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## The Impact of the Implementation of the Welfare State Concept on the Level of Poverty in Russia and Norway \*

Ilya F. Vereshchagin<sup>1</sup>, Cand. Sci. (Hist.), Associate Professor

Artem V. Vakhrushev<sup>2</sup>✉, Independent Postgraduate Researcher

<sup>1,2</sup> Northern (Arctic) Federal University named after M.V. Lomonosov, Naberezhnaya Severnoy Dviny, 17, Arkhangelsk, 163002, Russia

<sup>1</sup> i.vereshchagin@narfu.ru, ORCID: <https://orcid.org/0000-0002-5405-0762>

<sup>2</sup> a.vakhrushev@narfu.ru ✉, ORCID: <https://orcid.org/0000-0003-2565-6770>

**Abstract.** At present, the problem of poverty is urgent for both Russia and Norway. According to Federal State Statistics Service of the Russian Federation, 12.1% of the Russian population was below the poverty line in the second quarter of 2021. According to the World Bank, the national poverty rate in Norway in 2018 was 12.7%. At the same time, both states position themselves as having overcome extreme poverty. Both states use the social-democratic type of the welfare state concept as the basis of social policy. The purpose of this study is to research the influence the welfare state concept application on the national level of poverty in Russia and Norway. The research methods are the analysis of official statistics of Russia, Norway and the World Bank, international reports, legislative acts and the analysis of media texts. The conclusions of this study highlight that the use of the welfare state concept in the Russian Federation and the Kingdom of Norway can positively affect the national level of poverty, but it contains a set of significant risks. The results show that further use of elements of the welfare state concept to combat poverty is possible in both countries, but taking into account the current realities, namely, the application of the principles of multidimensional evaluation, targeting in implementation and consideration of regional specificity in practical work with the phenomenon of poverty, and the involvement of other (besides the state) social institutions in this process. The conclusion of this paper formulates recommendations for state and municipal authorities of the Arctic subjects of the Russian Federation (mainly) and the Kingdom of Norway (to a lesser extent) to adjust the social practices used with regard to current trends and taking into account the identified risks.

**Keywords:** *poverty reduction, Norway, Russia, Arctic, welfare state, social policy, social support measure, social contract*

### Introduction

Worldwide practice has repeatedly attempted to build a welfare state as a model capable of overcoming inequality and poverty. The social-democratic direction of the realization of this concept is of particular interest. It is the type of state structure, according to the authors, that not only declares, but also tries to put into practice the principle of universal equality. The start was made by egalitarians; the development of theoretical models, as well as practical implementation, were undertaken both in the countries of the socialist system (primarily in the USSR) and in a

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number of countries of Northern Europe (in particular, in Norway). The communist concept has been transformed over time, but new systems have been built on its basis, which, to a greater or lesser extent, continue to use the principles of general welfare. The Scandinavian model is still being implemented (including in Norway), but it raises more and more questions. Is there a future for the implementation of the idea of general welfare? What are the risks and how can they be overcome? How does the implementation of the model affect the level of poverty in the country? These are the questions the authors attempted to answer in this article.

According to preliminary data from the Federal State Statistics Service of the Russian Federation, in the 2nd quarter of 2021, 12.1% of the Russian population was below the poverty line<sup>1</sup>. At the same time, by 2008, the share of the people living on US\$1.9 a day (according to PPP for 2011) decreased to 0.1%, and in 2011, according to the World Bank, it became equal to zero<sup>2</sup>. Norway is positioning itself as a state that has overcome absolute poverty through the implementation of the concept of universal welfare. According to the World Bank, the proportion of the population living on US\$1.9 a day was 0.3% in 2018<sup>3</sup>. But the national poverty rate in Norway in 2018 was 12.7<sup>4</sup>. More recent data is not available either on the World Bank website or on the Norwegian official statistics website.

The welfare state model has been implemented in Norway for the last 60 years. In our opinion, thanks to the study of this experience, the Russian scientific and economic community has a unique opportunity to “look beyond the horizon” of 20–25 years and see not only effective social practices, but also the risks associated with the implementation of the social democratic model of social policy.

The authors hypothesize that the implementation of elements of the welfare state concept in the Russian Federation and the Kingdom of Norway can positively influence the national level of poverty, but it carries a set of significant risks. The object of this study is the social policy systems of Russia and Norway, implemented according to the social democratic type of the welfare state. The subject of the study is the factors influencing the concept of the welfare state on the level of poverty in the countries under consideration. The purpose of this study is to investigate the impact of the implementation of the welfare state concept in the Russian Federation and the Kingdom of Norway on the national level of poverty.

In order to achieve the goal of the study, the authors formulated a number of tasks:

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<sup>1</sup> O sootnoshenii denezhnykh dokhodov naseleniya s velichinoy prozhitochnogo minimuma, ustanovlennoy na 2021 god, i chislennosti maloimushchego naseleniya za I i II kvartaly 2021 goda [On the ratio of monetary incomes of the population with the subsistence minimum established for 2021 and the number of poor people for the I and II quarters of 2021]. URL: [https://gks.ru/bgd/free/B04\\_03/lssWWW.exe/Stg/d02/143.htm](https://gks.ru/bgd/free/B04_03/lssWWW.exe/Stg/d02/143.htm) (accessed 13 October 2021).

<sup>2</sup> Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population) — Russian Federation. URL: <https://data.worldbank.org/indicator/SI.POV.DDAY?locations=RU> (accessed 27 September 2021).

<sup>3</sup> Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population) — Norway. URL: <https://data.worldbank.org/indicator/SI.POV.DDAY?locations=NO> (accessed 13 October 2021).

<sup>4</sup> Poverty headcount ratio at national poverty lines (% of population) — Norway. URL: <https://data.worldbank.org/indicator/SI.POV.NAHC?locations=NO> (accessed 15 September 2021).

- to justify theoretically the possibility of continuing the application of the welfare state concept in the Russian Federation and the Kingdom of Norway at the present stage;
- to analyze the current systems of social policy in Russia and Norway;
- to identify effective social practices, current trends and risks of implementing this concept in both countries;
- to formulate recommendations to state and municipal authorities on further fight against poverty.

The main research methods include the analysis of official statistics from Russia, Norway and the World Bank, a series of international reports and surveys, legislative acts, as well as an analysis of materials posted in the media.

### ***The possibility of applying the welfare state concept in Russia and Norway at the present stage***

As practical experience of realization of egalitarian and Marxist ideas has shown, the problem of inequality and poverty cannot be solved simply by redistribution and by communalization of property. In his essay "Citizenship and Social Class" (1949), the British sociologist Thomas Humphrey Marshall [1, Marshall T.H.] called modern welfare states a combination of democracy, welfare and capitalism. The term "welfare state" starts to be used when a country combines social rights with civil and political ones. Despite the unsuccessful experience of the Soviet Union and a number of socialist countries, the implementation of the welfare state concept is declared almost all over the world, for example, in Canada, Germany, the Netherlands, France, India, Brazil. But in practice, in our opinion, the model was implemented only in a number of countries of the social democratic type, including Norway.

