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Russia, China: Poverty Alleviation (Comparative Analysis)

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ABSTRACT

Goal and objectives. The article analyzes the state policy of Russia and China on poverty alleviation, conducted a comparative analysis of the strategy of the two countries in solving the problem, basic areas, social programs, measures, measures of social support for poor categories of citizens. The general and specific approaches of each. The results achieved are considered, as well as the objectives set by each country in this direction for the near and far term.

Methods. The study uses a set of general scientific methods, such as analysis, synthesis, generalization, comparison, system-functional and integrated approach. Within the framework of the stated theme, theoretical provisions and modern approaches were systematic on the basis of the study of the works of various authors, federal and regional regulatory documents, official statistics.

Results. The theoretical and practical significance of the study is to specify and organize the modern strategic approaches of the state policy of Russia and China, both in the sphere of poverty alleviation and in the provision of state social assistance to poor categories of citizens. These areas of state social policy of each country are not sufficiently researched by national science. The analysis provides an opportunity to identify the state of poverty in Russia and China, actualizes the importance of state policy to reduce poverty in each country, justifies the need for its further improvement in this direction. The findings highlight the positive results achieved by countries to date and identify the ways that have led to them, which can further promote public social policies to overcome poverty in each country and the system of state social assistance to the poor.

Scientific novelty. The scientific novelty lies in the study of the state policy of Russia and China to reduce the poverty level of the population, as one of the most acute problems of both countries. The article shows the characteristics of poverty in each country, the scale and concentration of poverty, the trend of changing poverty in recent years as a result of the efforts of states and new strategies in public social policy. Weaknesses and strengths in the state social policy to overcome poverty in Russia and China have been identified. The lack of effectiveness of the organization of state social assistance to poor categories of citizens is justified. The conclusions are drawn on the versatility of ways to overcome poverty, the need to unite the efforts of all countries in this direction, the fruitfulness of the exchange of experience accumulated by different countries.

Keywords: poverty, social problems, minimum poverty, minimum social standards, poverty allowance, anti-poverty programmes, poor citizens

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Introduction

Poverty has always been one of the main socio-economic problems in all periods of society from ancient times to the present. 736 million, this is 10% of the modern population of the planet are poor people, their spending is less than one dollar per day, which

is below the official minimum poverty line set by the World Bank at 1.9 dollars¹. The poverty level in the country is an indicator of its socio-economic development.

The reduction of poverty in the world, as a primary goal, was set by the UN in the framework of the Millennium Development Goals programs for several decades. The program "17 goals of sustainable development", adopted by the UN on September 25, 2015 for the period until 2030, considers the problem of poverty as the most significant at the present stage².

The problem of poverty remains in the focus of both public attention and public policy of different countries; discussions in the scientific community on the issue of poverty reduction; new poverty reduction concepts are being developed; a search is underway for forms of assistance to poor citizens.

Current state of the problem of poverty in Russia and in China

Poverty undoubtedly remains one of the main contemporary social problems in Russia. The measurement of poverty statistics in Russia is based on statutory (absolute) approach. He comes from a comparison of the actual income of the family (citizen) officially established at the Federal and regional levels, the cost of living. The living wage acts as a minimum level of income required to sustain life and maintain health. If family income is below the subsistence minimum, the family is poor (poor). A living wage for the fourth guarter of 2019 per capita amounted to RUB 10 609 (approximately \$ 170) per month³. "In Russia today almost 19 million people who are poor", stated Dmitry Medvedev in the government Report to the State Duma 2019⁴. In the second quarter of 2019, according to Rosstat, the number of citizens living below the poverty line, amounted to 12.7% of the total population⁵. Describing the Russian poverty for the structure, I should mention its feature — enter the number of poor, primarily families with children and working but receiving low wages, parents. The appearance of a second child dramatically reduces its income and leads to poverty line⁶. The poverty of a large number of Russian families, as an acute social problem in Russia and as a direct threat to the demographic future of the country, said Vladimir Putin in the Message to the Federal Assembly in 20207.

