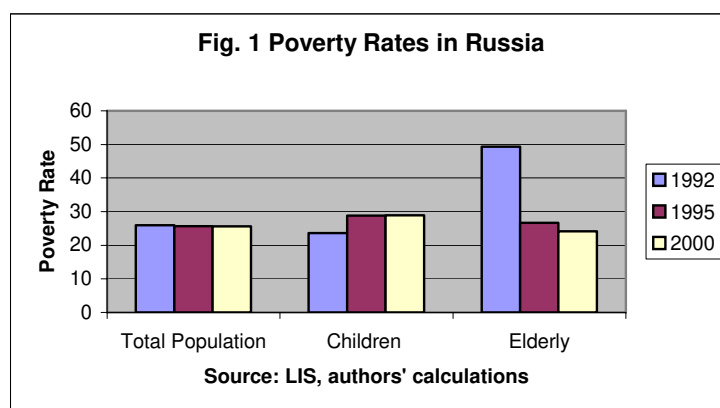
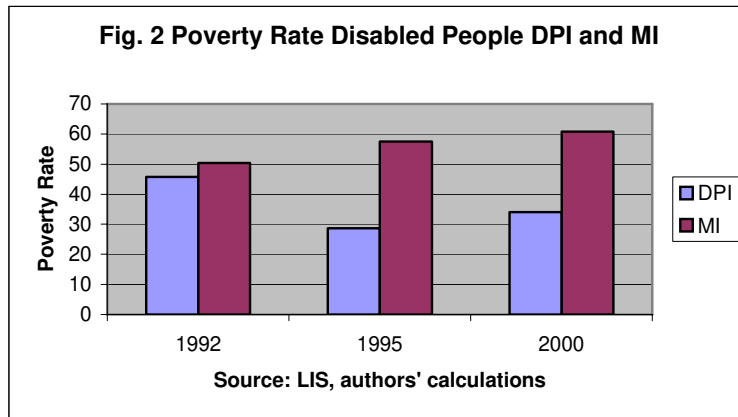


Figure 2 shows the poverty rate for disabled people calculated on net disposable income (DPI) and on the sole revenues coming from the market (market income, MI<sup>3</sup>). Such an analysis was necessary, since disabled people in the post-communist Russia are isolated and the handicap problem still tends to be misunderstood by the government. Dunn (2000, p.153-154) quotes, for instance, that approximately 30% of handicapped never leave their homes or apartments, that only 45.8% have necessary minimum of clothing and that only 40% have TVs and radios. As it is illustrated by the figure below, disabled people must heavily rely on state help for their sustenance, particularly crucial in recent years (1995 and 2000). At the same time, people with handicap have seen their chances to rely solely on the revenues from the market greatly reduced. The poverty rate on net disposable income, which was 45.8% in 1992, decreased to 28.6% in 1995, but it witnessed a significant raise in 2000 when reached 34.0%. If disabled people should only count on the revenues they succeed to earn in the market, the

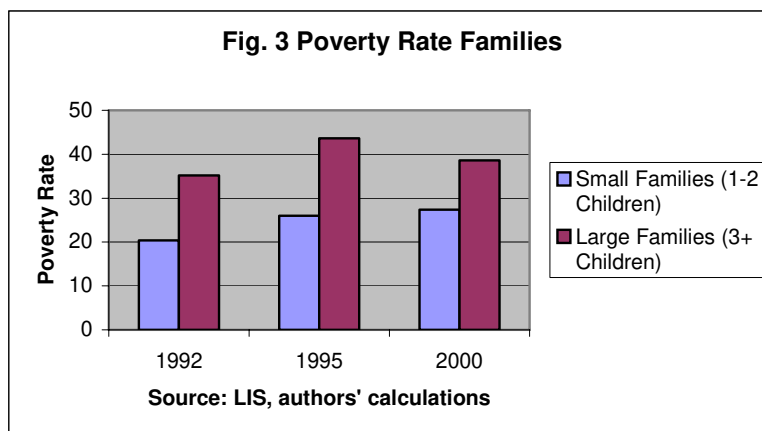
<sup>3</sup> Please note that in the LIS database no information on disability benefits exists. Therefore, it is preferred to calculate the poverty rate on the sole market income, instead of trying to subtract social transfers as it has been done in the next paragraphs. This method also neutralizes the possible effect of income taxes.



poverty rate would be much higher. It would be 50.4% in 1992, 57.5% in 1995, and 60.8% in 2000.



The number of children present in a family greatly determines its poverty status. Larger families in Russia (with three or more children) are, in fact, more likely to fall into poverty than small families (1-2 children). As Figure 3 shows, the poverty rate of small families rose from 20.4% in 1992, to 26.0% in 1995, and to 27.4% in 2000. The poverty rate for larger families, by contrast, jumped from 35.2% in 1992, to 43.6% in 1995, while slightly decreased in 2000 to 38.6%.



