

**Near Poverty in Emerging Economies in the Pre-COVID-19 Era:
Case Studies of Moscow and Shanghai**

by

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Statement of Originality

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Abstract

This thesis investigates near poverty and the near poor population in two cities of the Russian Federation and the People's Republic of China. The research attempts to answer the questions: 'What is the status of the near poor population in Moscow and Shanghai?'; 'What risks are associated with the near poor population in increasingly affluent societies, particularly in Moscow and Shanghai?'; 'What are the policy implications on the anti-poverty strategy for the rest of the world?'. The study aims to conceptualise 'near poverty' by examining living conditions and policy obstacles of the 'near poor' people in the two emerging economies. In order to form a concept of the 'near poor,' the research starts with some theoretical foundation and empirical analysis (through fieldwork). The analysis of interviews outlines the struggles of this group in Moscow and Shanghai and its policy implications.

The thesis begins with a background of near poverty, highlighting the current limited research and the existing literature gap focusing on 'near poverty' in Eurasia. I emphasise the need to critically understand the 'near poverty' phenomenon and to evaluate the unequal level of social security protection where the 'near poor' are often neglected. Drawing on a qualitative research approach, I examine risks the near poor are facing, and how the level of income and other factors (such as psychological) respond to local social policies, aiming to reduce the economic burdens of marginalised people. The research also provides an in-depth discussion of why the near poor population continues to grow by explaining economic, political, and other aspects. Furthermore, the study attempts to have

an enhanced understanding of the struggles and challenges of the near poor in two cities by detailing their stories.

The findings show that the status of the ‘near poor’ in Moscow and Shanghai are close to households defined as poor. People who are near the poverty line particularly struggle with the increasing cost of living. Another factor is that both Moscow and Shanghai are overwhelmed with migrants. Migrants face stigma, have limited access to healthcare (particularly in Shanghai), and are often considered as an underclass (Moscow, Shanghai). Their living conditions keep becoming more challenging than the local based population (particularly those born in the city, which is especially crucial in Shanghai with its ‘*hukou*’ system).

Interviews with the near poor suggest areas in the policy fields where social assistance can be improved, including the transformation and simplification of bureaucratic procedures. For example, Moscow should review the basket of consumer goods they consider when determining what aid is needed and thus benefit vulnerable groups in the city by improving its targeting of aid. This is something Moscow could learn from the Chinese experience. Both cities need to expand social policies, which can cover the broader range of the unsecured group and prevent them from risks of falling into poverty, and eventually benefit the entire population as well as governments. The study shows that households in ‘near poverty’ are still far from the lower middle class.

Keywords: near poverty, poverty, social policy, Moscow, Shanghai

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Coming to Hong Kong as an international postgraduate student required some time to adapt to the environment and the educational system. In addition, my research planned to be conducted in two countries including Mainland China, and had the potential to be a hard experience in light of my non-proficiency in Chinese. It all would have been much harder for me without the support of the Graduate School staff, who always tried best to assist, and financially supported my research initiatives, including conference attendance and fieldwork trips.



No doubt, my friends and colleagues whom I got connected with at the EdUHK and, particularly, from the Centre for Greater China Studies many times shared my ups and downs and contributed to my development as a researcher. I am grateful to say that all of them helped me to reach this point in my academic career.

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Last but not least, I want to express my deep gratitude to all of my interview participants. The data was collected before the start of the SARS-CoV-2 pandemic, and knowing that some of the interviewees were less privileged than others, I wish and hope all of them are doing well in these difficult times. I hope that this work can contribute to the acknowledgment of this population segment and improve their situations.



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List of Abbreviations

BRICS	The acronym coined for an association of five major emerging national economies: Brazil, Russia, India, China and South Africa
CNY	Chinese Yuan (the currency of the People's Republic of China)
EdUHK	The Education University of Hong Kong
EU	European Union
EUR	Euro (the currency of 19 of the 27-member states of the European Union)
GDP	Gross Domestic Product
HSE	The National Research University Higher School of Economics (HSE University)
MLSA	The Minimum Living Standard Assistance in China (or, <i>dibao</i>)
NGO	Non-governmental organisation
OECD	Organisation for Economic Co-operation and Development
Rosstat	the Federal Service of State Statistics of the Russian Federation
RQ	Research Question
RUB	Russian Rouble (the currency of the Russian Federation)
SDG	Sustainable Development Objectives



SOE	State-owned enterprise
USD	United States Dollars (the currency of the United States of America)
VCIOM	Russian Public Opinion Research Centre



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Chapter 1: Introduction

This chapter primarily discusses the scope and objectives of the research, methodology, and the structure of the thesis. It starts with an introduction of the near poor populations observed in other countries and then moves on to a discussion about the unidentified status of these groups in Russia and China. In the following chapters, I aim to evaluate the newly defined near poor's challenges and risks in urban societies, Moscow (for Russia) and Shanghai (for China), and make some policy suggestions for this neglected topic. This chapter explains the background of the problem and sheds light on how I derive the research topic and why it is essential and relevant.

The following part consists of several components: the background of the study and its significance, research questions, methodology, and the structure of the thesis. Here I present the objectives of the research and the outcomes. At the same time, the methodology part describes the case study approach. The primary data collection method used was semi-structured interviews with field experts and in-depth interviews with people from near poor households.

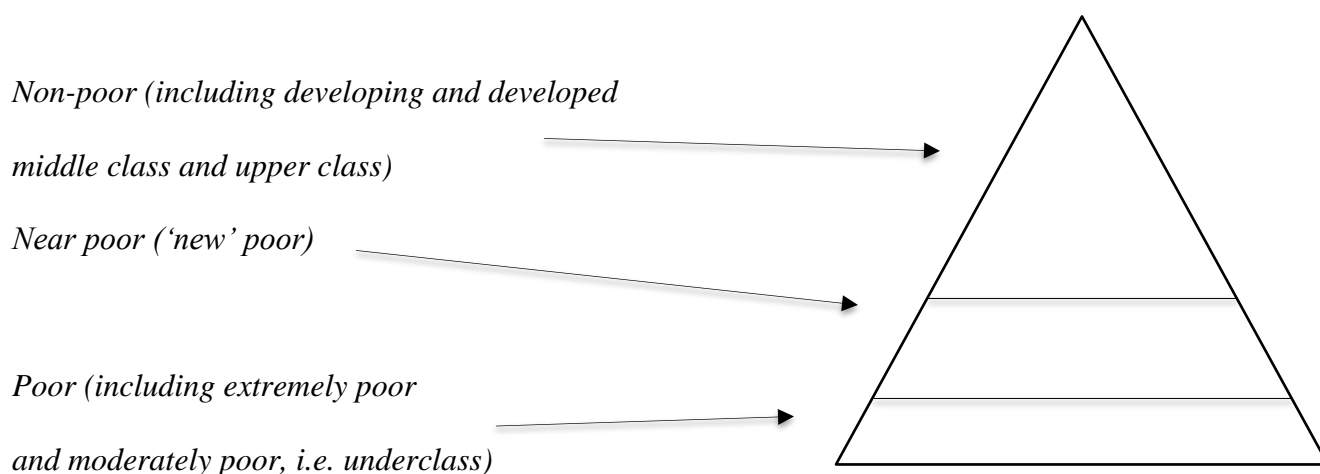
1.1 Research Background

This study investigates a unique angle of the poverty issue, particularly the cases of households with an income per person slightly above the poverty line, i.e., the category of the near poor. The research's primary goal is to explain a near poor people concept and present qualitative analysis of the near poverty problem, particularly, for this category of people in Moscow and Shanghai.



The concept of ‘near poverty’ has not been explored widely in Russian and Chinese literature, for example, in comparison to the commonly used term ‘*low income*.’ However, an observation of people’s living standards and the dramatic fall in welfare after several financial, economic, political and health crises illustrate the belief that there are many people excluded and alienated from some of the social assistance. This thesis’s primary goal is to bring the attention to the near poor, who often have the same needs and go through the same struggles as the poor and have high chances of becoming the impoverished soon. This research investigates the households above the poverty line in Moscow and Shanghai. However, the central questions are who are the near poor, and to what extent households face risks of falling into poverty. Below *Figure 1.1*. displays how we visually understand the near poor.

Figure 1.1. Near Poor Stratum



Source: Compiled by the author

As will be shown in the following chapters, the identification of a near poor stratum will enrich our understanding of those less resourceful people in the urban economy. I would like to highlight the vulnerability of this group of people. Both Russia and China have a large ratio of poor people, including urban areas (Arapko, 2018; Solinger, 2018). As I will explain later in this thesis, I aim to identify and substantiates the importance of the near poverty problem in modern societies by profiling Shanghai and Moscow's citizens' whose household income is above the poverty line, but much less than the average income in the city.

1.2 Significance of the Study

Research on the poor households is timely, relevant, and vital from the practical perspective, given the urgent need to tackle the problem faced by people living near the poverty line. A variety of social problems are reinforced by poverty, and near poverty contributes to it too. For instance, the growth of an ageing population (Goldstein & Goldstein, 1986; Chow, 2000) or the drastic expansion of higher education and its negative labour market outcomes (Mok & A. M. Wu, 2016). The GDP growth in a country does not necessarily entail substantial changes to the livelihood of most middle- and lower-class people (Hoynes et al., 2006). In addition, the problem leads to child poverty when adults cannot support their families with children below the age of 18 (Chou, 2013; Chou et al., 2014). While many researchers have looked into the question of poverty and its wider social implications, few attempts have been made to examine the near poor.



This study has originality since near poverty has not been vigorously studied as a separate social category and analytically as a different set of research questions. I am aware that there are works on near poverty closely connected with accident hardships like severe illnesses, disease, or pregnancy (Braveman et al., 2010; Gorey & Vena, 1995; Klevens & Luman, 2001). But it is still a little-known phenomenon in Russia and China. Particularly, few researchers have paid attention to the relationship between the income level and economic fluctuations in Russia and China. These fluctuations mean that the real number of the poor can be underestimated. Finally, the study shows that the identification of the near poor helps to take a deeper look at the problem of poverty in general.

The study also contributes to an understanding of the gaps in anti-poverty work in both China and Russia. While China has made a significant advance in anti-poverty work, Russia stays behind. The Open-Door reform of 1978 gave an advantage to undeveloped China to start a much smoother and sustainable period of economic development. However Russia's economic development since the 1980s has been chaotic at times. The USSR started to fall apart around 1990 until the breakdown because of the poor leadership, the Cold War, and other factors. Furthermore, the uncertainty of the 1990s in the new-born country of Russia made it fall far behind in economic and social development than other countries like the European Union or the USA. Although, the situation in Russia improved as its rich natural resources and the benefits of the progress made in science and industries caused the Russian population to undergo a reduction in poverty and stabilise the economic situation after 2000.



Meanwhile, China also encountered challenges like the Asian Financial crisis in 1997-98, and there has been economic slowdown (H. Wang, 1999; Nolan, 2021). Changes in the macro economic and social environment brought economic instability for both countries and affected the welfare of the countries' populations. The problem of poverty has worsened. However, Russia and China have started to think about putting poverty on the agenda. Due to the changes and crises, new social institutions began to emerge. Afterward, institutional characteristics, such as regional differences and migrant identity, also influenced welfare attitudes (Q. Cheng & K. Ngok, 2020). Both countries have similarities in their social developments despite the different regimes and forms of governance.

Both leaders of modern Russia and China grew up in the period of communist societies and share similar values. Giacobbe-Miller et al. (2003) claim that Russians and Chinese values are more linked with each other rather than, for example, the values of Americans. These all make the two countries more comparable to each other.

Since China's switch on their market reforms (1978) and the disintegration of the USSR (1991), Russia and China have started a new page of building up their new social policy initiatives. The poverty problem has become one of the most significant issues for authorities to attend to and ameliorate. First, a reduction of poverty is part of the promise of engineering economic growth and development. Second, it will bring about a higher level of political stability, and a minimisation of possible anti-Government rallies and protests. Consequently, over several decades both countries have formed institutions to help the poor and other groups at risk. Both have achieved some progress in terms of

poverty reduction. However, not everything turned out as smooth as official statistics show. While delving into statistical data, observing the standard of living of people, and comparing it with the level in developed countries, government statistics in these countries appear to be not constantly reliable. They are also complicated by the definition of poverty in each specific country, region, and city. The analysis of misinformation continues with assessing the cost of living in each particular place (city, region, or provincial levels), the needs and specific necessities of people, and their living conditions comprehensively (including climate, environment, location, infrastructure, and others). Finally, while poverty, hunger, and lack of housing are no longer the first priority among city dwellers living in large metropolitan cities such as Moscow and Shanghai, the poverty problem takes on a new look. It transforms into recognition of citizens who are on the verge of falling into poverty. The so-called '*near poverty*' status can highlight and raise attention on the risks and major struggles of these citizens and help the government to imply prevention measures rather than just help the existing poor.

Both, Russia and China are transition economies, requiring private and governmental companies to devise distinctive methods to deal with the broad scope and pace of economic and political change (Hoskisson et al., 2000). An analysis of specific institutional conditions is vital for each country. It helps to define the state's role for the successful functioning of the market and the participation of the state in the establishment and protection of property rights. The institutional characteristics identified through the interviews help to demonstrate the state's incentives (motivation) to fulfil its social role. The institutional settings in Shanghai and Moscow are explained further in Chapter 3. The

study further discovers some unrevealed information on near poverty and the situations of people in near poverty in both cities.

1.3 Research Questions and Objectives of the Study

The problem of inequality exists in all societies. But most governments continue to work hard in order to minimise stratification in society, reduce the number of the poor, and narrow the gap between the rich and the poor. To study poverty in a comprehensive manner will assist more effective government action to deal with the problem. In addition, it is essential to regularly evaluate the ongoing policies, not just from the government side, but also from the recipient's side. In this connection, I have selected the near poor and their cases as my research question, hoping that identifying the status and risks will help to promote better policy development.

Poverty is a social phenomenon. The emergence of poverty is associated with social and property stratification in the community. Already in ancient times, social conflicts associated with property inequality were recorded. In view of this, the study of the phenomenon of poverty and its adjoining (near poverty) cannot be separated from the study of social institutions. For instance, according to Sidorova (2011), family is the primary social institution through which poverty is reproduced. For this reason, my discussion of the near poverty will also look at the role of the family.

In the thesis I attempt to answer these research questions (RQs), *'What is the status and what are the needs of the near poor population in Moscow and Shanghai? What risks are*

associated with the near poor population in increasingly affluent societies? What are the policy implications on the anti-poverty strategy for the rest of the world?'. By concentrating on status, risks and policy implication I must also define the near poverty itself for each place. Thus, study starts with conceptualising near poverty and answering the question, *'Who are the near poor?'*. I am aware that there are not many definitions of near poverty in international literature. I intended to address this gap because it is important to conceive and clarify what near poverty is. This relates back to the point I made in the above paragraph, I have concentrated on social institutions and their interaction with poverty in order to discuss near poverty.

I aim for this study to contribute to the theoretical and empirical knowledge of the influence of the institutional environment on the situations with near poor and its correlation with the anti-poverty issue. The research question's third and fourth goals discuss the risks, challenges, and opportunities for the near poor and observation of government performance from the near poor groups' perspectives. Interviews with the near poor group and my interviews with experts in the social policy field help answer these questions. I conducted interviews with professors at the high schools and universities, media public figure experts, and managers in business companies responsible for the organisation's social protection to cover these questions. Respondents from businesses were labour union leaders in an enterprise/factory with over 4,000 employees at the moment of interview. As a result, this research examines what kind of support the governments offer to the groups under my study (Chapters 4-7), what kind of policies can support them (Chapters 6-7), how policies work for the near poor (Chapters 4-5), and to what extent these policies are helpful



(Chapters 6-7). The research also includes policy implications obtained from the case studies, which are discussed in the final chapter.

Below I describe several objectives that support the main goals of this research. Although some extra data in the last chapters support this study, the primary analysis and outcomes come from the qualitative data, mainly in-depth interviews. Lastly, the data described here can be a starting point to further elaborate this research with statistical analysis and test the hypotheses proposed for the future. Future research suggestions are included on a supplementary note guiding how the problem can be studied further. Thus, qualitative methods can help tackle aspects of the objectives, and the quantitative methods can be used for purposes of hypotheses testing in subsequent works.

The first objective of the study is *to identify the problem of near poverty, introduce a new concept, and substantiate its importance in contemporary Russia and China, using the examples of Moscow and Shanghai*. The indication of the term's theoretical significance helps prepare a site for further institutional analysis of near poverty. Thus, it starts with a critical review of the current literature, policy documents, and laws. After collecting published data about poverty in particular places, I processed the data and attempted to identify the significant risks threatening the group under this study. Apart from the document analysis, this part entails information from government websites.

The second objective of the research is *to conclude the degree of influence of external (political, economic, sociocultural, legal, and others) and internal (self-assessment, self-*

identification, and others) factors determining near poverty. While Chapters 2 and 3 overview Moscow and Shanghai generally and place more emphasis on how specific the urban places are in terms of economy, legacy, and sociocultural matters, Chapters 4 and 5 go into more detail regarding the effects of the above factors. Chapters 4 and 5 are based on the analysis of the interviews with the near poor. And Chapters 6 and 7 are based on the analysis of the interviews with the experts.

The low income per person, household enlargement, loss of a job, loss of a breadwinner, and sudden change of living conditions due to deteriorating health cause some people to live closer to the poverty line or even fall into poverty. The third objective is *to identify how government can support the near poor by acknowledging their possible risks and analysing their economic situations* in the current labour market. Moreover, I consider anti-poverty subsidies like employment assistance, unemployment payments, and social allowances for parents with children. One factor to keep in mind here is the difference in the mentality between Russians and Chinese. This includes cultural values, value orientations, and attitudes inherent to a social or ethnic group or the people. Another important issue here is the assessment of social mobility in both places. Consequently, preferences and daily basic needs vary between Shanghai and Moscow citizens. Their abilities to raise their living standards and social status or upgrade their social group are connected. Thus, these characteristics are acknowledged, identified, and explained in Chapters 4 and 5. The interviews with the near poor primarily support these chapters.



The last objective of this study is *to evaluate government involvement* in the poverty problem in each city. In conjunction with this, I include a description to show the stagnation of the middle class's growth and a small but noticeable rise in the numbers of poor in recent years. I believe that the research can benefit from *analysing the current poverty and near poverty in both cities and contribute* to the design, development, and implementation of anti-poverty measures. Based on the above, Chapter 8 provides the results and discussion part. The discussion part highlights why policies are only eliminating the symptoms but not curing 'the near poor disease' itself. Based on the final findings of Chapter 8, Chapter 9 discloses the policy implications, along with the most targeted suggestions, and finishes with concluding remarks. The necessity to generate policy implications is crucial as countries like the Russian Federation and the People's Republic of China following the goal of stimulating economic growth to make their country and society wealthier.

To wrap up, the first half of the thesis answers the questions: *How can we define the near poor people in Russian and Chinese contexts, and why does this group need consideration?* It also answers such questions as, *what kind of social support is offered to this group, what kind of policies support them, the significant risks this group faces, and does social support meet the near poor's needs and dangers.* The second half primarily focuses on people's social mobility in the cities of the studied cases and, more specifically, discloses the life stories and background of the near poor, with whom I have been able to talk, and address existing social policies. I also look at the citizens' income and changing poverty rates in Moscow and Shanghai.

1.4 Methodology

The thesis provides a qualitative analysis of Russia and China's current anti-poverty measures to identify the missing unprotected people, i.e., the near poor in this study, and evaluate their situations. The case study method is the primary approach in this research. The *Methodology* section consists of two parts. The first describes the adoption of the qualitative approach in this case study research. The second part explains how I collected the data, including interviews and some statistical data from the open resources. Apart from the interviews, the data also came from the literature review, document analysis, policy reviews, media, and online resources. In addition to explaining the method, the historical overview of the countries' background is crucial and is covered in Chapters 2 (overview, key concepts) and 3 (justification of the cases).

Despite the fact that the two countries have notable differences in terms of political governance and institutional variations in social structure and government departments, the two countries have some key factors in common. In 1949-1956 Chinese and Russian governors cultivated collaboration between the two countries, including scientific and academic exchanges and cooperation in politics and economic. Both countries experienced a planned economy, and some similarities are conjoined with their 'socialist legacy'. Above all, both Russia and China's current leaders, Vladimir Putin and Xi Jinping, share the same generation as were born in 1952 and 1953 respectively. The dominant ideology of that period could promote a national spirit of sharing common ideas in both countries. After the flowering relationship period of 1949-1953, there was a tense period between the countries from 1953-1982 until Brezhnev and Deng agreed to restore diplomatic relations

(Henderson & Mitrova, 2016). However, full inter-country ties were restored in 1989 and continued to strengthen after 1991.

1.4.1 Case Study Approach

The case study approach is a standard research method in qualitative studies in social science (Stake, 2005; Noor, 2008), and was chosen for this study for several reasons. Qualitative analysis requires a large quantity of descriptive data and interpretive ability (Warren & Karner, 2015, p. 209). The primary reason was to achieve high conceptual validity. Since the near poor concept is new to the Russian and Chinese societies, firstly, there was a need to explore the phenomenon in a given context. This is impossible to achieve with limited quantitative data and could cause criticism in terms of reliability. Another reason is the trust of open statistical data in both places of research. In addition, quantitative data would neglect information about how a respondent from the group under study reacts to an unpleasant event related to his/her income or feels about his/her household income status. Hence, our topic requires qualitative data collection. Secondly, talking to the near poor aimed to help disclose the possible risks in their groups. At the same time, quantitative data may only provide a limited understanding of their struggles. Thirdly, the case study approach helps to understand the empirical issues (Ellinger & McWhorter, 2016) through the discovery of causal mechanisms.

