

Consultations With the Poor

National Synthesis Report

RUSSIA

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The findings, interpretations, and conclusions expressed here are those of the authors and do not necessarily represent the views of the World Bank, its Board of Executive Directors, or the governments they represent.

## Preface

This study is part of a global research effort entitled *Consultations with the Poor*, designed to inform the *World Development Report 2000/1 on Poverty and Development*. The research involved poor people in twenty-three countries around the world. The effort also included two comprehensive reviews of Participatory Poverty Assessments completed in recent years by the World Bank and other agencies. Deepa Narayan, Principal Social Development Specialist in the World Bank's Poverty Group, initiated and led the research effort.

The global *Consultations with the Poor* is unique in two respects. It is the first large scale comparative research effort using participatory methods to focus on the voices of the poor. It is also the first time that the World Development Report is drawing on participatory research in a systematic fashion. Much has been learned in this process about how to conduct Participatory Poverty Assessments on a major scale across countries so that they have policy relevance. Findings from the country studies are already being used at the national level, and the methodology developed by the study team is already being adopted by many others.

We want to congratulate the network of 23 country research teams who mobilized at such short notice and completed the studies within six months. We also want to thank Deepa Narayan and her team: Patti Petesch, Consultant, provided overall coordination; Meera Kaul Shah, Consultant, provided methodological guidance; Ulrike Erhardt provided administrative assistance; and the Institute of Development Studies, University of Sussex provided advisory support. More than a hundred colleagues within the World Bank also contributed greatly by identifying and supporting the local research teams. Anis Dani and Nora Dudwick helped to adapt the study methodology and provide guidance to the research teams from Eastern Europe and Central Asia.

The study would not have been possible without the generous financial support of the U.K. Department for International Development (DFID), numerous departments within the World Bank, the Swedish International Development Agency, John D. & Catherine T. MacArthur Foundation and several NGOs.

The completion of these studies in a way is just the beginning. We must now ensure that the findings lead to follow-up action to make a difference in the lives of the poor.

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## 1. EXECUTIVE SUMMARY

### 1.1 Main findings on four main themes

The poor in Russia see the immediate causes of their poverty in the absolute lack of money or insufficient incomes. These two factors are in their turn explained by several reasons:

- unemployment with no unemployment benefits paid
- formal employment with no work to do and (almost) no wage paid
- working but getting (almost) no wage (wage arrears)
- pensions and benefits paid with long delays or not paid at all
- incomes (wages, pensions, and other) too small in comparison with constantly growing prices.

They all remember the time when there was no unemployment and no wage arrears or delays with pensions payments. Consequently, they link the origin of their poverty to the political, social, and economic transformations that started about a decade ago and that are commonly known as *perestroika* ('reconstruction'). The disruption of the Soviet Union that took place about that time and the total collapse of the communist (socialist) regime are usually also included into that notion.

It seems important to mention here that none of the people we talked to said that they had been poor from their childhood. **All the participants from all the groups of the poor claimed that they had not been poor before the beginning of the 1990s.** Due to this, the questions about the dynamics and changes in the well-being brought about one and the same result throughout the whole study. In former times, they said *we, the majority lived well, now we live in misery*. Those who used to be on the top positions of wealth and power before, retained their place (or became more wealthy). Those, who used to be at the bottom (the homeless) also remained where they were.

Therefore, the life before *perestroika* is perceived as either normal or good. Most often this life was suggested as an example of the well-being. Although numerous stories were told about well-to-do or rich people, their life standards were never used to represent the idea of well-being. In other words, while discussing the notion of well-being (*or good life, decent life, normal life*) the poor people pointed at themselves but in the past rather than at other people in present.

According to what was learnt from the discussions with the poor, they are not yet fully accustomed to their present day economic and social position, although all of them who are over 25 do not believe that their life would improve. They think that the present state of affairs is abnormal and some day it should return to what it was before the 1990s.

In most of the groups, people would explain the economic disaster by the actions of the political leaders or government who *deliberately ruined the country* in their own economic interests. It is also

important that **people in all sites never related their poverty to the particular conditions in their community or town, city, region etc., but always to what happened in the country as a whole (*perestroika*, disruption of the Soviet Union, and the like).**

The poor in Russia are *The New Poor* as one of the groups put it, referring to the widely known *New Rich* or *New Russians*. People live in the same homes they used to live when they did not consider themselves poor (at least, this is what they say). The same is true about their furniture, clothes, and ideas. And although these ideas, reasoning, and even the words of different groups all over Russia were very much alike, **no specific culture (or mentality, or discourse) of the poor has been revealed by the study.**

Due to the same reason there were no established Russian terms and definitions in their parlance for what the project papers refer to as 'poverty'.

The members of our groups used to call themselves the *paupers*, *miserable*, *beggars*, and the like, but they used those words mainly as metaphors. They always differentiated themselves from the small category of dropouts (*bomzhi* or *bitchi* - 'homeless', see Box ) who, as the discussions have shown, were acknowledged as the real beggars and paupers. (The quality of life of a *bomzhi* measured by usual standards is inferior to all, as well as in prestige, but in terms of food provision they are said to be in a better position than other categories, for example, old pensioners with small or unpaid pensions, because the *bomzhi* dare to violate some rules the pensioners cannot transcend (to beg, to steal, to eat from the trash, etc.)

**The extreme forms of poverty that we met during the study was absolute lack of any food for several days in a month for a single person or, sometimes, for a family. Most often people find themselves in such a condition towards the end of the period between the payments they get (salaries, pensions).**

This happens to that minority of the poor who live only on what they get from the enterprise or the state, and have no plot of land of their own and, respectively, no stock of vegetables. The same applies to the disabled and handicapped people who get no help from the outside.

**The small family agriculture on the plots of land (around 0,06 hectare) virtually save tens of millions of Russians from starving to death.** Planting potatoes and some other vegetables is the most widespread strategy of coping with poverty. The diet of the poorest families is very far from optimal and damages their health, but it prevents people from starvation.

## 1.2 Conclusions

The research helped to understand the basic perceptions and attitudes of the poor on the four discussed themes.

**Well-being** was discussed in the terms of the normal (good) and bad life perceived, respectively, as the life before and after the transitional changes (*perestroika*). In all instances, the poor people would refer to their life standards in the past, as good, rather than to those of other people at present.

**The causes of poverty were most often seen in the factors of the global character (betrayal of the country leadership, disruption of the Soviet Union) than in the factors pertaining to the local community.**

The poor categories appeared to be:

- a) elderly and disabled who get no help from outside, i.e., no family support
- b) *'bomzhi'* ( the homeless)
- c) families with more children
- d) the unemployed over 45 years old
- e) refugees from outside Russia
- f) those depending entirely on public enterprise or state:
  - employees with huge wage arrears
  - *'budgetniks'*, public sector employees who are paid from the local budget; salaries very small and chronically delayed.

The shock of the 90s was perceived as unexpected and fresh in memory. Although in all discussions about the future the poor participants declared that they expected no improvement of their situation, there were indirectly expressed hopes that life could eventually return to the way it had been before the 1990s.

**Their deprivation belongs to the 'sudden' type, but for some it tends to become 'chronic'.**

By all appearances, many categories of the poor of today (categories a, b, c, d - see above) have very little chance to ever improve their situation. They are most likely to keep at the level of survival reported here.

Their survival is mostly dependent on the plot of land they cultivate. If this resource is absent for any reason, the situation becomes particularly hard.

**Problem priorities** were seen through the prism of one huge problem: general lack of money, which had such forms and sources as unemployment, wage arrears, delay of other payments (pensions, benefits). All other problems, e.g., medical care, education, opportunities for children, leisure, etc. were regarded as fully dependent on the money problem. The problems of community infrastructure were not in the focus of attention. The past was mostly idealized and perceived as problem-free.



**The overwhelming opinion was that the problems should be solved from above, by the top-level authorities. The participants did not believe in the effectiveness of their own efforts.**

In all groups, formal **institutions** were rated very low.

**The informal, primary institutions were seen as the only effective and reliable resources in coping with crisis.**

Almost all coping strategies were limited to the family survival.

**Gender relations** appeared to be least affected by the crisis. No significant changes in the gender roles were reported. The most important were the consequences of the unemployment.

**Unemployment of the man often leads to a loss of status within his gender role of both husband and father. As to the woman, impoverishment affects her overall social status but her in-family position remains intact.**

## **2. BACKGROUND**

### **2.1 Political, economic, and social conditions in Russia.**

In 1991 the Soviet communist system, which had existed for over seven decades, was destroyed. The new reformist government abolished the price regulation by the state and introduced some free market mechanisms.

Due to many reasons, these reforms failed to bring immediate prosperity to the majority of the nation. The most visible social result was differentiation of income groups (in 1997, 20% of the population with the highest incomes had about 47% of the total incomes, while 20% with the lowest incomes, had only 6% of those).

In the course of privatisation, a great number of industrial enterprises were closed down. Many state-run enterprises failed to find the market for their products. Since mid-90-s, considerable growth of unemployment started. Apart from this, wage arrears and salary debts became widespread. As a result, the well-being of the majority of the Russian population deteriorated.