In the book "The Three Worlds of Welfare Capitalism" of 1990, the Danish sociologist Gösta Esping-Andersen identified three subtypes of welfare state models: social democratic, liberal, and conservative [2, Esping-Andersen G.]. The model used in Norway is of the social democratic subtype. Its main principles are universal coverage, on the one hand, and the need for large-scale taxation for the implementation of social policy, on the other hand.

In this study, we analyze the experience of the Russian Federation and the Kingdom of Norway. The choice of these countries for a joint study of effective social practices aimed at combating poverty is justified by the following aspects:

- social-democratic type of the country's social protection system: Russia and Norway have similar positions in the formation of a model of social policy systems based on the categorical principle, with the welfare state concept at its core;
- geographic and climatic features: this aspect of Norway has much in common with the northern territories of the Russian Federation, and therefore, the social practices used and the list of risks can be applied in the Arctic and subarctic territories of Russia;

- similar economic structures: dependence on oil and gas resources and global hydrocarbon prices is a serious challenge and risk for the economies of both countries;
- results of analysis of various world rankings (for example, happiness index [3, Helliwell J.F., Layard R., Sachs J., De Neve J.-E., Wang S., p. 18], human development index [4, Conceição P., p. 397]) show Norway's leading position in overcoming inequality, despite high public spending on the social sphere, difficult climatic conditions and serious economic risks.

### ***Analysis of the existing systems of social policy implementation in Russia and Norway***

The Norwegian welfare model differs from other types of welfare states in that it uses a complex of interrelated aspects, namely, the principles of full employment, gender equality, a wide range of social benefits and services, as well as large-scale income redistribution in favor of the poor through tight market control and use of fiscal policy mechanisms. Norway's social security system is mainly funded by taxation. The primary analysis shows that the Norwegian model of the formation of the welfare state shows positive results in terms of a real reduction in the level of inequality among citizens and the formation of a wide range of social services for the general population. Another question: how much does it cost the state? And how long can Norway afford to finance it at this level?

The main characteristics of the Norwegian model of social policy [5, Andersen T.M., Holmström B., Honkapohja S., Korkman S., Söderström H.T., Vartiainen J., p. 13–14]:

- free education, universal, state-guaranteed health care coverage and a wide range of social services, which entails high public expenditure in these areas;
- state pension system that provides for the maintenance of the older generation;
- low rate of corruption in state power;
- developed trade union movement;
- constant constructive communication between trade unions, employers and authorities, including informal cooperation aimed at clarifying working conditions and protecting the rights of workers;
- serious guarantees from the state for those who have lost their jobs (high level of benefits);
- transparent conditions for doing business.

However, there are a number of risks that make the system not ideal or easy to implement in the long term:

1. The increase in life expectancy leads to the aging of the nation<sup>5</sup>. The growth in the share of the older generation<sup>6</sup> increases the financial burden on the state both in terms of paying pensions and providing other social services.

2. The working generation is experiencing an additional tax burden to ensure the above tasks. At the same time, more and more able-bodied population is forced to link their professional activities with the provision of social services, thereby increasing the already high burden on the state.

3. Communication of three institutional forms (trade union, employer, state), as well as the fight against corruption and the active work of trade union organizations provoke the growth of the bureaucratic machine and periodically reduce the effectiveness of system management.

4. High tax rates and one of the most serious tax burdens in the world on business carry the risk of demotivating entrepreneurs to develop their own business.

5. An additional demotivator can be a high level of wages and social guarantees. Even now, Norwegian companies prefer to hire employees with secondary specialized rather than higher education, as they cost the company less. Experts attribute the lack of unemployment growth in the country to the phenomenon of "eternally learning youth". Having received a higher education and faced with employment problems, citizens continue their education at public expense, increasing the already significant social spending. It is also worth noting the risk of hidden unemployment among young professionals with higher education. Many of them continue their studies because they cannot find vacancies in the labor market. A new concept "ung-voksenperiode" (period of youth and maturity) appeared in the country. This is a group of people aged from the end of adolescence to 35 years old who do not want to grow up, start a family, seeing the meaning of life in having fun.

6. In connection with the growth of life expectancy and the increase in the proportion of the older generation, the burden on the healthcare system is seriously increasing, which begins to experience both a shortage of personnel and the necessary equipment, and a shortage of funding.

7. Another serious risk is the dependence of the country's economy on hydrocarbon production. A significant share of Norway's GDP is provided by the oil industry<sup>7</sup>. On the one hand, this has become the starting point and an important factor in the current prosperity of the country, but on the other hand, it is a serious risk due to the high share of the industry in the national economy and the exhaustibility of the resource. The Norwegians found a way out in the creation of the State Oil Fund, which concentrates excess income from the oil industry and invests them in various projects around the world. Although the fund's original purpose was to care for future

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<sup>5</sup> Deaths. URL: <https://www.ssb.no/en/befolkning/fodte-og-dode/statistikk/dode> (accessed 16 September 2021).

<sup>6</sup> Population. URL: <https://www.ssb.no/en/befolkning/folketall/statistikk/befolkning> (accessed 16 September 2021).

<sup>7</sup> National accounts. URL: <https://www.ssb.no/en/nasjonalregnskap-og-konjunkturer/nasjonalregnskap/statistikk/nasjonalregnskap> (accessed 13 October 2021).

generations, in 2006, it was renamed the State Global Pension Fund, which confirms one of the main socio-economic risks in Norway today — the aging of the nation. The Fund is one of the world's largest investors, while it practically does not finance either economic or social projects within the country, rightly fearing inflation.

The Norwegians quite early switched to a democratic political regime and began to redistribute income from wealthy citizens to the poor. And this, in our opinion, was one of the reasons for the low level of poverty in the country. An additional success factor is a small and compact population, as well as the absence of a dominant role of hereditary classes. In comparison with the majority of both developed and developing countries, the level of absolute monetary poverty in Norway is extremely low, almost nonexistent. The level of extreme poverty (\$1.9 per day according to the World Bank method) in the country was 0.3% in 2018 <sup>8</sup>.

Understanding poverty as the lack of resources sufficient for life in the society in which the individual exists, the Norwegians naturally use a relative approach in their assessment. In 2018, the national poverty rate in the country was 12.7% <sup>9</sup>. In our opinion, this is a significant level for a country that positions itself as a state where opportunities are equal for everyone, and resources are distributed evenly. The multidimensional approach gives even more serious results — 16.1% <sup>10</sup>.