As mentioned above, one of the most dramatic emergences subsequent to the collapse of communism has been a drastic increase in the number of poor elderly. Every tourist that goes to Moscow or St. Petersburg cannot avoid the huge number of old man and women selling products in front of the undergrounds. For this reason, closed to the general elderly poverty rate provided in Figure 1, a more in depth analysis on single households headed by the elderly

has been carried out. In particular, Figure 4 focuses on the gender dimension of poverty among elderly and shows how the poverty rate in single households headed by old women is more than twice (almost three time higher in 1995) than the poverty rate of single households headed by old men. It is also worth noting that almost the totality (88.8%) of single households headed by old women in 1992 were below the poverty line, and that the decrease in poverty that occurred in the following years primarily concerned men rather than women. The poverty rate of old men living alone decreased from 64.1% in 1992 to 23.8% in 1995 and to 20.8% in 2000, whereas the poverty rate of old women living alone was 88.8% in 1992, 60.4% in 1995, and 49.7% in 2000.

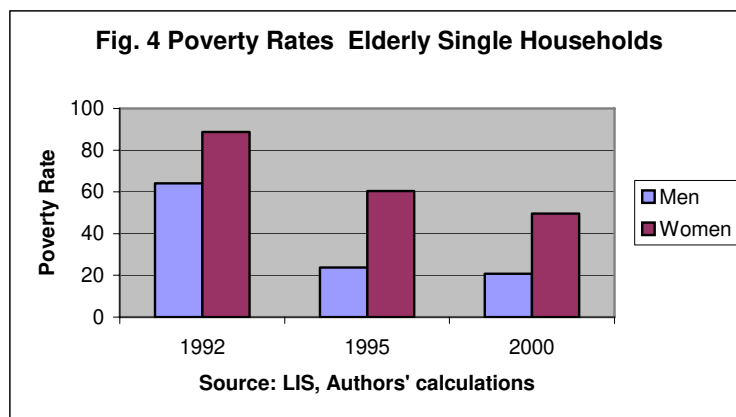
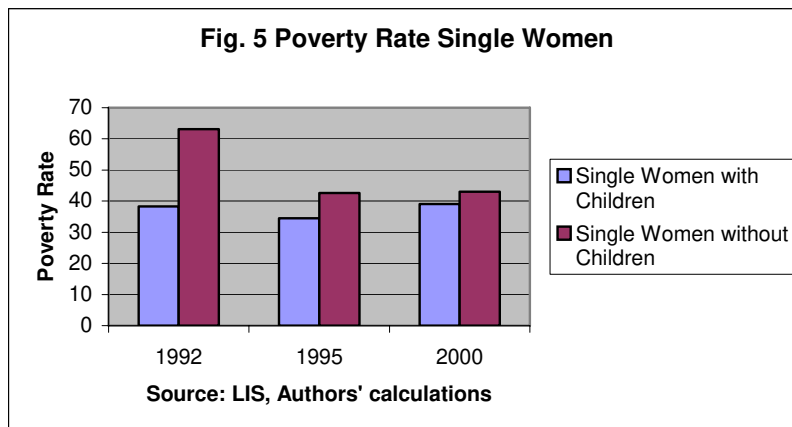
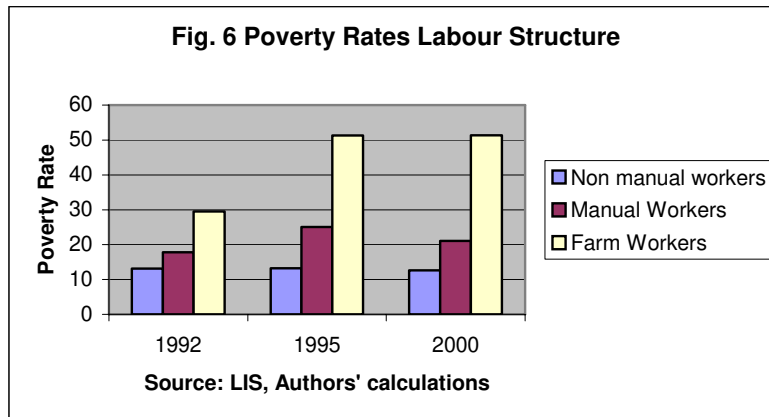


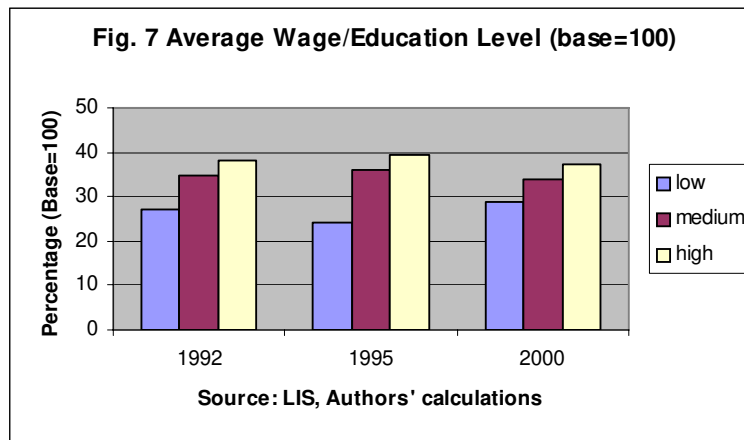
Figure 5 shows the poverty rate of single women. In particular, it illustrates that the poverty rate of single women without children has decreased more drastically (from 63.1% in 1992 to 42.6% in 1995 to 43.0% in 2000) than the poverty rate of single women with children, which, in contrast, has remained almost stable over time (from 38.3% in 1992, to 34.5% in 1995 to 39.1% in 2000) an indicator of the increasing difficulties that single mothers face in the new Russia, but also of the relatively diminution of state protection for single mothers. In 1992, the poverty rate of single women without children (63.1%) was much higher than the poverty rate of single women with children (38.3%), while in subsequent years an equalization of the poverty rates has occurred.