Back to explaining the thesis's methodology, this study concentrates on the city level in both countries. The principal analysis was of data collected from the semi-structured and in-depth interviews: a) with experts, and b) with people I refer to as the near poor. There

were 30 interviews conducted in each city. The first half of all interviews were conducted in Moscow in December 2017 and January 2018 (14 interviews) and Shanghai in May 2018 (16 interviews). The second half of the data collection took place in Moscow in January 2019 (16 interviews and one focus group), and 14 interviews in Shanghai in February 2019. At the same time, the respondents consisted of two groups, i.e., one group of experts, and another group of people living close to the poverty line. The number of experts was far fewer than the near poor people. Based on the second research question, I examined the people's profiles to clarify who those people were and what stories were behind them. The experts were: research staff and professors in high-ranking universities or high schools, professionals in commercial companies responsible for their workers' social provision (i.e. commercial companies which provide social support at the workplace), and a division head from the Ministry of Civil Affairs of the People's Republic of China (PRC). I interviewed social scientists from Moscow State University, High School of Economics, Soil Institute, and experts from the commercial sector, such as 'TransContainer,' a large intermodal container operator in Moscow. In Shanghai, my experts were staff from Jiao Tong University, Social-Service Organisations, and employees from the commercial sector (similar to the Russian case), such as State-owned enterprise: aeroplane engine manufacturer.

According to Thomas (2011, p. 513), 'case studies are analyses of persons, events, decisions, periods, projects, policies, institutions, or other systems that are studied holistically by one or more methods.' Another reason for adopting the case study method

in this research is its potential to analyse people in near poverty, identify policy connections, and put forward hypotheses.

The case study method helped determine if anything could be missing by assessing people's struggles with the risk of falling into poverty. The studies help to identify unseen reasons that affect household welfare and answer the question '*What are the risks and needs of the near poor citizens in Moscow and Shanghai?*' The interview groups provided insights into evaluating the current welfare performance, adequacy, and relevance of social policy reforms in Moscow and Shanghai.

The near poor people in Moscow, who were involved in in-depth interviews, are heterogeneous. They are people working in lower positions such as junior academic workers, unregistered house assistants (i.e., non-registered and untaxed jobs), members of single-parent families, and young people with no work experience. In Shanghai, interview participants mainly were people from other provinces (non-*hukou*¹ holders, migrants) holding positions in the services, like restaurant workers, cleaners at offices and universities; and, in addition, there were fresh graduates, and young people with limited work experience.

The methods of data analysis

¹ Hukou (Chinese: 户口; lit. 'household individual') is a system of household registration used in mainland China.

My primary methods of analyses are the thematic (content) analysis and the narrative analysis. When analysing the data in case studies, content analysis is a technique frequently employed to analyse qualitative data. It is a technique that, in its most frequent form, enables a researcher to take qualitative data and turn it into quantitative, i.e. numerical, data. Standard research techniques in the social sciences often include topic analysis, which examines the information contained in text arrays and the results of communicative correspondence. My content analysis started by reviewing the approaches in near poverty in different places, reviewing literature and documents on near poverty and at-risk-of-poverty groups, and continued with an analysis of interviews and focus group transcripts to identify similar patterns in situations, risks, and challenges of the studied group.

Narrative analysis is used in this dissertation as a research method aimed at interpreting the temporal sequence that people establish about their lives and surrounding events. I acquired insights into how near poor people live and make sense of reality by analysing their stories and the ways they were told, since stories serve the practical purpose of aiding in '*how certain policies work*'.

While analysing the interviews, I made a map of the topics and concepts that I found important to answer my research questions. Then I quoted answers into several themes. The subsequent enlarged map helped to identify new trajectories in eliminating near poverty risks and revising current policies. Lastly, a number of significant groupings of themes provide the explanation to the main research questions, followed by policy suggestions.

1.4.2 Interviews with the Near Poor and Experts

The interviews aimed to identify near poverty and suggest the instruments to eliminate the risks that they face and therefore upgrade people's living conditions. The interview analysis part of the study corresponds to the first three sub-goals of the research and partly supplements the fourth aim (evaluation of government involvement). It includes policies and documentary analysis along with interviews with the near poor and researchers. Firstly, it starts with an analysis of the near poverty problem and explores the importance of Russian and Chinese societies' situations based on the two countries' current literature and economics. Secondly, I identify the degree of influence of external and internal factors on the problem. Qualitative data collection helps to compose and identify a list of principal risks and pitfalls for the target audience for a proper analysis. Although, documents alone cannot tell the full story, a review of official documents guided the formulation of questions for the subsequent interviews. Thus, the interviews supplemented the qualitative data.

As highlighted in the first section of the *'Introduction'* and observing Moscow's reality while living there, I assumed that states' methodologies cannot fully describe the real situation. The authorities choose specific calculation methods to satisfy a particular interest group in the political arena. I conducted 60 interviews (including one focus group in Moscow), most interviews were with the near poor and the rest of the interviews were with researchers and practitioners in the anti-poverty field and people who have a close interaction with policymakers or who are affiliated with the policymaking process.



Furthermore, I was able to conduct a focus group with people of a pre-retirement age in Moscow in addition to interviews; the details of it are presented in Chapter 4.

There are a lot of debates around the sample size and saturation in qualitative studies (Mason, 2010). According to Mason (2010), the mean of sample size and saturation in Ph.D. studies using qualitative interviews is 31 (with non-random distribution) based on over 500 works. Mason (2010) reveals that a lower number of interviews usually achieves saturation. In this study I intentionally increased the sample size with my advisors' agreement to test the questions and confirm the findings.

1.4.2.1 Selection of interviewees

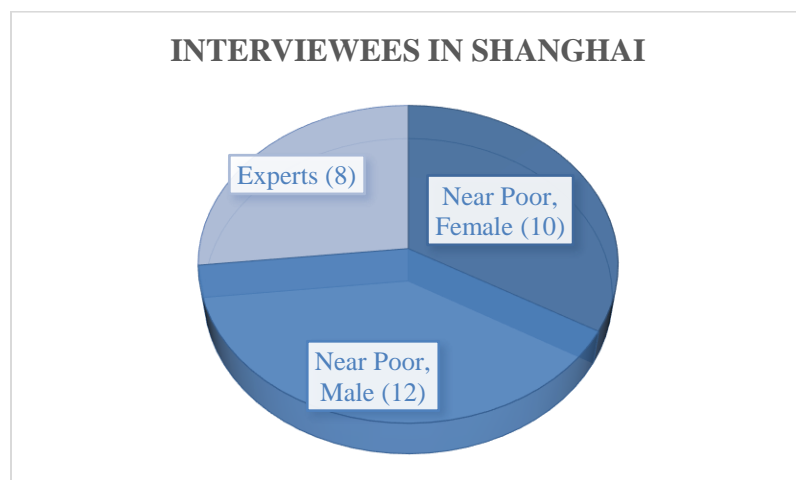
The near poor interviewees in Moscow and Shanghai were either born in or relocated/migrated to these cities from suburbs, nearby provinces, and regions. All the respondents were citizens of their nations. I did not include immigrants from foreign countries to participate in the interviews. Researchers and practitioners were not asked the same questions as the near poor as they targeted different goals of this study. The average time of each interview was one to two hours. The Russian language was used for interviews in Russia. Interviews in China were conducted in the English language (myself) and in the Chinese language by a helper, a native Chinese person, and were translated afterward. Below, in *Figure 1.4.2.1.1.* and *1.4.2.1.2.*, I provide a brief overlook of the distribution of interview participants in Moscow and Shanghai.

Figure 1.4.2.1.1. Interviewees in Moscow



Source: Compiled by the author

Figure 1.4.2.1.2. Interviewees in Shanghai



Source: Compiled by the author

The Interview instructions are presented in the Appendixes. Findings are reported in Chapters 4-7, while further discussion is presented in the Results and Discussion part, Chapter 8. Chapter 4 and 5 primarily discuss about situations of the near poor in both places.

The major citations and statements about the risks and significant pitfalls for near poor people are quoted there too.

The case study helps to clarify the situation of the near poor in big cities in Russia and China. While I gained much material from the interviews, I also obtained a part of the material for this research from the libraries of local universities in Hong Kong.

Selection criteria

How were the near poor selected? Both Russia and China use the concept of absolute poverty as a definition of poverty. Thus, the poverty threshold, consumer basket, and other poverty parameters are calculated through household income. For the correct proposal of the calculation of the near poor, I considered it consistent and logical to carry out the calculation on the basis of income per person within a household. Below, in *Table 1.4.2.1.*, I give an approximate ranking in which the near poor in Moscow and Shanghai fall into. The monthly income range per person in the near poor household is linked with the poverty threshold in Moscow and *dibao* line in Shanghai. The calculation of the monthly range is based on the 2018-2019 poverty line, the *dibao* line, and cities' minimum wage data.

Table 1.4.2.1. Income range for a near poor family (per person)

<i>Place</i>	<i>Moscow, Russia</i>	<i>Shanghai, China</i>
<i>Dibao (Minimum Livelihood Guarantee, per month)/USD equivalent</i>	N/A	RMB1,100/USD160

<i>Poverty threshold (per month)/USD equivalent</i>	RUB10,500/USD165	N/A
<i>Minimum wage for full-time workers (per month)/USD equivalent</i>	RUB18,781/USD300	RMB2,480/USD370
<i>Income range for the near poor/per person in USD (approx.)</i>	USD165-USD300	USD160-USD370

Source: Compiled by the author

I chose the near poor respondents for the interviews using snowball sampling. People of different ages, gender, status, and professions were selected to increase the diversity of the sample, as well as to get a larger outcome. The main criterion for selecting the near poor respondents was the amount of income per person within one household, as presented above. Some respondents were excluded from the opportunity to participate in the interview to reach sample purity. For instance, people who shared income with other family members who did not live in the same household with them, and, because of that, fell under the 'near poor' selection criteria, were not involved.

How were the experts selected? I selected the experts for the interviews using convenience sampling. At first, I listed the researchers and professors that could mainly be involved in the study and compiled a ranking list based on their research background. Secondly, the list of the names was transferred to my core supervisor for approval. Researchers and social

scientists at several well-known universities, people working in social organisations and others were selected. Once approved, I approached them through email or phone calls.

The first batch of interview respondents were found with my supervisors' help and the professor from my former university (Lomonosov Moscow State University). My supervisory team assisted me in identifying social policy makers who are aware of the poverty situation in the study areas. Although the response rate was not high, those who positively replied referred some more contacts later to me. Nevertheless, some experts were from the same schools; they shared new ideas and thoughts. The flexibility in questions during the interview allowed me to lead the interviews and avoid possible repetitiveness of the answers.

Altogether, 60 people were interviewed, plus an extra seven senior near poor participated in the focus group post interviews. The focus group was conducted in Moscow after the full interviews' collection.

1.4.2.2 Design of the interview questions

I used different approaches to the design of the interviews. Initially, I prepared a semi-structured interview for the experts and the near poor group to make the analysis easier. There are some critics of the outcomes from semi-structured interviews. For instance, according to Diefenbach (2009), such a source for collecting data is far from perfect. However, this type of interview stimulates the understanding of the topic, especially a relatively new topic that has not been explored much before. Thus, semi-structured

interview has been confirmed in my work with experts. However, during the design process, I changed to in-depth interviews with the near poor to understand better the respondents' underlying beliefs, attitudes, and feelings about their circumstances to fulfil the narrative approach used in the study.

During the talks with my experts, I tended to ask a certain number of identical questions, while after them, the dialogue form of talking led the whole conversation. On average, half of the interviews with experts were based on predetermined questions, and the rest of the interviews had several random questions injected from the previous answers and proceeded as a free-flowing conversation. In my opinion, semi-structured interviews have more advantages because they combine the best from structured and unstructured interviews and can provide a more personalised approach.

Furthermore, some of the interview experts recommended additional relevant literature after the interviews to enhance the outcomes. Most of them referred or recommended articles and books written by themselves or their colleagues as extra material to support the topic. For the Russian case, I reviewed both Russian and English language studies and articles. While for the Chinese case, I mainly prioritised the literature in English due to language constraints. I used a context analysis method for a literature search by coding and categorising the research topic's themes and ideas. I used narrative analysis to interpret stories from the interviews with the near poor. It was essential to collect some background of people's households, general household economic situation, and how things have changed over time. Chapters 4 and 5 describe the narratives.

1.4.3 Summary

Overall, this case study research aims to identify the near poor in two of the largest cities in Russia and China. On the one hand, defining the near poor population requires identification of the danger and the risks of falling into poverty. On the other hand, acknowledging the near poor people helps researchers understand what prevents this group from joining the middle class. Moreover, if the government monitors the number of near poor in their countries, it will be easier to track and apply extra tools to prevent the growth of the poor population. A detailed explanation of the case selection is provided in the section *Case Selection* in Chapter 3.

1.5 Structure of the Dissertation

The thesis consists of nine chapters. Firstly, Chapter 1 starts by introducing the topic and the general idea of the near-poverty phenomenon. It begins with background information and research objectives. One of the major parts is the methodology section, which explains the relevance of in-depth interviews as a primary data collection method. Secondly, Chapter 2 aims to introduce the study's key concept and provides a broad literature review on poverty concepts in Russia and China and the near poor as the group under higher economic risks (this part includes studies in Europe and the USA). Chapter 3 aims to explain the research design and framework of the research. It provides a broader justification for case selection with supplementary information on the cities and their economic levels. Chapter 3 also includes economic information and insights on the economic development of the countries.



After the justification of the case selection, there is a relevant move to Chapters 4 and 5, which focuses on empirical data gained from the near poor respondents. The chapters provide an analysis of both places where interviews with the near poor were collected. The investigation is structured as follows. Firstly, I describe and discuss the results of the interviews. Secondly, I attempt to provide some solutions for households in near poverty based on their issues.

Some questions asked were different between the experts to gain maximum practically valuable information from a particular person. The questions between Russian and Chinese experts were slightly different, too, and the justification is that the social assistance provision in the cities' level is institutionally different. The wider the institutional environment, the broader the impact of the effects of social and cultural capital (T. L. Lui, 2015a). As a result, the outcome from the interviews between the cases was also slightly different. I separated the analysis of interviews with the near poor and experts into several chapters to provide a more visual analysis.

Chapters 4 and 5 mainly discuss the outcome from the interviews with the near poor and they also partly review social mobility in the cities. Those two chapters explore the narratives gained from the interviews with the near poor. In addition, the chapters present the particular needs of the near poor people in big cities and aim to explain the fluctuation of poverty rates in the context of policy actions in the countries at the time of the research.



Chapters 6 and 7 focus on examining specific anti-poverty social policies in both cases. The chapters introduce several principal social policies aiming to eliminate poverty and poverty risks in countries generally and, particularly, in Moscow and Shanghai. The policies include social support for underprivileged groups, subsidies for multiple-child families in Russia or the Minimum Living Standard Assistance Policy (further ‘MLSA’ - author’s note), or ‘*dibao*’ in China. In addition, here, I direct attention to the current statements on poverty and anti-poverty work to evaluate the importance of the problem of the research.

Furthermore, Chapters 6 and 7 connect to the second objective of the study to determine the degree of influence of internal and external factors on the near poor’s problem. I observed the political situation, economic development, social-cultural level of society, and social support’s legal side. I re-introduce the research question of the thesis and try to answer it through the following chapters.

Chapter 8 offers the Results and Discussions section. This chapter links several significant points gained from the near poor and the experts to clarify the picture of social assistance and the near poor’s problems. There follows a discussion of the case of Moscow based on the theoretical framework developed in Chapter 3. This is repeated for the Shanghai case. I address the necessity of government involvement in near poverty problem and provide policy discussion. Then, I disclose the major risks for the near poor in Moscow and Shanghai. Finally, I discuss the study’s limitations, and further research plans, which sums up the chapter.

Chapter 9 finalises the whole work with major conclusions, contributions, and policy implications gained from the analyses of empirical data and literature. It has three sections: significant insights from the study, contributions and policy implications, and concluding remarks. In the last section, I present a conclusion on the effectiveness and ineffectiveness of some policies' goals. After the whole overview, Chapter 9's primary goal is to summarise the entire thesis and draw several dominant conclusions.

Chapter 2: Key Concepts and Literature Review

This chapter is primarily dedicated to literature review part, presenting the key concepts of the study. Firstly, I describe a variety of poverty concepts. Secondly, I look into near poverty based on the poverty concepts. Then I discover near poverty in emerging economies such as Russia and China. Lastly, I discuss urban near poverty and social mobility as two linked concepts of this study.

2.1 Understanding Poverty, Poverty Risks, and Near Poverty

While different governments concentrate on poverty reduction in their countries, near poor people remain neglected, and the gap between the rich and the poor continues to rise. My central research questions are: *‘What are the statuses and needs of the near poor population in Moscow and Shanghai? What risks are associated with the near poor population in increasingly affluent societies, particularly in Moscow and Shanghai? What are the policy implications on the anti-poverty strategy for the rest of the world?’*. To elaborate, these questions discover why it is an important issue, what is the relationship between low-income families (in near poverty) and the government and is any policy support provided by the government for the group of the near poor? How critical is the current situation of near poor people in Shanghai and Moscow? What are internal and external factors affecting the conditions of near poverty households? What are the significant risks faced by those within the study group? What can governments do to prevent the risk of people falling under the poverty line? To answer those questions, it is necessary to look at different poverty situations (including urban near poverty and mobility of the near poor), and discover how we can develop near poverty as a concept.



Poverty can be defined in a narrow (material deprivation) and broad (considering political, economic and social processes) understanding. Various approaches to poverty are presented in *Table 2.1.* below.

Table 2.1. Approaches to poverty

<i>Approach</i>	<i>Definition</i>	<i>Unit of analysis</i>	<i>Difficulties in measurement</i>
<i>Monetary</i>	Poverty is seen as a lack of consumption (or income) in relation to some the poverty line	Individual, household	Linked to an external assessment of an expert
<i>Through opportunities (i.e. capability approach)</i>	Poverty is seen as a lack of functional opportunities (i.e. eat well, be healthy, literate, etc.). The value of a standard of living lies in life itself, rather than in the possession of goods	Individual	Impossibility to define a list of opportunities for evaluation due to the multidimensional approach
<i>Through social exclusion</i>	Poverty is seen as a lack of material means and inability to successfully participate in economic, social and cultural life, as well as, for a number of characteristics, alienation and	Individuals or groups that are close to each other in their communities	Problems with multidimensionality and dynamics of processes in society

	distancing from the mainstream of social life	or society as a whole	
<i>Through the participation of the poor (i.e. participatory approach)</i>	Poverty is a multitude of problems that are not limited to low income. Poverty is the lack of fundamental freedom of action and choice, which more affluent people take for granted	Groups or individuals within these groups	How comparable are people's opinions? How representative are the views?
<i>A complex approach</i>	Poverty is not only insufficient income or consumption, but also insufficient levels of health, nutrition and education, lack of social connections, insecurity, low self-esteem and helplessness	Individual, household	All of the above

Source: Compiled and adapted by the author with reference to Voronkova (2007)

In this study, I combine two directions in regard to discovering near poverty: sociological and economic. This allows going beyond the monetary approach for a broader, more complex and holistic approach to the problem of the near poor. Sociological perspectives help to investigate the problem because they pay attention to social structure and organisation. I discover how the research problem relates to society, and in particular near poor households. In addition, the sociological viewpoint has considered the importance of stigma and shame of poverty-correlated issues and political challenges. The role of policies

is to connect government institutions and social groups, including those in near poverty. Economic perspectives on near poverty should also be included, given the novelty of the topic. The role of economic factors is closely related to the number of jobs, as well as tax revenues, which directly affect the amount of funding for social and anti-poverty programs.

From the economic side, I have focused on a few mainstream theories of poverty which I co-link with near poverty: the classical and neoclassical theory and social exclusion and social capital theory. On the one hand, the classical approach assumes that the poor are self-responsible for their situations (Sanchez-Martinez & Davis, 2014). In contrast, the neoclassical approach, which has root in Adam Smith works and Alfred Marshall's 'Principles of Economics', has added that something can be beyond individual control in the poverty problem (Davis & Sanchez-Martinez, 2015). On the other hand, there are social exclusion and social capital approaches. Social exclusion is seen as a social problem and can be compared with isolation or marginalisation. Social capital is a type of social structure that facilitates an individual's activity in a structured environment (Coleman, 1994), i.e. social capital can be defined as resources which social relations have and support collective actions. All mentioned theories can be linked with each other, particularly in this topic, firstly, because these theories can help look into the near poverty problem from different perspectives. Secondly, the accumulation of these several approaches can help discover a wider variety of possible risks for the group under study. The combination of several theories is justified because 'poverty goes beyond basic biological needs and is based upon the living standards of the whole society and also takes more account of the needs of being a member of society' (Chow, 2015, p. 10).

2.1.1 Understanding Poverty

Poverty is a constant phenomenon around the world with many variations. According to Pogge (2008), poverty is where societies and international organisations are fighting to establish a minimum right to food, clothing, and housing at a satisfactory level. The three commonly used definitions of poverty are *absolute poverty*, *relative poverty*, and also *social exclusion*. Firstly, when an individual or family's fundamental necessities, such as those for food, shelter, safe drinking water, education, healthcare, etc. cannot be met, they are said to be living in *absolute poverty*. Secondly, when someone cannot afford to actively engage in society and gain from the experiences and activities that most others take for granted, they are said to be living in *relative poverty*. It is typically described as 40, 50, or 60 percent of the median disposable income for the country. Thirdly, *social disadvantage* and *exclusion* from mainstream society are referred to as social exclusion or social marginalisation. It is employed in a variety of academic fields, including economics, sociology, psychology, and education.

The poverty phenomenon is far away from being classified as income-based only. In contemporary studies, more researchers are looking at poverty in a holistic way. For instance, it has also been seen as a 'deprivation of basic human needs' (United Nations, 1995), or, considered as a 'deprivation of basic capabilities' (Yanhui & Ziyu, 2017) in accordance with capability poverty theory, and so on. The deprivation approach to measuring poverty, on the other hand, defines poverty as not just a matter of actual income but also as the inability to acquire certain minimum capabilities. Although poverty is a

multidimensional phenomenon, poverty levels are frequently measured using economic dimensions based on income and consumption. The first of the 17 sustainable development objectives (SDG), '*Ending Poverty in All Its Forms Everywhere*', calls for reducing poverty in disadvantaged and vulnerable communities using a variety of community-driven and participatory methods. Poverty alleviation strategies are categorised into four types including community organisations based on micro-financing (Africa, Asia, Latin America), capability and social security (empowerment, removal of social barriers, gender equality, social protection), market-based, and effective governance. Multiple techniques of measuring poverty allow for a more precise assessment and the identification of the population's most vulnerable groups, to whom social protection should pay special attention.