Though there were several waves of strikes and two attempted coups, the overall political situation in the country could be estimated as relatively stable. Still, the social climate is far from satisfactory. The majority of the population suffer from the corruption of the local authorities, combined with the organised crime.

After the Presidential elections of 1996, the certain economic stabilisation was observed, but the effect of the international economic crisis of 1998, which hit Russia in August, destroyed it completely.

This was the context in which our study took place.

### **2.2 Background statistics**

The level of social and income differentiation in Russia is estimated as the highest in Eastern Europe.

The incomes of the most of the population have been decreasing since early 1990-s. By 1996, due to achieved certain financial stabilisation in the country, the process had stopped, but after the August financial crisis of 1998 and the drastic price rise, the situation returned to 1995 and indicates a very significant downward trend.

By the end of 1997, the national minimum subsistence level was Rbl.415. In the middle of 1998, it was Rbl.436, but in the spiralling inflation of the second half of the year it reached Rbl.717. During the same period, the share of the population whose incomes were lower than the subsistence level increased from 18%-21% to 27%-29%.

According to the State Census Bureau, around 50% of the population in the end of 1998 had per capita cash incomes which were below the minimum subsistence level. Taking into account other income sources (payments in kind, consumption of own produce, as well as informal incomes), the poor are estimated as 25% of the total Russian population. (in Survey on Economic Policy in Russia in 1998, Moscow, ROSSPEN, 1999).

Structurally, the level of the poor is higher in the rural than in the urban areas, depends on the region (e.g., 15% in Moscow, 60-70% in the Far East), increases in the households with three and more children (78%), particularly in the households headed by only one parent, normally a woman (87%).

Poverty correlates with age and gender of the individual. According to the state statistics, the proportion of the poor is higher in the younger age groups, amounts to 44%-46% in the age range of 20-44, and then steadily decreases with age to 24%. Pensioners, contrarily to the widely held opinion, are not the most poor group of the population (19%).

The sociological survey data generally confirm these figures. The multi-dimensional characteristics of the population groups (Leonid Gordon, The Russian Public Opinion Monitor, 1998, 2), singles out the groups of 'satisfactory well-being' (17%), 'extreme poverty' (33%), 'intermediate situation' (50%).

The poor in this classification show overall dissatisfaction with nutrition (94%), housing conditions (74%), provision with modern home equipment (86%). Most of the poor are the 'newly poor' (69% declare that their material well-being has considerably worsened over the last years). The proportion of those in this group who think that their overall social status also decreased is over 40%. Over 50% of the poor think that they belong to the bottom of society. Undernourishment is a very specific feature of the newly poor in Russia (before poverty was mainly associated with bad housing conditions, inadequate clothes, etc.) and is regarded as a sign of social crisis.

Unemployment, both official and latent, is the main source of poverty. Two million people are registered at the Employment Service (2.6% of the active population), but the factual level of unemployment is estimated as more than three times higher (8.5 million people, according to the recent data of the International Labour Organisation).

The sociological data (November 1998 survey conducted by VCIOM) give the figure of 11% of the unemployed. In terms of demographics, the unemployed are more likely to be in the age group of 25-40 years, residents of small towns, in the regions of Siberia and Far East or the North.

About 8% of the employed population are engaged in the additional work without formal registration, of those 82% occasionally, and 18% on the regular basis. Latent (not formally registered) revenues of the population are 18%. Though the level of informal revenues is significantly higher in the higher income groups, the share of it in the family budget is particularly higher in the poor households (42%). (Irina Perova et al, The Russian Public Opinion Monitor, 1998, 6, based on VCIOM surveys of May-July-September 1997).

### 2.3 Study purpose

The '**Consultations With the Poor**' Project has been launched in Russia at a period of sharp economic crisis. According to many experts, the transformation of the so-called planned socialist economy into the self-regulating market economy, that was initiated in the early 1990s, made very slow progress. In the beginning there were widespread beliefs that on getting rid of socialism the mass prosperity will come. Instead, our participants remarked in every group, the small part of the population became affluent while the overwhelming majority grew very poor.

The industry and agriculture, that in Soviet times used to employ practically all population of the country of the working age, now are at the stage of disruption. Only few of the enterprises continue to function (mainly in the raw material sector). Of the rest of the industrial and agricultural enterprises, some are formally closed, some are formally functioning, but in reality they do not work, or work only several days a month.

The unemployment of different kinds (open and latent, formal and real, total and partial) affects almost all categories of the working people.

The financial system of the country is also in crisis. Those who work at state-owned enterprises, do not get the wages in full amount. The state fails to pay adequately for the products and services it has ordered to be manufactured (arms, electricity, wheat, etc.). As result, a specific economic system has been formed, which has two features.

**Severe shortage of 'live money'** is felt in all parts of the country and in almost all segments of economy. Even among the enterprises that are functioning, many do not pay wages to their workers for months. **Wage arrears are a much more widespread practice than the timely payments.** (Payments of the pensions and benefits are also delayed, though pensions are normally paid more regularly). Wage arrears have become an instrument for reducing production costs, squeezing the ineffective enterprises out of the market, and actually stopping them without firing the personnel.

In this de-monetarized economy, barter exchange and payments in kind have become widespread.

**Payments in kind** are a practice when the wages (or part of it) could be received only in the form of particular products offered at special shops. It could be food or any other product, high-priced, often of low quality. In some cases, payment in kind is looked upon as support by the administration of the enterprise. In other cases, it is viewed to be a cheat.

There is another segment of economy in Russia where things are totally different. This segment includes different kind of institutions that have access to different sources of wealth and power. The wide variety of institutions can be listed here: from governmental offices to organized crime, from raw material trade to service sector. The incomes of the people employed there are high and stable - in comparison with

the rest of the economy. In the present study this segment was mostly reflected in people's categorization of the households, the upper one or two categories. Only few of our participants were included into this segment.

As was said above, the main part of the economy is at stop and the population is idle and underpaid.

The information collected during this study, and other projects sponsored by WB, suggests that **the authorities and administration of different levels learned to maintain a balance providing the population with the money and other resources in quantities enough only for their physical survival. They also learned to control the political activity of the population, so that no serious unrest is apparent.**

No doubt that this is a very fragile balance system. Financial instability in the world markets, natural disaster, or political crisis can easily turn the fragile balance into a catastrophe.

**World Bank** initiated a system of credits to the Russian government for restructuring the coal industry where the situation had become critical earlier than in other sectors. The monitoring of the restructuring process was envisaged by the Government program based on the agreement with the Bank. The same research team that conducted the present study was engaged in the qualitative part of the monitoring. This helped to use the experience gained in both projects in formulating the present report.

As to other **NGOs**, the study did not bring any information about their activities. The incidentally mentioned NGOs, like 'Business Woman', or 'Esoteric Knowledge', were not addressed to the poor. Some religious organizations, other than Orthodox Church, were reported to be helpful to their members.

## **2.4 Methodology and process**

The methods included:

- open-ended group discussions
- individual interviews
- individual case studies
- meetings with local experts
- participatory observation
- triangulation
- feedback sessions

Recruitment was based on different principles. The first individuals were usually invited by the same persons who helped to recruit participants for the first group discussions. After the first groups, the researchers themselves invited the individuals, or via some of the participants who were willing to

cooperate with them. Still another channel was the host of the flat that was hired as venue for the group discussions.

The fieldwork took place in the period between March 29 and May 11 and included 10 sites in 7 geographic regions.

## **2.5 Selected Sites**

### **Ivanovo, 8 distr.**

Industrial city, unemployment, redundant working force. Site in the central area of the town, mixed population reflecting all typical problems of the city.

### **Teikovo**

Small mono-industrial town. Female unemployment.

### **Ozerny**

Rural agricultural site. Crisis in agricultural production.

### **Dzerzhinsk, 9<sup>th</sup> district**

Middle size industrial town (chemical plants, war industry in crisis), with one of the highest rates of pollution. Site in remote 'bedroom' district, the community of chemical plant workers.

### **Belasovka**

Small agricultural village with traditional craftsmanship and farming in crisis.

### **Orgakin**

Rural agricultural site with the Kalmyk population. Crisis in agricultural production.

### **Tajik workers**

Street marketplace in Moscow where the Tajik ethnic groups live and work after they had to leave their homes.

### **Novi Gorodok**

Small mono-industrial settlement in the coal mining area stricken with unemployment.

### **Ekaterinburg/Elmash**

Megapolis with acute problems of unemployment in the military industrial complex, pollution, high criminality rate.

### **Magadan, 3 district**

Remote city in the extreme North-East of Russia. Gold-mining center, built by enforced labor, now in decline.