In order to explore the relationship between poverty and labour structure, the ISCO-88 classifications have been recoded into three main categories: 1) non-manual workers; 2) manual workers; and 3) farm workers. Even though, due to insufficient data in the Russian LIS datasets, it has not been possible to recode the ISCO-88 occupations into a more complex five or seven category scale as proposed by Erikson and Goldthorpe (1992) in their famous study of class mobility in industrial societies *The Constant Flux*. The basic three-fold typology (present, however, in the Erikson and Goldthorpe's schema as starting point for further differentiation) can provide a basic idea of the incidence of poverty in different occupational groups. As Figure 6 demonstrates, the largest increase in poverty has occurred for workers occupied in the agricultural sector. Here, the poverty rates rose from 29.5% in 1992 to 51.3% in 1995 and to 51.4% in 2000. In other words, almost half of the households headed by a worker in the agricultural sector was below the poverty line. As it might be expected, due to the changes in the labour structure subsequent to the collapse of the command economy, poverty rates are lowest for non-manual workers (13.1% in 1992; 13.2% in 1995; 12.6% in 2000), while a quite different situation concerns the manual workers for whom the poverty rate increased from 17.8% in 1992 to 25% in 1995. In 2000, the poverty rate decreased to 21.1%, but this still means that more than one-fifth of households headed by a manual worker live below the poverty line.

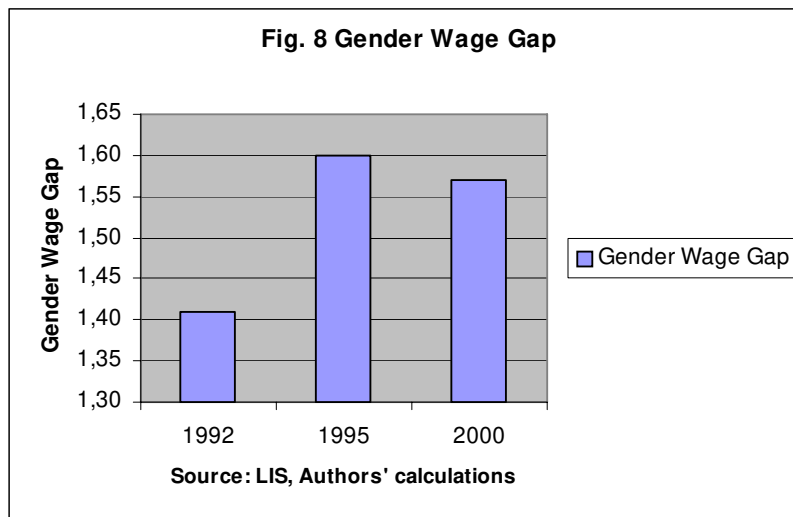


Which is the relationship between the educational level of workers and their wage earnings in the new Russia? One of the main accusation leveled at communism was, in fact, that the excessive equalization of wages, which did not take into account the different educational achievements of individuals, drastically limited the aspirations and, as a consequence, the performance of workers (Machonin 1997). People with an elementary school education usually earned the same amount of money (or slightly more) than that of high skilled workers and professionals. As Figure 6 shows, contrary to what happened in the central planned economy, in the new post-communist Russia wage differences are more accentuated with people who have obtained higher educational levels now receiving in proportion a higher wage. This trend was particularly evident during the first years of transition (1992 and 1995), while an equalization of wages towards the bottom seems to be occurring for people with medium and high educational levels in recent years. A possible explanation, rather than a “return to the past” justification, is the trend for poor economic performance of the country and the subsequent “race to the bottom” of wages, especially in the public sector. In the private sector and, particularly for those employees working for foreign companies, wages, in fact, tend to be substantially higher.

