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## Well-Being of Russian Citizens in Terms of Socio-Economic Balance

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### Abstract

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The article addresses problems of the content of and the key components to the well-being of citizens. The concept of a socio-economic balance has been explained, the analysis of which makes it possible to research the conditions of the growth in the well-being of citizens in more detail. The features of a socio-economic balance and the problems which must be solved to achieve it have been researched. The current situation in the economic and social sphere of Russia is analyzed using such indicators of economic well-being of citizens as real household income, their structure, size of regional discrepancy in living standards of the population, and the level of poverty. In the context of a socio-economic balance, the issues of the achievement of well-being by Russian nationals have been considered. Attention is given to the fact that as an economic category, well-being can become one of the main criteria of evaluating the socio-economic balance in a country.

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**Keywords:** Well-being, socio-economic balance, features of balance, social area, household income, discrepancy.

### 1. Introduction

Recently more and more scientists have started to pay their attention to the problem of well-being, justifying the necessity of introducing this category to scientific terminology. It becomes necessary to study various forms of well-being and their integration, build a human well-being model in order to adequately assess and optimize the ways to ensure the well-being of population at all levels of their life, form the corresponding socio-economic programs aimed at creating the conditions for the well-being of people.



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Research objective: analyze the "well-being of citizens" category in terms of the socio-economic balance.

Since the old times, the problem of the well-being of citizens has been drawing the attention of philosophers and thinkers, representatives of different religions and statesmen. As it is currently understood, the achievement of the well-being of citizens is linked to the opportunities of the fulfillment of their needs, interests, and opportunities of self-realization from the social, psychological, emotional and informational perspectives. In general, well-being can be defined as a synthetic category which includes such standard categories as living standards, quality of life, and lifestyle (Alatartseva, & Barysheva, 2016).

The achievement of well-being is to a large extent linked to certain conditions, among which subjective and objective ones can be singled out. The objective conditions are related to the activity of the whole society, state policy, the activity of different institutions and organizations. This is a certain environment: economic, social, cultural, political, and ecological

Subjective conditions include a person's striving to meet their own requirements, their activity aimed at the realization of their opportunities and certain potential (Kosmina, & Kosmin, 2014).

The achievement of an economic and social balance is an important point in the creation of favorable conditions of the growth in the well-being of citizens in modern society. Besides, in the study of well-being as an economic category, balance analysis plays an important role.

## **2. The concept and signs of socio-economic equilibrium**

Economic balance has been studied quite well. As a rule, it is understood as such a state of economy when all the economic resources of a country are used (when there is a capacity margin and a «normal» employment rate). A balance means that the general production pattern is in line with the structure of consumption. The supply and demand balance in all the key markets serves as the market equilibrium condition.

Broadly speaking, the balance in economy is an equilibrium and proportion of its basic parameters, in other words, a situation when the participants of economical activity have no stimuli to change the existing situation (Alonso-Carrera, & Raurich, 2015).

It's worth mentioning that besides the fact that an economic balance means certain proportionality and balance, it can also be reached with unfair distributions of income, significant poverty rates and low purchasing power of citizens. A situation called «balance trap», which is caused by a significant reduction in the incomes of population, may appear. A balance at an unjustifiably low rate of income is a dead end for the major population groups. Because of undermining effective demand, the solution to the situation in question turns out extraordinarily complex. The «balance trap» prevents overcoming the crisis and the achievement of stability. Therefore, it is important to take such a state into consideration.

Social equilibrium presupposes such a state of the society where its parts or elements interact harmonically. In modern society, a social balance is reached thanks to the policy reflecting the interests of the majority of a nation. In various areas of activity, it is supported by certain methods: in the social area, by provision of equal social rights, a policy of social stability and the equalization of the level of

living and incomes of social groups through global and local mechanisms of social protection against shocks or «breakdowns» of the market. In the economic area, by the state regulation of economy, prices, revenues, employment, and the state funding of social infrastructure as a national system of social reproduction and social guarantees. In the political area, by broad, mass democracy, a system of institutional mechanisms securing democratic and social civil rights, including mechanisms of the real impact of citizens on the policy. The following support a social balance in society: such basic elements of an institutional environment as social security institutions of the population, social partnership, and measures to reduce poverty and the discrepancy in population incomes.

The simultaneous achievement of a social and economic balance can be determined as the socio-economic balance which, in turn, makes it possible to determine the conditions of long-term reproduction of social stability in the society and avoidance of the «balance trap» as a result of low population income level and its unfair distribution (Yakimova, 2012).

The consideration of an economic and social balance as a whole means defining conditions an increase in the well-being of citizens and formation of an efficient economic system which represents an interconnection of the three system-forming bases: the market system, state regulation of economy, and social stability.

The following can be singled out as the main signs or the characteristics of a socio-economic balance:

1. balanced structure of the economy with a certain conformity of proportions between the main subsections of an economic system;
2. well-being and happiness of society improves along with an increase in efficiency (increases in salary are implemented depending on increases in performance); at the same time, rising incomes and social expenditure on the part of the state do not undermine the sources of economic growth;
3. optimal distribution of social responsibility of all parties of socio-economic relations for sustainable social development. It is caused by the following: the exaggeration of the state role can lead to paternalism, excessive guardianship, contribute to the growth in dependency, and therefore affect economic efficiency; the exaggeration of role of individual citizens, businessmen inevitably leads to the underestimation of a uniform public approach to the social security system and can cause greater inequality and restricted access to basic social benefits;
4. existence of an acceptable discrepancy in income and consumption, contributing to the optimal ratio of costs and outcomes in the economy.

The current situation in the economic and social area of Russia generally demonstrates the absence of a socio-economic balance. It naturally affects the well-being of Russian citizens and the ways to achieve it.