**Table 2.1: Number of Discussion Groups at the Study Sites**

| Site                               | Poor      |           |          |           | Other (specify)                |                            |                               |           | Total     |
|------------------------------------|-----------|-----------|----------|-----------|--------------------------------|----------------------------|-------------------------------|-----------|-----------|
|                                    | Men       | women     | youth    | Subtotal  |                                |                            |                               | subtotal  |           |
| Rural sites                        |           |           |          |           |                                |                            |                               |           |           |
| Belasovka                          | 3         | 3         | 1        | 7         | women souvenir-makers          | youth                      |                               | 2         | 9         |
| Orgakin                            | 2         | 3         | 1        | 6         | men                            | women at remote farm       |                               | 2         | 8         |
| Ozerny                             | 2         | 2         | 1        | 5         | former staff of the youth camp | younger men                | elderly (who sell at bazaars) | 3         | 8         |
| Subtotal                           | 7         | 8         | 3        | 18        | 3                              | 3                          | 1                             | 7         | 25        |
| Urban sites                        |           |           |          |           |                                |                            |                               |           |           |
| Ivanovo/Center                     | 2         | 3         | 0        | 5         | mixed                          | youth                      | mixed                         | 3         | 8         |
| Teikovo                            | 2         | 3         | 1        | 6         | younger men                    | younger women              |                               | 2         | 8         |
| Dzerzhinsk/9 <sup>th</sup> distr.  | 2         | 2         |          | 4         | mixed                          | younger men, youth         | budgetniks                    | 4         | 8         |
| Yekaterinburg/Elmash               | 2         | 1         |          | 3         | Afghan veterans                | younger men. Younger women | youth                         | 5         | 8         |
| Magadan/3th distr                  | 2         | 3         | 1        | 6         | working men                    | younger men                |                               | 2         | 8         |
| Novi Gorodok – miners' settlement. | 2         | 2         | 1        | 5         | mixed                          | younger men                | younger women                 | 3         | 8         |
| Moscow/Tajik community             | 2         |           |          | 2         |                                |                            |                               |           | 2         |
| Subtotal                           | 14        | 14        | 3        | 31        | 5                              | 8                          | 4                             | 19        | 50        |
| <b>TOTAL</b>                       | <b>21</b> | <b>22</b> | <b>6</b> | <b>49</b> | <b>8</b>                       | <b>11</b>                  | <b>5</b>                      | <b>26</b> | <b>75</b> |

**Table 2.2: Number of individual and institutional (\*) case studies at the study sites**

| Site                               | Poor      |           |          |           | Other (specify) |                     |                           |           | Total     |
|------------------------------------|-----------|-----------|----------|-----------|-----------------|---------------------|---------------------------|-----------|-----------|
|                                    | Men       | women     | youth    | Subtotal  |                 |                     |                           | subtotal  |           |
| Rural sites                        |           |           |          |           |                 |                     |                           |           |           |
| Belasovka                          | 2         | 2         | 1        | 5         | m               | railway road*       | craft industry*           | 3         | 8         |
| Orgakin                            | 1         | 2         | 1        | 4         | m, f            | local shop*         | extended family*          | 4         | 8         |
| Ozerny                             | 1         | 2         | 1        | 4         | m, f            | nurse*              | local authorities*        | 4         | 8         |
| Subtotal                           | 4         | 6         | 3        | 13        | 5               | 3                   | 3                         | 11        | 24        |
| Urban sites                        |           |           |          |           |                 |                     |                           |           |           |
| Ivanovo/Center                     | 2         | 1         | 1        | 4         | m, f            | relatives*          | medical care*             | 4         | 8         |
| Teikovo                            | 1         | 2         | 1        | 4         | m, f            | employment service* | mafia*                    | 4         | 8         |
| Dzerzhinsk/9 <sup>th</sup> distr.  | 1         | 2         | 1        | 4         | m, f            | church*             | juridical*                | 4         | 8         |
| Yekaterinburg/Elmash               | 1         | 2         |          | 3         | m, f            | relatives*          | police*                   | 4         | 7         |
| Magadan/3 <sup>th</sup> distr      | 2         | 1         | 1        | 4         | m, f            | friends*            | local media*              | 4         | 8         |
| Novi Gorodok – miners' settlement. | 3         | 1         |          | 4         | m               | local TV*           | social welfare*           | 3         | 7         |
| Moscow/Tajik community             | 2         |           |          | 2         | f               | police*             | landladies and 'mothers'* | 3         | 5         |
| Subtotal                           | 12        | 9         | 4        | 25        | 12              | 7                   | 7                         | 26        | 51        |
| <b>TOTAL</b>                       | <b>16</b> | <b>15</b> | <b>7</b> | <b>38</b> | <b>17</b>       | <b>10</b>           | <b>10</b>                 | <b>37</b> | <b>75</b> |



### 3. PERCEPTIONS OF POVERTY: WELL-BEING DEFINITIONS AND TRENDS

#### 3.1 Well-being

Most participants tended to treat their life before *perestroika* as normal or good. Most often their life before the transformations was suggested as an example of the well-being. Although numerous stories were told about the wealthy people, their life standards were never used to represent the idea of well-being. In other words, while discussing the notion of well-being (or *good life*, *decent life*), the poor pointed at themselves but in the past rather than at other people in present.

This proved to be universal across the country. Whenever asked to describe the well-being (*good life*) in detail, they usually gave the mirror image of their present day life (or of the ill-being). The definition of well-being included:

- guaranteed work
- stable wages paid regularly (in time)
- predictable future

Sometimes other features from the Soviet past (claimed to be absent now) were mentioned:

- free education
- free health care
- summer vacations for children at the sea resorts

Tajik refugees, who had survived the horror of the civil war and genocide and were objects of constant abuses by the Moscow police, mentioned 'peace' and 'absence of constant fear' as the main prerequisites of a good life. Again, they referred to their life in the Soviet past (before *perestroika* and the war) as a model.

More detailed descriptions of well-being usually belonged to the older participants, because the main part of their life had been spent in the Soviet times. Younger participants stressed the issues of work, wages, and education.

Younger participants would often stress that the earnings must be enough to conduct *decent* or *normal* life. Interestingly enough, they failed to describe in detail what 'normal life' actually was. This proved to be an abstract or ideological notion for them. The elder participants, on the contrary, were ready to describe 'normal life', but mostly by means of portraying their real or imaginary past - and only as a list of the losses.

The cattle (cows, sheep) was the main resource and value in the community life of rural Kalmyks. Consequently, wealth, in their opinion, used to be symbolized by big herds of cattle at the state-owned farm of the Soviet past.

**As was said above, the well-being criteria were always taken from the past and never from the present. The life of the well-to-do people was never called a 'good life'.**

This would need some explanation. The notion of well-being or of the good life, apart from its material component, involves a moral dimension as well. 'Good life' means that one's well-being is morally justified. This is how the people see (now!) their life in the Soviet times, when all were employed at state owned enterprises with state regulated salaries and privileges, and the Soviet state guaranteed that everything was morally pure and honest.

Most of the participants agreed in that now any considerable wealth implied some entrepreneurial activity which is treated as something dubious from the moral point of view. That was the case with people over 40. As for the young, they put it more practically but agreed that to get enough money for a satisfying life inevitably involved some dubious transactions, most often illegal ones. Ultimately, when both the younger and the older participants talked about the well-to-do people, they would never call their life a 'good' one.

There was some link between the notion of 'good life' and the life of the well-to-do people. It was **a feeling of safety and confidence about the future, a highly praised and much missed feature of the Soviet past. Now this is viewed to be an attribute of the life of the few rich people.**

Overall, the definition of well-being or 'good life' proved to be almost identical in all groups. The categorization of the families according to their life conditions or, as we put it, *who lives better* (whose life is better) and *who lives worse*, brought about much variety. The variations have shown that there is no standard picture of the social stratification in the people's minds.

The common feature of all the categorizations was the top category with which the participants never identified themselves. The names and words they used for this category were much more often the same than with other categories. The usual nickname was *New Russians*.

The expression came into being soon after *perestroika* and was applied to people who became rich (exuberantly rich) in recent time and due to the new economic conditions. There is a tint of irony in this name, since New Russians are thought of as very showy people and with bad taste. With some of the younger participants, this irony was mixed with certain respect or curiosity, but more often in our groups it was loaded with despise and disgust. As we said earlier, the idea that wealth involved or presupposed some dishonest deeds was rooted very deeply into the consciousness of virtually all the participants. So, very often another name was used to designate the top category: *thieves* (or its synonyms). People in Novi Gorodok site accused the administration of the coal mines of illegal selling out of the coal for their personal benefit.

According to peasants in Orgakin site (Kalmyk republic) , the former Soviet state property (the cattle and the land) was privatized and distributed among the relatives of the former bosses.

There is a very popular idea that the wealth of the people on the top has been gained by stealing what previously belonged (legitimately) to the state or *to us* or *to people*. This is how the process of privatization was commonly treated. (The process took place in early 1990s). The political leaders of that period were constantly cursed in all the groups for *robbing people, stripping the nation*. Old people in Magadan insisted that there was a conspiracy against their city (or Russia as a whole).

What is more important for this study, people applied the same idea of theft or robbery to the local leaders and businessmen. More often than not, the top officials of the locality (the Governor, the Mayor) were mentioned first in the top category (although they were never treated as members of the community), and remarks came about some unjust, or illegal, or criminal ways by which they gained their wealth.

In most of the cases people told us that the biggest enterprise in the town had been privatized by somebody of the top official's family. (The business, trade, or entrepreneurial activity of state officials are prohibited by law). Then the indicators of the improper luxury of the person were presented. The indicators varied from place to place.

In Central Russia, usually the fact that the person owned several cars was mentioned. In Eastern Russia, it was the rotation of the cars.

The housing of the rich were described similarly in all groups. The two elements were usually present.

