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 as an 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 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

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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 stratification, 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») discloses the problem of social polarization. Some twice M. N. Rutkiewicz (1999), T. I. Zaslawskiy (2011), M. K. Goshkov (2014), N. E. Tikhonova (2014) and V. P. 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. Podgoretsky (1995) 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 will study a catalytic aspect 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 1990s, 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 for years the poor became 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 dishoarding turned them into the poor. On the other hand, some of the middle class managed to get adapted to the new conditions and accumulate capital, which turned the social polarization is studied by others. 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.

A huge increase in the national income 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 were 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 functions to fight unemployment, inflation and so forth. 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 strengthened development of the oligarchic capitalism has been a clearly defined bipolar social structure with a numerous middle class of the poor and the super rich 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 nearly 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: the holders of outstanding state bonds became richer. The change the living standard was decreasing, and social polarization was increasing [6]. During the present crisis on the social structure of the Russian 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 super rich few.
with incomes below this amount was 22.9 million (16%) in 2015 [18]. The number of the poor increased by seven million, with an increase in the living wage just by 22.68 dollars. It shows the official subsistence minimum is not defined clearly.

At the same time, the situation with the other social pole is just opposite. For example, in 2014 the chairman of the Bank of Russia Elvira Nabiullina’s income, who is one of responsible officials for the «financial health» of the country, has doubled compared to 2013 and amounted to 331.114.86 dollars. Her husband’s income has doubled over the same period and amounted to 684.183.09 dollars [19]. However, it is nothing compared to the Rosneft president’s income, which reaches 907.164.0 dollars, as well as to the income of the richest member of the State Duma Grigory Anikeev - 15,047.258.28 dollars. Currently, federal ministers, deputies and senators receive from the state more than 6,047,76 dollars per month, which is more than 12 times higher than the average salary in Russia.

6. Conclusion. Transformation of the social structure in Russia is determined by stable dichotomies of its economic development. In periods of economic crisis, social stratification becomes stronger, social polarization spreads. Besides, the number of the poor increases, whereas the number of the middle class population decreases. An extreme inequality in distributing of economic benefits is correlated with imbalances of the symbolic, cultural capital and other multi-dimensional social variables.

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