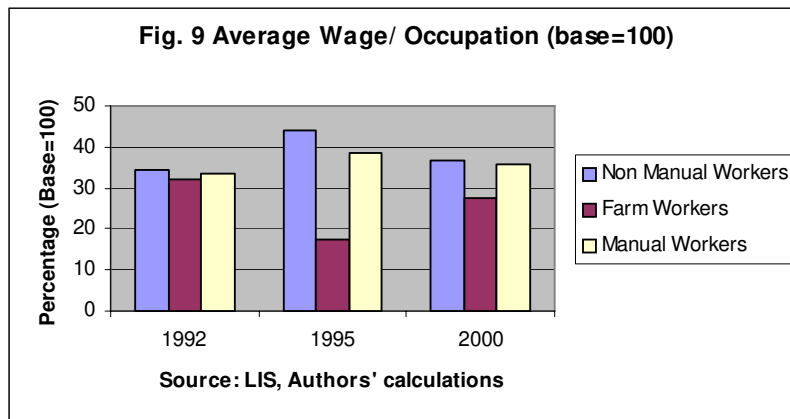


As far as the gender dimension of earnings is concerned, the transition towards a market-based society has reduced the egalitarian achievement of the socialist Russia. Although often neglected by the international literature, the Soviet Union unquestionably belonged to the family of dual-breadwinner welfare regimes (see Lewis 1992) with equal opportunities between men and women achieved through the same access, rights and payment in the work place. Even though some form of segregation continued to persist even during communism (Ferge 1997; Paci 2002; Pascall and Manning 2000; Manning 2004; Pascall and Kwak 2005), gender equality was seen by communist leaders as an unavoidable moral duty for **two main** reasons: firstly, because it was one of the foundations of the communist doctrine, but, secondly, and not less importantly, because it would have been helpful to make a clear distinction from the non egalitarian and gender segregating nature of capitalist societies. As Figure 8 illustrates the increase in the wage gender gap in Russia immediately after the first years of transition, from 1.4 in 1992 to 1.6 in 1995 and 1.5 in 2000. This has been the result of several causes, among which the most important are the change in economic structure now aligned towards a male-breadwinner model typical of many Western societies and the change towards a chauvinist mentality. In absence of the strong state regulation in force during communism, the Russian economy has inevitably tended to facilitate the survival of men in a difficult labour market. Russian men are, in fact, less subjected, than women, to family duties (such as unpaid work at home, or child raising responsibilities) and they have, as a consequence, more time for their career (assumed they succeed to maintain their work place). In addition, a drastic change in the perception of women is now taking place. If during communism, they were seen as revolutionary forces whose efforts for emancipation were rewarded, at least in part, by the communist state, in the new market economy women tend to

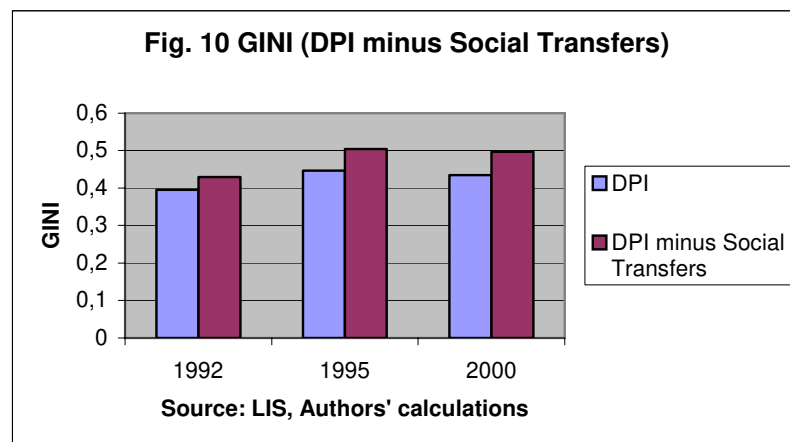
be seen more often as sexual objects (Sperling 2000) and, in general, they are perceived as less reliable workers than men.



When concerned with the relationship between average wage and occupation (as previously shown in Figure 7) it is important to discover whether the new post-communist Russia is witnessing processes of wage differentiation as a reaction to the over-standardization in force in the central planned economy, or whether a leveling of incomes and occupation is, in reality, taking place. As Figure 9 shows, especially during the first years of transition (1992 and 1995), farmers have been the occupational group that has seen their earnings drastically reduced if compared to manual and non-manual workers, even though these wage differences decreased in 2000. A striking element emerging from Figure 9 is also the limited wage differences of non-manual and manual workers. After a brief period (between 1992 and 1995) during which wage differences were increasing, the average wage of non manual workers in 2000 is now very closed to the average wage of manual workers. This controversial result can, in part, be explained by the poor economic performance of the Russian economy and its subsequent race to the bottom of wages, but also by a still inadequate economic structure, which seems to display, especially in the public sector, several features of state-socialism.