First, the (big) size and the (high) quality of the flat or the house. Again, luxury and redundancy was cited: double level flats, swimming pools in the house, three-storey house, etc. All these features indicated extraordinary wealth of the owner. (Tajiks told us about their rich (*boi*) that they owned three-storey houses and had a wife on each storey.)

Second, was the possession of a second house in some place that had a higher status than the location of the site. A Mayor of the small town of Teikovo was said to own the flat in the city of Ivanovo. The Mayor of the town of Dzerzhinsk, they said, had a house in the city of Nizhny Novgorod. The rich Kalmyk farmers (those with a big livestock) were told to buy flats in the city for their children. The Governor of the Magadan oblast was claimed to own the house (or even two) in Anchorage, Alaska, USA.

There were two main approaches to categorization: to put it short and simple (just 3-4 categories) and to make them more elaborate (5-7 categories). In the latter case, the upper categories were presented in more detail. In the simple classifications, all well-to-do people were treated as one category. Overall, the upper category share estimates varied from 1 to 19 percent. The numerical estimates of the top group share very often reflected two different intentions of the discussants. Sometimes, they wanted to stress how extraordinarily rich this people were and, consequently, estimated their share as 1% or even less. In other cases, the idea was to show how numerous criminals were and all those who had stolen

their wealth from the people. In this case, the emotional estimates as high as *every third* could be heard, with the ultimate group estimate about 15%-20%.

The topmost category was always described very negatively in all groups and by all participants. In most of the groups of the poor, the negative attitude towards the categories of the wealthy and the powerful was expressed. But among the youth, very often males, there was a tendency to discern a category of the wealthy people whose wealth was made *with their own hands* (or *by their own hunch*). Sometimes it was clear that this was their own social ideal or goal: to become rich without violating the moral norms of the community of the poor. In cases when they wanted to stress how difficult the task was, they estimated this category as very small (1%-2%). In cases when they wanted to support their hopes and show that the perspective was realistic, the estimates of the *honest businessmen* share reached 10%.

In most simple classifications made by either more optimistic youth or angry and gruesome poor elderly people, the participants respectively positioned themselves either in the middle or in the bottom of the three-cells matrix.

The universal rule was that people treated 'their' category as most numerous, be it 'middle' or 'poor'. The estimates were never less than 20% (in elaborated classifications) and often reached 80%. (The individual answers like *100%*, or *all*, or *everybody* came very often. But other members of the group usually moderated them to the more *realistic* estimates.).

The very popular 4-5 cell matrixes reserved the bottom for the social dropouts: homeless (*bomzhi* or *bichi*). Their number estimates varied from 1% to 30%. The participants who wanted to show how anti-social those homeless were gave them 1%-2%. Very popular was the idea that their proportion was equal to the proportion of the top rich group. (5%-10%). Whenever people wanted to stress how bad things were in their community (or in Russia as a whole), they estimated their share as 30%.

Some participants noted that the old pensioners, the unemployed and other poorest categories steadily approached the border that used to divide the homeless people from the rest of the community and society, and whose behavior was considered as anti-social (begging, stealing, eating from the trash).

In rural sites, pensioners are the only category which have small but regular sources of cash income, and as such they are distinct from others. Besides, pensioners enjoy the right of free transport (bus) and can bring vegetables to the market of the nearby town without transport expenses.

As was said above, none of the people we talked to said that they had been poor from their childhood. Because of that the questions about the dynamics and changes in well-being brought about one and the same result throughout the whole study.

**In former times, they said, we, the majority lived well, now we live badly. Those who used to be on the top positions of wealth and power before, retained their place (or became more rich). Those, who used to be at the bottom (the homeless) also remained where they were.**

So the difference from group to group was mainly in their estimates of the proportion of the *middle class* of the former times. (The name 'middle class' was used sometimes, but since it was not in use in the Soviet era, they mostly used the words like *all the people*, *ordinary people*, and the like. The idea behind that was to stress that the normal condition of yesterday was just well-being while the norm of today was poverty. The latent (sometimes overt, as in the Magadan veteran group) addressee of these lamentations was the President who they thought had deceived them all when he promised the changes for the better that turned out to be the changes for the worse.

While discussing the **causes of poverty**, most of the groups tended to point at the events and processes of national scope (*perestroika*, privatization, disruption of the USSR). The events and actions at the level of the community (closing of the mine or factory, disruption of the farm) were always treated as consequences or manifestations of those.

While causes cited were mostly of political or economical kind, the **impacts of poverty** were always of social or human nature. People talked about decrease in birth rate and higher mortality rate in the country and in their region. The growing alcoholism was often mentioned and in many cases women stressed that female alcoholism had become more widespread.

People over 30 tended to stress the negative impact on the youth, their moral education and moral values.

The disruption of the marriages and divorces were very often explained by poverty. The growing tension in the families, the quarrels among the husband and wife on money(-lessness) matters were reported virtually from all the sites. The quarrels were said to be one of the reasons of divorces.

The younger females in many cases declared that in the times of economic crisis it is better for a woman to stay alone with her child (sic!) than to have a husband in the family. As to the males, they complained that women in many cases preferred to change the chronically unemployed spouse to a more successful one.

Growing criminality was said to be caused by poverty. In several cases the males referred to the emotional strains and anger among people (caused by poverty) as the sources of violence and crime.

**Security** or insecurity did not belong to the subjects that were spontaneously mentioned by the participants. But whenever asked about those, people would unanimously declare that they were totally insecure (more literally, *unprotected*). The insecurity was treated as lack of the social assets (free medical care and education, vacations at the seaside for children etc.) that had used to be provided by the state enterprises, or other state institutions, to the people.

Some (mostly, the elderly females) treated the subject of security and risk in the context of **criminality**. They complained that robbery and theft became more widespread. Inefficiency of the police was usually mentioned in this respect.

**Opportunities, social and economic mobility.** There was total accord among the members of the groups of the poor that they had no opportunities for improvement of their situation, that no social or economic mobility was possible for them. The standard answer was that *one needs the start-up capital* and there was no way to get it. They were rather elaborate on why and how one could not get that capital (usually estimated at about \$2,000-\$5,000). Mortgaging of one's flat to get a bank credit was said to be too risky. The credit *from people* they could not get, or the interest were too high.

It is worth noting that no other means of social or economic mobility than starting one's own business was ever mentioned, both by those who thought it was impossible, and by those few who were of the different opinion.

Among the young males in different sites, we could find the idea that *he who has brains (a head on his shoulders)* and strong will would eventually make it. The above mentioned *capital to start with* they thought could be obtained either by mortgaging the flat (it is worth to risk), or by making some deal with the organized crime. *If you launch your business you will have inevitably come to terms with these guys, so better start with this.*

In the remote places like Teikovo or Magadan, the young males said that they did not have any chance for the social/economic mobility and that they were going to leave the place for the bigger cities.

As to the chances of the improvement of the social and economic positions of the poor in general, people gave two answers that were the same everywhere. *The enterprises must get working again. And This won't happen, everything is in ruins.*

**Social exclusion.** At the community level, no cases of direct exclusion were reported.

Some of the poor complained that they felt neglecting attitudes to them from their former neighbors and fellows who had recently become rich.

The way people treated the *bomzhi* (homeless) could be considered as an exclusion, but the latter had never belonged to the communities we studied. They always formed a community of their own.

It should be noted that **the communities we studied were by no means the self-governing bodies. No decision making was ever done at the community level.** Even if the community was at the same time an administrative unit of the city, as it was in Ivanovo or Dzerzhinsk, the ordinary people were not participating in decision making or even discussing the community problems. All that was done by the

very tightly closed group of the elected and nominated officials. **There is no participatory mechanism at work, respectively, no chance of the popular voice in the decision-making.**

As to the power or the access to power, all the people who we talked to saw themselves as totally powerless and with no access to power resources at all. Those in power were very distanced from them and they (the ordinary people) believed that the powerless had no control over the powerful.

The democratic process seemed to be out of action here. People did not trust the persons they voted for, neither they believed that they could control them. *We do not know them when we elect them. Some are thieves from the beginning and others become thieves as soon as they come to power.* That was most usual comment.

Several times the story was told (by females) about a woman from their or neighboring community who after many attempts managed to get to the office of the top official (usually the Mayor or the Director) with her request concerning her poor child or herself. In all stories she never got help, but instead she was badly insulted as a woman by the official (always a male).

The power is believed to rest with people who have high official position (top officials), or big money (top businessmen), or armed support (top policemen or mafiosi). Sometimes (as in Teikovo) all the three went together. All the rest were distanced from power.

**Social cohesion, crime, conflict.** The idea of cohesion was expressed in the notions of friendship or relations among people within the community.

Almost all the participants remarked that now times people have become less friendly to each other. They insisted that relations between people became more narrow. The cause of that was found in that *all are obsessed with their troubles*. The visits and guests were said to become less frequent because that involved presents, and wine, and meals which they could not afford.

At the same time in discussions about institutions that were important in the everyday life and in times of crisis *friends and relatives* were characterized as the most important and often the only ones to rely on. Moreover, their importance, as they said, had increased in the years of crisis.

#### 4. PRIORITIES OF THE POOR

The highly prioritized problems, irrespective of the age and gender of the participants, were unemployment, delay of all kind of payments (wages, child benefits, pensions), low wages, and general lack of money.