### **3. Analysis of the well-being of Russian citizens**

The economic reforms undertaken in Russia in the transitional period led to counter-trends in the economic and social areas. A reduction in management efficiency and production in the conditions of high inflation resulted in a significant reduction in the living standards and quality of life of the

majority of the population. The socio-economic well-being of the whole Russian society was posed with a threat. At the same time, the following make it possible to assess the situation in this area quite well: the analysis of the dynamics of such indicators as the incomes of population (which are determined by salary levels, amounts of welfare and privileges, tax levels, consumer price index); provision of housing; structure of the population's expenditure; unemployment rate.

The official statistics indicate that only in one year of reforms, 1992, the real disposable income of the population fell by 47%. In the 90s, changes in such components of cash income as the income from employment and social transfers turned out the same. At the same time, there was an increase in the income from property and entrepreneurial activity, as well as the illegal forms of payment for labor, which testifies to unfavorable trends in the economic area in general, and in the job market in particular.

Recently cash incomes have been changing again, and the share of welfare has been increasing and the share of revenues from business activities has been reducing. On the one hand it reflects, to some extent, an increase in the social responsibility of Russia, expressed by the implementation of social programs of different kinds; on the other hand, it means that the number of citizens having the opportunity and right to receive these or other kinds of welfare, i.e. those having incomes below minimum subsistence levels has increased because many kinds of welfare started to be targeted.

**Table 1.** Structure of cash income and the share of expenditure in cash income of population (percent).

	1992	1995	2000	2004	2014	2015
Total cash income	100	100	100	100	100	100
including:						
income from business activities	8.4	16.4	15.4	11.7	8.4	7.6
salary	73.6	62.8	62.8	65.0	65.8	65.3
(including illegal salary)	3.7	25	22.8	-	24.2	23.9
welfare	14.3	13.1	13.8	12.8	18	18.4
income from property	1.0	6.5	6.8	8.3	5.8	6.7
other income	6.4	26.2	23	2.2	2.0	2.0

Today, real cash income is also decreasing. According to the official statistics, in early 2016 real cash income decreased by 7% compared to early 2015. Decreases in real cash income had also been seen in earlier years (Federal State Statistics Service, 2016).

One more feature of Russia's social development is the growing discrepancy in living standards. At the same time, a high discrepancy between regions presents a major threat. This high territorial inequality leads to differentiated gross regional product and per capita income, unemployment, poverty, as well as basic social services, infrastructure development, etc.

The regional differentiation in poverty can be measured using such a general unbiased index as the share of the population with cash income lower than the minimum subsistence level. According to the official data, although in 2014 the average share of the population with cash income lower than the minimum subsistence level in Russia was 11.2%, it was more than 30% in some regions (Bobkov, & Gulyugina, 2014).

**Table 2.** Region groups by poverty rate (2014, in relation to the overall population of the region).

Region	Share of population with income lower than the minimum subsistence level	Ranked	Region	Share of population with income lower than the minimum subsistence level	Ranked
Republic of Kalmykia	34.7	1	Yamalo-Nenets Autonomous District	6.9	85
Republic of Tyva	34.7	2	Republic of Tatarstan	7.0	84
Republic of Ingushetia	24.9	3	Moscow Region	7.6	83
Russian Federation	11.2				

There is a marked discrepancy in living standards in municipal units. Data of sample surveys shows that the poverty rate in small towns (fewer than 50,000 inhabitants) is significantly higher than in more populated cities. 25 to 38% of the whole population of Russia live in the administrative centers of dozens of Russian regions, where 50-70% of the GDP is produced and around a half of the country's social infrastructure is situated. The income of the population there is 1.4 - 2.6 times higher than in neighboring areas (Leksin, & Shvetsov , 2012).

An even bigger gap is seen in the income of the population living in the regions producing raw materials and those living in the other regions of Russia.

A decrease in real income coupled with a high level of discrepancy in household income have detrimental effects on the prosperity of the society, and hinder the achievement of a socio-economic balance in the country.

In order to find a socio-economic balance and thus conditions for the growth in well-being in the case of Russian nationals, it is important to solve the following social and economic issues.

First, issues of increasing the resource potential for supporting the life of the society in general and its social needs in particular. It is a complex task that implies the stimulation of labor and entrepreneurial activity, the development of management on all governmental and business levels, an increase in the efficiency in using all production factors. Special importance is to be given to the governmental control over the public acceptance of the methods of operation of big businesses and assistance in the development of SME.

Second, issues of improving the social protection system, and the adjustment of the latter to the requirements of the market economy, as well as the formation of economic, organizational and legal mechanisms of social protection.

Third, issues in the area of household income stem from low salaries and their high discrepancy, which today is becoming one of the factors that directly slow down economic growth.

Fourth, the role of social measures that stimulate economic activity of the population, more effective use of its labor potential, and the alignment between the personal interests of the employee and employer at work. All of this is achieved through a developed social partnership system (Yakimova, 2012).

A socio-economic balance is reached under the conditions of a socially fair income distribution and through an economic mechanism that provides consumption growth that depends on performance growth, and as a result of an increase in the social responsibility for the outcomes of economic activity on the part of the government, business, civil society, and citizens themselves.

#### 4. Conclusion

The prosperity of man is a subjective and undetermined category contemplated since ancient times by philosophers and thinkers. Today the issue of prosperity has become a topic not only for philosophers, but rather for practitioners.

Research into the issue of prosperity implies studying the main conditions of its achievement. One of these conditions is the achievement of economic and social balance. Moreover, prosperity as an economic category may be one of the main criteria that allows us to estimate the socio-economic balance in a country.

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