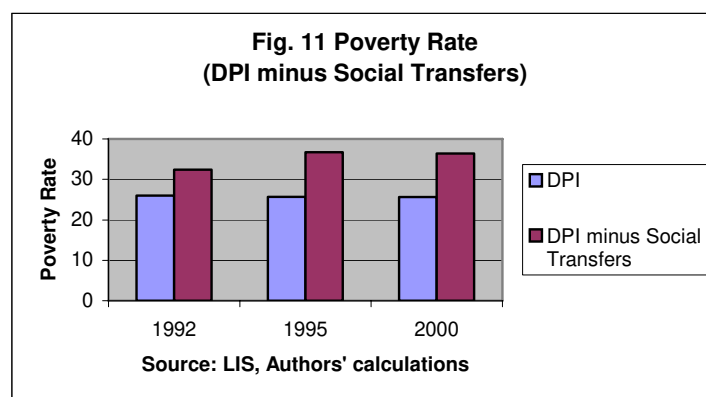


How much would social inequality increase if no welfare institution would exist? In order to respond to this question, the Gini coefficient on net disposable income (DPI) and on net disposable income minus social transfers (DPI minus social transfers) is calculated. Although Figure 10 shows that income inequality would increase without the existence of social transfers, it also shows the limited impact of welfare institutions. Without social transfers, the Gini coefficient of the Russian Federation would be only 9% higher in 1992 (from 0.395 to 0.430), 13% higher in 1995 (from 0.447 to 0.504), and 14% in 2000 (from 0.434 to 0.497) (see also Table 10) than originally seen. Needless to say, a stronger involvement of the state to reduce differences in income is urgently required, since the market alone does not seem to be in the position of responding to the negative effects of transition.



As far as the poverty rates is concerned, if no social transfers were in place, the percentage of total population living below the poverty line would have increased in 1992 from 26.0% to 32.4%, in 1995 from 25.7% to 36.7% and in 2000 from 25.6% to 36.4%. Although this result is certainly remarkable, since it implies a poverty reduction rate of 25% in 1992, of 43% in

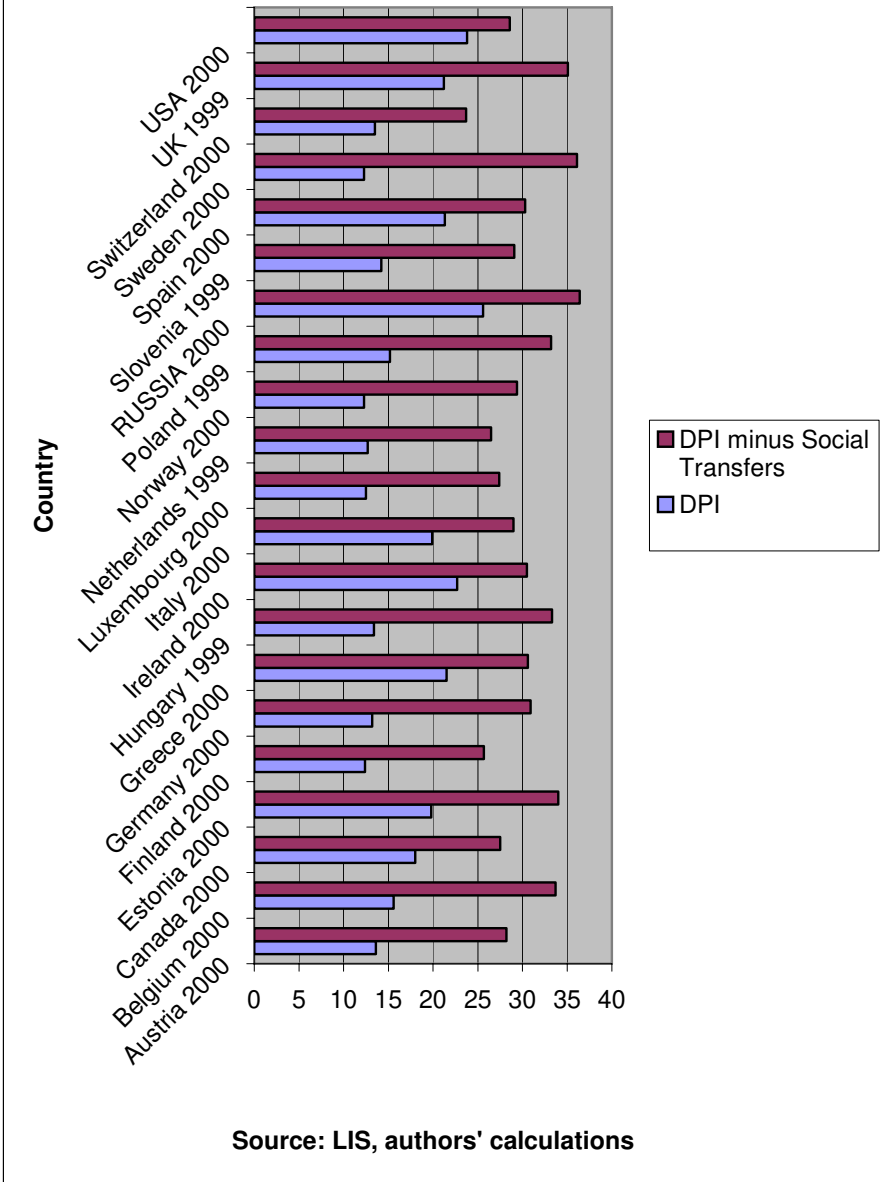
1995 and of 42% in 2000, it still implies that approximately one-fourth of total population is forced to live in poverty (Figure 11; see also Table 11).