At the same time, children, as in many countries of the world, are one of the most vulnerable categories of the population. The proportion of children living in low-income conditions in Norway increased from 7.7% (2008–2010) to 10.7% (2015–2017) [6, Mølland E., Vigsnes K.L., Bøe T., Danielsen H., Grimstad Lundberg K., Haraldstad K., Ask T.A., Wilson P., Abildsnes E., p. 571]. Among other profiles of the poor, the following were identified: young single people, single parents, couples with small children and families with three or more children, immigrants (mostly of non-European origin), long-term unemployed, long-term sick, pensioners (mostly single), people with mental disorders, recipients of social assistance. The total number of recipients of social assistance in Norway at the end of 2020 was about 124 thousand people <sup>11</sup>, or 2.3% of the population. About 49 thousand people use social benefits as the main source of income at the end of 2020 <sup>12</sup>. This is 0.9% of the population, which, with the abolition or loss of social support, can potentially become extremely poor.

Ways to combat the phenomenon of poverty in Norway are quite traditional. These are, first of all, ensuring low unemployment, maintaining a high average income, and general social

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<sup>8</sup> Poverty headcount ratio at \$1.90 a day (2011 PPP) (% of population) — Norway. URL: <https://data.worldbank.org/indicator/SI.POV.DDAY?locations=NO> (accessed 17 September 2021).

<sup>9</sup> Poverty headcount ratio at national poverty lines (% of population) — Norway. URL: <https://data.worldbank.org/indicator/SI.POV.NAHC?locations=NO> (accessed 15 September 2021).

<sup>10</sup> Multidimensional poverty headcount ratio (% of total population) — Norway. URL: <https://data.worldbank.org/indicator/SI.POV.MDIM?locations=NO> (accessed 17 September 2021).

<sup>11</sup> Social assistance. URL: <https://www.ssb.no/en/sosiale-forhold-og-kriminalitet/trygd-og-stonad/statistikk/okonomisk-sosialhjelp> (accessed 16 September 2021).

<sup>12</sup> Social assistance. URL: <https://www.ssb.no/en/sosiale-forhold-og-kriminalitet/trygd-og-stonad/statistikk/okonomisk-sosialhjelp> (accessed 16 September 2021).



support for the population. Sociologists V. Korpi (Sweden) and G. Esping-Andersen (Denmark), who introduced the concept of “welfare state”, believe that the current situation in Norway is the result of socio-economic reforms and the transformation of the ideology of the Norwegian social democracy in the presence of a clear succession of the ruling class [7, Zaikov K.S., p. 9]. In the works of S. Kühnl and A. Hatland, the influence of political and socio-economic factors is questioned, and the influence of culture, which caused the appearance of this phenomenon, is put forward [7]. Anyway, the main promoter of the welfare state policy is the Norwegian Labour Party (hereinafter referred to as the NLP) that started the formation of this system in 1935–1965, subsequently losing the leading position periodically, but systematically coming back to rule the country. In 2021, the NLP was able to regain the majority in the Norwegian national parliament and thereby form the government and hence determine the course of the country for the next four years. The leadership of the NLP announced a renewed focus on reducing social inequalities. According to experts, this may mean further tax increases for those who earn a lot, reducing the number of private schools, strengthening the public health system<sup>13</sup>.

The social sphere in Norway is financed by taxing citizens and legal entities and partly by the State Global Pension Fund. Tax rates in Norway are among the highest in the world. There is a progressive taxation scale and, depending on the income, the tax burden averages over 40% [5, Andersen T.M., Holmström B., Honkapohja S., Korkman S., Söderström H. T., Vartiainen J., p. 67]. Corporate taxation is also one of the highest in the world. According to the concept of the welfare state, every resident has the right to free education, health care, as well as, if necessary, social services, guarantees for pensions, provision for people with disabilities and temporarily unemployed. Those who work can count on a guaranteed sufficient income, which allows them to maintain their financial situation above the poverty line. Trade unions control the risk of a working person getting into a difficult financial situation. Another feature of the Norwegian labor market is that the majority of the adult population works, and many retirees also continue to work after they retire.

One of the main profiles of poverty in Norway is migrants. Lack of language skills and qualifications make it difficult for them to find work. Having a high level of unemployment benefits, this category of the population often fails to meet the challenge of integrating into the country’s labor market. They have other skills and competences (e.g. handicrafts or agriculture) which are not in demand in Norway. The use of social benefits does not have the necessary effect to overcome the poverty line. Gradually, a certain marginalized underclass is being formed, in which yesterday’s refugees are the basis. A distinctive feature of this category is the high proportion of children and

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<sup>13</sup> Levotsentristy vernutsya k vlasti v Norvegii posle vos'miletnego pereryva [The centre-left will return to power in Norway after eight years break]. URL: [https://tass.ru/mezhdunarodnaya-panorama/12375945?utm\\_source=yxnews&utm\\_medium=desktop&nw=1631690487000](https://tass.ru/mezhdunarodnaya-panorama/12375945?utm_source=yxnews&utm_medium=desktop&nw=1631690487000) (accessed 15 September 2021).

elderly people. The former are not yet able to work; the latter are not entitled to state pensions under the law. As a result, a new lower class is forming, which consists mainly of recent immigrants. The children of immigrants are trapped in poverty because of their origins, their lack of knowledge of the language, their lack of understanding of the culture and rules of behavior of their new society. The formed psychological aspect of the perception of one's condition is very important (poverty in the historical homeland and in Norway is different). A pseudo-prosperous existence in the north of Europe relaxes the representatives of this social group, which is one of the reasons for the criminalization and radicalization of its youth [8, Rodionova M.E., p. 42–47].

When analyzing the general economic situation in Norway, trends were identified that, in our opinion, should be taken into account in the formation of social policy in general and tactics to combat poverty in particular in this state in the long term:

1. Decrease in the employment rate by 3% (from 78% in 2000 to 75% in 2018) [9, Manyika J., Madgavkar A., Tacke T., Woetzel J., Smit S., Abdulaal A., p. 6]. At the same time, there is a 7.9% increase in this indicator among people over 65 (in 2018 compared to 2000). In other age categories, there is a decrease, this is especially noticeable in the category "15–24 years old" — 8.4% [9, Manyika J., Madgavkar A., Tacke T., Woetzel J., Smit S., Abdulaal A., p. 42]. At the same time, there is a decrease in all types of employment (full, partial, etc.), which indicates an increase (albeit insignificant) in unemployment in the country [9, Manyika J., Madgavkar A., Tacke T., Woetzel J., Smit S., Abdulaal A., p. 48].

2. Decline in real average wages. Over two five-year periods (1995–2000 and 2013–2018), it was 2.4 percentage points. At the same time, there is an increase in the relative level of poverty after taxes and transfers among the working-age population (2000–2017) by 3.5% (the indicator for 2000 is 6%) [9, Manyika J., Madgavkar A., Tacke T., Woetzel J., Smit S., Abdulaal A., p. 9] with the general trend of rising poverty in this period<sup>14</sup>.