Meanwhile, poverty also closely correlates with job opportunities, the ability to work, and employment. However, the latest findings show that a job is not a panacea for poverty reduction and poverty prevention. In particular, in Hokayem and Heggeness's (2014) work, the authors demonstrate a vast group of the working-age population have a high risk of falling into poverty. Such changes in the United States of America are based on a report covering more than 40 years, 1966-2012. The preliminary data on households' situation with the risk of falling below the poverty line, based on a review of the existing social policies of the selected countries, economic and worldwide financial crises, shows such risks to other states. Thus, the group of people living near poverty should be considered in social policy terms. The fight against poverty is reminiscent of a battle against a disease.

When eliminating the symptoms, it does not guarantee to get rid of the sickness. Equally important is the need to find the cause of the disease and prevent it from developing.

According to H. Wong (2007), a city's whole population is responsible for becoming a fairer society that values every worker. Still, a sizable portion of households do not manage to make enough money to live comfortably (Y. C. R. Wong, 2017a). While there are different groups in society expose the difficulties with income and self-sufficiency, many research projects show that female poverty prevails across all social groups (Haq, 1995; Buvinic, 1997; Afshar & Agarwal, 2016). It was revealed some time ago (Pearce, 1978) and continues to be present in recent studies in different parts of the world (Johnson, 2013; Meulders & O'Dorchai, 2013; Merino & Lara, 2016). Furthermore, the problem leads to single parent poverty and child poverty, for instance, when adults cannot support their families with children below 18.

Role of social institutions in understanding poverty

Social institutions play an important role in public policy development in Russia and China. Looking at the interaction between the economy and institutions in China, Ang (2016) specifies that an emerging market of China shapes its weak institutions to simulate their strong institutions while escaping the poverty trap. As a result, the biggest institutions become stronger. Looking at social institutions is equally important for Russia and China while tracing their approaches to poverty elimination (Graeff & Mehlkop, 2009). The role of social institutions is characterised by their ability to influence people's behaviour through established rules.

Why does this study matter?

There are two concluding remarks on why this study matters. The first concluding remark is the matter of building the narratives of near poor and develop the definition of it in both cases. The near poor are not conceptualised enough in Russia or China compared to other places. Neither governments nor citizens are aware of the difficulties of at-risk poor people like they are aware of poor or homeless. Sorina (2020) stresses the importance of conceptualisation, highlighting several factors, which also fit this study, on what conceptualisation contributes to:

- represents the central part of a rationally constructed communication strategy;
- establishes a general communication plan;
- provides the subject of communication with the opportunity to realise their position;
- can be aimed at mutual adaptation of concepts from different but overlapping areas of activity, and so on.

In the absence of high-quality communication and understanding of the conceptualisation apparatus on a specific topic, making effective decisions in politics is challenging.

The second concluding remark is the matter of social institutions. There is an opinion that the nature of public institutions existing in a particular country determines whether it will succeed or fail in the long term.² The American researchers, Daron Acemoglu and James A. Robinson, affirm that the success or failure of a country's growth and development is

² Stanford Encyclopedia of Philosophy. 'Social Institutions' (First published Thu Jan 4, 2007; substantive revision Tue Apr 9, 2019). Retrieved from <https://plato.stanford.edu/entries/social-institutions/>

determined by public institutions in that country (Acemoglu & Robinson, 2012). The analysis of social institutions in this study helps to explore what happens to people who are disregarded. The near poor's exploration in Russia and China highlights their unique problems and experience with social organisations. The interviewed people reveal their stories on how they struggle in daily life, why they are stuck. I reserve the discussion chapter to talk about possible solutions and assistance.

2.1.2 Near Poverty in Russian and Chinese Context

As mentioned in Chapter 1, the term 'near poverty' is not well explored in academic literature. The name is mostly used to indicate people with an individual income, status, and percentage of the whole population in some annual poverty reports and documents with reporting statistics. However, there is a trend that governments are starting to pay increasing attention to at-risk-of-poverty families, which has been provoked by economic crises and other factors. It is seen in the growth of news articles and the slow growth of research articles. While my outcome from the interviews and other data differs between the cities, the findings bring fascinating insights.

Near Poverty

The concept of 'near poverty' has been found in various articles, mostly American, from the late 60s - early 70s. For instance, Sparer and Okada (1971) classify the 'near poor category' with the reference to the Social Security guidelines. In their article, the non-poor category comprises all people in households with earnings higher than the cut-off for the near poor (USD5,200 in 1968), while the near poor category includes people in families

with incomes up to USD2,000 above the level for the poor (the annual income cut-off was USD3,200 in 1968). The idea of the near poor was connected to the idea of the medically needy at that time.

The current most common classification of near poor is mentioned by the Census Bureau in the United States of America (the USA) in 2014 and further adopted by researchers like El Nasser (2014), Hokayem and Heggeness (2014), and others. This term appears in various works, including research articles, statistical reports and media. The Census Bureau of the USA has described families with an income of between 100 and 125 percent of the poverty threshold as ‘near poverty.’ However, such a calculation may not be equally suitable for other countries. Since I have intended to analyse Russian and Chinese cases, which are different from the USA cities and states on many levels, I had to adjust the range according to medium salaries, poverty lines, and the reality in the cities. The poverty threshold and monthly income of households in near poverty differ among the towns, the indicators are also analysed separately and only compared in percentage terms.

Despite the fact that poverty has existed for a long time, near-poverty presents a potentially more serious new challenge (Y. C. R. Wong, 2017b). This issue is sometimes referred to as the ‘sinking middle class dilemma’. It has far-reaching effects on a larger population, which has effects on political stability. Many people in the middle class now believe they are on the verge of or are already in poverty (Y. C. R. Wong, 2017a).

Causes of poverty applicable to Russia and China

The discussion about near poor households leads to the identification of the causes of poverty in each particular megalopolis and defining what kind of support the government provides for people. To connect these causes with the target group and evaluate their situation and potential risks requires to obtain background information about them. It helps to analyse the reasons and identify who has been affected by asking whose fault it is and who is responsible for the problem: people, the government, circumstances, or the environment. The current causes of poverty applicable to Russia and China include the rise of urban unemployment (Rocca & Brown, 2000), low social and retirement protection, pensions, the lack of supplementary incomes, the role of education, and the distribution of state/municipal budget. For instance, increased literacy in China has a stronger influence on lowering poverty over time (Sukhadeo Thorat & Shenggen Fan, 2007). Moreover, some employers owe wages to their workers in some Russian enterprises, causing poverty for working people (Klugman et al., 2002). Besides, according to H. Wong (2007) and the Oxfam organisation, one of the leading causes of poverty for working-age people is the increasing income gap between the rich and the poor in the city. When the country is fighting poverty, but the gap between the rich and the poor increases, does it mean that the number of poor people is reducing? The term ‘employment poverty’ is widely used on a par with ‘near poor’ too. Both terms explain the poor's problematic circumstances.

Near Poverty in Russia and China

The relationship between the Russian Federation and the People's Republic of China goes back many centuries, in the past one hundred years both countries went through the stage of ‘state socialism,’ but their development has followed different models. According to

Kiva (2015), even though the two countries went on different trajectories, Russia could borrow a lot from the Chinese experience. Furthermore, Nikolai Berdyaev, a famous Russian Orthodox religious and political philosopher, liked to highlight that the Russians are the East's people by their spiritual structure. Russia is the Christian East, which for two centuries was subjected to strong Western influence and assimilated all Western ideas in its upper cultural layer (Berdyaev, 1990). Russian communism is Eastern communism, and the West's impact for two centuries did not take hold of the Russian people. The leadership and behaviour of the first leaders of the USSR and China, Stalin and Mao Zedong, were similar. Both actively contributed to the formation of the image of their exclusivity and did not suffer the slightest criticism, which has left its mark on the perception of policies through political leaders in society.

Despite the political regimes in Russia and China differing, a comparison between the two countries is common in the academic literature. The states are compared in terms of social capital (Batjargal, 2007), cultural influence, and knowledge sharing (Michailova & Hutchings, 2006), and transition economies (De Melo & Gelb, 1996; Hitt et al., 2004). Nevertheless, acknowledging that China and Russia are large countries with economies in transition, their politics and economic paths are different. However, their various approaches have helped to create different institutional environments. This research focuses on the particularly critical anti-poverty strategies implemented by two governments and the households' situations of near poverty in the two cities. The study assumes that China is more stable and supportive institutionally in supporting the near poor,

especially for working-age adults, and paying more attention to anti-poverty issues. On the contrary, Russian institutional environment may not look as stable as Chinese.

The economic situation in the new-born Russian Federation dropped greatly in the 1990s due to a sharp transition from a centrally planned economy to a market economy. Especially in the 1990s, this transition contributed to a growing economic development gap between the country's regions. At the same time, the PRC was building momentum in economic growth, which resulted in the well-known 'Chinese miracle' or the 'Chinese economic boom'. The book on working poor people written by Shipler (2008) presents the portrait of families working hard but struggling to not go down to the poverty line. I assume that people with higher degrees or high abilities also face difficulty in obtaining satisfactory work when they have to make ends meet and spend all of their income on basic needs thereby saving nothing or insufficient. Most of the world's countries strive for a better life for their citizens, and poverty alleviation is a way to achieve this goal.

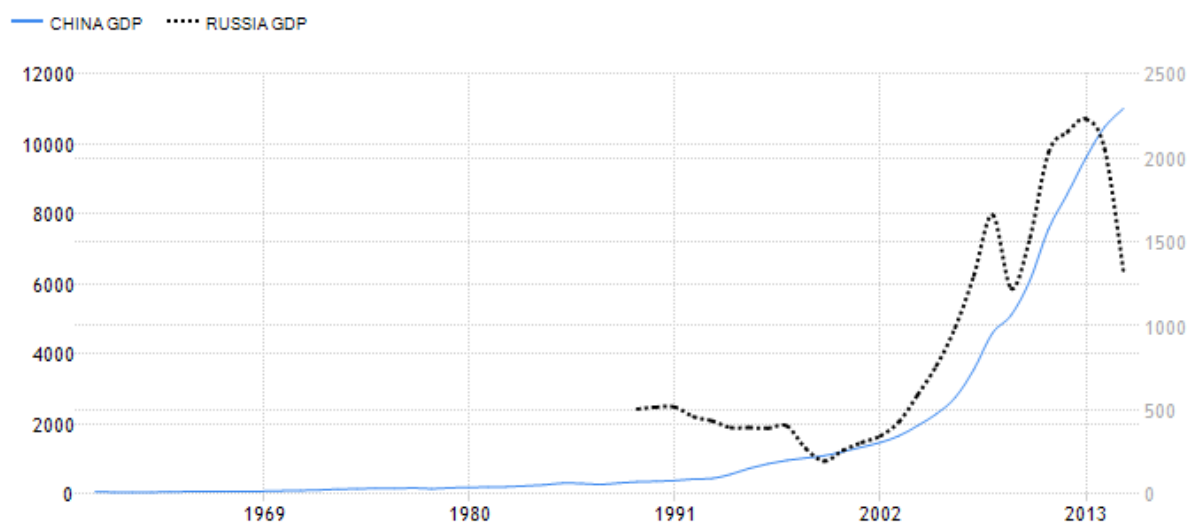
China and Russia both exhibit traits of developed and developing nations. According to Rosen (1997), it was already acknowledged in the late 1990s that the Chinese economy belongs in the category of new emerging economies rather than being classified as either developed or underdeveloped. Near poverty is considered a social problem in developed countries but less recognised in the most emerging economies worldwide. Millions of people in the Russian Federation and the People's Republic of China live slightly above the poverty line (Nadzhafova, 2019). However, such category of people is not defined or



acknowledged as one of the vulnerable or unprivileged groups in these countries. They have been left unrecognised by the social institutions or even themselves.

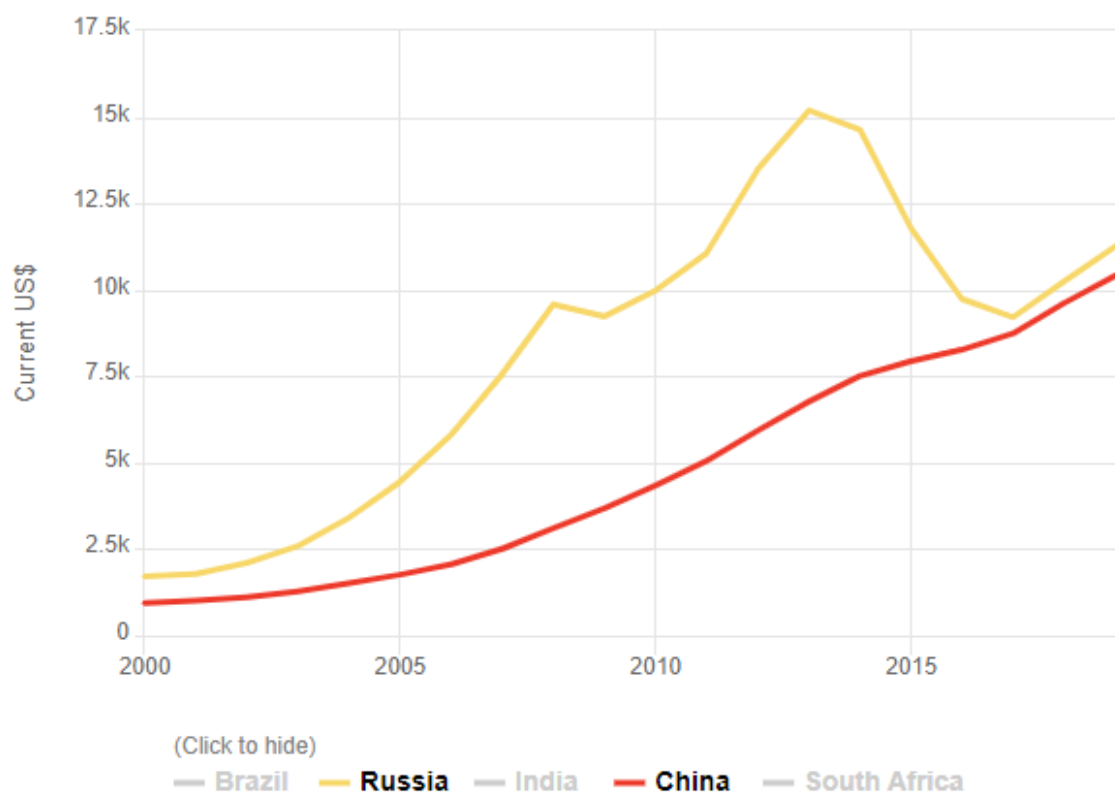
Both countries demonstrate a comparatively high GDP and aligned GNI (see *Figure 2.1.2.1.*, *Figure 2.1.2.2.*). Both also follow a mixed type of economy, which makes them similar in terms of economic aspirations and abilities. Poverty is a big concern for the Chinese government. The PRC has strived for poverty eradication for decades and has already demonstrated some significant results. At the same time the gap between the rich and the poor has increased.

Figure 2.1.2.1. Countries by GDP: Russia and China



Source: Trading Economics of 2018. <http://www.tradingeconomics.com>

Figure 2.1.2.2. Countries by GNI: Russia and China (BRICS economies)



Source: World Bank. <https://www.worldbank.org/>

Nevertheless, poverty reduction was one of the chief aims of China's planned economy that settled the goal of eliminating absolute poverty in the country by 2020. Therefore, aggravation of the poverty problem occurred in Russia due to the financial crisis, unstable economic situation, Coronavirus disease (2019) and current political conflicts (including Ukraine crisis 2014, 2022, leading to political sanctions, food embargo, etc.). As a result, hazardous situations affect people from different classes, thereby complicating families' financial conditions due to the national currency's devaluation (a decrease in household incomes) and price escalation for groceries.

Poverty indicators in big cities often reflect the general picture of what is happening in a given country. The fact that governments do not acknowledge the real number of near poor people in the country leads to underestimated numbers of poor people. Worrying statistics in the social sphere attract public attention, and high public awareness reflects the government's effectiveness. In 2015, the World Bank warned against a 'troubling' increase in poverty in Russia, resulting from a sharp drop in the income of the most vulnerable social groups, including retirees.³ According to official statistics, in the first quarter of 2016, Russia's poverty rate reached 15.7 percent. A recent poll by Moscow's Higher School of Economics (HSE) revealed that more than 40 percent of Russian households struggle to buy food and clothes.⁴ The People's Republic of China is a different case. Mainly it is different across the provinces, autonomous regions, and several direct-administrative municipalities because it is highly decentralised. When compared to worldwide standards, the poverty level in China is still relatively low (Yanhui & Ziyu, 2017). In this situation qualitative analysis can illustrate a clearer picture of whether current social policies are meeting their objectives and sufficiently help vulnerable groups.

According to J. Li et al. (2016), the Chinese labour market faces underpayment for work. For instance, the empirical assessment of the 2003-2008 period demonstrated around 43.7 percent of underpayment in the Chinese economy. At the same time, A. M. Wu (2014)

³ Guardian News and Media Limited or its affiliated companies. (2016, March 22). *Millions of Russians living in poverty as economic crisis bites*. Retrieved from: <https://www.theguardian.com/world/2016/mar/22/millions-more-russians-living-in-poverty-as-economic-crisis-bites>

⁴ The Moscow Times. (2016, August 2). *Poverty and Rising Prices Most Acute Problems for Russians – Poll*. Retrieved from: <https://themoscowtimes.com/news/russians-consider-poverty-rising-prices-most-acute-problems-54831>

states that pay arrears are still acute in China despite the economic boom. Furthermore, while addressing pay inequality, ‘the reform of income distribution should not only target at public sector remuneration but also improve the income of the disadvantaged such as rural residents and urban migrants’ (Wu, 2012, p. 21). Such obstacles caused by ineffective social policies and fiscal misallocation influence people’s welfare and significantly affect the grassroots, causing them higher risks of falling below the poverty line. Unfortunately, the governments used to ignore the difficulties faced by near poor population or offered piecemeal benefits to a few people in the near poverty. Most of them live pay cheque to pay cheque without the ability to accumulate any savings, and those who do are quickly run out of funds due to expenditure on things like medical treatment, a vacation or house renovation. At the same time, comparing Russia and China’s poverty alleviation, Orlova and Tsichenko (2020) note that poverty is still one of both countries’ most acute problems. However, the near poor stay invisible most of the time and on their own.

Near Poverty in Moscow and Shanghai

Moscow and Shanghai are transition economies and large financial hubs, have large immigration flows every year and a high population density, and both cities have a history of experiencing a government steeped in Communist ideology. These all factors help to build up approach to distinguish and define the near poor in Moscow (Russia) and Shanghai (China).

In the early study of Sparer and Okada (1971) many respondents and organisations advocated for expanding welfare to the near poor. In this study, both countries, Russia and

China, provide social security to their citizens. People who are really poor can receive government assistance. However, near poor people, who are barely above the poverty threshold, have not been acknowledged. They can be considered more powerless than others because of their limitations in receiving social assistance. And this makes them more vulnerable.

The situation of near poverty in Shanghai is different from the average in China. The disposable income of a household was 48,841 yuan in Shanghai in 2016.⁵ However, some findings show that many people in Shanghai, particularly those of working age, are willing to apply for the MLSA, launched by the Shanghai Government in 1992, and began to spread throughout the country in early 1993 (Gao, 2006; Gao et al., 2007). The study of A. M. Wu and Ramesh (2014) based on the 1993-2009 dataset in China confirmed that such social protection program as MLSA is an effective way of fighting poverty. The mean age of the MLSA recipients is 49 years, with nearly 52 percent belonging to the 46–55 age group (Gao, 2013). Besides, the Chinese government declared that ‘China will strengthen exchanges and co-operation with developing countries and international organisations in the fields of poverty alleviation.’⁶

⁵ GPF (Geopolitical Futures). (2016, September 15). *China says it has lifted 700 million people out of poverty. What does that really mean?* Retrieved from: <https://geopoliticalfutures.com/china-is-still-really-poor/>

⁶ Shanghai Daily. (2016, October 17). *Poverty reduction highlights China's progress in human rights: a white paper*. Retrieved from: <http://www.shanghaidaily.com/nation/Poverty-reduction-highlights-Chinas-progress-in-human-rights-white-paper/shdaily.shtml>

While the poor are considered to be the most vulnerable group, low-income households and the near poor working population should not be excluded from special attention. Additionally, those who apply for social assistance, like the MLSA, challenge the common assumption that governments should only help the poor. Furthermore, when some benefits are available, even for the poor it usually takes about three months for the approval process in urban places (H. Zhang, 2017).

Near poverty should be the target of cutting-edge research in poverty. In the book on poverty politics in contemporary Russia, which is primarily based on qualitative interviews, Sätre (2019) notes an interesting fact that there are specific mechanisms that do not let marginalised people overcome the trap of poverty. According to Orlova and Tsinchenko (2020), poor people in Russia and China are heterogeneous. A one-size-fits-all solution is impossible. Similarly, it applies to the near poor group who live slightly above the poverty line.

2.1.3 What are the Common Categories of the Near Poor?

Firstly, the near poor can be young adults who are just entering the labour market and have difficulties in finding a job or have low salaries. Social support, including support from a social network as advised by Chou (1999), can be an important factor in the development of a person's well-being. For instance, Orehovskaya (2015) proves that unemployment among young adults influences them more than other age groups and is linked with the extension of poverty in modern Russia. Furthermore, youth poverty is a significant concern for psychosocial development (Machell et al., 2016, p. 846).

Secondly, the near poor people can include young families that have recently given birth to a child and are surviving on one pay cheque due to one of the parents' maternity leave (a period of labour market absence). In addition, young families have struggles which simultaneously have a side-effect on children's early life course, causing higher depression and anxiety rates among young adults (Najman et al., 2010).

Thirdly, the near poor could be single parents who are struggling to make ends meet while also caring for their children. Unfortunately, the number of single-parent families is only likely to grow in the future (Cheung, 2015; Nieuwenhuis & Maldonado, 2018; Li, 2020). For instance, Mo (2020) claims the divorce rate rises as modernisation progresses in China. In addition, unmarried mothers in China have lower remarriage rates and are to some extent subject to stigma and social marginalisation (Li, 2020). Furthermore, such households experience more income insecurity and lower earning potential than other families. In addition, Jean Yeung and H. Park's (2016) study proves that public assistance for single parents is limited in Asia. The financial problem of single parents is common for the majority of countries, not just Russia or China. For instance, the study on the OECD countries highlights the burden of high in-work poverty and low redistribution in such countries as Luxemburg and the USA (Nieuwenhuis & Maldonado, 2018).