If compared to other European and non-European countries, the Russian welfare state has one of the lowest, although not the lowest, impact in reducing poverty. The percentage of change in absence of social transfers is of 42% for the Russian Federation, but it is even below for Ireland (-34%) and for the USA (-20%). Nevertheless, without social transfers, less than one-third of the total population in the United States live below the poverty line (28.6%), while this percentage in Russia is much higher, corresponding, as mentioned, to 36.4% (see Table 12). This is, of course, not to justify the poor performance of American welfare institutions, but rather to stress the vital importance of a functioning welfare state in reducing poverty, especially for countries characterized by a strong market deficit. As it might be expected, the Scandinavian countries (Finland, Norway and Sweden) are the most successful in reducing poverty and this thanks to a comprehensive and well-developed welfare system, followed by the richest Bismarckian (Austria, Belgium, Germany, Netherlands, Switzerland), Southern European (Greece, Spain and Italy) and Liberal (UK, Ireland and USA) welfare regimes. Interestingly, the Central and Eastern European countries, which so often are addressed as moving towards the liberal model, display a stronger welfare state in preventing poverty than expected. The ratio of change in poverty is of 72% in Estonia, of 149% in Hungary, of 118% in Poland and of 105% in Slovenia (see Table 12).

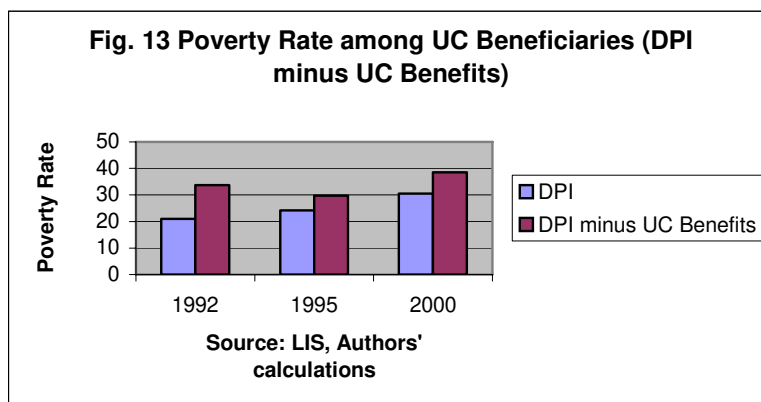


**Fig. 12 Poverty Rates Before and After Social Transfers**



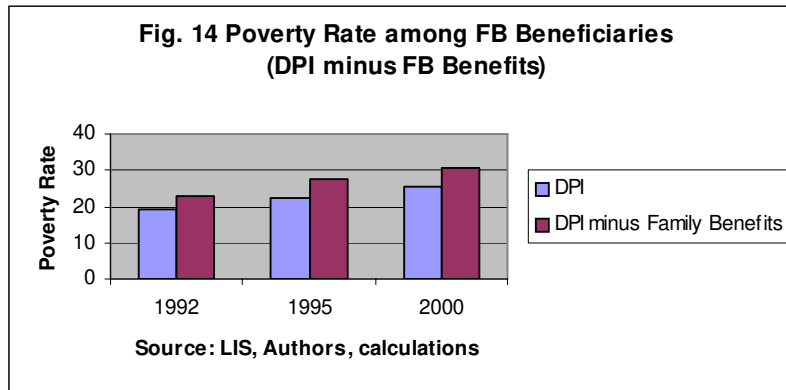
The following figure provides further insights on the impact of the Russian welfare state in reducing poverty, but this time, the attention is given to those who receive unemployment benefits. As can be seen in Figure 13, the Russian welfare state has diminished its role in protecting the unemployed especially in the last years. While at the beginning of 1992, the poverty rate of those beneficiaries receiving unemployment benefits (UC) would have increased by 60% if no unemployment benefits would have been in place (from 21.0% to 33.7%), the percentage of poverty reduction decreased to 23% in 1995 (from 24.1% to

29.7%), and to 26% in 2000 (from 30.5% to 38.5%). It is also worth noting how the number of poor UC beneficiaries has increased overtime. In 1992 approximately 21.0% of UC beneficiaries still lived below the poverty line, in 1995 they were 24.1%, and in 2000 they reached 30.5% (see also Table 13).