3. The net share of compulsory pension compensation decreased in 2018 compared to 2004 by 13% (from 65% to 52%). At the same time, net pension assets provided only 10 years in 2018 with an expected life expectancy in retirement of 20 years [9, Manyika J., Madgavkar A., Tacke T., Woetzel J., Smit S., Abdulaal A., p. 15].

4. Norway has a high degree of institutional intervention in market relations and high costs of the public sector [10, Pipia L. K., Dorogokupets V. S., Osipova O. E., Shashkova N. V., Khokhlova V. A., p. 87]. Public sector spending includes public sector wages and social spending, defined as cash benefits or the direct provision of goods and services in kind, and social tax credits; the exception is education and infrastructure, which reflect general government spending. In 2000, Norway scored 134 points on the index of intervention in the market structure, which is the highest among the member countries of the Organization for Economic Cooperation and Develop-

<sup>14</sup> Poverty headcount ratio at national poverty lines (% of population). Norway. <https://data.worldbank.org/indicator/SI.POV.NAHC?locations=NO> (accessed 14 October 2021).



ment, while public sector spending amounted to 43% of GDP [10, Pipiya L.K., Dorogokupets V.S., Osipova O.E., Shashkova N.V., Khokhlova V.A., p. 51–52]. Norwegian government spending on direct support to individuals (including social spending on old-age and survivor's pensions) between 2000 and 2018 increased by 9% [10, p. 49].

5. There is a low growth in personal well-being, which is confirmed by a combination of a rather modest amount of savings from the population and low income from investments. In fact, the cumulative annual growth rate of the average wealth of Norwegian residents in 2013–2018 has a negative trend (-11.9%). Between 2015 and 2017, the real growth rate of average net wealth was negative [10, p. 41]. The problem is the ratio of debt to household assets. High (and growing) debt levels continue to be a concern in Norway. This figure in 2017 was 28% [10, p. 42].

Thus, the main points of application of the efforts of the Norwegian government can be youth employment (15–24 years old), further removal of the risks of falling into the poverty trap of the older generation (including the search for alternative sources of pension payments) and migrants (especially children). The question of the degree of influence of the state on the market economy remains open.

When analyzing the implemented concept, we identified a number of factors that influenced the effectiveness of the fight against poverty in Norway:

- historical prerequisites, including the early building of a democratic society, the use of the principle of redistribution of income from the rich to the poor, as well as the absence of the dominant role of hereditary classes;
- long period of economic growth;
- geographic features, including a small and compact population;
- specificity and continuity of the existing state system (social-democratic type of social policy, implementation of the welfare state concept, the role of the NLP and trade unions).

The Norwegian Labor Party's return to power in 2021 presents the country with a difficult choice: to continue the implementation of the welfare state concept or to look for other ways to overcome social inequality and fight poverty. After all, this strategy is both a mechanism for overcoming the phenomenon under consideration and the main source of the above risks. There are many problems with this system. Every year they become only more serious, although it cannot be said that positive dynamics do not exist. As described above, over the past few years, Norway has been in the top ten, and often tops the ranking of countries with the highest standard of living. Many people call Norway the country they would like to live in. However, one should understand that the Norwegian welfare system is not as indestructible as it might seem, and has its own risks that both the Norwegian government and countries wishing to borrow certain mechanisms to combat poverty should take into account.

Turning to the analysis of the present situation in the Russian Federation, one cannot but mention the historical prerequisites for the formation of the modern social policy of the state. In the Soviet Union, the system of social support and assistance to the poor was extensive and varied, despite the fact that the problem of the existence of poverty in the country was not recognized in this historical period. As early as the 1930s, it was declared defeated, and no open research was conducted until the 1960s. Subsequently, the Soviet system of social benefits and payments became the basis of the modern Russian system. This situation has both positive and negative aspects. According to the authors, the Russian Federation can be classified as a country of the social democratic type of organization and implementation of national social policy. This is evidenced by a number of characteristics, including a universal minimum income guarantee, an egalitarian social policy, and an extensive system of social protection. These aspects bring Russia closer to Norway and provide a potential opportunity for the mutual use of social practices. However, universality and non-application of the criteria of need gives rise to the development of a dependent model of behavior of a part of the population. Lack of targeting also leads to inefficient spending of funds. All this generally leads to the formation of two types of dysfunctions of the current system, namely:

- inclusion errors, when social payments are received not only by the poor, but by people who are simply in this category;
- exclusion errors, when payments and assistance do not reach the truly poor.

Despite the difficult “legacy” of the Soviet Union, the number of people with cash incomes below the subsistence level in the Russian Federation has a stable downward trend. The Soviet system of social support made it possible to survive (in the truest sense of the word) part of the Russian population in the most difficult 1990s. Since 2000, there has been a steady decline in the poverty rate: from 29% in 2000 to a historic low of 10.7% in 2012<sup>15</sup>. This is due to the strong economic growth in the country in 2000–2007, and to the development and improving the system of social assistance and support (including the introduction of criteria for need and targeting, an increase in the minimum wage, unemployment benefits and the level of pensions). The adoption of several important pieces of legislation is worth noting as major milestones. In our opinion, there is a fairly high-quality set of federal regulations in the Russian Federation that define the concept of the subsistence minimum, average per capita income, form methods for calculating the main indicators and models for the distribution of assistance, and also put the fight against poverty at the level of national goals.

Since 2005, the regions have been given the opportunity to develop their own targeted social support programs for low-income citizens. This step is very important, since Russia is a country

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<sup>15</sup> Rosstat. Statisticheskiy byulleten' «Sotsial'no-ekonomicheskie indikatory bednosti» [Rosstat. Statistical bulletin "Socio-economic indicators of poverty"]. Moscow, 2021, p. 15. URL: <https://rosstat.gov.ru/compendium/document/13293> (accessed 11 August 2021).

with many subjects, which often differ greatly even in the behavior patterns of specific individuals. Consequently, the adaptation and formation of regional mechanisms for the implementation of the national task<sup>16</sup> is vital. This becomes possible when the responsibility and authority are transferred to the regional level.

In 2014, due to global negative economic phenomena, real incomes of the population began to decline, which led to an increase in the share of the poor in the Russian Federation. Russia reached a historical peak in the 2000s at 13.4% in 2005. A gradual decline began then, which led to an indicator of 12.1% at the end of 2020. On the one hand, this trend cannot but rejoice (the proportion of the poor is declining). On the other hand, the rate of decline may not be sufficient to achieve the goal set by the President to reduce poverty by half by 2030 compared to 2017.