Fourthly, the near poor could be people of pre-retirement age. This was explored by Swain et al. (2020), demonstrating that the working poor are more likely to suffer from poor health and less likely to have sufficient savings to leave the workforce. The near poor who are

physically and mentally stable have to keep working as long as possible to support their living. Rasmussen (2018) points out that specific trends (such as income inequality, lower lifetime earnings, later marriage, less house equity, etc.) increase poverty among the generation close to entering the 65-age group. What is more, the pension age in Russia has been rising since 2019 and will be 60 years old for women and 65 years old for men by the end of 2028. This policy has brought great discontent as people older than 40-45 years have more difficulties finding jobs and are less likely to be hired. In addition, the commercial sector in Russia tends to fire people who are elderly or near retirement age. The evolution of pension arrangements in China's cities and rural areas is vastly different (Lin, 2011). Furthermore, only about 48 percent of people over 60 in China receive social pension (Kühner & Chou, 2019). As stated by Stuken and Korzhova (2019), older workers require more protection from state programs. Employers should adapt their resource practice to lower the risks for people who are approaching retirement age.

Fifthly, the near poor people can be elderly who have to survive on their pensions, which is rarely higher than the poverty line. In the 21st century, the research of well-being among the elderly became popular. The comparative study of Sun et al., (2016) indicates that pension and social security need to be united in both countries in order to reduce the pressure on the pension system referring that pension system resources are not enough to cover the needs. What is more, the pension system in China would benefit the elderly if regional systems of pension insurance are expanded.

Finally, children from near poor families are also at risk. Along with the elderly, children remain the vulnerable group because their close relatives are often busy making a living and cannot give them enough support and attention. Despite the child poverty, many researchers (Jiang et al., 2016; Jiang et al., 2017; Koball & Jiang, 2018) acknowledge in their reports that there are a lot of households with children which live on incomes just above the poverty threshold. Other studies confirm that more research is needed on children's well-being and vulnerability, including child poverty risks (Lu et al., 2016; Rothwell & McEwen, 2017) and require the development of special protection programs which will also advocate their well-being in the future (Schenk et al., 2005; Wise, 2016). According to Hadley et al. (2006), decreased likelihood of near poor children (with family incomes between 100 percent and 300 percent of the national poverty level) receiving public insurance is linked to higher prices for public coverage. In addition, the lack of family support and family education often causes children to follow their parents' track and make the future uncertain. Moreover, education and family are one of the key social institutions in Russia related to the problem of inequality (Kataeva et al., 2015).

2.2 Urban Responses to Near Poverty

In this study, the situations of people who are not the poor and not the middle class were only assessed within the urban areas: Moscow and Shanghai. Thus, I provide a section devoted to urban studies and poverty, including how the near poor manifest themselves and bear their situations while living in large conurbations.

Studies on the coming era of new urban poor people were broadly conducted in 1990 (Moser, 1998), and then further in 2000, for instance, in the book of W. J. Wilson (2011). When talking about the ‘urban poor’ phenomenon, it has happened equally in developed and developing countries, such as the USA and India and other Asian societies (Chow, 1987; Timmer, 2005; Meng et al., 2005). It is also equally elaborating in developed and developing regions like Chinese regions of Hong Kong as well as Singapore (Hussain, 2003; F. Wu, 2004; Chou & Chow, 2005; Yuen, 2005; Delang & Lung, 2010). The studies on urban poor in Russia rose in the 80s and expanded later, similar to many other places. The articles discuss livelihoods in urban areas, welfare reforms, and opening up a new dimension of poverty. For instance, such issues were addressed by Seeth et al. (1998). They discussed that households in rural areas have a more favourable situation than those in urban areas due to the home production of agricultural products. Despite the similarities and differences between rural and urban places in Russia, other studies confirmed that people rely a lot on different activities apart from primary employment to maintain their living standards or just to support their basic needs, for example, in Pickup and A. White (2003).

The process of urbanisation has been accompanied by problematic situations in social relations and personal existence. In order to adequately diagnose these situations, it is not enough to study the city only from a pragmatic position, using the methods of structural and functional analysis. A large city has a holistic, integrated environment, possessing a vital and personal-semantic mode of human habitation. In this regard, the city should be viewed as a phenomenon that arises in the process of interference, territorial settlement,

socio-relational, and mental structures. For example, Park and Burgess, in their works (McKenzie et al., 1967; R. E. Park & Burgess, 2019) described the city of Chicago (lately became a household name ‘*Chicago school*’) as ‘*something more than a collection of individuals and amenities... something more than a set of social institutions and administrative units. A city is rather a state of mind, a body of customs and traditions... a product of nature, especially human nature.*’ The cognitive reserves of urban life are in the field of studying the mechanisms of the mutual transition of the objective and subjective components of urban life. Studying this area involves the theory of redefining object-subjective relations as the processes of self-development and self-organisation of the city and urban communities.

Modern sociological urbanism offers a fairly wide range of theories and schemes for developing the global urban process. A sufficiently developed vision of the present social problems and aspects of the urbanisation process is subject to research through sociological science. It is proposed in all the theories of modern urbanism. Modern urbanism is not a unity in methodological terms. One can single out well-viewed stages in the development and history of sociological urbanism itself. The first stage is associated with the development of the sociology of the city within the framework of the classical sociological theory. It is focused on building a general sociological theory of the development of industrial capitalist societies. Here I am talking about theoretical constructions belonging to K. Marx, F. Engels, G. Simmel, M. Weber, E. Durkheim. The second period is associated with the development of the city’s sociology within the framework of the *Chicago school*, in the works of members such as R. Park, E. Burgess, R. Mackenzie, H. Zorbo, L. Wirth,



and others. In their works, the city becomes an independent research area, not just a part of general sociological theory as before.

When talking about poverty in urban studies, it also goes hand in hand with the theories of social stratification and social exclusion. The term '*social exclusion*' was gradually formed during the course of poverty studies in the study of such processes as marginalisation or deprivation. One of the main theories in this thesis is the theory of class stratification. It divides people into vertical layers. It is gradually being replaced by horizontal differentiation into '*insiders*' and '*outsiders*.' There is an active discussion about this, whether to consider the group as '*marginalised and excluded*' as subjects' natural processes of integration into the public '*mainstream*.' A theoretical analysis of modern sociological urbanism suggests that it is advisable to use, first of all, the Los Angeles school views for the study of Moscow/Shanghai as the selected urban regions.

Social scientists and politicians use the term '*social exclusion*' starting in the 1980s. The frequency of operational use of categories (poverty and deprivation) in assessing problems has been steadily decreasing since 1986. At the same time, the pace of using the new terms and categories such as underclass, exclusion, and marginalisation grew significantly. However, poverty remains the central operational concept. The 'exclusion' term's current relevance equals that of the category of '*deprivation*.' According to De Haan (2000), the concept of social exclusion is just a different way of looking at the same problem. Based on Townsend's (1987) concept of relative poverty, which has gained sufficient popularity, the EU Council of Ministers in December 1984 introduced the following understanding of



poverty: where people or groups' resources (material, cultural, and social) are limited so much that they are excluded from the minimum acceptable way of life. Thus, if we compare these people with the inhabitants of developed, wealthy countries such as European Union countries, their level of living may be dramatically low. In that way, there are two essential elements to the definition of poverty: lack of necessary resources and a '*normal*' or universally recognised lifestyle. Consequently, poverty is a negative deviation from the societal norm of life due to limited resources.

One of the well-known sociologists who invented the term '*global city*,' Sassen (1991), practically does not consider unemployment as the cause of poverty in global cities. She is more interested in the low-paid type of activity. According to Sassen, the growing sectors of global cities contribute to an increase in the number of low-paid jobs. Since, at the same time, the number of highly paid jobs is growing, global cities are the most vivid examples of social polarisation. Thus, the main sociological problems in studying global cities in her work were the problems of social inequality, the authorities, and social order. These same problems of inequality, power, and social order are the main problems of sociological interest in modern cities' studies in Castells and Sheridan (1977). They have already relied on the analysis of the classical sociological heritage (G. Simmel, M. Weber, R. Park) in one of his first works devoted to urban problems and placed particular emphasis on the research of Louis Wirth (1938). They write that new forms of urban life are structured around its key quantitative characteristics (like size, density, and social heterogeneity). All this allowed Castells to carry out a critical analysis of the modern big city.



Castells (2011) argues that large cities have become a new spatial form, resulting from modern societies' structural transformations. He calls 'megacities' as nodes of the global economy, which either dominate in it or connect large segments of the population (Castells, 1996). However, megalopolises are extremely attractive to migrants, both internally and externally. Due to intensive migration, the social structure of mega-cities is becoming highly polarised. A city is an object with a characteristic organisation and a typical history of life.

In China particularly, migration has a significant impact on how big cities are distributed and how this relationship between size and inequality is shaped. Because migration alters the skill profile of employees in larger cities, higher skill premiums are found in such areas, accounting for more than 40 percent of the city size inequality premium (Chen et al., 2018).

Furthermore, individual cities are similar to each other to a degree sufficient to ensure that the one studied in one city, within certain limits, is valid for others. Unfortunately, the number of people who have been the near poor in urban societies has remained relatively static over the past 40-50 years worldwide. Therefore, it may take significant effort to help break this pattern and elevate the condition of the poor and near poor in major cities.

Since the beginning of the 1990s, the political community, primarily within the EU, has considered social exclusion as a more appropriate concept for combating social injustice than poverty. Poor people are disproportionately affected by distribution inequities. Therefore, as suggested by Lötter (2011), a proper idea of distributive justice can help them

greatly. However, some social scientists do not share this point of view, and many do refuse to recognise the term ‘*underclass*.’ Abrahamson (2001), in his article, demonstrates a decent comparison of two terms, poverty and exclusion. The main differences between these two concepts are presented in *Table 2.2.* below, developed and initially published by Abrahamson (2001) and translated and adjusted by me. For instance, while the concept of poverty focuses on the allocation of resources and insufficient satisfaction of needs, it also features an aspect of social acceptance and a sense of inclusion. On the other hand, the concept of social exclusion focuses on civil rights or the restriction of these rights through discrimination by institutions of social integration, primarily from the labour market. While the traditional struggle with poverty implies the need for income support and emphasises the importance of social services conducive to integration, such as education and the physical ability to work.

Table 2.2. Differences between the concepts of poverty and social exclusion

<i>Position</i>	<i>Poverty</i>	<i>Exclusion</i>
<i>Situation</i>	Lack of necessary resources	Limitations of common rights
<i>Reason</i>	Frustration of needs	Institutional Discrimination integration
<i>Prospects</i>	Static (state)	Dynamic (process)
<i>Type of social stratification</i>	Vertical (lower classes)	Horizontal (insiders- outsiders)

<i>Suggested protection</i>	Social transfers (guaranteed minimum income)	Social services (activation measures)
<i>Approach</i>	Economic	Sociological

Source: Compiled and translated by the author with reference to Abrahamson (2001)

Urban research also examines the development of the cities including from an architectural perspective (for example, the influence of other countries on architectural design) on urban design's impact on community development efforts. Urbanism takes an interdisciplinary look at how people who live in towns and cities interact with their built environments, i.e., a combination of urban planning, design, architecture, and sociology. In this case, urban studies are an efficient attempt to understand cities and city life. It is a broader approach to study cities rather than just comparing them with several lineaments. As an interdisciplinary study, it encompasses the political institutions, economic and social relations, physical landscapes, and cultural frameworks that constitute the city. As clearly presented in the table, the definitions I offer about the poor in Russia and China have their sociological and economic foundations.

As a result, urban sociology is the sociological study of life and human interaction in metropolitan areas. It is a normative discipline of sociology that seeks to study the structures, environmental processes, changes, and problems of an urban area and, by doing so, provides inputs for urban planning and policymaking. In this section, I wanted to highlight that cities' environment and their background are two other significant factors influencing people's interaction, lives, and well-being.

2.3 Discussion on Types and Forms of Social Mobility

This section is dedicated to the discourse about social mobility and the social ladder. In addition, it includes recent studies of social mobility in the world and Russia (Moscow) and China (Shanghai) and is wrapped up with an analytical review.

It is imperative in sociology to know how people realise (spontaneously or deliberately) their social status and how they strive to change their social life positions through their actions and decisions. This awareness is often controversial. On the one hand, social status is far from the goals people set for themselves, but individuals and groups impact it. As a result, the limited ability to coordinate personal aspirations with the objective course of development gives rise to conflicts between the individual and the public. Societies stay in constant motion and continuous growth. In simple words, '*social mobility*' can be described as the people's movements in the social hierarchy, including but not limited to changes in their status, social strata, etc. Social mobility is an extensively studied topic in humanitarian sciences.

The unexpected elevation/raising of a person's well-being or a sudden fall is deeply hidden in myths, legends, and folk tales. For example, a poor prince becomes a king, or a hardworking girl marries a prince. Thereby they all are increasing their status and prestige in these stories. However, history is more eager to observe the fluctuations of the mass. This means that individuals matter, but societies can gain much more by studying large social groups' movements. For example, the financial bourgeoisie replacing the landed

aristocracy. Low-skilled professions are being squeezed out of modern production by representatives of the so-called ‘white-collar workers,’ i.e., engineers, programmers, and operators of robotic complexes. Wars and revolutions over time have re-drawn the social structure of societies. They are raising some to the top of the pyramids and lowering others. Huge changes occurred in Russian society after the October Revolution of 1917 and in Chinese society during the Cultural Revolution of 1966-1976. The changes are still taking place today, for example, with the business elite replacing the party elite.

The global index for social mobility (by the World Economic Forum)⁷ shows that only a limited number of countries have a proper term for the maintenance of it. Most countries in the world’s ratings lag in four areas: fair wages, social protection, working conditions, and lifelong learning. Furthermore, children born to more impoverished families tend to face more significant barriers to success than their wealthier counterparts, across all economies and middle-income levels. Therefore, inequality is growing even in countries with rapid growth. Low-income households living in cities with low levels of social mobility have much higher risks than households in cities with high mobility levels. Finally, these types of inequality can undermine economic and social cohesion.

There is a known asymmetry between the ascent and the descent. As a rule, ascent is a voluntary phenomenon, while descent is usually a forced one. The annulment could be

⁷ Global Social Mobility Index 2020: why economies benefit from fixing inequality. (2020). <https://www.weforum.org/reports/global-social-mobility-index-2020-why-economies-benefit-from-fixing-inequality>

those who run into religion or cases like the one described in the book by Sharma (2003) and his *'The Monk Who Sold His Ferrari'*. Nevertheless, studies show that holders of higher status prefer high positions for themselves and their children. Nobody wants to go down a social stratum until it is a personal choice, due to mental instability, or similar reasons. As a result, it turns out that everyone wishes to head up, and nobody wishes to down in human society.

There are two main modes of social mobility: inter-generational and intra-generational, and the two main types are vertical and horizontal. In turn, each of them has even more excellent gradation and breaks up into subspecies and subtypes that are closely related to each other. Inter-generational mobility suggests that children reach a higher social position or fall to a lower rung than their parents. Intra-generational mobility occurs when the same individual, unlike his father, changes his social position several times throughout his life (develop a social career). The first type of mobility refers to long-term processes and the second to short-term processes. In the first case, sociologists are more interested in interclass mobility. In the second, they are interested in moving from the sphere of physical labour to the sphere of intellectual labour.

In reverse, there are vertical and horizontal types of mobility. Vertical mobility means moving from one stratum (estate, class, caste) to another. Promotion is an example of upward mobility, and dismissal or appeal is an example of downward. Horizontal mobility implies an individual's transition from one social group to another located at the same level. For example, there could be the transfer from an Orthodox to a Catholic religious group,



from one citizenship to another, from one family (parent) to another (one's own, newly formed), from one profession to another. Such movements occur without a noticeable change in the social position in the vertical direction. A type of horizontal mobility is geographical mobility. It does not imply a change in status or group, but a transfer from one place to another while maintaining the previous status. For instance, it could be international and interregional tourism or a move from a city to a village and back, moving from one enterprise to another. When a change of status is added to a change of place, geographical mobility turns into migration. For example, when a villager goes to the city to visit relatives, this is geographical mobility. If he moves to the city for permanent residence and finds work there, this is already migration. The person moved and changed his or her status, along with the place of living; thus, he is a migrant because he changed his profession and place of living.

Furthermore, vertical and horizontal mobility is affected by gender, age, birth rate, mortality rate, and population density. In general, young men and women are more mobile than older men and women. Overpopulated countries are more likely to experience the effects of emigration than immigration. In the places where fertility is high, the population is younger and, therefore, is more mobile, and vice versa.

Moreover, the birth rate is not equally distributed among social classes. The pattern is that the higher a person ascends the social ladder; the fewer children he has. It also means that when and if a rich person's son or daughter goes in the footsteps of his/her parents, there

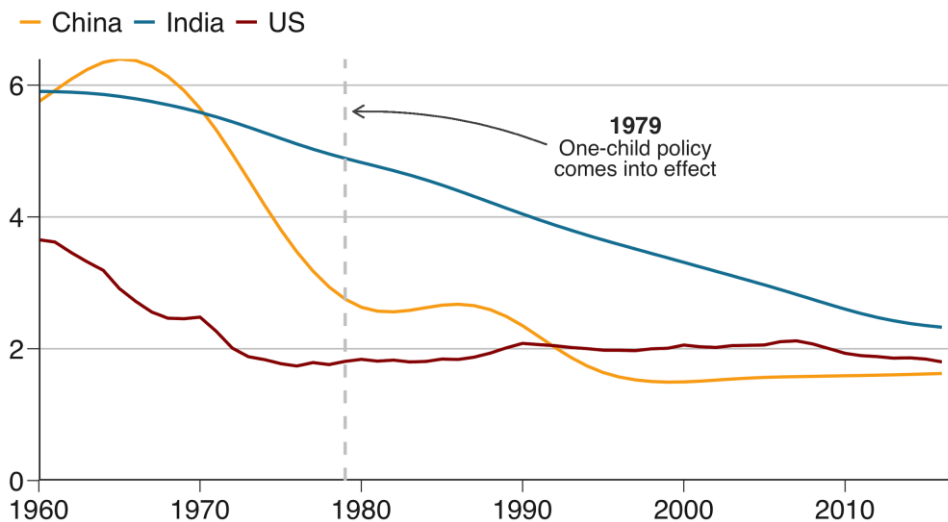
will still be voids forming in the upper steps of the social pyramid. These voids provide a chance for those from the lower classes to move up the social scale.

No matter whether poor or rich, people do not plan the exact number of children needed to replace their parents. The exclusion can be a one-child policy in China, but still in that time, in some circumstances, some families had more than one. The number of vacancies and the number of applicants for occupying various social positions in different classes are different. Professionals (doctors, lawyers, etc.) or skilled employees do not have enough children to fill their jobs in the next generation. In contrast, from 1960 to 1970, farmers and farmworkers had 50 percent more children than they needed to replace themselves (see the *Figure 2.3.* below). This lasted till China's one-child rule was introduced in 1979. Like the USSR, after the Second World War, the post-war generation of baby boomers took place (individuals born between 1946 and 1964).

Figure 2.3. How China's Fertility Rate Compares

How China's fertility rate compares

Total number of births per woman (1960-2016)



Source: The World Bank

BBC

Source: BBC News. (2018). *China birth rate: Mothers, your country needs you!*

<https://www.bbc.com/news/world-asia-china-46558562>

It is easy to calculate in which direction social mobility should take place in modern society. High and low birth rates in different classes create the same effect for vertical mobility, as does population density in different countries for horizontal mobility. Strata, in the same way as countries, can be overpopulated or non-populated. It is possible to propose a classification of social mobility according to other criteria. For example, it can be distinguished as individual and group mobility:

- *Individual mobility*, when moving down, up, or horizontally, occurs independently of other people, and
- *Group mobility*, when movements occur collectively; for example, the old class gave dominant positions to the new class after the social revolution.

Individual and group mobility are connected in a certain way, with attributed and achieved social status. Individual mobility is more consistent with achieved status than group mobility, while attributed social status is more applicable to group mobility. Individual mobility occurs where the social significance of a whole class/estate/group/caste/rank or category increases or decreases. For instance, after the October Revolution in Russia, the class of Bolsheviks was elevated from a previously lower social position.

The transition from hereditary aristocracy to plutocracy (i.e., aristocracy as the principles of wealth) had the same consequences. In 212 AD almost the entire population of the Roman Empire received the status of Roman citizen. Thereby, vast masses of previously considered people with limited rights had their social status raised. However, the invasion of barbarians (Huns, Lombards, Goths) violated the Roman Empire's social stratification after that. The old aristocratic families disappeared; therefore, the new ones replaced them and founded new dynasties and nobles. As a result, mobile individuals began socialisation in one class and ended up in another. However, such groups are torn between dissimilar cultures and lifestyles. They hardly know or do not know how to behave, dress, and talk in terms of another class's standards. An adaptation to new conditions often remains superficial.

All of the above-mentioned are the main categories, types, and forms of social mobility. In addition to them, some researchers sometimes distinguish and mention an '*organised mobility*' (Roselaar, 2016), i.e., when the movement of a person or entire group goes up,

down, or horizontally and is controlled by the state. It can be with the consent of the people themselves or without an individual's or people's consent. On the contrary, involuntary organised mobility includes repatriation or relocation of small nations and dispossession (for instance, during the Stalinism era in the USSR). Another one, '*structural mobility*,' must be distinguished from organised mobility. Structural mobility refers to mobility that is brought about by changes in the stratification hierarchy itself. It is a vertical movement of a specific group, class, or occupation relative to others in the stratification system.

From a sociological point of view, it is essential to note that people change their social status for a reason. The actions are connected with the desire to have such market relations that would allow them to take their rightful place in society. However, it comes to them with incredible difficulty. The incentives begin to operate under the new conditions. They do not operate just for work, albeit skilled and high quality, but for work whose results have been publicly tested on the market. As a result, assessing one's situation, the awareness of social guarantees, the current civil status, and the degree of confidence in the present and future social and personal life all come to the fore.

Social mobility and migration

Social mobility has been widely discussed in sociological studies. In modern times, societies become freer flowing. People migrate from rural areas to urban areas. The pace of life changes as well as the living style. It all impacts society and keeps changing it all the time. As a result of people's mobility and migration, the structure of societies has become highly diverse. A lot of different groups mix and impact and influence each other.