Other mentioned problems had significantly lower importance and were told to be fully dependent on the financial situation of the family, like effective medicine, good education, better opportunities for children, or affordable leisure.

The older participants usually put more emphasis on the high prices, high apartment rent, or such specific problem as stealing from the plots of land (subsistent agriculture); the young were more concerned with opportunities to get education and a well-paid job, or leisure problem (also, viewed as financial one).

The growing criminality was mentioned rather often as a problem, but this was not in the focus of the people's attention and was more perceived through the prism of the overall crisis.

Problems that dealt with the community infrastructure (dirtiness of streets, poor lightning, bad roads) were normally disregarded as the problems meaningful for the people. When incidentally mentioned, it was more likely to be by the younger participants.

Occasionally there was mention of bad functioning of the central heating system in winter (village of Ozerny, town of Dzerzhinsk, and particularly, city of Magadan). The poor quality of water was reported in Teikovo, the shortage of it was the feature of Orgakin village life.

Very often the problems of the higher order, not directly related to the community, were mentioned by the people, like "*disruption of the country*", "*breakdown of the economy*", "*lack of order*", or "*moral degradation*". As a rule, older people expressed these sentiments more often than the young.

All problems which were felt by the poor as acute and meaningful now, were told to have been non-existent "*before perestroika*". The total shift of the social layout made the people describe their past life as problem-free and "*careless*". The problems like bad roads, dirty streets, etc. were told to have "*always been the same*". In their present critical situation, the people were likely to regard those as insignificant. Likewise, *the deficit* (constant shortages, informal networks of barter exchange, and long queues which existed under the planned economy) that was sometimes mentioned as a problem of the past, was mostly remembered with nostalgia now.

In defining the measure of the optimism/ pessimism of the poor, we should distinguish between the public and private discourse. Publicly made declarations, particularly those which dealt with the community life, were very pessimistic. In the individual interviews, though, and when talking about personal plans and hopes, the people were generally less pessimistic.



**The mainstream tendency was to think that the problems could be (and should be) solved by the authorities only, very often at the very top level of the country.**

The younger participants more often mentioned their plans and individual efforts in rising from the poverty, but absence of “*initial capital*” or “*connections*” made them consider their chances as poor.

There were incidental remarks about possibilities to make the streets cleaner that could be done by the community dwellers themselves. The general view, though, was skepticism and lack of interest.

The only sphere where the people’s activity was thought to be effective was family survival (see *Institutional Analysis*).

## 5. INSTITUTIONAL ANALYSIS

According to the opinion of the absolute majority of the poor participants, the well-being of the absolute majority of the people has deteriorated during the last decade.

(All were in accord that the deterioration had begun with *perestroika*, although there were slight differences of opinion about the time when it had started. Usually they spoke about the beginning of the 1990s. In all discussions about the future, the poor participants declared that they expected no improvement of their situation).

At the same time we should distinguish between the declarations made during the public discussions and the views expressed by the same people in private, in an 'informal', way. In the latter case they referred to the political issues, high authorities, to the global and nation-wide processes less frequently. During those private conversations and personal interviews another approach to the same issues was predominant. Much more importance was given to the individual abilities and disabilities, chance circumstances, and other in determining the life of the person, his/her well-being or ill-being, happiness or unhappiness, success or failure.

In the 'public discourse', the elderly appeared to be the opinion leaders. The young members of the community seldom opposed them in their accusations towards the authorities and their complaints about poor life. But in the 'private discourse', the middle-age people, and even some of the elderly, seemed to come closer to the positions of the young. The young (poor and especially other than poor, females and, particularly, the males) used to put emphasis on the personal abilities as determinants of his/her success.

At this 'personal' level, some traces of adaptation to the changes could be seen. There are two main ways of adjustment to (coping with) the changes. The passive way included the reduction of one's ambitions and needs, expectations and hopes. Thus the poor dwellers of Magadan gave up their hope to move to the *mainland* (the parts of the country with a better climate and natural conditions). The passive adaptation meant reduction of consumption, and the recombination of the family budget (increasing share of money spent on food, up to 85%-90% in the families who used to have this share below 50%).

The food consumption patterns were changed in favor of potato (in families with plots of land), or cheapest cereals (if purchased in a store).

Sacrificing one's health for the sake of family needs was reported (no expensive medicine, no special medical treatment).

The more active way of coping with the deteriorated life conditions (unemployment, wage arrears, shortage of money, price growth) were:

- planting potatoes and other vegetables for family consumption round the year; in rural sites, also for sale
- home-working: sewing (small mono-industrial town of Teikovo, in village of Ozerny), spoon craft (village of Belasovka)
- looking for informal jobs, mostly seasonal, often outside of the locality (sometimes, in another country, e.g., Tajiks)
- collecting mushrooms and berries in the woods, making food preserves
- fishing, making food preserves (particularly, in Magadan)
- collecting or stealing (and then selling) things made of copper, or aluminum
- stealing other people's crops and preserves from unguarded plots of land
- stealing livestock (in the Kalmyk village)
- collecting empty bottles (*bomzhi* or old women pensioners)
- begging

As was said above, people publicly refused to say they expect any changes for better in foreseeable future. In the individual conversations young people shared with us their plans to study, to find job, to raise a family etc. The middle aged people told about their hopes to have their children educated, married etc. The elderly people has no hopes for future even in their personal/ private discourse.

**In all groups, the primary social relationships proved to be of the primary social importance. No other institutions of whatever nature (NGO, governmental, religious, market, social, etc.) could match the institutes of the family, kinship, friendship, neighborhood, fellowship, informal connections, and networks. All people included in those types of relations are named in Russian by one word: *blizkie* , 'the close ones', that could be applied both to relatives and friends.**

The 'close ones' were No1 in the lists of institutions important for the people's lives, and, particularly, in the lists of institutions resorted to in the times of crisis.

Across the groups, people from the rural sites would give more weight to kinship, while in places like Magadan, with many kinship ties cut, more importance was attached to friendship.

People who worked also mentioned their **administration at workplace** as an important institution. The attitudes to those were very different. Sometimes, people said they could rely on their administration for help when in trouble. But there were numerous cases when the administration was called hard-hearted or unwilling to help. That applied to both big and small, private and state-owned enterprises.

Of the **governmental institutions** addressed by people in their everyday life, **none was mentioned with approval.**

The **offices of the local house maintenance** were mentioned with irritation for charging a lot of money as apartment rent but unwilling to do their job for the money. The plumbers, people said, *would fix your lavatory pipe or the heating radiator* only if you pay them for every particular operation.

**Police** was mentioned rather often and usually criticized very sharply. The elder generations complained that they did not feel protected by the police. The young boys in several places reported the cases when police persecuted them. *They take us into the cell on any pretext or without, to show their bosses they are active in arresting hooligans.* The Tajiks in Moscow, who were in constant fear of the police, accused it of arbitrariness, violence, and extortion.

Interestingly enough, **bandits** or **mafia** were mentioned several times among the institutions one could approach when in trouble. People always said this half-seriously (to stress the paradox of their answer). But they were all unanimous in that the bandits, if asked for help, and though for big money, would always do what they had promised.

Among our participants, nobody had had an experience of such help. What they told us were stories coming from the businessmen's community. Bandits were said to be instrumental in, as they put it, *kicking out* somebody's credit from the one who would not return it in time. From one third to one half of the returned sum was told to be their usual charge.

Bandits were very often mentioned by the people who had actually never dealt with them just because that helped to stress again the ineffectiveness and unreliability of the governmental institutions and offices.

The **courts** were sometimes approved for deciding the workers' cases against the enterprises in favor of the former. But at least in half of the stories, the decisions of the courts were not implemented by the enterprises. (In most cases it was about wage arrears).

Institutions of the **medical care** were mentioned rather often, especially by women and the elderly. But in most of the cases they reported that *if you do not pay, you will not be attended.* The Soviet system of the free medical care was told to have been almost abolished, while the system of the medical insurance was not yet introduced in most of the places we visited. As a result, the hospitals were said to have no medicine, food, blankets, bandages, etc.

Emergency medical care (ambulance) was among the most positively characterized medical institutions. The first medical aid is free with no discrimination of the poor.

The Russian Orthodox **Church** was an important institution for very few participants, only the females. Men showed some formal respect to the church but all stressed that church gave only *spiritual help*, and never the material. As to the small communities of Hinduists, Evangelists, and other confessional groups, treated as marginal in Russia, they are said to provide material support to their members.

The criteria people used while evaluating institutions were all about trust, which in turn was based on the idea of the ultimate effect. In Russian, it was usually expressed by the word *smisl* meaning reason, sense. *No sense (no use, no reason) to address city administration, they won't do anything for you. So we do not trust them.*

The idea that people had no say in any formal institution was one of the most widespread. Participants of all age and gender insisted on that, even in cases when the elected bodies were discussed. The declared distrust in all those institutions, and accusations against persons in office, were common.

Our study revealed that almost no governmental or NGO programs were known to the people in the study area, and they would not imagine one to be of any help to them.

**Coping with crisis.** The discussion of the institutions' role in crisis did not bring much difference from what was said about their role in the everyday life. One of the reasons was that people regarded their present situation as the critical one.