In the Russian Federation, attempts to increase the impact of targeting have been made since the early 2000s, but the historically used categorical approach and the principle of communality to the provision of social support continued to dominate, as the state decided that the amount of social payments should not be reduced and conditions should not deteriorate. Thus, the regions found themselves in a certain trap. They had all the powers to develop their own targeted programs, but did not have the necessary funding. Subsequently, additional measures of targeted social support began to be introduced at the federal level, which made it possible to bring certain groups beyond the poverty line. For example, the additional payment to the pension of non-working pensioners up to the subsistence level in 2010 or the formulation of the basic principles for providing a social contract as a mechanism to help low-income families in 2013. In 2015, the regions were able to establish eligibility criteria for providing individual measures of social support<sup>17</sup>.

However, despite all the measures taken and the awareness of the need to apply a targeted approach, only 7% [11, Maleva T.M., Grishina E.E., Tsatsura E.A., p. 13–14] of the total amount of all expenditure on social assistance is implemented with the needs-based approach by 2016. Categorical mechanisms continued to prevail. On the one hand, this was a clear dysfunction of the current system, and on the other hand, it provided an undoubted potential for the development of the targeting concept. The task of the modern Russian state is to make the transition to a social policy that takes into account the needs of the individual household as gently as possible.

In contrast to Norway, there are large regional disparities in Russia. This is due to climatic, geographical and economic features, and to the national composition of the population. Therefore, there is a difference in the share of the poor population. With a level of 12.1% for the whole of the Russian Federation, the spread ranges from 5.0% in the Yamalo-Nenets Autonomous Okrug

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<sup>16</sup> Reducing the poverty rate by 2 times by 2030 compared to 2017.

<sup>17</sup> In accordance with the Federal Law of December 29, 2015 No. 338-FZ "On amendments to certain legislative acts of the Russian Federation in terms of accounting for and improving the provision of social support measures based on the obligation to comply with the principle of targeting and apply the criteria of need".

to 34.1% in the Tyva Republic<sup>18</sup>. This once again confirms the need for a differentiated approach to the formation of regional programs to improve the welfare of citizens of a particular subject of the Russian Federation. Today, almost all regions of the Russian Federation have launched programs to reduce the proportion of the population of the region with incomes below the subsistence level.

From the beginning of the formation of the monitoring system for the level of poverty in the Russian Federation, an absolute approach was used. This was justified both from the point of view of ease of measurement, and from a political point of view (this approach gives the lowest value of the poverty rate). At the same time, being aware of the risks of expanding the dysfunctional impact of inclusion and exclusion errors, the Russian government carried out systematic work to prepare for the transition to a relative model in assessing the level of poverty. Rosstat, as an experiment, used optionally appropriate methods, and the country officially switched to such a concept as “median income” from January 1, 2021.

The transition to a relative approach in assessing the level of poverty partially solves the issue of the “exclusion error” dysfunction and at the same time carries the risk of expanding the category of citizens who receive social assistance, but are not poor at the same time (the “inclusion error” dysfunction and the categorical approach as a whole). That is why it is important to develop the concept of targeting, including ongoing regional studies (disaggregated by municipality) of the profiles and causes of poverty. The transition to a relative approach was an important step towards the formation of a multidimensional model of poverty, expanding the categories and profiles that fall into this social group. In parallel with the transition to a relative assessment, Russia uses multidimensional approaches for analytical and research purposes.

The use of a relative approach does not negate the need to work with deprivations and restrictions on the main profiles of poverty. This is the focus of the national projects launched in 2018, as well as a number of government programs and projects that have recently been implemented in the Russian Federation. For example, in March 2021, the state program “Socio-economic development of the Arctic zone of the Russian Federation” was launched<sup>19</sup>, the implementation of which, according to the Chairman of the Government of the Russian Federation Mikhail Mishustin, “will create tens of thousands of new jobs and increase people’s incomes, provide support to businesses in implementation of promising projects and attract investors and qualified

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<sup>18</sup> Rosstat. *Statisticheskii byulleten' «Sotsial'no-ekonomicheskie indikatory bednosti»* [Rosstat. Statistical bulletin "Socio-economic indicators of poverty"]. Moscow, 2021, p. 15. URL: <https://rosstat.gov.ru/compendium/document/13293> (accessed 11 August 2021).

<sup>19</sup> Approved by the Decree of the Government of March 30, 2021 No. 484 "On approval of the state program of the Russian Federation "Socio-economic development of the Arctic zone of the Russian Federation".

specialists to the regions of the Arctic, ensure the inflow of private capital in volumes that are many times greater than the investments of public funds”<sup>20</sup>.

The main goals of the document are: 1) accelerating the economic development of the territories that are part of the Arctic zone of the Russian Federation; 2) increasing the contribution of the territories included in the Arctic Zone of the Russian Federation to the economic growth of the country. The basis of the program is an attempt to attract additional investment flows to these territories by creating comfortable economic conditions. The subprogram “Creating conditions for attracting private investment and creating new jobs in the Arctic zone of the Russian Federation” is responsible for this area.

However, in order for people to come and stay in the Arctic regions, it is necessary to create not only economic, but also additional social infrastructure and environment. The main criterion for the sufficiency of these conditions is the ability to maintain an average Russian standard of living. Subprogram No. 2 “Creating conditions for sustainable socio-economic development of the Arctic zone of the Russian Federation” should be responsible for this (according to the name). At the same time, there is no funding in the basic document, and the activities are either legislative or monitoring in nature. According to the authors, this is clearly not enough to achieve a qualitative indicator of improving the living standards of the population of the Arctic zone of the Russian Federation.

In order to achieve a level comparable to the national average, it is necessary to adopt a special development program that includes infrastructure projects. The draft of such a program was developed by the Government of the Arkhangelsk Oblast and presented at the federal level in 2019. It provided for bringing the main indicators of the standard of living in the Arctic municipalities to an acceptable level through the implementation of a number of measures in all major social spheres. We recommend that the regional authorities bring the project in line with reality and make a new attempt to defend it at the federal level. Otherwise, there is a risk of an even more active outflow of the population from the above areas. It is also recommended that the poverty level of a particular municipality should be taken into account when formulating the list of measures.

Speaking about the poor in Russia, it is necessary to realize that in addition to the groups already below the poverty line and experiencing various depths of the phenomenon, there is a fairly large risk group. These are those who are in a borderline condition and, in the event of job loss, illness, etc., can quickly cross the line. That is why it is necessary to systematically, on an ongoing basis, conduct regional sociological research, using not only a household, but also a settlement as a unit of measurement. According to Rosstat [11, Maleva T.M., Grishina E.E., Tsatsura E.A., p. 20], the most risky categories include rural households, residents of small towns (popula-

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<sup>20</sup> Pravitel'stvo utverdilo gosudarstvennyuyu programmuy razvitiya Arktiki [The government approved the state program for the development of the Arctic]. URL: <http://government.ru/docs/41894/> (accessed 29 September 2021).

tion up to 100 thousand people), families with underage children, and the working poor. However, it is possible to determine specifically, in which municipality, who and in what ways to help, only as a result of field research work.