From one side, the opportunities given to people are widened through extra connections, migration, etc.

The slowdown of social rising/mobility is a tendency that involves many countries, including Russia and China. This encourages the growth of the differentiation in societies and economic inequality. In addition, cultural differences become more significant among different social groups. The gap between the rich and the poor is widening. These contradictions affect social mobility, as well as the values of people of different strata.

The constantly politically and economically changing world drives the migration within countries and between countries. As a result, the flow of migration also affects local economics. The development of relations between the city and the rural areas is seriously hindered by factors that need to be changed or weakened, for instance, such measures as creating conditions for the peasants to become landowners, making the labour process more attractive and providing access to cultural values in a larger volume.

Society and market relations

Market relations seriously affect the social structure of society. Their influence can also be traced to the fact that group egoism (individuals sublimate their egos to the group) has spread, which is based on the opposition to public interests due to the infringement of the rights and position of other social groups. This phenomenon has become a severe brake on progressive changes in the social structure of society. In such a situation, belonging to one class or another, to one or another social group, is determined not by civic but by utilitarian

interests, by the desire to find a place where you can earn more and faster. Unfortunately, this often goes hand in hand with the desire to snatch more from society, neglect public interests, and switch to a sphere where personal enrichment possibilities are favourable.

When the mechanism of market relations affects the social position of a person, it is evident that the entire social structure experiences has its direct and indirect effects. Tensions in society's social structure often develop under the influence of objective trends in the development of market relations. There are also changes in public consciousness, which is manifested in the corresponding attitude and behaviour of people. At the same time, the complex problems of the social structure are solved more efficiently. One thing is certain: the social structure reflects the social situation, which has a clearly expressed tendency for this assessment to correlate with three things. Firstly, it is a person's real contribution to social production. Secondly, it is his creative potential. Thirdly, it is with his training, skills, and activity.

Mobility trends

On the one hand, the big cities are all influenced by globalisation. This fact makes global cities more similar because they are affected by the 'global culture' and global trends, such as individualisation and consumerism. On the other hand, globalisation also pushes local culture to boost patriotism, propaganda, and unity.

Increasingly sociologists are questioning the consumption culture with mobility trends. For example, is purchasing power a measure of mobility or high management positions or a

qualification and social status measurement? At the beginning and middle of the twentieth century, social mobility was mainly recognised as the ability to change one's job position and rank from lower or higher or unemployed. At that time, the different social borders became softer, but the work positions became more meaningful—the type of work, assets, and income in whole defined the social status of a person. Max Weber suggested that several factors influencing society's differences include the political regime and all the institutions which are involved in society, such as the labour market. Furthermore, the job market plays the most critical role in social status because it defines people's work qualifications, demands of qualifications, and salaries. The job hierarchy remains one of the leading factors to determine social status and relations of power and subordination.

In the thesis, I define social mobility as interconnected human mobility in several social dimensions (i.e., multidimensional mobility). *Multidimensional mobility* is a term which I can apply to my interviewees from the near poor. Many of them have different incomes and different household sizes, and different types of income. The fact that the group is diverse justifies the choice of looking at the mobility including social movements that occur simultaneously in several areas of life and which are interconnected with each other: employment and industry mobility, educational mobility, territorial and housing displacement.

Chapter 3: Analytical Framework and Research Design

This study reviews what has been done and what has been reviewed in connection with this problem because near poverty is not a heavily researched topic. Specifically, not many of the research articles address near poverty as a separate problem and try to understand this term and develop it. However, the research has potential, as shown in some books, for example, '*The missing class: Portraits of the near poor in America*' by Newman and Chen (2007). The authors address near poverty through the experience of nine families in the USA that they had been observing. In addition, along with the book, the study of Danziger (2010) confirms that welfare subsidies for the needy have to be substantially analysed: families that leave social security in order to work and get more profit, many families, changing security for work, fail to significantly change their economic status, which also further negatively affects the well-being of their children. The term 'near poverty' is not well developed and the near poverty problem cannot be considered in isolation from the poverty problem. Near poverty should be calculated differently in different countries. The research's theoretical basis is the questioning whether the near poor in Russia and China are equal or not and why; how far away they are from the poor; what are the similarities between their obstacles, if any. Consequently, the chapter's primary goal is to give a theoretical background with an emphasis on why the topic is of great importance in both cases, and how acknowledging the near poor can contribute to Russian and Chinese societies and poverty alleviation. The sections of this chapter are framework and research design, a justification of the case selection, followed by a sub conclusion section.



3.1 Research Design and Conceptualisation of Near Poverty

The consideration of people in near poverty is becoming important against the backdrop of the global economic and financial crisis, which is worsening the financial situation of the majority of the middle- and lower-class population. Besides, it is not the same as low-income people. Therefore, the term's introduction is the basis and the first goal of the study, and I elaborate more on that later.

There are different approaches to the description of society. However, there are two poles in all the sociological and philosophical definitions: the rich and the poor. Meanwhile, this approach is not practical enough; therefore, to represent wealthy people (for various reasons), the conventional concept of the '*middle class*' was introduced and applied to the literature. Its definitions, as well as characteristics, are dependent on which country and which period of time we are referring to. At the same time, the second pole, the '*poor*,' remained on its own. From my perspective and a practical point of view, this is not correct. Although some of the poor are capable of solving some of their emerging problems, the government does not consider as the poor those whose income being higher than a certain threshold. Also, these people do not necessarily have to have a low income, i.e., people who earn low wages. Thus, to understand social problems and achieve structural balance in poverty's conceptual frameworks, I found it necessary to introduce this new concept of the near poor in Russian and Chinese societies. While to differentiate this group, other groups (the rich, the poor, and/or the middle class) can help distinguish them from others better.

I was inspired to consider this proposed topic when I spent some time trying to understand poverty-related problems, poverty reduction strategies, and the work of social organisations in the Hong Kong SAR (China) in 2016. The HKSAR applies the concept of relative poverty, and since 2017 has started implementing new policies that provide help for the near poor with kids, i.e., young families with insufficient income for their households. In this regard, I come up with an assumption that the absence of the concept of relative poverty in Russia and China could have a negative effect on the assessment of poverty rates in general. Furthermore, the proposed theme's importance is validated by the literature covering the poverty problems in the Russian Federation and the People's Republic of China. The literature confirms the significance of anti-poverty measures in all mentioned states.

From 2014, Russia turned to the East economically and politically: “After a decade of tough negotiations China and Russia inked a 30-year, USD400-billion agreement in May (2014 – *author's note*) that will eventually involve 38 billion cubic meters of gas annually.”⁸ This has happened due to political reasons (the Ukraine crisis of 2013-2014, the pressure of the Western states on Russia because of the disagreements over solving state problems in foreign policy) and economic reasons (Russian Rouble Crisis, the high growth rate of the Chinese economy, the presence of a common border, cultural exchange, and others). Understanding both Russia and China, and how rooted they are in the global

⁸ Yahoo! News. (2014, October 14). *China, Russia seek 'international justice,' agree on the currency swap line*. Retrieved from: <https://sg.news.yahoo.com/china-russia-seek-international-justice-agree-currency-swap-185306361.html>

environment (after the collapse of the USSR and after the Open-Door Policy and the associated market-oriented reforms afterward in China and economic booms), make them similar to each other in regard to globalising and modernising their nations. They have already deepened their long-term development in different areas. For instance, it has helped to improve the countries' interrelations in the education field. Below is *Table 3.1.*, where I provide some comparisons between Russia and China.

Table 3.1. Comparing Russia and China

	<i>Russia</i>	<i>China</i>
<i>Country area, km²</i>	17,125,187	9,596,960
<i>Population, million</i>	144.5 (2018)	1,393 (2018)
<i>Population density of countries, person / km²</i>	8.82	153
<i>GDP, trillion USD</i>	1,7 (2019)	14,34 (2019)
<i>GDP growth, percent</i>	2.3 (2018)	6.6 (2018)
<i>GDP per capita, USD / person</i>	11,288.87 (2018)	9,770.85 (2018)
<i>Quality of life</i>	BBB	CCC
<i>HDI</i>	52 (0.824)	85 (0.761) (2019)
<i>Freedom Level</i>	BBB	BCC
<i>Average wage, USD</i>	686.16	731
<i>Average pension, USD</i>	160	150
<i>Fertility rate</i>	13.3	12.1
<i>Retirement age</i>	55-60	50,55-60

Source: Compiled by the author with reference to World Bank

Large Russian cities located in the Western part of the country are similar to wealthy Chinese coastal areas. However, some remote regions in both countries are relatively poor. By investigating the social policy issues in these two countries, I found it beneficial to learn from each other. Accordingly, the Western or European parts of Russia and the South-Eastern China region demonstrate economic development and a larger population density than other national areas. Apart from going deeper into the regional problems, for the interviews in this research, I decided to narrow the qualitative data between the most developed cities: the capital of Russia – Moscow – and one of the wealthiest cities in South-Eastern China – Shanghai.

Meanwhile, the governance of the countries and the cities are different. Thus, the study contains an institutional analysis for Russia and China. Starting the research with these cities was advantageous as they can act as examples for other cities and be a model of investigation for other cities. The study is the first to identify people's difficulties in near poverty in Moscow and Shanghai. It also confirms that the research is timely from a practical perspective, given the urgent need to address the problems faced by people living closer to the poverty line. It sheds light on the practical side of the problem and is beneficial to the cities and the countries.

B. Li (2004) claims that urban social exclusion in China requires integrated reforms to address the full range of problems of the urban 'lower class' deprived of political rights, economic opportunities, healthcare and social protection. At the same time, social

exclusion in cities is correlated with the risks of poverty. The European Union (EU) faces a similar problem with ‘exclusion’ and is working to lift at least 20 million people out of the risk of poverty or social exclusion under the Europe 2020 strategy (Marques et al., 2015). Thus, I would like to elaborate more on their terminology used here, coined by the EU statistics on income and living conditions (EU-SILC) as a statistical indicator, i.e., ‘in-work at-risk-of-poverty rate’⁹. I use this term along with the definition of households in near poverty mentioned above. The in-work at-risk-of-poverty rate refers to the percentage of persons in the total population declared to be at work (employed or self-employed) who are at risk of poverty (i.e., with an equalised disposable income below the risk-of-poverty threshold, which is set at 60 percent of the national median equalised disposable income (after social transfers)).¹⁰

The in-work at-risk-of-poverty rate group has a higher risk of falling into the poverty group if they do not have enough income to cover their household and its members' needs. These people can provide only for their current needs without accumulating any savings and are wholly dependent on the state and its policy support. However, there is no visible way out of poverty among citizens (in particular, in Russia) and this remains a mighty obstacle to a

⁹ “Statistics Explained,” - an official Eurostat website. (2020, April 14). Retrieved from [https://ec.europa.eu/eurostat/statistics-explained/index.php/EU_statistics_on_income_and_living_conditions_\(EU-SILC\)_methodology_-_in-work_poverty#Description](https://ec.europa.eu/eurostat/statistics-explained/index.php/EU_statistics_on_income_and_living_conditions_(EU-SILC)_methodology_-_in-work_poverty#Description)

¹⁰ Statistics Explained. (2016, April 5) *EU statistics on income and living conditions (EU-SILC) methodology - in-work poverty*. Retrieved from: [https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:EU_statistics_on_income_and_living_conditions_\(EU-SILC\)](https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:EU_statistics_on_income_and_living_conditions_(EU-SILC))

change of public consciousness. It deprives people of the possibility of free choice of consumption and further limits free behaviour, making people dependent and passive.

As mentioned earlier, poverty is a relative concept and depends on the living standards in a particular society. China and Russia have applied the idea of absolute poverty. According to the United Nations Educational, Scientific, and Cultural Organisation (UNESCO) glossary definitions, *absolute poverty* is a measure concerning the amount of money necessary to meet basic needs such as food, clothing, and shelter. Respectively, this study refers to absolute poverty in Moscow and Shanghai. Although, absolute poverty is primarily of interest to economics, society regards it as a state of relative deprivation. Absolute deprivation also varies with time and place (Motwani, 2012). Thus, any exploration of the near poverty definition lays under income, living standards, and determining necessities in each case. The insufficient satisfaction of basic needs causes the expansion of the ‘poor’, even if according to the definition of absolute poverty these people are not poor.

3.2 Case Selection

This section is dedicated to giving more background on each case of this study, i.e., Moscow, and Shanghai. I describe the cities' economic and political environment and explain the present indicators, which, in my opinion, bring these two cities closer together.

3.2.1 The Choices of Moscow and Shanghai

Global cities are big players both domestically and globally. However, the class stratification within megacities can be much more complex. Few existing studies focus on social mobility and class stratification at the city level (T. L. Lui, 2015b), rather than the national level, which this research aimed to cover this gap. There is a gap in the research about the near poor in Eurasia and Asia. One of the study's goals is to identify this phenomenon of near poverty in these areas.

The most common concept in sociology and urban studies made the researcher look at the city as a mirror of social processes. However, another idea 'hidden' logic of the cities or the 'intrinsic logic' is a new theory in urbanism. In Löw (2012), there is a discussion and broader explanation of this logic initially introduced and implemented in Germany called 'Eigenlogik von Städten' (literally 'self-logic of cities' – author's note). I found this concept applicable to my study when looking at what is happening in Moscow and Shanghai. The cities have similarities in regard to background but simultaneously are influenced by different values (defined by religion and other cultural effects). As a result, there is a specific way to look at poverty in the city. For instance, according to the concept of intrinsic logic of the cities in terms of everyday practices, Moscow's poverty is a specific urban phenomenon that is institutionally and organisationally different from similar phenomena in Shanghai or other cities. Even if we talk about poverty in the cities within one country, it will be different. It is the formulation of the problem for a comparative urbanistic study. It is theoretically built around the city's concept as a spatial-structural form of densification and empirically organised around the research of cities' intrinsic logic.

Inequality in cities worldwide has increased a lot in the past years (Nijman & Wei, 2020). The speed of its growth has increased too. From one side, the process of globalisation has raised the living standards of many people across the world. The general level of welfare was raised again. On the other hand, the gains from rising wealth across the globe are unevenly distributed and stimulate inequality. While many jobs have gone and been replaced due to globalisation, the wages for positions like maintenance or servicing have stagnated or declined, this leaves us with the question do global cities benefit the majority of their citizens?

*'Cities may not make people poor, but bad policy and neglect can keep them that way.'*¹¹

It is vital to avoid stagnation in cities and to help accelerate the movement between the classes. Interclass movement is especially crucial for migrants. In the context of Moscow and Shanghai, this is especially relevant. The number of migrants in these cities is large, especially compared to other cities in Russia and China. For new migrants to improve their living standards, this sometimes requires a whole generational change; that is, it takes almost a full life for many families. In addition, according to B. Li (2006), many migrants face a variety of challenges in integrating into urban society. For instance, China's low-

¹¹ “*The Two Cities: Inequality in Global Cities*” (2016, June 14). The Chicago Council on Global Affairs. Retrieved from: <https://www.thechicagocouncil.org/blog/global-insight/inequality-global-cities-chicago-forum>

income housing program has failed to provide suitable accommodation, as well as being a discriminatory policy toward migrants (Huang, 2012). However, as a gateway for migrants and opportunity seekers, cities still represent the best opportunities to participate in the economic activities, education, and social services needed to increase mobility.

Cities have historically attracted an influx of migrants who strive for a better life and are seeking better economic opportunity. Cities, especially large cities, are also centres of education and some of the largest and most famous universities in Russia and China are located in Moscow and Shanghai. As a result, city life can put a lot of pressure on low-income residents to receive an excellent education. This applies to both students who come to cities to study and those low-income households seeking and investing in education for their children. Unfortunately, education is no longer a reliable vehicle for social mobility. Due to the marketisation of education and other factors, the quality of public education is becoming lower. In addition, the high cost of a college diploma exacerbates inequality as opposed to correcting it. Numerous forms of inequality exist. However, cities can overcome them with the right investments and policies. Before looking at the systems that try to balance the disparity in this study's places, I give a few reasons why they were chosen together.

At first, Moscow was chosen as a case for Russia for several reasons. Along with Shanghai in China, Moscow is the most developed city in Russia. The social problems that exist in Moscow are often reflected in other cities in the country. All innovations in terms of social policy are firstly tested and implemented in Moscow. Moscow has been a prominent place

for implementing social projects and as an example for other cities. It is also the most populated city and strategically important economically and politically for both citizens and the government. I chose Shanghai as a case for China mainly because it was the city where the government first implemented its policy of the Minimum Living Standard Assurance as a pilot policy in the early 90s. In these terms, Moscow and Shanghai have become more comparable because the starting point of social development slowly started at about the same time, the early 90s, for both places. It was a slow process for Moscow as 1991 was a crucial time in the USSR's collapse. Russian separation and social policy were not the priority for almost a decade because the economic situation was low, and politically the country was not strong enough.

Below is *Table 3.2.1.*, where I provide several characteristics that the cities have in common and further describe the cities in two sections, namely Moscow and Shanghai.

Table 3.2.1. Comparing Moscow and Shanghai

	<i>Moscow</i>	<i>Shanghai</i>
<i>BRICS' cities, i.e., at a similar stage of newly advanced economic development</i>	✓	✓
<i>Communism background</i>	✓	✓
<i>Authoritarian heritage</i>	✓	✓
<i>Macroeconomic situation</i>	✓	✓

<i>'Strategic partnership'</i>	✓	✓
<i>'A political troika': Russia, China, and India</i>	✓	✓
<i>GDP</i>	USD286.6 billion	USD297 billion
<i>VAT</i>	18 percent	17 percent
<i>Population</i>	12.60 million	26.32 million
<i>Migration flow</i>	High	High
<i>MLSA</i>	-	✓
<i>Megalopolises</i>	✓	✓
<i>European influence (XIX-XX centuries)</i>	-/✓	✓
<i>Value of social capital</i>	High	High

Source: Compiled by the author

3.2.2 Economy and Poverty in Moscow

Moscow possesses the largest economy in the Russian Federation. In 2018, Moscow remained the largest nationwide financial centre and the control centre of a significant part of the economy. According to the forecast of PricewaterhouseCoopers, Moscow will hold 23rd place among the world's largest metropolitan economies in 2020.¹² Its gross regional product will be USD325 billion. Moscow's population on 1 January 2016 was 12,330,126 persons, according to the Federal State Statistics Service of the regions¹³ and based on the

¹² PwC, (2017-2020). Retrieved from: <http://www.pwc.ru/en/about/offices/moscow.html>

¹³ Federal State Statistics Service. (1999-2020). Retrieved from <https://eng.gks.ru/folder/11654>

evaluation of Russia's population. The people of Moscow on January 1, 2019, amounted to 12,593,252 people. The Russian official poverty threshold corresponds to the concept of absolute poverty. Poverty as a social problem was almost not explored in the USSR between the 1920s and 1980s. The aspects of such obstacles were hidden by the notion of 'disadvantaged groups,' and under communist ideology poverty did not exist. In 1997, absolute poverty was almost completely reduced, but a 'poverty mentality' was implemented. In 2016, the most modest lifestyle cost was slightly higher than the minimum living wage in big cities, such as Moscow or Saint Petersburg – around RUB25,000 (about USD400) per month. According to the national survey in April 2017, the indicator of the poverty line in Moscow is an income lower than RUB21,600 per capita. Moscow's citizens consider an income of this amount to be the poverty threshold.

Based on a critical survey in 2013, some of the most common causes of poverty exist in Russia. According to Tikhonova (2014), they are prolonged unemployment, sickness and disability, alcoholism or drug addiction, insufficient state social benefits, family problems or misfortunes. The data for 2003 showed a similar situation, except for one cause, which changed dramatically in 2013, which was wage and pension payment arrears. Nevertheless, a long period out of work has been a real and leading cause of poverty in recent decades. Poor people with low-income status are more likely to consider themselves as low-income strata but not poor because being poor is embarrassing for Russians and can lead them to face discrimination in society.

Many research projects show that there is a current critical period of being poor. When the time of low income endures for more than three years, it affects people's social status, human behaviour, and self-esteem, making them feel embarrassed. These effects may follow a person even after he has moved across the poverty line and overcome chronic poverty—the risks of becoming poor signals a risk of social exclusion from society. Apart from the unemployment rate, causes such as the lack of education and savings also have to be explored. In recent decades, the Russian Federation faced several economic and financial crises. The 1998 currency devaluation brought troubles for the country and companies of different sizes; it depreciated all citizens' savings and earnings for those who kept them in the national currency, and many people lost their jobs. During the crisis it was necessary for the government to increase tax revenues and reduce the budget deficit. The government also feared an imminent bankruptcy of the banking system. All of this affected the national welfare. It also raised the necessity to develop new anti-poverty policies.

According to the International Labour Organisation (ILO) (2013), most unemployed have professional education. Furthermore, in 2015, 27 percent of Muscovites aged 30 complained that they only had enough money for food, clothing, shoes, and other daily necessities but could not buy a new phone or go on holiday abroad. In 2015 their share rose to 37 percent, as stated in a Financial University study under Russia's government. Household income was spent on day to day costs and necessities. Citizens were unable to generate enough savings to solve the more expensive family problems like housing, education, and medical care.

Social Policy and Social Support in Moscow

Social integration in Russia is possible only within effective decisions in strategic sectors of the country, and under conditions of sustainable growth of oil prices, i.e., Russia has a so-called oil-led social policy (Cerami, 2009). Previously Russian authorities have acknowledged that the country's economy is shrinking against the backdrop of falling oil prices, the growth rates of major currencies against the rouble (RUB), and sanctions imposed on Russia due to Ukraine's conflict (2014). At the end of August 2015, the Russian currency collapsed again. This fall of the national currency has not happened since the devaluation in 1998. In 1998 President Yeltsin, in his speech, had assured Russians that no currency default would happen. However, the Russian government announced a currency default three days after his speech. In the 1990s, the social policy had to deal with the consequences of economic transformation.

Moreover, it transformed the social institutions in response to the economic reforms, mainly in the changing social sphere of funding principles. The state government did not pay much attention to the social issues before 1997-1998 because the political struggle for power did not consider the threats to political stability from social instability. Furthermore, the boundary of social policy's responsibility is not outlined in any governmental or political sense.