Russian poverty is heterogeneous, it has no regional color, the number of poor varies significantly depending on the region of residence. If, in Tatarstan the number of

¹ As the World Bank estimates the level of poverty [Electronic resource]. URL: https://tass.ru/info/7525997 (accessed: 06.03.2020). (In rus)

² Technical report by the Bureau of the United Nations Statistical Commission (UNSC) on the process of the development of an indicator framework for the goals and targets of the post-2015 development agenda — Sustainable Development Knowledge Platform. United Nations (19 March 2015) [Electronic resource]. URL: https://sustainabledevelopment.un.org/content/documents/6754Technical%20report%20of%20the% (accessed: 06.03.2020). (In rus)

³ The new size of the subsistence minimum for the Russian Federation for the 4th quarter 2019 [Electronic resource]. URL: https://socprav.EN/prozhitochnyy-minimum-za-4-kvartal-2019-goda/(accessed: 06.03.2020). (In rus)

⁴ The report of the government before the State Duma, 2019 [Electronic resource] URL: http://duma.gov.ru/news/44588/ (accessed: 06.03.2020). (In rus)

⁵ Statistics of poverty in Russia to 2019: Rosstat [Electronic resource]. URL: https://zen.yandex.ru/media/id/5b9ba35cc3cbc000ab140b83/statistika-bednosti-v-rossii-v-2019-godu-rosstat-5d777b-41028d6800a (accessed: 06.03.2020). (In rus)

⁶ The paradox of the Russian poverty: a painted group portrait of the poor [Electronic resource]. URL: https://www.mk.ru/social/2017/03/28/paradoksy-rossiyskoy-nishhety-narisovan-gruppovoy-portret-bednyakov.html) (accessed: 06.03.2020). (In rus)

⁷ The President's address to the Federal Assembly 2020 [Electronic resource]. URL: http://www.kremlin.ru/events/president/news/62582 (accessed: 06.03.2020). (In rus)

poor is 7.2%, while in Ivanovo region - 14.7%, in the Tomsk region - 15.0%, in the Pskov region of 17.5%. Poverty is concentrated mostly in rural areas and small towns. For example, if, in Tomsk, the number of poor is only 5.9%, in the villages of the region is 26%.

Thus, the level of poverty in Russia remains high. This poverty is concentrated in certain regions, and its carriers are mostly families with children.

For China, poverty is also one of the most acute problems of social problems. In 2018, according to the State statistical office, the poor in the country had 110 million people, which is 8% of the total population [1]. To determine the level of poverty in the country, as well as in Russia, Chinese statistics uses the standard (absolute) approach. In the number of poor are occupied by persons whose income is below the subsistence level in China, a single living wage level is set for the whole country, and each region sets its own level. The size of the living wage in the regions can vary significantly. This approach to assessing poverty in China is consistent with the Russian approach. This circumstance makes it possible to obtain objective data on the level of poverty, as a whole, across the country and its regions, to compare it with the poverty level as a whole in Russia and its regions. The poverty threshold at the end of 2018 in China was 6.33 yuan per day per person, which corresponds to 1 dollar or 65 rubles².

A particularly high level of poverty in China, as well as in Russia, is inherent in remote regions with a predominance of rural population, such as the Tibet Autonomous Region, Sichuan, Gansu, Yunnan, Shanxi. Poverty in China has a geographical distribution. The western and northern provinces are the poorest compared to the eastern and southern provinces. More than 250 million people live in these regions, the percentage of the poor in them reaches 18.0% [2]. It can be concluded that for China the main problem is precisely the regional poverty of the rural population.

State assistance to the poor in Russia and in China

In the social policy of Russia one of the directions of the fight against poverty is the provision of public assistance to needy categories of citizens. State social support regulates special law. In accordance with this law, representatives of this population are eligible to receive targeted lump-sum or monthly benefits on poverty. The amount of this benefit and the procedure of its receipt is established at the regional level. If in a low-income family has minor children, then such a family will receive an additional allowance for children. All services in the system of social services for the poor citizens receive free. They also have the right to obtain social housing. The poor categories of the citizens having the status of unemployed, receive financial assistance under regional legislation.

In order to prevent contact with citizens in the category of the poor, social policy of Russia is significant social support for the families through social benefits. Russian families with children receive benefits: maternity, the birth of a child, to care for a child until the age of one and a half years. For families in which the birth or the child is adopted, formed the maternity capital, which can be used for the improvement of living conditions of families on the education of children and mothers on supplementary pensions for mothers. For pregnant wives and children of conscripts in the age of three have special benefits. Social benefits are financed from the Federal budget, and for employees subject to compulsory social insurance, benefits are paid from the budget

¹ In the Russian regions, compiled a "portrait" of poverty [Electronic resource]. URL: https://www.gazeta. EN/business/2019/07/25/12534061.shtml (accessed: 06.03.2020). (In rus)

² The level of people below the poverty line in China [Electronic resource]. URL: https://visasam.ru/emigration/asia/bednost-v-kitae.html (accessed: 26.04.2020). (In rus)

of Fund of social insurance of the Russian Federation. Unemployed citizens have the right to receive unemployment benefits. The regions have the right to Supplement this list and provide additional benefits.