The experience of a natural disaster was absent in all sites except Orgakin, Kalmykia where draughts do not stop for already two years. As to the projective situations (illness, fire, theft), they all brought very trivial results (respectively, ambulance, police, etc., as the institutions entitled to be helpful in such situations).

During crisis, like in the everyday life, **the most reliable and effective institution was told to be one's family and close friends.**

Of the formal institutions, **welfare service was mentioned in several sites with varying degree of approval and disapproval.**

The **administration at the workplace** was mentioned sometimes as willing to help the worker in trouble. But the examples of the reverse were considerably more numerous.

**No special coping-with-crisis governmental bodies or programs were mentioned.**

No NGO crisis programs were known to the participants

## 6. GENDER RELATIONS

Gender relations were said to be least affected by the changes in society since they were thought to be more dependent on the inter-personal relationship of men and women.

Meanwhile, there were very often mentions of the “*more tensions in the family*”, “*more alcoholism*”, and more divorces, in connection with the decline in the family well-being and unemployment.

**Unlike the unemployment of a woman, unemployment of a man is seen as a huge violation of the norm, which dramatically affects his role also of a husband and father.**

“*The man should provide for the family and be the bread-earner, while the woman should take care of the home*”. This pattern of gender roles was very deeply-rooted in the people’s conscience.

Actually, these gender roles had been blurred long before, but the new situation, and such new phenomenon as unemployment, made this violation of the traditional gender roles more explicit.

Lack of money and dissatisfaction with life were told to lead to family scandals and, occasionally, to violence. The very typically described pattern was that “*the woman starts the quarrel, and the man gives back*”. Though the instances of physical abuses were reported rather often, and could also be seen in individual cases studies, beating a woman was generally regarded as a very strongly reproachful behavior. Incidentally, the practices when the wives beat their husbands was also reported.

The poor women were almost unanimous in estimating their present situation as much worsened compared to the past, but this did not have a gender dimension and referred to the general decline in the family well-being.

Opinions were divided as to who, men or women, suffered most from the crisis. Those who thought it were men would explain this by their inability to fulfill their gender roles of providers and the related psychological trauma. Those who thought it were women, would talk about the women’s daily worries about how to feed the family. These arguments reflected the participants’ perception of the stereotypic gender roles. The answer that came most often was that the most suffering category were children.

The disruption of the family stereotypes and the appearance of the new rationales were best seen in observations of the women participants that “*it’s easier now to survive alone with a child than with a husband in the family*”. The explanations were that the woman can save more on her own consumption without family dinners and other prerequisites of family life.

Women leaving their unemployed or poorly earning husbands was incidentally reported by men.

Women were generally told to be better adapting to the hard circumstances, by taking temporary jobs, mostly as peddlers.

The participants did not see any changes in the distribution of power between the two sexes within the family. Either, no changes in the household responsibilities were observed. *“To repair the flat is done by both like before, probably now there’s more work because we do everything with own hands”*.

## ANNEXES

### Annex 1: 7 Case studies

#### **Box 1: Mono-industrial towns**

The mono-industrial towns in the study were represented by three sites: Teikovo (textile industry), Dzerzhinsk (chemical industry), and Novy Gorodok (coal industry).

The social consequences of decline/stoppage of the industrial production, i.e., unemployment, wage arrears, delay of all kind of payments, etc., are felt by the population of these places particularly hard due to the very limited labor market and rigid channels of mobility.

The material well-being of the people and their moral state varies depending on such factors as distance from the main road, availability of public transport connecting the locality with the others, and the orbit of what big city it enters.

In our study, the town of Dzerzhinsk was in the most satisfactory situation, mainly due to the fact that it is situated near the big and economically active city of Nizhny Novgorod (50 minutes' travel by train) with good job opportunities.

Contrarily, the town of Teikovo offers its dwellers very poor chances of employment. Its regional centre, the city of Ivanovo, is itself in a very bad situation, with a decline in textile industry and mass unemployment.

Similarly, Novy Gorodok (the smallest town in our study, actually a settlement), situated in the Kemerovo region, provides very few opportunities to the people. The mine is closed, and the population are very actively engaged in subsistence agriculture (see Box). This is a very typical feature of the small mono-industrial settlements.

We were told about some of the smallest mono-industrial settlements (1-5 thousand inhabitants) in the Magadan region and in some other that are to be closed according to the regional development plans. The population is to be moved to bigger towns. After that all the supplies to the settlement (power, water etc. ) are stopped. But, as we were told, some people for some reasons remain there and some come anew. Life continues there, in a place that formally no longer exists. The authorities do not know how many people live there; neither doctors, nor the postmen, nor even the police, risk to go there. These 'dead settlements' were called to be the most horrible places.

After the industry dies, the mono-industrial settlements are usually doomed too. The process takes time, meanwhile it is the youth who feel themselves in the most disadvantageous position. They do not see job opportunities and are trying to leave these towns/ settlements if they could.



## **Box 2: Wage arrears and payments in kind**

When asked about what is 'good life', all our participants mentioned wages paid regularly and in time. This used to be a never violated rule in Soviet era, therefore people were shocked when in the mid 1990-s cashiers on the pay day would tell them that no cash was available. The enterprise becomes formally indebted to its workers. The courts, if the workers appeal, always decide the cases in their favor. But the court decisions are rarely implemented into practice. In economical aspect, wage arrears are a means for the employer to reduce his costs of labor. Since many enterprises produce what cannot be sold on the market, or are not functioning (though not closed), the non-payment is economically logical.

The social aspect of this practice is keeping the redundant labor force tied to the enterprises. They are refused to be paid their wages de-facto, but never de-jure. Besides, some small payments are being done from time to time, for example, some part of the five-months-ago salary could be paid today. Why that amount, why for that particular month, and why today - the workers would never know. The logical, causal, and proportional links between the labor efforts and their remuneration are all destroyed. Instead, the binding relations between the lord and his dependents are established and the community links between the fellow workers (or workless) are maintained.

The wage arrears in the most rude and outward form were reported by the Tajik load carriers in a Moscow street market. The small trade firms employ them on a six months' contract. Since no legal contract is signed, the boss feels free not to pay the final payment in proper time: *Sorry, no money now, come next month*. After several attempts the worker stops asking for money himself, because he is doing some other work, or goes home. The money is never paid.

The deliberate cheating of the workers is the extreme form of wage arrears. In most cases the managers cannot pay because they do not have cash money in their disposal. Instead, they give to the employees some part of the factory's production. The workers are free to sell it on the marketplace, thus turning the payment in kind into cash.

At some enterprises the production is exchanged (barter operations) for some food products that are then suggested to the workers. This type of payment in kind is accepted with gratitude by some and with outrage by the others. The former are grateful for the chance to get some food that would otherwise be unavailable (they have no money at all). The latter are angry because they think that the products are overpriced. Besides, they complained, it is usually products of the lowest quality, often long after the expiry date.

In many cases the enterprise get the products, by barter, that are of no use to their employees (like porcelain coffee sets once given to the miners in the Kemerovo mining area). Again, the idea is that they could sell it and get some cash. But workers lose a lot on this transaction. The product's retail price, that is extracted from their salary, is some 1/3 higher than that on the local market. They have to sell it still cheaper and, as a result, their salary losses are about 50%.

If one does not like it, he may not agree to it. But in that case one stays without any money at all.

### **Box 3: Micro credit**

Very often in group discussions and individual interviews, the theme of the *start-up capital* was spontaneously mentioned, particularly when opportunities of how to rise from poverty were discussed.

The general opinion was that the start-up capital was absolutely necessary now. Before, we were told, one could have managed without it, or with very little money, since the market situation was very favorable and the immediate profits very high.

The mentioned necessary sums were normally in the range of \$2,000-\$5,000. This figure was based on a commonly held opinion, and not on the individual calculations. Very interestingly, in the site CENTER (city of Ivanovo), a young woman Svetlana who was very eager to start own business (trade) with her husband and take all the risks, told us about the figure of 15,000 rbl. (\$ 600). It was based on her own calculations, and included expenses related to hire of transport, etc.

The poor have few opportunities to find the necessary start-up money. At the moment, the most reliable and widespread practice is borrowing from relatives and very close friends. The bank credits were told to be ineffective because of the high interest rates and a deposit required (normally, mortgage of one's flat). People are afraid to take the risk of losing their flat and becoming homeless (see Box *Bomzhi*). The situation is a vicious circle, since the young people, who are willing to risk, do not have own flats to mortgage them, while their parents, who have the property, would never give their formal consent.

Mafia , racketeering, over-taxation, and the officials' extortion were also said to be a barrier to starting a small private enterprise.

**Box 4: Bomzhi**

*Bomzhi*, or *bichi* (the homeless, vagabonds)) were often mentioned in the groups as the people at the very last stage of human degradation. The name originates in the police jargon, it is an abbreviation of the '*person without permanent residence*' (a delict by the Soviet laws).

The *bomzhi* are known to spend the nights in the basements and garrets of apartment houses, dig in the trash in search of food, collect empty bottles, steal, and beg. They are avoided because they are thought to be dirty, smell badly, and have fleas.

The attitudes to these people are a mixture of pity and disgust. The *bomzhi* would best fit the criteria of a socially excluded group, but they are never perceived as part of the 'normal' community. (The communities of the *bomzhi* were not studied in this project).