In the new-born Russian Federation, attitudes to the social policy had changed. It led to more discussion and preparation in the social field. The financial and currency crisis of 1998 stopped social policy development, but afterward some policies were implemented at



the beginning of the 2000s. These actions do not suggest a fundamental change in the social problems' role in the political state agenda because the focus was to maintain financial stability. Furthermore, the most acute social and political issue from 1990-2000 was the problem of poverty. Social support in post-reform Russia has allowed social development to continue, however, according to Devine et al. (2015), further contributions to the development of social policies are needed. It has been seen that the government provides direct social support firstly to families with children, mothers who have more than one child, disabled people, and the elderly. Considering the working-age and healthy population, they can be subsidised if they have more than two children simultaneously, namely 'maternal capital' (i.e., multiple-child allowance) or maternity support for the family/household. This was established in 2007, and the amount of subsidy is changed once per year. The amount of this monthly compensation payment in 2015-2017 was RUB453,026. Couples where both parents are under the age of 30, who gave birth or adopted a baby, can receive a lump sum payment. Currently, in 2017 the policy in Moscow was under the Moscow State program, "Social support of residents of Moscow in 2012-2018 years",¹⁴ which included four main directions. They were social support for families with children, social integration of disabled people, social support for the older generation (for instance, war veterans and their families), and modernisation and development of Moscow's social protection system. According to this study's research framework, the last is the most suitable to analyse.

¹⁴ The Open budget of Moscow. Retrieved from: http://budget.mos.ru/gp_social

3.2.3 Economy and Poverty in Shanghai

Before the Communist Party took power in China in 1949, Shanghai was one of Asia's major cities. It remains a special one along with Beijing, Chongqing, and Tianjin as centrally administered municipalities. Over the following decades, Shanghai could not compete with other Asian financial centres such as Hong Kong, which was far ahead of it and performed as an excellent commercial centre. However, Shanghai's port with an active stock market, cheap labour force, and rapidly developing local economy held great potential for rapid development. In 1997, Shanghai was designated to be one of the most economically important cities in the country.¹⁵ Since 1990, the government in Shanghai and China's central government have invested substantial resources in a special economic zone in the east of Shanghai. The government encouraged banks and businesses to move to the city, hoping that it would help make the city prosper and be an international financial centre. Shanghai's infrastructure is one of the best in China and it attracts substantial foreign investment.

The public expenditure in Shanghai was increased by the government in 1998, this was designed not to directly support the poor but to help people return to the job market quickly by setting up free training courses and Re-Employment Service Centres (Ngan et al., 2004). Shanghai's most significant assets were cheap labour, cheap land, and the low cost of living in 1997. Shanghai was an industrial city. As with Moscow in Russia, Shanghai ranks as the most expensive city in Mainland China (2017).

¹⁵ Cable News Network (CNN). (1997, June 23). International edition. Retrieved from: <http://edition.cnn.com/WORLD/9706/23/hong.kong.shanghai/>

Since 2013, Shanghai has become a free-trade zone¹⁶ to expand the foreign investments in the city and improve its economy. It also supports the city to develop economically fast in the Asia-Pacific region and the world. Shanghai is a port city and has the ambition of being a leading hub.¹⁷ An excellent geographical location supports it. Shanghai's population was estimated to reach 25,202,000 in 2017, with a growth rate of 6.20 percent.¹⁸ In 2018 it slightly dropped to 24,237,800 according to the "Statistical Communiqué of Shanghai National Economic and Social Development in 2018." However, the data from World Population Review states 27,795,702 people for the year 2021.

Social Policy and Social Support in Shanghai

The Chinese official poverty threshold corresponds to the concept of absolute poverty. The social problem of poverty was almost not explored until the economic reforms launched in the late 1970s. The aspects of poverty were hidden under the notion of 'disadvantaged groups,' similar to the Russian case (former USSR). In the 1990s, Shanghai somewhat 'shifted' from industrialisation to commercialisation. The city's policymaking is centralised, but the implementation is relatively decentralised (L. Wong et al., 2016).

¹⁶ The China (Shanghai) Pilot Free Trade Zone (FTZ) official website. (2020). Retrieved from: <http://en.china-shftz.gov.cn/>

¹⁷ South China Morning Post. (2015, April 1). *Too ambitious? Shanghai aims to be both top financial hub and 'China's Silicon Valley' by 2020*. Retrieved from: <http://www.scmp.com/news/china/article/1753387/too-ambitious-shanghai-aims-be-both-top-financial-hub-and-chinas-silicon>

¹⁸ 2017 World Population by Country. (2020). Retrieved from: <http://worldpopulationreview.com/world-cities/shanghai-population/>

In late 1997, the Asian financial crisis unfolded. It was accompanied by the withdrawal of capital by global investors from the markets of developing countries. The Asian financial crisis provoked the collapse of Asian economies. At that time, the total number of unemployed and laid-off were about 15 million in China (Y. P. Wang, 2004; J. Zhang, 1997). Therefore, this complicated the situation for the able-bodied population in the country. One of the programs to be applied to eliminate poverty was ‘*dibao*’ (MLSA). Since 1993, it has been one of the significant policies applied in Mainland China, particularly in urban areas. Shanghai City was the first city where the *dibao* program was implemented. It is known as a support policy for the urban poor because it is applied to the citizens. This anti-poverty program's effectiveness is discovered in some relatively recent articles (Gao et al., 2009; Gao & F. Zhai, 2012). MSLA has been applied in Shanghai since 1993, and after its utility was demonstrated, it was spread to other cities. However, poverty reduction's policy goal can be strengthened through full coverage and the provision of benefits and paying particular attention to disadvantaged subgroups (Gao et al., 2009). Moreover, some research shows that although China has significantly reduced poverty, income inequality remains high.

In China, income inequality has increased since the economic reform period (Gubrium et al., 2014). In addition, the MLSA is still marginal in coverage and falls behind (Gao & F. Zhai, 2012). This is because the eligibility for MLSA subsidies is primarily determined by household income. It follows that the eligibility measurement can be improved in terms of this policy. However, the policy recipients are the poor or low-income families, but people in near poverty are often excluded from benefiting from them.

Furthermore, if families in near poverty have children, they have a chance to benefit from the subsidy for education (since 1996, when the higher education reform was initiated). The national anti-poverty strategy included education as an instrument against poverty (Eryong & Xiuping, 2018). Although, the main target for this policy was rural areas. Finally, those in near poverty are constantly in high ‘competition’ with the poor, and the same situation is demonstrated in housing (Huang, 2012) and work-support issues. Consequently, the suitability of the anti-poverty policies should be improved and adjusted annually.

3.3 Concluding Remarks

This chapter shows that some obstacles that people face can be beyond their control, and they might need help when they are near poor. The importance of government policies is high because they are the connectors between the government's social institutions with society. Thus, I raise the question whether the government acknowledges the problem of near poverty and how it responds to the current near poor. In addition, this chapter looks at Moscow and Shanghai case selection. After giving a brief overview of the cities’ political rule and economic situations, I also provide a preview of the standard Russian and Chinese current anti-poverty policies and other assistance, thereby helping to prevent poverty and its risks.

Chapter 4: Near Poverty in Moscow

This chapter consists of four sections. First, I describe a classification of the near poor. Second, I provide narratives of some of my interviewees along with a brief description of a focus group with the senior near poor. Telling some real-life stories of the study participants helps to better describe the most common types of the near poor and the diversity between them. Third, I discuss social mobility and how migration affects social stratification in big cities. Fourth, I analyse the status of a near poor household in Moscow. Particularly, this chapter aims to answer research questions on who are the near poor in Moscow, what are their portraits and what is their status in the city.

4.1 Classification of the Near Poor

While in the USA the near poor categorised into a separate class (see the book ‘The Missing Class’ (Newman & Chen, 2007)), it is hard to replicate the categorisation the same way in Russia. The population in Russia is half of the USA (146 vs. 329 million) whilst the land mass is larger. The Russian political system is more centralised. In Russia there is no established concept of near-poverty and the number of near poor is hard to estimate. In addition, there is no specific range of characteristics for these people, i.e. the group itself is heterogeneous. Part-time pensioners and a young family with three kids cannot be identical enough to be placed together in one class even if their average income per person can be roughly comparable. In this view, they can be analysed as one group which struggles.

Expert HSE2: This group [the ‘near poor’ group] presents a serious problem everywhere. When incomes do not far exceed the cost of living, and

benefits and allowances are tied to the cost of living, they have an incentive to increase income and spend it to make their life easier, i.e., to receive subsidies and benefits.

(Author's interviews, Moscow, 2017)

Overall, I try to avoid the term class while talking about near poor but highlight this group as a category within the poor strata. While the sociologists use plenty of sub-categorisations for each class, the 'near poor' concept exists in the professional circle of social scientists in Russia. When researchers talk about class acknowledging Karl Marx's *class theory*, they talk about people who share similar life chances. The stories behind circumstances of a heterogeneous group of the near poor tend to differ. Thus, according to Marx's theory, they cannot be classified as a class and I classify them as a category in this study.

The near poor also cannot be simply linked with the low-income. In dictionaries, low-income families are related or belong to people who earn low wages. In countries, including the USA and the PRC, a low income 'is considered 200 percent of the *national* poverty level, and poor is defined as 100 percent of the poverty level.' For China, I consider the threshold as a poverty level, i.e. low-income are considered those whose income is twice the income level of the poverty line. As self-defined, low-income people are those who work in low-paid jobs or jobs which do not require special education. Education also plays a major role in the likelihood of a low-income or poor family. However, for the near poor, education may or may not play a role. Moreover, the income of the near poor can be

average or even median, but once divided across the dependents the income per person within a household can be quite low.

The vulnerable group

Although there was a common term of vulnerability compared to Russia's poverty level, it is not used anymore. However, the term 'poor group' has remained. According to this practice, when separating the vulnerable (the at-risk group) from the poor, the number of poor people will remain, on the contrary, the vulnerable group will pair up with the so-called middle class. On one hand, it makes statistics look prominent (fewer poor people). On the other hand, the at-risk group become neglected. Suppose that, according to the European approach, the government would take the median based on these calculations (60 % of the national median equivalised disposable income after social transfers¹⁹). Then, all the vulnerable people (predicted near poor) will automatically fall into the poor group. In Russia, the most vulnerable people are historically considered pensioners and children. These same categories fall under the largest risk groups of being near poor.

Pensioners/Senior Citizens

The elderly is one of the riskiest groups to become near poor. From one side, they receive pension benefits from the government. From another side, it often not sufficient enough and often they become new dependents for their children. Foremost, it is vital to help this

¹⁹ Eurostat, Statistics explained. Glossary: At-risk-of-poverty rate. Retrieved from https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Glossary:At-risk-of-poverty_rate#:~:text=The%20at%2Drisk%2Dof%2Ddisposable%20income%20after%20social%20transfers.

group to find an occupation or provide minimum employment to those who seek it and are able-bodied. This will also help to improve their life satisfaction. According to Cheung and Chou (2019), there is a strong link between expenditure-based poverty and life satisfaction, with those who experienced material deprivation, asset-based poverty, and expenditure-based poverty reporting considerably lower levels of perceived life pleasure. Especially, it is critical for retirees. The pension benefit has to be entirely reviewed in Moscow since it does not cope with Moscow's standard of living. Average earnings in Moscow are almost three and a half times higher than pension payments.²⁰ If the ratio of pensions to average salaries does not differ much in other Russian regions, the situation in Moscow is more dramatic, such as the cost of food, housing and private medical care in the city is higher. In all other respects, pensioners living in a big city face more risks than pensioners in the regions.

Children and maternity leave for the family

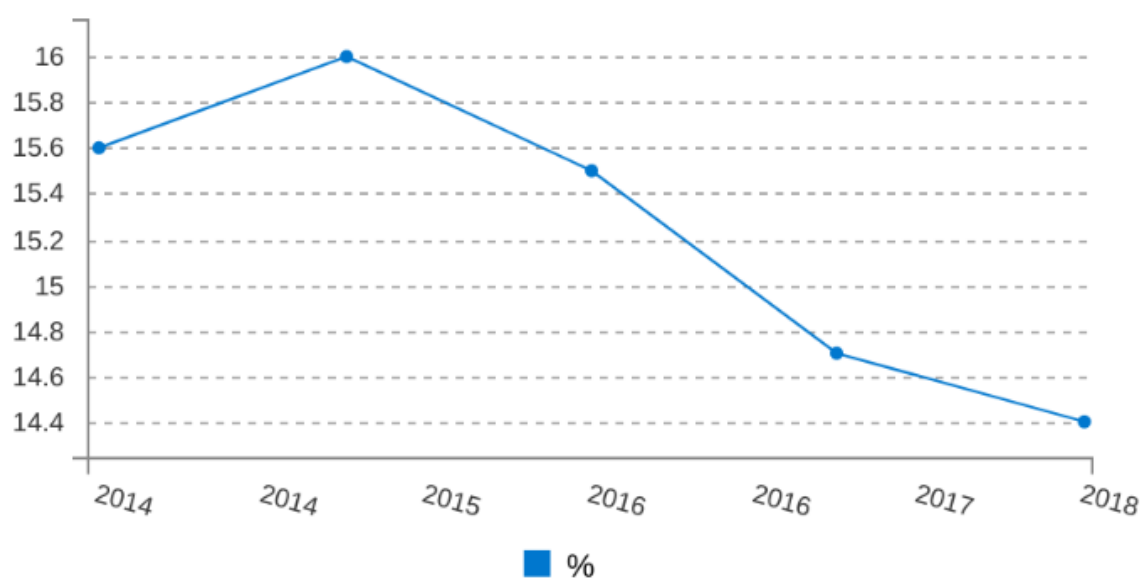
In Russia, a mother can take maternity leave for a maximum of three years²¹. At the same time, she may retain her workplace and keep receiving a salary: the monthly allowance for child care is paid in the amount of 40 percent of the average earnings of the insured person, but not less than the minimum amount of this allowance established by law. Maternity leave is prescribed in the legislation of the Russian Federation and is not paid on the

²⁰Federal State Statistics Service. *Labor market, employment and wages* (2019). Retrieved from: https://rosstat.gov.ru/labor_market_employment_salaries

²¹ According to the Labour Code of the Russian Federation, at the request of a woman, she is granted parental leave until the child reaches the age of 3 years. The procedure and terms for the payment of benefits for state social insurance during the period of the specified vacation are determined by federal laws. By law, parental leave lasts three years, but a full allowance is paid only up to a year and a half.

initiative of private companies. However, such a bonus, supporting the demography, dramatically affects the employment of young women. Finding job expected to be more difficult for young women and women of childbearing age to find work than men because the employer fears that the woman will soon go on maternity leave, especially if they do not have any children. On the other hand, the birth of a child is complemented by the fact that a woman's income drops sharply (if she worked).

Figure 4.1. Proportion of people living below 50 percent of median income (%) in Russia



Source World Bank // <https://data.humdata.org/dataset/world-bank-poverty-indicators-for-russian-federation>

The World Bank does not see Russia as being deep in poverty, even if I use its assessment methodology, see *Figure 4.1.* above. However, it is missing the fact that along the years the medium income has dropped too. A growing number of people are living close to the

living minimum when looking at the subsistence level in the regions. When the government decides how to define the poverty level, it can play with statistics by adapting the methodology of calculations. Although the global approach may not consider Russian people as being extremely poor, most people think that they could live much better. I move to the points of view of the respondents in the following sections.

Due to diversity and heterogeneity of the near poor, risks and status differences, and, as confirmed by expert interviewees, this group has to be studied all-round. I have to acknowledge that part of this group will typically strive to make their lives easier and be eligible to get some help. It also means that somehow this part of the group would like to share the responsibility of their circumstances between themselves and the system that the government rules in. However, another part of this group will try to improve their position. For example, a pre-retirement age woman would most likely want to ease and reduce the burden and enjoy all available benefits. Another case is when a young family expects an addition to the family, and instead of one child, they have twins. In this situation, the family will have to try to increase their income.

Meanwhile, while the children are small, the state's (municipal government) help could become significant temporary support. Despite the generous three years of maternity leave that should be available for young mothers in practice the risks of losing their job are still high. Employers still do not encourage maternity leave, and age can be a hidden reason for the rejection of young women with or without children.

Chronic poverty

Chronic poverty is according to official statistics not a common phenomenon in Moscow. However, because those in chronic poverty are not identified, it is hard to predict and mark the boundaries and similarities between these categories of the destitute and the near poor. It means that an approach to identify them and to aid/provide help or assistance, as a priority measure, could be appropriate and effective.

Overcoming poverty threshold's time range

Studies of Moscow scholars at HSE (High School of Economics) show that the 'overcoming poverty threshold' time ranges between five and seven years in Russia (Tikhonova & Mareeva, 2016; Author's interviews). Suppose that a person cannot return to the previous living standards during this period and keeps himself in poverty or near poverty during all these times. In that case, he will not be able to overcome this barrier on his own. Social scientists have determined this critical period because a person's environment and inner circle, including the social network or circle of contacts, changes within five to seven years. As a result, sensory resources are changing, too; the behavioural strategies are changing as they are following the sensory resources. In a book describing urban poverty patterns, N. Tikhonova²² mentions her life example, mentioning in advance that she belongs to a *high-resource* group. From her perspective, despite the different life circumstances, she fell into the lower group several times. All the time, she managed to get out of being in the low-class group. The first time she ended up there was when her first

²² HSE University: About HSE, Faculty and Staff, Natalia E. Tikhonova s(profile page). (2020). Retrieved from <https://www.hse.ru/en/org/persons/65567>

son was born, and her husband was the only one who supported the family, working and studying at the same time. The second time was in 1992 when the salaries of the employees of budgetary institutions fell dramatically. The situation that this family has been through is not unique. Interestingly, it touches the other side of the problem. I interviewed Mrs. Tikhonova, and she said:

'In 1992, we lived on RUB90 [per month], i.e., three people lived together. Not once, neither the first, nor the second, nor the third time, did I apply for any social assistance and did not think of us [the family] as 'poor.' I considered those life circumstances as temporary difficulties and solved all those problems myself. It took time: once it was one and a half years; another time it was two years. In the 90s, it took us three years. Twice this happened due to family problems. And once, the reason was the macro factor. We left this 'dump of a place,' and I know many people who went through the same [thing].'

(Author's interviews, Moscow, 2017)

This example is an important one in the context of this study. On the one hand, it demonstrates a positive outcome – a possibility of the increasing personal level of income despite the temporary drop. More important, it was possible without the participation of the government institution as a social aid. On the other hand, responsibility for one's life difficulties also appears here. The family took the whole responsibility for their own lives and their standard of living. For example, psychological studies on people's habits

demonstrate how much the rich and the poor's habits differ. According to Tikhonova (2003) and Glazychev (2008), the way of thinking and behavioural patterns between people of different classes and social groups are also different. People who go through a transfer (from group to group), as my expert observed, consciously choose between being or not being dependent on government social assistance. Such groups tend to cultivate the idea of dependency on the government. They are more likely to have the attitude that the state owes them something. It means that these people believe that external forces (government, economics) influence their lives more than internal forces (their responsibility). Like China, like Russia, growing on the edge of communism, some people treat this dependency as a widespread belief and take it for granted. It means that the 'external forces' play the leading role in their life chances. Moreover, the essence of this assistance 'from outside,' which is taken for granted, does not only lie in the state/government responsibility but also expands to other institutions. They expect help from friends, relatives, or charitable institutions. It is not easy to get social assistance in Russia however, the 'help' does exist.

In Russia, there is a concept that prevails in people's minds that help is a positive and necessary thing if a person or family is undergoing some temporary difficulties. This concept also exists in the 'consciousness' of the government. However, this is about temporary help. In contrast, the constant help causes disapproval, estrangement, and unwillingness to help, i.e. it is also stigmatised. It is observed in the social policies (for example, the unemployment benefit is relatively small and limited to four months). Furthermore, it is observed in the families: relatives are ready to help but stop doing this if they do not see any improvement in the situation after they have provided help.

As mentioned earlier, the near poor people in Moscow, Russia, are those who are in difficult situations. For a growing household a new-born child adds expenses to a family as a new no-income member. Furthermore, more often, it also reduces the number of employees in the family in Russia. A mother is likely the one who looks after a child, while a father keeps pursuing a breadwinner role in the family. Statistics confirm that men still earn more in Russia than women. As a result, the family has one breadwinner in a vast number of household members, i.e., three in this example.

President's social initiatives (2019)

In late 2018 the Russian President introduced a new benefit for the birth of a first child. This benefit includes a monthly subsidy for a child until the child reaches 1.5 years old. The policy commenced in 2019. When I talked with the interviewees, we also discussed this initiative with some of them. Each of the interview experts gave their opinions too.

The experts agreed with the assistance policy for this category of families. Even more, they all singled out this group as the one with the highest priority among those who need support. Staying on maternity leave for up to three years is quite natural for mothers in Russia. However, this significantly reduces the family's income regardless of the benefits. Total

amount of the benefit depends on whether the mother worked or not.²³ In this case, the policy can correct the family's situation, making the family adaptation period smoother.

'Putin's [the president of Russia] initiative in helping young families is very significant for this category... The second most important category is pensioners. Many of them are on the verge (on the threshold) of poverty. This is despite the fact that their incomes are above the poverty line.'

(Author's interviews, Moscow, 2019)

Pensioners' incomes are higher than the subsistence level across Russia. However, if I compare the pensioners with young families, it is going to be more complicated because some of them live in the same households, or pensioners live with their grandchildren. For example, when an elderly couple raises their grandchildren, they are forced to support themselves and their dependent children. Unfortunately, in some situations, grandchildren continue to live with their grandparents even into adulthood while their alimentation remains on the shoulders of the elderly. Although this situation is more about internal factors and families' attitudes toward their members, the experts claimed:

The expert from HSE1: The cost of living for pensioners, of course, is underestimated.

²³ From January 2019, young mothers are able to receive 26 thousand roubles per month until the child reaches the age of 1.5 years old. The maximum allowance will be received by women whose total income for 2018 is 815 thousand roubles, and for 2017 - 755 thousand roubles.

(Author's interviews, Moscow, 2017)

Inconsistency of a functioning healthcare system

The calculation of the cost of living in Russia is designed in a way that expenditures on healthcare and medicine are not considered. Since the days of the USSR, Russia has maintained the possibility for its citizens to benefit from free healthcare and free education. However, in reality, this is not entirely true. Most clinics are rapidly becoming obsolete, especially technically. Hospitals continuously do not have enough funds to be able to purchase the necessary drugs. In this regard, it happens that the patient does not pay to visit a doctor. However, he has to pay for the medications/medical tests/drugs and other treatments independently. Often people used to have tests in private clinics, then bring the test results to doctors in public clinics. Simultaneously, the services and examinations are free in public services but not for all of the treatments. It all depends on how equipped the clinic is and the exact treatment the patient needs. Similar changes occur in the educational environment. In the field of education, the number of fee-free (budget) places is reducing. The number of paid commercial programs at universities and institutes is increasing.