The system of mandatory medical insurance in Russia covers the entire population. All citizens of Russia upon the occurrence of objective social risks: old age, disability and survivors pensions are entitled to pension benefits. The Russian pension legislation includes a wide range of insurance types of pensions: old-age, disability, survivor benefits, which are financed from the budget of the Pension Fund of the Russian Federation. Military personnel, civil servants and citizens, not acquire the right to insurance pension, receive a pension through the public pension system financed from the Federal budget. Pensions in Russia cannot be below the level of the subsistence minimum established in the region of residence. In 2010 was introduced a social Supplement to pension, the size of which is below the subsistence level in the region. Thus, the most socially vulnerable categories of the population, limited in their ability to provide for themselves, due to old age, disability, and loss of a breadwinner, do not currently fall into the category of poor people with a normative approach to poverty assessment.

State support of the poor, taking the form of social payments from the budget, and social policy in China, in contrast to the policy of Russia, are under-represented. Subsistence benefit (dibao) exists, but as a temporary and limited measure to assist families whose income is below the minimum traits — 2,3 thousand yuan per year (about \$ 340) that is installed in force in 2019, the state standard. The poorest categories of the population are rural inhabitants. However, in 2018 the average annual income of rural residents increased to 10 of 371 yuan (about 1530 dollars), compared with 2017 year increased by 8.3% adjusted for inflation¹. It is intended to purchase essential goods, food, medicines. But it's difficult because of the bureaucratic procedures of decision-making. Cost budget for this allowance is insignificant, amount to only 0.2% of GDP.

Pension provision in China so far does not apply to all older people, a significant portion of the elderly it lacks. According to statistics, in 2019, the lowest pensions get the villagers is 50-100 yuan (\$ 1000). The average state pension in the cities of 1,500 yuan (about 14,000 rubles). The average for the country in 2019 was 900-1300 yuan (5000–9000 rubles)². This creates objective prerequisites for falling into the category of the poor, primarily the elderly. In this regard, we note the difference in the demographic composition of poor in Russia and China. However, the pension system old-age insurance in China is still under development, a number having retired is growing and currently stands at 66% of the total number of older people, which is key to a positive Outlook in reducing the number of poor among the elderly. The system of social insurance benefits, compulsory health insurance also are poorly developed and do not cover all the population. Currently, the majority of older people do not have the opportunity to receive free medical care. Not all the unemployed can receive benefits for loss of employment³. At the same time, in order to stimulate an active positive civic position of the population, aimed at law-abiding and respectable social behavior, at self-development in 2014, a number of regions of China experimentally introduced a system of social loans (social rating indicators). In this system, the provision of social security or the refusal of it to a particular citizen is associated with the level of his social rating,

¹ The expert assessed the prospects of escaping poverty in China [Electronic resource]. URL: https://ria.ru/20190926/1559141278.html (accessed: 06.03.2020). (In rus)

² Tikhonov V. Pension in China: who and how to pay [Electronic resource]. URL: https://1migration.com/kitaj/pensiya-po-starosti.html (accessed: 26.04.2020). (In rus)

³ The Chinese social credit system — what is it [Electronic resource]. URL: https://www.fondsk.ru/news/2018/12/29/kitajskaja-sistema-socialnogo-kredita-chto-eto-takoe-47371.html (accessed: 06.03.2020). (In rus)

which indicates a contradictory way of development of social security and its insignificant role as a direction in reducing poverty¹.

The government strategy of poverty overcoming in Russia and in China

The solution to the problem of overcoming poverty is related to the most important priorities of modern state policy of Russia. The Decree of 7 may 2018, the President has set the task of providing sustainable income growth, and achievement by 2024, reduce the level of poverty in the country twice². New approaches to the solution of this problem consist in making the implementation of the five Federal projects aimed at improving the lives of Russian families who are currently classified as poor, and those who may fall into this category, for example, in connection with the birth of a child or job loss. The law established additional state financial support for families with children.

New in the fight against poverty, through the provision to low-income families, state social assistance is the focus of social protection to eliminate some families have the position of social dependency to overcome, they have a passive behavior in the solution of their problems, for the formation of the desire to independently change their difficult situations. To enhance the efforts of families in this direction is the technology of the social contract, held since 2013 pilot tested in several regions and demonstrated social impact. The social contract is between the poor family and on social protection. Each of the parties to the contract assumes certain obligations, the provision of state assistance to a poor family is associated with the fulfillment of its obligations. Social protection authorities provide assistance to such families by developing an individual program for them to overcome the crisis and achieve a socially adaptive result. In addition to providing cash benefits, the program may be provided for different events such as: the treatment of alcoholism; help in finding employment and opening small businesses; the direction on retraining or further training; subsidizing the purchase of vehicles, machines, raw materials; provision of seeds; the purchase of livestock. The duration of support in each region is determined differently and depends on a difficult situation of a particular family.