The risks of the middle class becoming poor are increasing at a time of economic and epidemic hardships all over the world, so the government's attention to the phenomenon of poverty must not only remain strong, but become even stronger. At the same time, one should not underestimate the risk that an inert layer of the population has already formed in both Russia and Norway (according to experts, it makes up 10–11% of the population of the state [11, Maleva T.M., Grishina E.E., Tsatsura E. .A., p. 23]), which does not have any significant economic and social assets, while not reacting to external stimuli in any way. Even with an increase in cash income, these households do not change their social position and do not improve their social status. This can be a significant factor in the difficulty of achieving the national goal of reducing poverty in the Russian Federation and deserves special attention from the professional community.

As a result of the analysis, we identified several social groups and features that were noted in the post-COVID period for the first time in Russia. This is, first of all, the growth of the share of “professional unemployed”. According to the Ministry of Labor, during the 4.5 months of the state program for subsidizing hiring of the unemployed in 2021, employment services received applications from companies for 143 thousand jobs, but in fact they were able to employ only 25 thousand people (with a total number of this category of 350 thousand people)<sup>21</sup>. The second category is NEET youth (young people under the age of 24 who are not studying anywhere, not working and not trying to find a job). According to the Ministry of Labor of Russia, this is every tenth representative of this age group. Some of them are those who cannot find a job after graduating from universities<sup>22</sup>.

At the same time, two trends were observed in 2021 that can partially balance the negative phenomena described above, namely:

1. The deterioration of the financial situation of families (lack of the necessary financial resources to get high scores when passing the Unified State Examination, lack of opportunities to move), as well as the desire for an earlier entry into the labor market for successful employment, high wages and a prestigious profession or specialty stimulates young people (graduates of grades 9–11) to choose a vocational education system instead of entering universities to obtain a working specialty and enter the labor market 2–3 years after graduation [12]. This trend will make it possi-

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<sup>21</sup> U armii bezrabortnykh svoi generaly. V programme subsidirovaniya rabochikh mest ne khvataet zhelayushchikh trudit'sya [The army of the unemployed has its own generals. In the program of subsidizing jobs, there are not enough people willing to work]. URL: [https://www.kommersant.ru/doc/4947406?utm\\_source=newspaper&utm\\_medium=email&utm\\_campaign=newsletter](https://www.kommersant.ru/doc/4947406?utm_source=newspaper&utm_medium=email&utm_campaign=newsletter) (accessed 30 August 2021).

<sup>22</sup> Mintrud otsenil chislo ne zanyatykh rabotoy i ucheboy molodykh rossiyan [The Ministry of Labor estimated the number of young Russians who are not busy with work and study]. URL: <https://www.rbc.ru/rbcfreenews/61167fb39a794765c7c222a9> (accessed 30 August 2021).



ble to solve the shortage of a number of working professions in the medium term, as well as to reduce the level of poverty in a number of households. The state needs to pay special attention to the quality of education in this category and, above all, to the relevance of professions and an increase in the number of budget places in the system of secondary vocational education <sup>23</sup>.

2. The second trend is an increase in the number of self-employed citizens, which undoubtedly indicates a decrease in shadow employment. According to the Federal Tax Service of the Russian Federation, as of the end of June 2021, there were 2.5 million officially registered self-employed citizens in Russia, and since the launch of the tax regime in 2019, they have earned more than 463 billion rubles. But not all performers have yet "come out of the shadows": according to the Higher School of Economics, at the end of 2020 there could be about 7.2 million self-employed in total in Russia, and the total market size with such calculations amounted to 1.58 trillion rubles <sup>24</sup>. This activity allows not only to increase the well-being of a number of households, but also to work with errors of inclusion in state social support programs, strengthening the targeting of measures to combat poverty, and, consequently, ensuring the growth of the well-being of people who really need help. The experts' estimates suggest that this trend will intensify, as the difference between those who have actually "come out of the shadows" and those who are still there is substantial. The Russian government needs to provide additional incentives for this category, for example, in the credit sphere.

According to preliminary data from Rosstat <sup>25</sup>, the share of the population of the Russian Federation with incomes below the subsistence level increased to 14.4% (or to 21.1 million people) at the end of the first quarter of 2021. This can be explained by a change in the methodology of calculation, as well as by seasonal fluctuations in incomes (for example, the payment of many types of social assistance and December pensions in December 2020, and not in January 2021). However, in the second quarter of 2021, the share of this category of citizens again decreased to 12.1%, or by 3.4 million people. At present, this is the largest decrease in the share of the poor population for many years in the Russian Federation, which, according to the authors of the article, is associated primarily with the targeted support for children from three to seven years, im-

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<sup>23</sup> Molodezh' vyzhdena vybirat' PTU vmesto MGU. Monitoring neravenstva [Young people are forced to choose vocational schools instead of Moscow State University]. URL: [https://www.kommersant.ru/doc/4919065?utm\\_source=newspaper&utm\\_medium=email&utm\\_campaign=newsletter](https://www.kommersant.ru/doc/4919065?utm_source=newspaper&utm_medium=email&utm_campaign=newsletter) (accessed 30 August 2021).

<sup>24</sup> HeadHunter i YouDo svyazala samozanyatost' [HeadHunter and YouDo linked self-employment]. URL: [https://www.kommersant.ru/doc/4910122?utm\\_source=newspaper&utm\\_medium=email&utm\\_campaign=newsletter](https://www.kommersant.ru/doc/4910122?utm_source=newspaper&utm_medium=email&utm_campaign=newsletter) (accessed 30 August 2021).

<sup>25</sup> O sootnoshenii denezhnykh dokhodov naseleniya s velichinoy prozhitochnogo minimuma, ustanovlennoy na 2021 god, i chislennosti maloimushchego naseleniya za I i II kvartaly 2021 goda [On the ratio of monetary incomes of the population with the subsistence minimum established for 2021 and the number of poor people for the I and II quarters of 2021]. URL: [https://gks.ru/bgd/free/B04\\_03/IssWWW.exe/Stg/d02/143.htm](https://gks.ru/bgd/free/B04_03/IssWWW.exe/Stg/d02/143.htm) (accessed 30 August 2021).

plemented by the Government of the Russian Federation in 2021<sup>26</sup>. Since the measure is permanent, the influence of this factor will remain, and the effect of such targeted work in the main profile (according to the Russian Ministry of Labor, 82% of the poor are families with children) can increase.

Of course, other factors also had an impact on the reduction of the proportion of poor people in Russia in the second quarter of 2021, for example, the expected post-COVID growth in incomes of the population in almost all areas, as well as a decrease in unemployment and a recovery in consumer activity in the service sector<sup>27</sup>. It is highly probable that the share of the poor will continue to decrease due to other support measures. These are benefits for single parents with children aged 8 to 17 years (1/2 of the regional subsistence minimum, 1.2 million people by the end of the year), and measures to support expectant mothers (1/2 of the subsistence level of the working population, 400 thousand families).