Paid healthcare occupies an increasingly extensive place in the Russian medical environment. Free healthcare remains. However, the quality is deteriorating; the range of doctors is decreasing. Finding a nurse immediately is often difficult for people if they suddenly require one for an elderly relative.

The interviewees stated that the older the person, the less the doctors want to pay attention to them, due to work overload. For example, if a person is over 80 years old, he may be denied surgery for several reasons. Sometimes, there are cases of an ambulance's refusal to come home to the patient or refusal to hospitalise the patient or deliver him to the hospital (for example, when an older person suddenly breaks a leg). This dramatically shows the inconsistency of a functioning healthcare system.

'When unpredictable circumstances happen, such as a sudden loss of good health of an elderly family member (for example, leg muscle failure) in an unhealthy family, the situation becomes critical. The absence or lack of medical care imposes the need for constant supervision for this person, and, therefore, the reduction of working hours in order to look after a sick person.'

(Author's interviews, Moscow, 2017)

If I consider groups of people by category, as sociologists do, then it is possible to derive several measures for each of them. What measures can support each of them to one degree or another? For example, age should not be a reason for the rejection of surgery for old age retirees if there is at least a chance to improve their well-being. Furthermore, the expenses for medical services are not included in the cost of living. As a result, this is one of the biggest problems for the elderly. The pension is not high enough to support a person with a chance to use paid medical care if they need it. A change in the healthcare system could improve the situation of pensioners.



While the at-risk-of-falling-into-poverty group in Moscow is diverse, the backbone of this group is primarily families with a small child, especially when they have more than one. The possible help is evident for this group because young children are often ill and need one of their parents' supervision. Most of the time, they are their mothers due to breastfeeding and the necessary foundations of everyday Russian society. Moreover, a young mother is not the most efficient employee for an employer. The employer understands this; therefore, the chances of hiring a woman with a small child are low, too, due to the expected frequent absences of mothers. The second category is pensioners. As described above, this is the group that, on the one hand, receives assistance because of their retirement, but, on the other hand, this group is neglected. Pensioners in Russia need medical assistance most of all. However, they are least likely to receive it in full.

The third category of people at risk of poverty is able-bodied but unemployed. These are primarily people living in rural areas rather than Moscow. The group is not considered in this thesis since my interviewees were residents of Moscow. I did not meet any examples of this category among the interviewees and their inner circles.

Rural workers are among the most vulnerable categories of people in the country currently at risk. Young people graduating from rural schools are less and less keen to look for a job according to the degree or specialty they choose. It happens due to unsatisfactory working conditions and low career expectations or low salaries. At least one in ten agricultural households has an adult, able-bodied, unemployed family member. This fact immediately



imposes a high dependency burden on the household because wages in rural areas on average in Russia are lower than in urban areas.

4.2 Stories from the Near Poor

In this part of the section, I talk about the cases of near poor to give an extensive understanding of narratives and the stories behind the near poor population in Moscow. They are based on 22 interviews with near poor Moscow citizens. Their brief profiles are described in the *Table 4.2.* below. The interviews were analysed thoroughly, and here I have disclosed the most indicative situations that help shed light on the near poor in Moscow. There were people of different ages in the category of respondents, starting from 18 years old to 67 years old.

Table 4.2.1. Profiles of the Near Poor Respondents in Moscow

<i>Int. no.</i>	<i>Place of Birth</i>	<i>Gender</i>	<i>Age</i>	<i>Household size (number of persons)</i>	<i>Occupation</i>
1	Moscow	F	29	2	Graphics editor
2	Moscow	M	29	2	Academia
3	Moscow region	M	43	2	Sociologist
4	Other region	M	46	2	Analyst
5	Moscow	F	20	2	Student
6	Other region	F	38	5	Soil analyst
7	Other region	M	54	2	Academia
8	Moscow	F	29	2	Business
9	Moscow	F	30	3	Engineer

10	Other region	F	25	2	Sociologist
11	Other region	M	30	2	Journalist
12	Moscow	F	24	2	Sociologist
13	Moscow	M	30	2	Academia
14	Moscow	M	38	3	Hydrologist
15	Moscow	F	30	3	Financier
16	Other region	F	24	3	Student
17	Other region	F	58	3	House wife
18	Moscow	F	23	4	Marketer
19	Moscow	F	18	2	Student
20	Other region	F	30	2	Psychologist
21	Moscow	F	21	2	Student
22	Moscow region	F	21	4	Student

Source: Compiled by the author

Respondent #2 joined the labour market when he was 22 years old and has been in the market for seven years. He is working in academia, and the job at the university and institutes are not usually well paid even in the big cities like Moscow. He supports himself and one elderly parent. He carefully plans his budget every month. The biggest part of his income goes on food, groceries, and communal services at their own house (electricity, gas, and other units), while food expenses prevail among all others. I found out that the younger generations tend to develop the habit of accumulating savings while still not determining the purpose of it and how to do it more efficiently. For instance, this respondent does not have any purpose and tends to follow the cultural model to ‘*postpone for a rainy day.*’ In the end, his household would only be able to survive for one month on their savings.

However, I observed the tendency to share responsibility for their own wealth between the person and the government: working in the public sector (budget institution) is very unprofitable. But the hope that the government will raise the salaries of the public sector is very low. The respondent highlighted that Moscow's most severe problems are street people, those outside of the labour market, and people who suffer physical or emotional assault. Another appealing point mentioned by the respondent is that people have become more aware of the need to help the poor. This further exacerbates the poor and poverty problem in general. In particular, people are ashamed to ask for help because of the problem's negative colour. The respondent mentioned that people working in the public sector of the economy are unable to significantly improve their income due to low salaries. Thus, such workers fall into the risk group on an equal basis with single parents, the elderly, children, and people with severe diseases or disabilities.

Respondent #6, in her late 40s, has also come from the academic field. While she is not a native Muscovite, but she had settled in Moscow 24 years earlier, the same number of years that she has been in the labour market. There are five people in her household; only two people hold a job. Her household situation is complicated because of her disease, her father's death, and the general economic situation in the country. She tries to build up savings when possible, as the health problems require unpredictable spending from time to time. Most of the family budget is spent on food, clothing, the children's education and housing, and public utilities, where spending on food prevails. The respondent said that a variety of social institutions is important in Russia. They aim to protect society's interests, such as law protection, free healthcare, free and quality education, and promotion of extra-

curricular activities for the children. In addition, according to the respondent, the role of religious institutions has a significant influence on people's mentality. The influence of religious education leaves its mark. The hardships teach people to be more patient and resilient. I found that the near poor group tends to have less faith in fighting for their rights and justice and just accept their situation. The equation of hard work and affluence is deeply rooted in the minds of many citizens. As a result, people tend to blame themselves for their failures but not the government in the first place. Unfortunately, this equation applies more to the poor, with rare exceptions, rather than to the more prosperous groups.

'...the Institute of the Family in itself is valued in Russia as a necessary and important link in society. Our motto: 'Mom, dad and I, together we are a happy family!' Now people live very hard and poorly. Therefore, they cannot afford their desired number of children. The overwhelming majority of Russians have a sharply negative attitude towards homophobic pathologies [LGBT communities] too...'

(Author's interviews, Moscow, 2018)

Despite the household's insufficient income, the respondent mentioned several benefits she can get regularly and which support her living. For instance, the free education she was able to get during her school (the USSR time – *author's note*) and university (the Russian Federation time – *author's note*) gave her a profession. She could get scholarships during her studies and extra benefits until 23 years old after the loss of her father. She is working,

and while the salary is low, she receives a monthly allowance due to the disease that causes her a certain level of disability. She also pointed out that:

‘The organisation of social support for the city of Moscow is very developed... Family is a strength for me. Without my husband's participation, and the care and support of my mother, it would be very difficult for me to live. My husband paid for my expensive surgery with a long-term loan. Thanks to the law on protecting the rights of disabled workers, I can safely work in my organisation without fear of dismissal. Due to my disability, my children are fed free of charge in school and kindergarten. The youngest son attends kindergarten for free.’

(Author's interviews, Moscow, 2018)

The rule of law and certain protection of supplies do not go to waste. However, there is still a question: does it aim to help people to survive or teach them how to get wealthier? The interview's final points showed that while food is one of the highest expenditures for this household, they notice the rise of the prices of the products while the salary level barely keeps up with the annual inflation. The amount of benefits and pensions remains low, and the state does not make significant changes there.

Respondent #14 is another respondent of the 40-year-old group with a higher degree and has been in the market for the last 17 years. He is working on environmental watershed

sustainability and has a family of three, including him. He tends to plan the family budget, especially for housing and food. However, these two take up most of his household income.

‘Housing and communal services occupy the bulk of the cost per month in our family.’

(Author’s interviews, Moscow, 2018)

He does not have a habit of building up savings and spends all his income within a month, making it impossible for the household to survive if he loses his job. One dependent child in the family requires payments for extra activities for cultural, physical, and educational development. He does not see himself as poor. However, the obstacles are clear, and the respondent links them with personal reasons (like his profession is not in demand and remuneration is low; he rejects taking other jobs because of his age and because he is attracted to his current job). The person has not applied for or used any of the benefits, except the child allowance. However, he does not find that it meets the needs of his family. In the end, he has little hope for government support in a challenging situation if it comes. However, his family would most likely seek help from relatives first rather than get involved in in-depth communications with bureaucratic organisations. The respondent sees himself and all government employees as a part of the most vulnerable needy group. Employees who are paid from the government budget include teachers, medical staff, police, and many others, including students.

Respondent #17 was 58 at the time of the interview in the winter of 2018 (Moscow). She received higher technical education and worked as a process technologist in her 20s-30s. Her total number of years in the labour market was 12 before she gave birth to her first child. Due to the disability of her first child and later the birth of the second one, she did not come back to the job market in full. At 55, she became a pensioner and received a pension earlier than most people because of the disability of her son. However, she claimed that the amount of pension money is small and so she had to do part-time work to support herself while her husband cannot help much, because of having to pay off his loans and trying to get a job. The income per capita in this household was not easy to calculate because being a family of four, the wife and the husband have been living separately for a certain number of years, occasionally helping each other with groceries, housing expenses, and taking care of their dependent ones. All family members are registered in her apartment. As a result, the housing expenses are higher than if only she and her son were registered there. The son also qualifies for benefits, although both of their benefits are relatively low and just meet the poverty baseline. She did not spend enough years in the job market to be able to receive a higher pension and her monthly expenses are too high. She stated housing services and utilities as her highest area of expenditure. At the same time, I want to emphasise that this family lives in their flat and does not rent it. The rest of the money is distributed between food and other things.

The respondent demonstrates the willingness to build up savings because there are times when they need to spend a relatively large amount of money in one go. Most often, it is

related to health issues such as visits to a dentist. She found people of pre-retirement age and pensionable age to be the most vulnerable in the city:

‘Young people are more mobile ...’

(Author’s interviews, Moscow, 2018)

Another interesting point is that there is a tendency for parents in Russian culture to be wholly independent from their kids during their whole life. Parents in Russia do not seek help from their children but rather tend to help and support their kids whenever possible till they are older. This can also explain her answers, where she tends to speak for herself as an independent member of the family. She was also familiar with situations when her relatives or friends have retired just a few months or a year before their retirement age. This is because the commercial sector and companies doing business in Moscow do not want to support the burden of people in their late 50s.

In terms of policy assistance, the views of the respondent were divided. She believes that it is the person's responsibility to be wealthy and to be able to earn despite the circumstances. Moscow city, in general, is full of job opportunities compared to other cities in Russia. However, the job market has shifted to the provision of services. This causes difficulties for people whose profession is outdated, or who have not been retrained.

According to the interviewee, she is aware of the social institutions that provide counselling services for citizens upon their appointment and spend time with people of retirement age

like her. She was able to receive services from them too. Despite the poverty in Russia, she noted that she feels sorry for people like kindergarten staff (nannies, cooks, educators) and primary school teachers and tutors who have been in the job market for over 30-40 years and are not able to receive the full pension due to their low salaries.

The monthly compensation payment is set up to the city's social standard – RUB19,500 per month. The payment can only be established for pensioners who have been registered in Moscow at their residence for at least ten years. However, in 2019, unemployed citizens retiring on a social old-age pension received RUB5,283.84. The size of the social old-age pension is indexed annually in April. If comparing a Moscow pension benefit with a pension benefit in the Moscow region, the city's benefit is almost double, which is fair in light of housing expenses and other monthly services which are much higher in Moscow compared to the regions. Thus, the respondent suggests that if pensioners do not have any external income or sources, it is tough to survive, even if they are not considered the poor.

'... I do not understand why when they [the government/politicians] consider the consumer basket, including food and other services, they do not include housing and communal services because they take the lion's share of the pension from pensioners.'

'I received a housing subsidy when my income was below the subsistence level.'

'Every year, the list of requirements for receiving subsidies is tightened. I could have received a subsidy to pay for housing and communal services. However, I was refused it the last time I visited them. I believe that it was unlawful... In any case, I find any assistance provided to pensioners in Moscow useful. However, local authorities hide their privileges from citizens or do not report them. There is poor awareness of the population regarding benefits and subsidies. Pension and settlement centres, as well as television, should be announced openly, for example, hanging tariffs and more.'

(Author's interviews, Moscow, 2018)

Respondent #20 is a young single mother, 30 years old on the date of the interview. I especially value her participation in my study because she was the only single parent among young adults with whom I was able to conduct an interview and access the policy work from many angles through her story. At the time of the interview, she worked in the social department as a psychologist with disabled children. She has a young daughter, and beforehand she was on maternity leave. However, she has never married and the father of her daughter lives in a neighbouring country and does not support them much.

With the limited amount of income that she is able to make from her job, she plans her budget carefully. She tries to save a part of her income, tentatively 10 percent (changing from month to month), for some unexpected expenses (healthcare, furniture, extra-curriculum activities for the child). Running costs related to the child are her priority, and

she tries to cover all her daughter's possible needs, including private medical assistance. The rest of the income is distributed between food and other things (housing, clothes). In answer to the question on financial literacy among her inner circle she responded as follows:

'We don't have financial literacy. And this is not only in the capital but also in other parts of Russia. People don't know how to calculate and plan a budget. Children sit on their parents' shoulders and do not know life until quite late.'

(Author's interviews, Moscow, 2019)

While she builds up savings each month, she cannot keep money in the long run and usually uses her savings for purposes like minimum renovation in the house or some supplies for her daughter. Her biggest advantage is that her parents live nearby and can provide her with some support, including emotional and psychological support, although generally she feels much on her own.

She has gone through times when she felt unprotected because of a lack of funds. It happened when she was pregnant and was rejected when she asked to stay with her partner aiming to receive better healthcare in Moscow during her prenatal period and have her parents around. After giving birth, she was able to claim, as a single mother, monthly social benefits. However, nothing went as easy as could be assumed.

‘(In order) to get a benefit, you have to go through the ‘seven circles of hell.’

Thus, this privilege for many people is just a double-edged sword. It does not make the system work well but certainly reduces the number of people who want to consider or apply for help. It comes to the point that people who do not have hands need to confirm from year to year that they are disabled.’

(Author’s interviews, Moscow, 2019)

As the respondent was working in a social department, she observed many people’s struggles with the bureaucratic apparatus of the Russian social assistance system and social work. However, any changes in traditional systems in Russia are still difficult. Thus, the task of simplifying the procedure for providing any assistance to those in need remains at a low level to provide people with sufficient support to ease their (temporary) difficulties.

Based on this respondent's experience, the most vulnerable people in Moscow from her point of view are young families. Little experience in the labour market, even with an adequate level of education, often becomes a factor of vulnerability among young families. Having a child in such a family only complicates and makes the household's financial situation more difficult. Moreover, child benefits in Russia remain low.

Focus Group

A focus group is a research technique that assembles a small group of individuals to respond to questions in a controlled environment. In Moscow, I had a chance to lead one

focus group with retired citizens who fit into the category of near poor. The goal of this focus group was to evaluate the social policy measures in Moscow from their perspective and identify their major needs, and their current status. There were seven participants, Muscovites with an age range 57-65, two male and five female. I was a principal moderator and I had one co-moderator within the group. Firstly, the problem was addressed in a group with all the participants present. Secondly, I briefly described a set of predefined open-ended questions and then followed the structure of the questions list. More ad-hoc questions were asked during the focus group, depending on participant answers.

Based on the focus group and its subsequent analysis, the following observations are presented in the *Tables 4.2.2. and 4.2.3.* below:

Table 4.2.2. The main risks of being among the near poor for people of pre-retirement and retirement age in Moscow

<i>List of risks</i>	<i>Clarification</i>
<i>Small amounts of social benefits/payments</i>	<p>It talks about unemployment benefits or dismissal. In particular, often the benefits are small and the costs (physical and material) do not justify themselves. People, despite the fact that they are aware of the payments, deliberately do not go to receive them.</p> <p>‘My pension is so small, so I put efforts to stay in job market as long as I can.’</p>

	<p>‘If my pension were at least 80 thousand roubles, this would be enough for me (the pension is 14-18 thousand roubles, - the author's note). For this amount, it would be possible to rest and buy something and eat decently, and most importantly, not to feel defective. For example, if my refrigerator breaks down, I could afford to buy a new one instead of taking out a loan.’</p>
<p><i>Difficulty in obtaining social assistance</i></p>	<p>It talks about the complexity of the filing procedure - usually bureaucracies require a number of documents to be submitted, the collection of which requires visiting several official organisations/companies.</p> <p>‘In order to receive unemployment benefits, I had to visit the labour exchange twice a month and obtain referrals to different organisations for interviews. At the same time, the vacancies that I am offered do not correspond to my work experience, and the salary was greatly diminished.’</p> <p>‘In order to receive unemployment benefits, you must provide a waiver from several companies where the labour exchange offers you to get a job. Or, in the end, agree to the proposed work. But as far as I know from my circle of acquaintances, no one has yet successfully settled into a job through the labour exchange.’</p>

	<p>‘The cost of traveling around the city (a monthly ticket, - the author's note) is usually as much as the subsidy offered by the exchange. So it doesn't really help much.’</p>
<i>Age</i>	<p>Pre-retirement age: most often, categories of people of pre-retirement age are offered jobs that either do not correspond to their skills/profession of the person, or with an official salary at the amount of the living wage only. This is often work in state budgetary institutions. Salaries in state institutions in Russia are considered the lowest.</p> <p>People of pre-retirement age cannot officially be fired by age, however, the risks of dismissal by age are high. Companies find a number of other reasons to fire pre-retirement/retirement age employees.</p> <p>People nearing retirement age are more likely to be laid off when they work in organisations.</p> <p>Workers of young age and without experience are ready to take the position of an employee of pre-retirement age for a lower salary.</p> <p>Life expectancy: in Moscow in particular and in Russia in general, the life expectancy is low, especially among men.</p>
<i>The average standard of living is relatively low</i>	<p>When retiring, most residents of the city should take care of how to provide for themselves.</p>

<i>Psychological factors (such as feeling of worthlessness, self-uselessness)</i>	Life motivation and resilience play an important role for pre-retired and retired near poor. The fact that the health of people drops faster also add to this point.
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Source: Compiled by the author

Table 4.2.3. Available social benefits and social assistance for people of pre-retirement and retirement age in Moscow

<i>Available social benefits</i>	<i>Clarification</i>
<i>Tuition deductions (for children who take up full-time education)</i>	<p>A working parent may receive a payment (a partial refund) for their child's education in a higher education institution if he is studying full-time.</p> <p>To receive monetary compensation, the working parent must provide a certificate of income. The payment is limited (the maximum amount of payment at the time of the focus group was approximately 16 thousand roubles).</p> <p>However, the application process is not easy. In addition, the lower the applicant's salary, the lower his tax deduction payment will be (despite the amounts spent on tuition fees)²⁴.</p>

²⁴ According to article 219 of the Tax Code of the Russian Federation, a person can count on a tax deduction and return up to 13% of the money spent on his (his child's) education. The amount of the tax deduction is calculated for the calendar year and depends on the following circumstances: a person can return an amount not exceeding 13% of his official salary for the year.

	Going to a bureaucratic organisation is usually not limited to a one-time visit and is described as a ‘headache’ and not worth it.
<i>Tax deductions for treatment and purchase of medicines deduction</i>	The tax deduction has its limits and is also available only to officially employed citizens. It can be requested for expenses for one’s own treatment, treatment of husband/wife, parents (close relatives) and for expenses for the treatment of children (under 18 years old).
<i>Travel vouchers/ sanatorium vouchers</i>	Many people are not aware of such social benefit for Muscovites, however, those who knew know it from each other by word of mouth. The free tours and excursions do not make difference in income status of the near poor, though act as a pleasant bonus for the recipients.
<i>Moscow longevity program</i>	This program is supervised by the social protection authority in Moscow. The program is aimed at increasing the activity of Moscow pensioners and providing leisure activities for them. The scope of activities includes dancing, learning languages, drawing, training on simulators and visiting leisure centres. Applications need to be filed electronically and many older people have insufficient skills in using computers and the Internet.

Source: Compiled by the author

Criticism of the labour exchange

Finding a job that pays a living Moscow's standard salary through the labour exchange is almost impossible. This significantly complicates the situation of people of pre-retirement age who are left without work. It's hard for them to get a job. Knowing that risk well, people who reached pension age try to keep working while they can. Having a pension and a salary as a common monthly income helps such households not fall into poverty.

The most vulnerable groups of the population are:

Young people, especially fresh graduates who are just entering the labour market and it is difficult for them to get a job due to the lack of work experience. Young specialists encounter a number of barriers to employment, including their inflated compensation expectations, insufficient professional preparation, and general labour resistance (Bobkov et al., 2016). Additionally, youth are more affected by the unemployment issue than other age groups; this social exclusion of youth is a pressing concern for every society (Orehovskaya, 2015). Young people's unemployment causes poverty to spread, which develops into a persistent problem. The lack of job placement for graduates of certain professions (for example, technical ones) adds to this point.