People tend to regard them as drunkards, totally irresponsible, and their present situation is their own fault. Often, their situation is not viewed as poverty, but as a lifestyle. Sometimes people would think them to be in a better position (more food to eat) than the 'normal' poor who are unable to transgress the social norms (to beg, to steal).

The *bomzhi* are known to exist before *perestroika* and the related social upheavals. Their proportion was estimated in the range of 2%-5%, and not much increased over the last 10 years (*always been the same*). Still, there is a tendency, repeatedly mentioned in the groups, for more people to be recruited in the group of the *bomzhi*, now that the people have the right to sell or mortgage their flats. The *bomzhi* are often described as victims of a cheat, drunkards who have sold their flats for nothing to rich businessmen.

*Bomzhi*, the dropouts, mark the borders of the social life and as such were often referred to by the poor who used to say *Look, we live like bomzhi now*.

## Annex I. Summary Results on Well-Being

**Table 1a: Common patterns matrices:**

Site 9<sup>th</sup> municipality/ Dzerzhinsk

| Group 5 (younger women)                        |  |                          |
|--|--|--------------------------|
| Category                                       | Criteria   | Proportion of households |
| Rich/ New Russians                             | import cars, buy apartments, spick and span clothes, buy them in boutiques and not mass production   | 5%                       |
| Middle   | get wages regularly, also the "shuttles"*  | 30%                      |
| Lower-than-middle                              | it's us, those who get small wages, or irregularly, pensioners who help their children: old people got accustomed to hardships, it's easier for them | 33%                      |
| Poor (unemployed, invalids, single pensioners) | bad nutrition, medicine too expensive for them   | 30%                      |
| Homeless/ Beggars                              | degraded people, alcoholics who sold their flats   | 2%                       |
| <b>TOTAL</b>                                   |  | <b>100%</b>              |

\* "Shuttles" - petty traders who bring goods from abroad or from distant wholesale markets in other places to sell locally. To avoid paying taxes on wholesale import, they bring goods in relatively small quantities, often as heavy a load as they can carry in two suitcases at a time. So they have to go to and from very frequently, like shuttles.

Site Teikovo

| Group 7 (elderly, poor) |  |                          |
|-------------------------|--|--------------------------|
| Category                | Criteria   | Proportion of households |
| 1. Live really          | Mansions, armored doors, safes in houses   | 19%                      |
| 2. Live badly           | There is a roof over the head, some clothes left, but no chance to buy something new | 80%                      |
| 3. Live worse than us   | Steal potato from other people's vegetable gardens                                   | 1%                       |
| <b>TOTAL</b>            |  | <b>100%</b>              |

Site Novy Gorodok

| Group 4 (men aged 35-55) |   |                          |
|--------------------------|---|--------------------------|
| Category                 | Criteria  | Proportion of households |
| Rich                     | Real estate abroad. A house. A jeep car. Not one flat. Wages some tenfold higher that of the workers. Think how to steal more and run away.                     | 1%                       |
| Live well                | Small entrepreneurs. Have 3 color TV sets, 2 cars. Work day and night, no time to take a rest.  | 10%                      |
| On the verge of poverty  | Those who work at state enterprises. No money to go on holidays. The main food is buying a sack of flour, cereals.... No chances to give education to children. | 55%                      |
| Poor                     | Pensioners. No money to buy clothes. Help others (their adult children).  | 25%                      |
| Beggars                  | <i>Bomzhi</i> . Dig in the trash.   | 9%                       |

**Table 1b: Variation patterns matrices**

Site MAGADAN

| Group 5 (younger men)   |  |                          |
|---|--|--------------------------|
| Category  | Criteria   | Proportion of households |
| 1 The Well-Provided<br>The ones who had some initial capital to start<br>Former bosses who became businessmen | Pleasant life. They have everything. They have 3 cars. They don't have a headache: What I will eat? What I will put on me? What I will give to my child? | 2%                       |
| 2 The Middle  | Stable income  | 0*                       |
| 3 The Ill-Provided  | All debts. No wage in time   | All the rest             |
| TOTAL   |  | 100                      |

Site MUSORKA/ Tajik community in Moscow

| Group1 (men aged 35-55)           |  |                          |
|-----------------------------------|--|--------------------------|
| Category                          | Criteria   | Proportion of households |
| 1.White people                    | Engaged in big commercial operations, live freely, afraid of nobody, drive cars  | 2%                       |
| 2. Those who rent flats in Moscow | Live by their own work. Their wives bring dinners to us. Could be detained any time by the city police, and are prepared to pay them.                              | 15%                      |
| 3. Us who live here*              | Live in such conditions in order to send to the families in Tajikistan. No documents, unable to go outside the marketplace, constantly abused by the market guards | 87%                      |
| TOTAL                             |  | 100%                     |

\* Living in old containers made of iron, 15 persons in each, near the market place.

**Table 2: Proportion of households/population in the poorest category/ies according to different groups at each site (Rural sites)**

|           | Poor groups            |                        |       | Other groups (specify) |  |             | Comments   |
|-----------|------------------------|------------------------|-------|------------------------|--|-------------|--|
|           | Men                    | Women                  | Youth |                        |  |             |  |
| Belasovka | 90%                    | 60%                    |       |                        |  | 10% youth   | men obviously exaggerated the number of the poor in order to draw attention to the problem         |
| Orgakin   | 25% young<br>80% older | 30% young<br>55% older | 10%   |                        |  |             | young people tended to have a more optimistic picture  |
| Ozerny    | 25% older              | 65%                    | 10%   | 5% young men           |  | 10% elderly | pensioners were more optimistic at this site because they earned some money selling own vegetables |

**Table 3: Proportion of households/population in the poorest category/ies according to different groups at each site (Urban sites)**

|   | Poor groups   |                                  |       | Other groups (specify) |                       |                     | Comments  |
|---|---|----------------------------------|-------|------------------------|-----------------------|---------------------|---|
|   | Men   | Women                            | Youth |                        |                       |                     |   |
| Ivanovo/<br>Center                      | 75%<br>older  | 85%<br>older                     |       | 50%<br>youngmen        | 20%<br>young<br>women | 55%<br>youth        | poor state and<br>older age tended<br>to estimate the<br>category of the<br>poor as bigger in<br>size |
| Teikovo                                 | 65%<br>older  | 83%<br>older                     |       | 7%<br>young<br>men     | 14%<br>young<br>women | 17%<br>militar<br>y | military shared the<br>views of the<br>younger civil<br>population                                    |
| Dzerzhinsk/9 <sup>th</sup><br>distr.    | 42%<br>older  | 35%<br>older<br>women            |       | 32%<br>youngwo<br>men  | 20%<br>young<br>men)  | 25%<br>youth        | the estimations at<br>this site were<br>much more<br>homogenous<br>across all<br>categories           |
| Yekaterinburg/E<br>lmash                | 45%<br>older<br>men                                 | 10%<br>older<br><br>40%<br>young |       | 25%<br>young<br>men    |                       |                     | older women<br>singled out as poor<br>only those who<br>without any<br>sources of income<br>at all    |
| Magadan/3th<br>distr                    | 60%<br>older<br>98%<br>young                        | 55%<br>older                     |       | 10%<br>working<br>men  |                       | 30%<br>youth        | young unemployed<br>males were much<br>more pessimistic<br>than their working<br>peers                |
| Novi Gorodok -<br>miners'<br>settlement | 89%<br>older<br><br>75%<br>unemplo<br>yed<br>miners | 70%<br>young<br><br>58%<br>older |       | 48%<br>young<br>men    |                       | 50%<br>youth        | poor job<br>opportunities at the<br>site make the<br>average estimates<br>higher                      |
| Moscow/Tajik<br>community               | 87%<br>older<br><br>75%<br>young                    |                                  |       |                        |                       |                     | the participants<br>placed themselves<br>in the most poor<br>category                                 |

**TABLE 4: MAJOR TRENDS IN POVERTY AND WELL-BEING**

| Trends                    | Rural | Urban |
|---------------------------|-------|-------|
| Increased poverty         | +     | ++    |
| Minor increase in poverty |       |       |
| No change                 |       |       |
| Increased well-being      |       |       |

**Table 5: People's perceptions of main causes of poverty – Rural and Urban**

| Main causes of poverty  | Rural | Urban |
|---|-------|-------|
| 1. unemployment   | +     | +     |
| 2. destruction of domestic industry                           | +     | +     |
| 3. wage arrears, non-payments                                 | +     | +     |
| 4. high prices  | +     | +     |
| 5. high apartment rent  |       | +     |
| 6. fall of the ruble, inflation                               |       | +     |
| 7. lack of money  | ++    | +     |
| 8. "perestroika" (market/democratic reforms)                  | +     | +     |
| 9. disruption of the Soviet Union and economic ties           | +     | +     |
| 10. corrupted authorities (all levels)                        | +     | +     |
| 11. low wages   | +     | +     |
| 12. loss of savings   | ++    | +     |
| 13. the state no longer cares about people                    | +     |       |
| 14. bosses do not know how to work in new conditions          |       | +     |
| 15. we were never taught how to live in the market conditions |       | +     |