Undoubtedly, the indicator for 2021 was influenced by one-off payments to families with children by September 1, pensioners and employees of the law enforcement agencies<sup>28</sup>. We would like to mention development of a social contract mechanism as the main systemic measure of target-oriented social policy in modern Russia. The implementation of this model can be a decisive factor in achieving the national goal of reducing poverty.

After analyzing recent developments and trends, the indicator declared in the national poverty reduction target does not look unattainable. The victory over the so-called “statistical” poverty sets even more complex goals for overcoming poverty on the basis of a multidimensional assessment, which includes not only monetary indicators, but also social deprivations and subjective assessments of the individual. For this reason, it is already necessary to pay special attention

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<sup>26</sup> From April 1, 2021, the rules for the largest social payment — support for families with children aged three to seven years old — have changed in the system of social support measures: if in the first quarter of 2021 it was still “non-addressed”, then from the second quarter — targeted and focused on “surcharge” poor families 50%, 75% or 100% of the subsistence minimum, depending on income level. According to the Ministry of Labor, since April 1, 1.73 million of such payments have been submitted or reassigned, of which 1.33 million are one hundred percent of the minimum, in total, parents of almost 4 million children receive such assistance. Another measure of social support is payments to families with children under three years of age for families with a per capita income of less than two living wages per person: this is more than 1.8 million families.

<sup>27</sup> Wages in the II quarter of 2021 are higher than a year ago by 14.2%, entrepreneurial income — by 56.2%, other cash receipts — by 31.8%, property income — by 10.6%, a decrease in unemployment (at the beginning of the year — 5.8%, in June — 4.8%, only seasonal employment is not provided), an increase in average wages (from 52.1 thousand rubles in I quarter to 56.2 thousand rubles in II quarter).

<sup>28</sup> One-time payments to pensioners and the military, as well as the allocation of 21 billion rubles for additional monthly payments to low-income families with children aged three to seven years will cause an increase in the annual nominal disposable income of the population by 0.8–0.9% (by 0.6–0.9% in real terms), and if only recipients of payments, the increase will be more than 5%. This assessment of the consequences of Vladimir Putin's initiative was given by ACRA analysts. They noted that the transfers will cause a short-term reduction in income inequality, as they are mainly recipients of the less well-off segments of the population.

to the development of the next stage, both in assessing poverty and in finding new solutions in the fight against it <sup>29</sup>.

Another significant risk is the fact that the concept of targeting is actively declared in Russia, but its application in practice is still ineffective. This is due, first of all, to the prevalence of the categorical approach and the unwillingness to work on overcoming “inclusion errors”. Overcoming is associated with the introduction of unpopular measures, which may have a negative impact on the attitudes, including political ones, of a significant part of the population. An additional constraint is that the use of targeting requires efforts on the part of the region and municipalities (search for sources of funding, formation of criteria for need, maintaining a register of low-income citizens, accounting for income and expenses of applicants, etc.).

Despite the active development of regional programs to reduce poverty, there are a number of points in the Russian Federation that require special attention, namely:

1. At the moment, the regional anti-poverty programs are mainly a compilation of measures that have already been announced in other programs and projects at both the federal and regional levels. That is, according to the compilers, their combination should create some additional effect that will lead to a reduction in the level of poverty. In our opinion, along with the use of standard methods, it is necessary to formulate new measures that form new mechanisms and social practices.

2. Imperfection and insufficient mass use of the social contract mechanism. It is necessary to constantly improve and replicate this measure of providing state social assistance. One of the measures may be the introduction of compulsory entrance psychological testing to determine predisposition and level of motivation of service user as well as constant supervision by a psychologist during implementation of the contract to adjust activities if necessary.

3. Insufficient institutional forms (other than state support measures) in the fight against poverty; for example, development of charity among large companies and use of the non-profit organizations' resources in specific settlements.

4. Shifting the vector towards irrevocable measures of social assistance without using the criteria of need and the principles of targeting. Most government executives and representatives of municipalities believe that poverty alleviation is a task of the regional Ministry of Labor (or its equivalent) and its subordinate agencies. It is impossible to overcome poverty without the involvement of organizations responsible, for example, for the development of agriculture or small and medium-sized businesses. It is only possible to increase the risks of strengthening the dependent model of citizens' behavior.

All actors involved in the implementation of regional anti-poverty programs should realize that this is not so much a humanistic or political task as an economic one. An increase in the num-

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<sup>29</sup> Den'gi detyam ne igrushka [Money is not a toy for children]. URL: <https://www.kommersant.ru/doc/4935646> (accessed 30 August 2021).

ber of poor people reduces both the number of consumers (and this is the loss of corporate income) and the regional level of human capital, which in turn leads to a slowdown in economic growth, and often to an increase in government spending. For example, the trend towards criminalization of the marginalized sections of the poor is driving up the cost of law enforcement. The awareness that poverty reduction leads to an increase in the well-being of society as a whole will undoubtedly increase the motivation of all actors involved in the fight against poverty. It is precisely through the multidimensionality in the assessment, in the awareness of poverty, it is possible to more actively involve and realize their role in the fight against this phenomenon, not only other state and municipal authorities, but also other institutional forms (for example, more active development of charity by commercial companies through awareness of the loss of a consumer).

According to experts [11, Maleva T.M., Grishina E.E., Tsatsura E.A., p. 17], the change in the system must be carried out through the transition from supporting mass categories to socially vulnerable categories based on the criteria of need. Undoubtedly, indigence should be determined not only on a monetary basis, but on the principles of multi-criteria and complexity. A household, rather than an individual, should be regarded as the unit of assessment, and subsequently as the unit of support, which corresponds to the poverty profile identified on the basis of sociological research. It is advisable to involve business and non-profit organizations more actively, and to develop the participation of other institutional forms in the fight against poverty, for example, to use the experience of Norway on the more active involvement of trade unions.

Finally, the authors consider it appropriate to summarize the conclusions obtained as a result of the analysis of social practices and risks aimed at combating poverty in the countries under consideration in Table 1.

Table 1

*Approaches used in assessing and combating poverty in Norway and Russia*

Country	Decision making at the regional level	Involvement of social institutions other than the state	Targeting of social support measures	Multidimensional approach to poverty assessment	Other
Russia	Applies	State component prevails	Applies, but weakly	Applies	Course continuity over a long period of time
Norway	Impractical	Active work with trade unions	Applies, but weakly	Applies	Progressive income tax rate. Strict state regulation of the market.