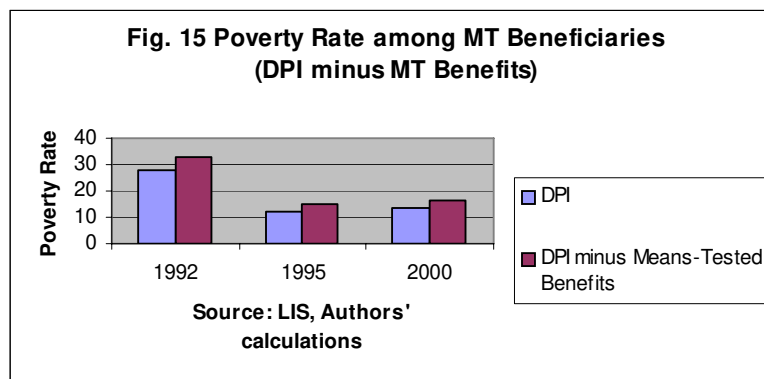


In order to assess the effectiveness of the Russian family benefit system, the poverty rate among family benefit (FB) beneficiaries is calculated. The focus of Figure 14 is on real beneficiaries (those who receive the benefits) instead on the potential beneficiaries (all those families who might be entitled to). This kind of approach has clear limitations, since it excludes several families types that, for some reason, do not receive any kind of support from the state. Nevertheless, by staying focused on what the Russian welfare state really does for these families, one avoids guessing what it might or should do<sup>4</sup>. As Figure 14 illustrates, the poverty rates of FB beneficiaries constantly increased during the decade. It was 19.4% in 1992, 22.2% in 1995, and 25.4% in 2000. Figure 14 also shows that the rate of reduction has been limited. The poverty rate of FB recipients without family support would indeed be of 22.7% in 1992, of 27.6% in 1995 and of 30.8% in 2000. This means a modest reduction of 17% in 1992, of 24% in 1995 and of 21% in 2000 (see also Table 14).

<sup>4</sup> This kind of approach seems also to be particularly useful, since it provides a better picture of the real impact on the beneficiaries, while limiting several statistical distortions.



Finally, the poverty rate among the beneficiaries of means-tested (MT) benefits is calculated to see the impact of the Russian basic safety net for this group of people (Fig. 15). The poverty rate of those who receive means-tested benefits in the Russian Federation decreased from 27.8% in 1992, to 12.0% in 1995, while slightly increasing to 13.9% in 2000. Although at first glance this might seem a remarkable result, without receiving MT benefits the poverty rate of this group of citizens would be “only” one-fifth higher. It would be 37.2% in 1992, 15.0% in 1995 and 16.7% in 2000. This means again a modest reduction of 19% in 1992, of 25% in 1995 and of 20% in 2000 (see also Table 15).



### **The Individualization and Monetization of Risks in the New Russia**

The empirical evidences provided in the section above illustrate several weaknesses of the Russian welfare state, which demonstrates the a clear lack of ability in coping with the problems arising from the economic transition. What is important, however, is that the welfare state as an institution should not be seen as the cause of its own illness, but rather a wrong approach to social security that has emphasized *monetarization and individualization of risks* in times of market failures. For example, the financial crisis of 1998 and the

subsequent devaluation of the ruble dramatically eroded the level of savings of those workers who had created saving accounts for retirement (Sperling 2000). This erosion could certainly not have been completely avoided by state managed provisions, but, at least, responsibility would have shared more equally among the members of the community and the individual costs would consequently have consequently been greatly reduced.

Another important point to stress here is that, as Manning and Tikhonova's (2004) research has highlighted, poverty in Russia is negatively impacting on social networks by excluding poor people from a normal social life. This includes healthy and fruitful relationships with family members and friends, which are the basis of social capital. Numerous other studies have also constantly emphasized that informal mutual assistance has become crucial to overcome the difficult period of transition through cash and benefits in kind, but also through the exchange of services, information, recommendations and connections, which might be helpful to find a more stable job (Manning and Tikhonova 2004, p.28; Davidova 2004, p 82). Nevertheless, and despite the fact that alternative forms of collective assistance are emerging, the poor still continue to have less access to this form of social capital than any other group (Davidova 2004, p.82; Tikhonova 2004, pp.109-146). Thus, the saddest conclusion is that poverty in the new Russia still tends to have a self-perpetuating character, especially for the most vulnerable social groups.

## **Conclusions**

This study has aimed to explore the relationship between poverty and social structure in Russia during the first decade of transition, attempting to identify the most vulnerable groups and to quantify the impact and efficiency of welfare institutions in preventing poverty and income inequality. The results lead to the conclusion that the impact of the Russian welfare state has been rather limited with welfare institutions having only marginally succeeded in reducing poverty among people in need. As far as the relationship with the household and labour structure is concerned, this study has also highlighted how the Russian society is now slowly acquiring those characteristics of differentiation present in Western societies, which for so many years had been advocated by the population. Unfortunately, differentiation in wages has also implied a dramatic and excessive differentiation in life standards and opportunities. These are all challenges that the Russian welfare state is called to deal with. The *individualization and monetarization of risks* are, in fact, accentuating the self-perpetuating character of poverty, especially for those social groups explored in this paper,

such as children, elderly, large families with children, single mothers, farmers, manual workers, unemployed and social assistance beneficiaries.