Technology is a social contract recognized by the government promising in solving problems of poverty, to increase family incomes and improve their quality of life. Vladimir Putin in the Message to the Federal Assembly 2020 emphasized the necessity of improving the technology of the social contract, the implementation in practice of social protection in all regions of the country, expansion of financial support of regions for the implementation of this innovation³.

Social strategy of China's anti-poverty differs from the model of Russia. The reduction of poverty in all regions, raising the living standards of the population, building a society of universal medium prosperity — these tasks formed the basis of policy reforms implemented in the country in the last forty years. A sharp jump in traffic in this area is associated with the adoption and start of implementation in 2010 special programs and establishing a special Fund to combat poverty. In order to implement the program, the government also entered into cooperation agreements with a wide range of private companies on the basis of public-private partnerships.

¹ Decree of the President of the Russian Federation of May 7, 2018 N 204 "On national goals and strategic objectives of the development of the Russian Federation for the period until 2024" [Electronic resource]. URL: http://www.garant.ru/products/ipo/prime/doc/71837200/ ixzz5bFGQAE-dk (accessed: 06.03.2020). (In rus)

² The level of people below the poverty line in China [Electronic resource]. URL: https://ria.ru/20190926/1559141278.html (accessed: 26.04.2020). (In rus)

³ The President's address to the Federal Assembly 2020 [Electronic resource]. URL: http://www.kremlin.ru/events/president/news/62582 (accessed: 06.03.2020). (In rus)

For the program of fight against poverty and, primarily, with regional poverty, from the state budget allocated funds, the amount of which increases every year. The same amounts invested for these purposes and private companies. These funds went primarily to regions with high levels of poverty. Moreover, they were not dedicated to the payment of benefits to poor families, and was for the creation of conditions for socioeconomic development of regions and rural settlements, to stimulate small business on providing the rural population with work. Creation of conditions for socio-economic development of regions and rural settlements, to stimulate small business on providing the rural population with work. Each poor family was taken on record, recorded the income sources of families and their size, tracked the dynamics of changes in these parameters. Families helped in the organization of agricultural production, gave interestfree loans for the purchase of agricultural machinery, stimulated the creation of agricultural cooperatives. Funded the construction of roads, social infrastructure, housing, water and electricity supply, carried out agricultural support, trained people to farm and new skills in the field of logistics, ecology, planting, forestry. Great attention was paid to the development of health and education in rural areas.

Policy for the elimination of poverty in China is regarded as an important fundamental prerequisite of economic growth as the key to improving the welfare of the population and the extension of its solvency. It is managed purposefully and systematically with the concentration of financial resources, both the state and business representatives. Over the years, the social reforms China has achieved impressive results in reducing the level of poverty in the country, 740 million people were pulled out of poverty. The level of poverty in the whole country during the reform years decreased by 95%; the income of the population grew by 6.5%. Moreover, in the near future they plan to reduce the poverty level to 2%.

China has shown the highest rates of poverty eradication and the undoubted effectiveness of the chosen path. According to UN Secretary General Antonio Guterres, the Chinese strategy is the most effective in solving the problem of poverty eradication, it is suitable for many countries of the world¹ [17].

Conclusion

Elimination of poverty, reduction in poverty for any country is extremely challenging, because it lies at different planes. It is directly linked to level of economic development of the country and its ability to Fund programs aimed at overcoming poverty. It depends on existing disparities in the economic development of individual regions, from the presence in them of industrial production, the development or lack of development of social infrastructure.

On formation of incomes of the population significantly affects the current wage system, regional disparities in the wages of workers of budgetary sectors, the level of minimum limit of wages in the country, the mechanism of its indexation. Not less important and measures of social policy, of its targeted focus, the focus on poverty reduction.

It should also be emphasized that the fight against poverty, poverty, hunger requires cooperation and coordination of efforts of all countries, exchanges between our experiences and achievements in this field, strategies, technologies. In this regard, for all countries, including Russia, of course, an important experience of China, the most successfully solve the problem. The adoption of a special program aimed at eliminating poverty, directing significant state efforts to the socio-economic development of regions,

¹ The Chinese way to solve the problem is relevant for the whole world [Electronic resource]. URL: https://rg.ru/2019/10/04/kitajskij-put-resheniia-problemy-bednosti-aktualen-dlia-vsego-mira. html (accessed: 06.03.2020). (In rus)

stimulating public-private partnerships for these purposes is a path that is undoubtedly promising for Russia. China can be an interesting experience of Russia to establish a universal guaranteed constitutional system of social security of the population. The underdevelopment of this system in China, the controversial path of its development in the longer term creates barriers to reducing the level of poverty in the country, primarily among socially vulnerable categories of the population.

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