Each of the countries considered above has had and continues to have their own model for combating poverty. There are commonalities, there are significant differences. Obviously, without the leading role of the state, which determines the strategy of struggle, and permanent long-term (for several decades) work, it is impossible to achieve the goal. At the same time, in our opinion, there are key aspects, the involvement or non-involvement of which in the struggle has a serious

impact on the results. According to the authors, to date, 4 areas determine the success of further actions, namely:

- ensuring the targeting of social support measures;
- implementation of the model, when tactical and operational actions are conducted at the level of the region and municipality;
- active involvement of other social institutions and institutional forms (besides the national and regional relevant ministry or department);
- application of a multidimensional approach in assessing the level of poverty.

### **Conclusion**

Overall, an analysis of social policy models in Russia and Norway shows that the use of any one type (liberal, conservative, social-democratic) is already a thing of the past. Most countries are moving towards combining different approaches, taking into account modern realities. The world is changing rapidly, the composition and psychology of residents is changing (for example, due to migration), and the state should quickly respond to new realities, often going beyond the usual, standard schemes. At the same time, the implementation of the principles of the social-democratic type of the welfare state concept, undoubtedly, has a very serious impact on reducing the national level of poverty.

The prevailing understanding that poverty is a multifactorial phenomenon, not limited only by the concept of “income”, also makes adjustments to the strategy for the formation of national social policy. At the same time, the understanding of poverty is still different among Russians and Norwegians, but everyone has already realized the need for an integrated approach, including absolute, relative, deprivation and subjective criteria. Combination of methods expand the understanding of the phenomenon of poverty that political and economic decisions are made, although this often broadens the scope of those in need of help and support.

After analyzing the social practices and social policies responsible for combating poverty in Norway and Russia, it was found that the following factors have played and still play a decisive role:

1. Prioritization of the anti-poverty task and its legislative formulation at the national level. The necessary legislative package, a clear action plan and a separate management system have been prepared.

2. The strategy remains at the national government level, the financial authority and the tactics are the prerogative of the regional authorities, while the operational level should be in the municipalities, most often in specific settlements. Households rather than individuals should be the target of evaluation and further impact.

3. Apart from the state, which undoubtedly is and will be the basic social institution in overcoming the phenomenon of poverty, other institutional forms should be involved: business (through the expansion of charity), mass media and new media (forming scenarios of specific people's behavior), the scientific community, non-profit organizations (for example, in implementing the functions of local committees to organize applied work with a specific household), volunteer organizations, professional unions and associations.

4. In the public sector of Russia, the fight against poverty should be dealt with not only by the Ministry of Labor, its counterparts and regional organizational forms, but also by other state and municipal authorities. This involvement should be stimulated by the understanding and awareness that reducing the number of low-income citizens is not so much a humanistic task or a matter of national pride, but an economic category associated with the development of consumption (business interests) and the development of the country's human capital (the main interest of the state and its citizens).

5. The new realities imply a transition from monetary estimates of the level of poverty to a comprehensive multidimensional approach, the use of monetary principles, especially the absolute approach, is to minimize the problem and serve primarily the political declarative goals of the state. A multidimensional method that uses deprivation principles, subjective assessments of an individual's well-being, allows for a more qualitative and effective approach to the problem in terms of human capital development. The deprivation approach should pay particular attention to the limitations of preventive health care (including health promotion for every citizen), education and the creation of comfortable living conditions.

6. The use of an integrated approach undoubtedly leads to an expansion of the target audience, and consequently, to an increase in the financial and organizational resources spent. Resources are limited both in Russia and Norway, and "flooding" entire social groups with money can lead to the formation of a dependent model of human behavior, to uncontrolled rise in inflation in the country, and to undermine the national economic system. There is only one recipe — a gradual departure from the categorical approach, and even more so from the social democratic approach towards the targeted concept. The application of the categorical principle of the implementation of social policy should ultimately be used only in overcoming the phenomenon of absolute poverty — compensating for part of the shortfall in income up to the subsistence level. All other assistance and support measures (above the subsistence minimum) should be strictly targeted.

7. The basis of the targeted concept should be the mechanism of the social contract, which provides not only the principle of point impact on the problem, but also carries the principle of temporary stimulation of the activity of the household, taking into account the motives of specific individuals included in it. Undoubtedly, this mechanism needs further development and adaptation. For example, in involving psychologists to identify the basic motives of the individual and to



classify the types of support and assistance, as well as to assess the psychological state during the process of escaping from the poverty trap and to adjust the trajectory. Financing should be carried out at the expense of a progressive tax scale, by redistributing the incomes of rich and super-rich citizens. Here the experience of Norway will be especially relevant for Russia.

8. It is impossible to have operative information about the main profiles of poverty and its causes without continuous sociological research. It is impossible to typify the poor and select the right model of care without information about profiles. Research should be carried out in two stages: 1) identifying the poorest areas, for example, based on a multidimensional poverty index; 2) conducting a selection of households to develop a trajectory and model for getting out of the poverty trap in areas with low rates.

9. Further development and improvement of the state social insurance system. The mechanisms formed in the Russian Federation are a good basis, and this path of development should by no means be abandoned, especially in terms of medical insurance. Undoubtedly, not all elements are sufficiently funded today, but it is necessary to work on establishing a clear relationship for each citizen between the obligation to pay insurance premiums and the right to receive a certain list of services not only from the Compulsory Medical Insurance Fund (CMIF), but also from Social Insurance Fund (SIF) and the Pension Fund of the Russian Federation. It may be worth considering the option of transferring the functions of insurance companies to the CMIF and the SIF to actively develop the area related to the improvement of citizens, with their rehabilitation.

In conclusion, the authors would like to draw attention to two fundamental principles. Firstly, it is the permanent economic development of the country, based on the growth of labor productivity, diversification of the national economy (taking into account the risk of price fluctuations and exhaustibility of hydrocarbons) and the desire to achieve full employment of the able-bodied population. Secondly, this is a constant work to smooth out the economic and deprivation inequality of the population, in particular, the reduction of the value of the Gini index. This is possible by continuing to work on the differentiation of the personal income tax scale and the implementation of the principle used in Norway, when the rich pay for the poor, and the activation of large-scale charitable programs.

Thus, it is possible to continue using elements of the welfare state concept in Russia and Norway, but taking into account modern global realities, namely, the principles of multidimensionality in assessing the phenomenon, targeting in the implementation of programs to combat it, involvement of other institutional forms (besides the relevant executive authorities) in the process and taking into account regional specifics in practical work with the phenomenon of poverty. Despite the existing differences, both Norway and Russia should take into account each other's experience and the risks identified above. The main risks of both countries are related to the economic growth, the aging of the nation, the application of a categorical model of social policy and the formation of a dependent model of behavior of a part of the population.

The leadership of the Norwegian Labor Party, which won the election in 2021, has stated not only to continue working to combat poverty within the country, but also to increase interaction and cooperation with the Russian Federation. Perhaps this will be the starting point for further poverty reduction in both countries.

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