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## Appendix

**Table 1 Poverty Rate Total Population, Children Elderly  
(60% of the Median)**

	<b>1992</b>	<b>1995</b>	<b>2000</b>
<b>Total Population</b>	26,0	25,7	25,6
<b>Children</b>	23,6	28,8	28,9
<b>Elderly</b>	49,3	26,7	24,2

Source: LIS, authors' calculations

**Table 2 Poverty Rate Disabled People DPI and MI  
(60% of the Median)**

	<b>1992</b>	<b>1995</b>	<b>2000</b>
<b>Net Disposable Income (DPI)</b>	45,8	28,6	34,0
<b>Market Income (MI)</b>	50,4	57,5	60,8

Source: LIS, authors' calculations

**Table 3 Poverty Rates Families  
(60% of the Median)**

	<b>1992</b>	<b>1995</b>	<b>2000</b>
<b>Small Families (1-2 Children)</b>	20,4	26,0	27,4
<b>Large Families (3+ Children)</b>	35,2	43,6	38,6

Source: LIS, authors' calculations

**Table 4 Poverty Rates Elderly Single Households DPI and MI  
(60% of the Median)**

	<b>1992</b>	<b>1995</b>	<b>2000</b>
<b>Men</b>	64,1	23,8	20,8
<b>Women</b>	88,8	60,4	49,7

Source: LIS, authors' calculations

**Table 5 Poverty Rates Single Women  
(60% of the Median)**

	<b>1992</b>	<b>1995</b>	<b>2000</b>
<b>Single Women with Children</b>	38,3	34,5	39,1
<b>Single Women without Children</b>	63,1	42,6	43,0

Source: LIS, authors' calculations

**Table 6 Poverty Rates Labour Structure  
(60% of the Median)**

	1992	1995	2000
<b>Non manual workers</b>	13,1	13,2	12,6
<b>Manual Workers</b>	17,8	25	21,1
<b>Farm Workers</b>	29,5	51,3	51,4

Source: LIS, authors' calculations

**Table 7 Average Wage/Education Level (base=100)**

Average wage by level of education	1992	1995	2000
<b>low</b>	27	24	29
<b>medium</b>	35	36	34
<b>high</b>	38	40	37

Source: LIS, authors' calculations

**Table 8 Gender Wage Gap**

	1992	1995	2000
<b>Gender Wage Gap</b>	1,41	1,60	1,57

Source: LIS, authors' calculations

**Table 9 Average Wage/Occupation (base=100)**

Average wage by level of occupation	1992	1995	2000
<b>Non Manual Workers</b>	34	44	37
<b>Farm Workers</b>	32	17	27
<b>Manual Workers</b>	34	39	36

Source: LIS, authors' calculations

**Table 10 Gini Coefficient**

	1992	1995	2000
<b>Net Disposable Income (DPI)</b>	0,395	0,447	0,434
<b>Net Disposable Income minus Social Transfers</b>	0,43	0,504	0,497
<b>Change %</b>	9%	13%	14%

Source: LIS, authors' calculations

**Table 11 Poverty Rate Total Population  
(60% of the Median)**

	1992	1995	2000
DPI minus Social Transfers	26,0	25,7	25,6
DPI minus Social Transfers	32,4	36,7	36,4
Change %	25%	43%	42%

Source: LIS, authors' calculations

**Table 12 Poverty Rate Total Population (60% of the Median)**

	DPI	DPI minus Social Transfers	Change %
Austria 2000	13,6	28,2	107
Belgium 2000	15,6	33,7	116
Canada 2000	18	27,5	53
Estonia 2000	19,8	34	72
Finland 2000	12,4	25,7	107
Germany 2000	13,2	30,9	134
Greece 2000	21,5	30,6	42
Hungary 1999	13,4	33,3	149
Ireland 2000	22,7	30,5	34
Italy 2000	19,9	29	46
Luxembourg 2000	12,5	27,4	119
Netherlands 1999	12,7	26,5	109
Norway 2000	12,3	29,4	139
Poland 1999	15,2	33,2	118
<b>RUSSIA 2000</b>	<b>25,6</b>	<b>36,4</b>	<b>42</b>
Slovenia 1999	14,2	29,1	105
Spain	21,3	30,3	42
Sweden 2000	12,3	36,1	193
Switzerland 2000	13,5	23,7	76
UK 1999	21,2	35,1	66
USA 2000	23,8	28,6	20

**Table 13 Poverty Rate Unemployment Compensation Beneficiaries  
(60% of the Median)**

	1992	1995	2000
DPI	21,0	24,1	30,5
DPI minus UC Benefits	33,7	29,7	38,5
Change %	60%	23%	26%

Source: LIS, authors' calculations

**Table 14 Poverty Rate Family Benefit Beneficiaries  
(60% of the Median)**

	<b>1992</b>	<b>1995</b>	<b>2000</b>
<b>DPI</b>	19,4	22,2	25,4
<b>DPI minus Family Benefits</b>	22,7	27,6	30,8
<b>Change %</b>	17%	24%	21%

Source: LIS, authors' calculations

**Table 15 Poverty Rate Means-Tested Benefit Beneficiaries  
(60% of the Median)**

	<b>1992</b>	<b>1995</b>	<b>2000</b>
<b>DPI</b>	27,8	12	13,9
<b>DPI minus Means-Tested Benefits</b>	33,2	15	16,7
<b>Change %</b>	19%	25%	20%

Source: LIS, authors' calculations