**Table 6: People's perceptions of main causes of poverty – Groups of Men and Women, and Other Poverty Groups in Sample.**

| Main causes of poverty | Men | Women | Older | Young | Tajik refugees |
|------------------------|-----|-------|-------|-------|----------------|
| Causes 1-15 Tab.7      | +   | +     | +     | +     | +              |
| No order               | +   |       | +     |       |                |
| Moral degradation      |     | +     | +     |       |                |
| Laziness of people     |     |       |       | +     |                |
| Alcoholism             |     |       |       | +     |                |
| Police abuse           |     |       |       | +     | +              |
| Civil war              |     |       |       |       | +              |



## Annex II. Summary Results on Priorities of the Poor

**Table 1: Ranking of Major Problems by Poor Groups by Site\*(rural sites)**

| Problems                        | Belasovka |       | Orgakin |       | Ozerny |       |
|---------------------------------|-----------|-------|---------|-------|--------|-------|
|                                 | Men       | Women | Men     | Women | Men    | Women |
| unemployment                    | 1         | 1     | 1       | 1     | 1      | 1     |
| delay of payments               | 2         |       | 2       | 2     |        |       |
| high prices                     |           | 2     |         |       |        |       |
| low wages                       |           | 3     |         |       |        |       |
| shortage of water/<br>draught   |           |       | 4       | 3     |        |       |
| thefts                          |           |       |         |       |        | 2     |
| stealing of livestock           |           |       | 3       |       |        |       |
| ecology                         |           |       |         | 4     |        |       |
| energy supply/<br>heating       |           |       | 5       |       | 3      | 3     |
| dilapidated housing             |           |       |         |       | 2      |       |
| communication/ no<br>telephones |           |       |         |       | 4      |       |

**Table 2: Ranking of Major Problems by Poor Groups by Site\*(urban sites)**

| Problems                                 | Ivanovo/<br>Center |       | Teikovo |       | Dzerzhinsk/9 <sup>th</sup><br>distr. |       | Yekaterinburg/<br>Elmash |       |
|--|--------------------|-------|---------|-------|--------------------------------------|-------|--------------------------|-------|
|  | Men                | Women | Men     | Women | Men                                  | Women | Men                      | Women |
| unemployment                             | 1                  | 1     | 1       | 1     | 4                                    | 1     |                          |       |
| delay of payments                        | 3                  | 2     | 2       | 4     |                                      | 4     |                          |       |
| low wages                                | 2                  | 3     | 4       |       |                                      | 2     | 1                        | 1     |
| few opportunities for<br>children        |                    | 4     |         |       |                                      |       |                          | 3     |
| expensive medical care                   |                    | 5     |         | 7     | 3                                    |       | 2                        |       |
| high prices                              | 4                  |       | 3       |       | 2                                    | 3     |                          |       |
| bad quality of water                     |                    |       |         | 8     |                                      |       |                          |       |
| under nourishment                        |                    |       |         | 2     |                                      |       |                          |       |
| education opportunities                  |                    |       |         | 6     |                                      |       |                          |       |
| criminality                              |                    |       |         | 3     |                                      |       | 3                        |       |
| alcoholism                               |                    |       |         | 5     |                                      |       |                          |       |
| drug addiction                           |                    |       |         |       |                                      |       | 4                        |       |
| high rent for apartment<br>and utilities |                    |       | 5       |       | 1                                    |       |                          |       |
| no free housing                          |                    |       |         |       |                                      |       | 5                        | 4     |
| bad ecology                              |                    |       |         |       |                                      | 5     |                          |       |
| poor social/ legal<br>protection         |                    |       |         |       | 5                                    |       |                          |       |
| poor job opportunities                   |                    |       |         |       |                                      |       |                          | 2     |

| Problems                                | Magadan/3th<br>district |       | Novi Gorodok -<br>miners'<br>settlement |       | Moscow/Tajik<br>community |       |
|---|-------------------------|-------|---|-------|---------------------------|-------|
|   | Men                     | Women | Men                                     | Women | Men                       | Women |
| unemployment                            |                         | 2     | 1                                       | 1     |                           |       |
| delay of payments                       |                         | 1     | 2                                       | 2     |                           |       |
| low wages                               | 1                       | 3     |   | 3     |                           |       |
| high prices                             |                         |       | 3                                       |       |                           |       |
| poor central heating                    | 3                       | 5     |   |       |                           |       |
| criminality                             |                         |       | 5                                       | 5     |                           |       |
| drug addiction                          |                         |       | 4                                       | 4     |                           |       |
| police abuse                            |                         |       |   |       | 1                         |       |
| ethnic persecution                      |                         |       |   |       | 2                         |       |
| expensive air fare to<br>the 'mainland' | 2                       | 4     |   |       |                           |       |

### Annex III. Summary Results on Institutional Analysis

**Table 1: Ranking of Institutions According to Importance By Groups of Poor Men and Women (rural sites)**

| Institutions                    | Belasovka |       | Ozerny |       | Orgakin |       |
|---------------------------------|-----------|-------|--------|-------|---------|-------|
|                                 | Men       | Women | Men    | Women | Men     | Women |
| Relatives                       |           | 1     | 1      | 1     | 1       | 1     |
| Fellow workers                  | 1         |       |        |       |         |       |
| Neighbors                       | 2         |       | 3      | 2     | 3       | 3     |
| Friends                         | 3         |       | 2      |       | 2       | 2     |
| Railroad                        | 4         | 6     |        |       |         |       |
| Workplace                       |           | 2     |        |       |         |       |
| Employment Service              |           | 3     |        |       |         |       |
| Local authorities               |           | 4     |        |       |         |       |
| Kindergarten                    |           | 5     |        |       |         |       |
| Local shop                      |           |       |        |       | 4       | 4     |
| Social welfare                  |           |       | 5      | 4     |         | 5     |
| Medical care                    |           |       |        | 5     |         |       |
| Nurse                           |           |       | 4      | 3     |         |       |
| <i>Khurul</i> (Buddhist temple) |           |       |        |       |         | 6     |

**Table 2: Ranking of Institutions According to Importance By Groups of Poor Men and Women (Urban sites)**

| Institutions                | Ivanovo/ Center |       | Teikovo |       | Dzerzhinsk/9 <sup>th</sup> distr. |       |
|-----------------------------|-----------------|-------|---------|-------|-----------------------------------|-------|
|                             | Men             | Women | Men     | Women | Men                               | Women |
| Relatives                   | 1               | 1     | 1       | 1     | 1                                 | 1     |
| Neighbors                   |                 | 2     |         |       |                                   |       |
| Friends                     | 3               | 3     | 2       |       | 2                                 | 2     |
| Church                      |                 | 6     |         |       |                                   |       |
| Medical care                | 2               |       | 3       |       | 4                                 |       |
| Police                      | 6               |       |         |       |                                   |       |
| Social welfare              | 5               |       |         |       |                                   |       |
| Central market              |                 | 5     |         |       |                                   | 4     |
| Plot of land                | 4               | 4     |         |       |                                   |       |
| Employment Service          |                 |       |         | 2     |                                   |       |
| Social welfare              |                 |       |         | 3     |                                   |       |
| Court                       |                 |       |         | 4     |                                   |       |
| Press                       |                 |       |         |       | 4                                 |       |
| 'Bandits'                   |                 |       | 4       |       |                                   |       |
| Administration at workplace |                 |       |         |       | 3                                 | 3     |
| Home maintenance office     |                 |       |         |       | 5                                 | 4     |

| Institutions                   | Yekaterinburg/<br>Elmash |       | Magadan/ 3 <sup>rd</sup> distr. |       | Novy Gorodok |       |
|--------------------------------|--------------------------|-------|---------------------------------|-------|--------------|-------|
|                                | Men                      | Women | Men                             | Women | Men          | Women |
| Relatives                      | 1                        | 1     |                                 |       | 1            | 1     |
| Friends                        |                          | 2     | 3                               | 3     | 2            |       |
| Neighbors                      |                          |       |                                 |       |              |       |
| Plot of land                   | 2                        | 5     |                                 |       |              |       |
| Fellow workers                 | 3                        |       |                                 |       |              |       |
| Administration at<br>workplace | 4                        | 3     | 1                               | 6     | 3            |       |
| Shops                          |                          | 4     |                                 |       |              |       |
| Police                         | 5                        |       | 4                               |       |              |       |
| Court                          |                          |       |                                 | 4     |              |       |
| Local media                    |                          |       |                                 | 2     | 6            |       |
| City/ town<br>Administration   |                          |       | 2                               | 5     | 4            | 3     |
| Medical care                   |                          |       | 5                               |       |              |       |
| Social welfare                 |                          |       |                                 | 1     | 5            | 4     |
| Trade unions                   |                          |       |                                 | 7     |              |       |
| Governor                       |                          |       |                                 |       |              | 2     |
| Red Cross                      |                          |       |                                 |       |              | 5     |

| Institutions                            | Tajiks in Moscow |  |
|---|------------------|--|
|   | Men              |  |
| Police                                  | 1 (-)            |  |
| Administration of the<br>market         | 2                |  |
| Employers                               | 3                |  |
| Landladies                              | 6                |  |
| Embassies of<br>Tajikistan, Iran        | 5                |  |
| Tajik women cooking<br>food for workers | 4                |  |