Support measures that could improve the status of the near poor

- compensation for utility bills, as this takes a large percentage of the income of the near poor.

To sum up, increasing the level of income for the study group remains paramount and critical. Most of their expenses are for food and housing, and the remainder for medicines and healthcare. The measures taken, such as the indexation of pensions, do not bring significant changes in households. At the time of the study, social policy continues to not be a top priority of the state's public policy.

Summary. To sum up the above stories, Moscow is the city that people from the regions move to in search of better social assistance. This is especially true for families with disabled children. Such parents move to an expensive city and take on any job, most often low-paid positions, but all this is done for the sake of children and a better life for them and in order that they can receive better medical care than what is available in their home region.

By delving deeper into children's dependence on their parents, it is possible to identify several reasons for this effect. First, Russia is closer to Asian countries with regard to family values and family structure than European countries. While in European countries, children are forced to leave the family early to become independent, there is a cult of constant care and support for each other in Russia and Asia. The second factor is that there is no single Russian family during the Second World War that did not lose at least one family member and as a result, the generation born in the post-war period in Russia was surrounded by heightened care and attention.



Moreover, there is a tendency to reduce the birth rate at present, and it has not spared Russia either. Families in Russia, especially in large cities, tend to give birth to one, sometimes two children, and rarely more, in order to be able to feed them and provide everything they need. At the same time, having a large number of children is expensive. Here is what Zhuravleva and Gavrilova (2017) write about this: *'...the values of family in society have changed, in our country, there is a transition to European values, where work and career are important for a woman, which leads to the postponement of the birth of children to a later age and a reduction in the number of children in a family. Cohabitation and children born out of wedlock are becoming more common. Demographic factors have a fundamental and stable influence on fertility.'*

The total number of interviews with representatives of the near poor in Moscow was 22. The above-observed stories represent the general picture and diversity of the group and highlight their major daily struggles.

4.3 Social Mobility and Migration's Impacts on Near Poverty in Moscow

Russia has been a multinational country. The collapse of the USSR in 1991 stimulated inward and outward migration in the new-born Russian Federation. In this section, I explain the country's migration process and how it has historically influenced and affected cities in Russia.

Social mobility is a sociological concept. One leading indicator of social mobility is a sharp change in social roles and status, which is associated with income inequality and an

economic elite's presence. When I looked at the recent studies on social mobility in big cities worldwide and Russia and China, Russian social mobility has its specifics. First of all, the leading indicators of social mobility in Russia are geographical mobility indicators (as pointed out in the section above). Nowadays, geographical mobility is represented by migration processes. The flow of migrants in Moscow city remained high in the past decades. They are mostly people from other regions including people from neighbouring countries, which are former republics of the USSR. While internal migrants can rely on some social welfare upon legal registration in the city, the situations with external migrants are not as clear and often there is no support available.

At the end of the 20th century, there was a significant and constant increase in the scale of migration in the country, the involvement of almost all countries of the world in the world migration cycle, and the globalisation of international migration. At the beginning of 1996, there were more than 125 million migrants in the world who, in essence, formed a kind of '*nation of migrants*.' According to the classification of the UN ('United Nations'), the experts identified five categories of migrants:

- foreigners admitted to the country of entry for education and training;
- migrants entering for work;
- migrants entering through family reunification, creating new families;
- migrants entering for permanent settlement;
- foreigners admitted to the country of entry for humanitarian reasons (refugees, asylum seekers, etc.).

Russia's participation in the world's migration flow became widespread in the late 1980s and 1990s. Thus, short-term gross migration has increased almost threefold since 1988, while private migration (i.e. at the invitation of relatives, acquaintances, legal entities, etc.) has happened more than 15-fold. The collapse of the USSR had a primary influence on the change in Russian society's migration picture. The emergence of the so-called near abroad turned internal migration between the former Soviet republics into external migration. After the collapse of 1991, about 25 million Russians turned up outside the Russian Federation's borders and 17.4 percent of their total number within the former USSR. The bulk (almost 70 percent) was concentrated in Ukraine and Kazakhstan.

Under the USSR collapse, an interesting situation occurred when internal migration instantly turned into external migration. At the same time, Russia practically remains the only former Soviet republic that neither directly nor indirectly (through laws on citizenship, land, language, etc.) closed its borders to all former Soviet citizens wishing to enter it regardless nationality. The Soviet Union had a population of nearly 300 million people, comprising 130 ethnic groups, where every fifth of its citizens lived outside their national region.

About two million people emigrated from Russia after the October Revolution. An average of 3,000 people travelled abroad for permanent residence annually until the mid-1980s. However, there was a turning point in 1988. The emigration of Jews, Germans, and Greeks, as well as visiting, was practically allowed in the USSR. About 9,700 emigrants left the USSR in 1987, then over the next three years, their number increased by more than ten



times and reached its maximum value of 103.600 in 1990. Subsequently, the volume of emigration did not increase. A distinctive feature of Russia's migration exchange is its one-sidedness: more people leave than come. For example, in 1992, 34 times more people left for non-CIS countries for permanent residence than entered. However, the situation changed in 1993-1998, and more people came to Russia than left. Millions of Russian settlers poured into the country from the former Soviet republics.

The most important fact is that since 1992 the migration of the population from neighbouring countries has become one of Russia's main population growth components. In essence, it plays a vital role in smoothing out the demographic crisis caused by natural decline, which amounted to more than 4.1 million people over 1992-1997.²⁵ The emigration outflow to non-CIS countries reached over 600,000 people during the same years. Thus, the total decline in Russia's population, from 1992 to 1997, was about 4.2 million people. It was more than half compensated by net migration from neighbouring countries (approx. 3,310,000 people)²⁶.

The focus of the migration field has frequently distinguished capital cities. There are better living conditions, higher prosperity, and more opportunities to do business or find a job. In addition, migrants replenish the number of these cities, which would sharply decline without non-residents' influx. The newcomers give the big cities new workers and talents.

²⁵ Macrotrends. *Russia Immigration Statistics 1990-2022*. Retrieved from: <https://www.macrotrends.net/countries/RUS/russia/immigration-statistics>

²⁶ World Bank. *Net migration - Russian Federation*. Retrieved from: <https://data.worldbank.org/indicator/SM.POP.NETM?locations=RU>

Moreover, large cities attract talented businesspeople, leaders, politicians, artists, and scientists. This is because large cities are the leading research centres, and the country's intellectual potential is concentrated in them. People move to cities to find work, strive for better career chances, and enrich their second homeland's spiritual life. However, migration has serious drawbacks too. For instance, the masses of forced migrants, refugees, illegal foreigners, stateless persons, private business representatives, the shadow economy (including *informal employment* (Williams & Round, 2007), homeless people, and criminals accumulate in urban areas rather than in rural too. Many homeless children who have come to beg can be spotted in large cities in Russia, especially in Moscow, at train and subway stations. As a result, there can be a kind of pushing of residents of large cities to the periphery of public life.

4.4 Households in Near Poverty in Moscow

Near poverty in Russian reality has many aspects and may be overlooked from different sides. From one side, it is a social factor related to identity and social status. On the other side, the near poverty concept is linked with income that ranges across the regions, states, provinces, or republics within the country. As agreed in the thesis, I use the concept of near poverty concerning people's income.

Roles of family and government in life quality

As one of the social institutions, the family plays a key role in the financial self-sufficiency of households. My respondents from the near poor confirmed that family relationships matter and impact living standards. One of my interviewees described:

'If the relationship in your family is good, then the likelihood that your relatives will help you is much higher. But why does it matter? A willingness to provide any assistance to your relative depends on family relationships and household income. The lower the household income level, the more that poorer family relationships affect the likelihood of getting help. That is, if a person's living is on the verge of poverty, or he is at a high risk of falling into poverty, it is in his interests to have good, prosperous, and friendly family relations. In this case, others and relatives will be more willing to help this person.'

(Author's interviews, Moscow, 2019)

In other words, when the households' level is low, and it is complicated with bad relationships between the relatives, the chance of getting help falls dramatically. It turns out that if a person has a bad relationship in the family and his income is low, he has the highest risk of slipping into poverty. This respondent's comment describes the fact that Russian families are still family-oriented and feel responsible for each other. The family functions as a unit, not as individuals. The importance of the family institution prevails in Chinese society as well as in Russia.

Moreover, the family institution's role in human well-being is many times higher than the role of the government institutions. In general, the volume of transfers within the family is enormous. In different social strata, people help each other in different ways. Some

assistance can be provided in monetary form, by helping someone find a job, supplying products, helping to write a clear CV or baby-sitting a child. The possibilities of social networks are enormously diverse. Assistance through social networks is also deeper and broader than assistance provided by government institutions.

Approximately two-thirds of the Russian population are included in social networks as helpers and recipients of assistance (i.e., ‘givers’ and ‘takers’) at the same time. These are active participants in social networks, i.e., ‘within a family’ transfers. In contrast, only 18-20 percent of the population is wholly excluded from these forms of social network transfers in Russia. These are, for example, expats and visiting residents. As a significant financial and economic centre, Moscow tends to host a considerable percentage of visitors from other regions, migrants, etc. These people often do not have relatives in the capital, and they have no one to turn to for help if it is urgently needed. The social and economic future is more protected among citizens born and raised in Moscow and whose parents grew up in Moscow. The level of communication and social networks of such city residents is much higher. Thus, it acts as the key to stability in case of unforeseen financial difficulties. Financial and non-financial assistance is equally crucial for the near poor. As a result, mutual assistance networks' involvement is an essential factor in supporting a household in a big city.

The absence of hourly rate

If a person is engaged in jobs like cleaning, and receives a salary based on the amount of work he/she does (the broader the area of cleaning, the higher the payment), then by

reducing the area, the employer can reduce the salary of the employee too. However, employment will remain a full-time job. This means that some people are demotivated to work at all or keep work conditionally (i.e., keeping the salary low to be still eligible for the benefits). It is also linked with the problem of the absence of an hourly rate in Russia. Although many people keep being discouraged from working longer hours in Russia, it does not have a substantial effect. This is because most of the benefits are not tied with income instantly. Income is not a sufficient condition to receive allowances in Russia.

Rights to benefits

In Russia all rural residents with household plots and allotment gardens, regardless of income level, are deprived of benefits. There are still farms in some regions in Russia, which are highly supported by allotment gardens and where people grow their vegetables and fruits depending upon the climate. All the owners are automatically denied the right to benefits. Some people may not even use them. In the 21st century, such a restriction has long been outdated and a uniquely poor norm in a country that promotes a developed economy and positions itself as a social state. However, the government tends to include more criteria for receiving social support. The introduction of additional aid filters will do even more harm to at-risk groups of people. Figuratively, the approach to social assistance provision should become more and more targeted. As a result, it is simply impossible to calculate all the possible factors, risks, and situations that can deny or allow the receipt of a benefit. The analysis of each situation should be individual in the ideal case scenario. Thus, if it is implemented, the support resource can become more useful for the citizens.



Lack of financial literacy

The general income level of Russian citizens falls every year, especially if they do not take extra measures to support their households. From one side, the government demonstrates the increase in salaries and pensions, and benefits. However, upon closer examination, wages in relation to the USD fall, while the cost of living keeps rising. Consequently, the problem of the continually decreasing income is multifaceted. While some wages may stay the same, prices rise, and inflation occurs. The problem largely depends on the general economic and political situation in the country. Financial literacy is another successful strategy for Russia in maintaining a prudent personal bookkeeping level for their households. The high rise of loan debts among citizens should be avoided because it can cause the whole country deplorable consequences, including crises. Unfortunately, the loans and debts problem also appeared among the respondents within the near poor group. The debt burden of citizens has grown significantly over the past decade (2010-2020). In the meantime, incomes have grown less than expected due to crises in the financial sector, political world conflicts, etc. As a result, the understanding of better financial management and the importance of personal savings is crucial, however this is missing from many of those who make up the near poor segment in society.

Savings matter

Following the theory of life cycle, only those at the age of 30-35 years old and above are more likely to start to build savings. Awareness of the importance of savings comes late. Most often, young people start to think about their future when they have already had

children. Simultaneously, it is quite tricky for any family to generate any savings because of a shortage of funds.

'We have a crisis, then inflation, then the devaluation of the rouble [the currency of the Russian Federation]. Even with small savings, it's not a fact that you can save something. The last two crises and the devaluation of the 90s are obvious examples.'

(Author's interviews, Moscow, 2019)

People do not know enough about accumulating savings in Russia. In addition, they sincerely do not believe in the effectiveness of doing so. What Russian people see that their national currency is unstable and fluctuates, and the economy is unstable. In comparison, foreign currency savings are risky, too (the experience of the 1998 and 2008 crises). More and more citizens see real estate as the most effective tool for savings. However, the reality is not evident if looking at this tool from an economic point of view. In 1998, right after the financial crisis and currency devaluation, many people lost all their securities, tradable investments, and savings in banks. The leading cause was that most of the banks were forced to close. The crisis of 1998 demonstrated to Russian people the stability of the US dollar.

Along with the euro (EUR), the USD has become the most used currency in Russia. Russian people were afraid to keep their savings in Russian currency (RUB). Furthermore, foreign currency, such as the USD and the EUR, have more stable exchange rates. However,



since 2015 and until 2020 due to the friction with the United States, the risks of freezing Russians' foreign currency accounts become a real concern. This situation was accompanied by numerous bankruptcies of small banks in Russia, especially from 2016 to 2017. All of these combined crises and currency instabilities are in the memory of current generations in Russia.

Meanwhile, banks pay interest but not at a high enough rate to make people interested in considering it an attractive savings tool. The banks often offer an interest rate that only slightly covers the annual inflation or equals it. In this regard, people almost get the same result from their money when they decide to keep savings in a bank or at home. For most social strata in Russia, their savings cannot turn into capital or provide growth of their savings or assets. The ability to increase and maintain savings depends on the amount of money a person has. If the amount of funds is small, bank commissions will eat up the lion's share of the profits. Thus, investments are more useful if the size of household funds is relatively large. However, a high amount of savings is not typical for most of the Russian population, particularly groups that are at risk of falling into poverty, the near poor. Russian citizens have little interest in the financial instruments offered to them. Few people are educated about investment strategies and even budget planning. Moreover, it is not profitable to make savings in Russia if the deposit amount is small (up to approximately RUB1.5-2 million, i.e., USD22,500-30,000) due to inflation. Unfortunately, as I have mentioned, those in this study group cannot accumulate savings.



Consequently, people who have more money are generally more financially educated than those who have little money. Any monetary capital implies responsibility. As a result, people with enough money are more likely to learn about financial instruments. People who have money try to save it, at least, and increase it to a possible maximum.

Single-income families

Several of the respondents confirmed how dangerous it is to rely on one breadwinner in Moscow. A family can lose its income/living standards fast when there is only one earner. Most of the breadwinners were men. When something happened to them (for example, a car accident, and, as a result, temporary incapacity), the family would slide into poverty sharply. If the breadwinner has temporary difficulties and cannot receive a disability benefit due to an injury, the family falls into a complicated situation at once. A family needs to borrow money or live on savings, or urgently look for a part-time job for other unemployed non-disabled family members. One of the respondents unveiled:

'You need to have good health to [be able to] register a disability in the family!'

(Author's interviews, Moscow, 2018)

He emphasised that the process of obtaining disability allowances is time-consuming and energy-consuming. In addition, it often requires confirmation from the court. People who stepped down from the labour market, especially due to heart attacks, strokes, or spinal problems, are most often physically unable to undergo the entire procedure for obtaining a

disability allowance. At the same time, healthier people have higher chances of becoming benefit recipients.

Whom to rely on?

The respondents' experience shows that, first of all, in Russia, people used to turn to relatives if they were in a difficult situation. Is it possible to say that the help offered by the government is useless at all? It is not useless. Although a person needs to be prepared to deal with the government body and its lengthy bureaucratic procedures and be ready that the final decision/results may be negative. Finally, people turn to commercial and non-profit third-party organisations (third parties); however, the latter act more like a charity. However, charitable foundations have a two-fold reputation in the country, and trust or distrust is a separate topic to tell. As a result, on the one hand, simplification and automation of the process could increase government support availability. On the other hand, helping people on the verge of poverty requires an individual study of each situation.

Reinvent the wheel?

World practice demonstrates that there are enough ready-made instruments and tools to help people on the verge of poverty (economic growth and productive employment, good governance, microfinance, etc.). To invent something completely new in Russia is not necessary. Moreover, Moscow is a labour-deficient region. Everyone can find a job if they lower the expectations about individual specialisations. Thus, particularly for Moscow, these instruments are assistance measures for those who cannot work due to specific disability reasons.

'The overwhelming majority of people favour a model of social policy where the government creates conditions for a working population to earn their living as much as people want. If people want to work less and get less - this is their right. If people want to work more and get more, they should also have this opportunity. The government should provide fair living conditions for those who cannot work, and it must be ensured. Government has conditions and possibilities to fulfil these opportunities. Nevertheless, instead, we are trying to impose the idea of targeted social assistance, which involves [the instrument of] helping the poorest. Russians tend to advocate that help is needed not for the poorest, but for those who cannot earn [money] due to objective reasons.'

(Author's interviews, Moscow, 2017)

4.5 Concluding Remarks

In summary, the status of the near poor is kept far from the middle-class while being close to the risks and needs faced by the poor. The major concern for them is their income status which do not provide them a decent living but living with struggles. Giving them the status of the poor will not help to lift them up, although, it might help to make them visible.

The most significant causes of near poverty in Moscow, Russia, are poor health and the burden of dependent people who are unable to work (children, pensioners, disabled people). This burden in the form of additional household expenses on these people can bring a

family to the brink of poverty. It highly depends on the initial monetary capital of the household or resource provision. Poor health worsens with age and requires paid medicine. Paid medicine is not included in the cost of living, and, as a result, enters the consumer basket. The act of caring for a disabled person, especially a disabled child, is not considered a labour activity. A disabled person's benefits will not cover the income that a family could receive if a caregiver were to go to work. The occurrence of dependents (a disabled person in a family or a new-born child) is burdensome for a household. Overcoming poverty risks is easier when the income provision is distributed among the family members. This means that a household should have two breadwinners if they want to maintain a satisfactory living (to stay away from the poverty risks in Moscow) which are not always possible and have other costs.

As mentioned earlier, it is essential to consider that Moscow's near poor group is much diversified. The category of these people is sometimes identified situationally. As a result, no particular group is entirely at risk. Even among the disabled, some are wealthy enough and do not face hardships or difficulties. However, the most vulnerable are most often found in the groups mentioned above, such as young families with small children, pensioners, and those moved from other places of the country (thereby having no assets in Moscow). Health is a critical factor among the near poor too and, especially in Mainland China. Examples of poverty risks in Shanghai will be covered in the next chapter.



Chapter 5: Near Poverty in Shanghai

This chapter helps to disclose who are the near poor in Shanghai and what are the risks and needs of households in near poverty. I start it with a section on Chinese attitudes towards welfare, then bring more detailed stories on near poor people living in Shanghai. Since all the respondents among the near poor group in Shanghai are people who originally came from other provinces, I also talk about the economic importance of non-residents in Shanghai, who consist of about 40 percent of the whole shanghai' population. Lastly, I provide an observation on households in pear poverty in Shanghai. The final section is a concluding summary.

5.1 People's Attitude towards Wealth in Shanghai

The situation in the regions is worse in China compared to Russia because poverty in the regions in China is more prevalent than in Russia. However, the situation in the megacities in China is more favourable than in Russian megacities. The average income level of the cities' population is the same or higher. Furthermore, the problems of poverty and near poverty are not acute. Poverty in China is mainly concentrated in rural areas.

All big cities provide many more opportunities than small counties, although this also depends on luck, relations or talent, and personalities. Therefore, there are many districts (16) and sub-districts in the city, and some of them are immensely rich. For example, if there are near poor households in rich districts, there are higher chances of social provision due to a bigger budget. Near poor households may have children who want to go to high class universities, standard universities, or colleges, and the government adjusts its tuition

fee for them. Government may give to some excellent students in need up to CNY10,000 a year for their study to cover tuition, accommodation (if necessary), and daily expenses. As a result, it can help many people at some point, especially those in near poor families. It also really depends on the household situations and on what they want, how much they are up to fighting for a better situation, or whether they are satisfied enough with what they have, such as with all the living conditions and their lifestyle.

Talking about the most effective policies and about what to improve to raise the standards and to help one to survive, one expert stated –

‘We need to expand the dibao coverage. 1.5 percent of receivers is still a deficient number. It has pretty limited coverage, especially compared with some big worldwide cities like Paris or London. The total coverage could be 6-7 percent of the total population.’

(Author’s interviews, Shanghai, 2018)

Notably, the facts show that coverage is decreasing every year; the amount of people who receive help is decreasing, but the standard is increasing. Although help and assistance are more available and better, the number of receivers is less and less. Subsidies are increasing, going higher and higher. Moreover, in Shanghai, they are the highest in the country. Nevertheless, the number of recipients is decreasing.

Dibao recipients in Shanghai



An important part of China's social assistance policy is the MLSA (*dibao*). According to Gao et al. (2019), it is one of the biggest social aid programmes in the world. Although the *dibao* has had a minor influence on reducing poverty, its anti-poverty effectiveness can be increased by better targeting performance and more generous benefit distribution (Gao, 2019). Furthermore, six to eight years ago, the *dibao* population in Shanghai was 430,000 but nowadays, there are only 250,000 on average. This is a decrease of more than 40 percent. The government introduced a robust system. When a household wants to apply for *dibao* under low-income policies, it needs to sign a consent form that allows government officials to search for personal information through the income verification system. This system collects all the information: banks, insurance company, stock, bureau of pensions, public transportation, how much are the citizen's electricity fee every month, water supply fee, how many train tickets a person buys every year, what tickets and many more. Such information can be retrieved from this system after the implementation of the function of this system. It has changed everything, and that is why the number has reduced that much. Previously, many of the income verification processes could be affected a lot by the 'guanxi'²⁷ of frontline workers for the 'guanxi' relationships of these households. After some checking, they could include households in this *dibao* system, and nowadays, it is impossible. Everything is accessed from the datasets. If a person is in profit, then he is excluded. After the introduction of this system, the government saved a lot of money, about a 40 percent reduction.

²⁷ Guanxi (Chinese: 关系) refers to having personal trust and a strong relationship with someone, and can involve moral obligations and exchanging favours. It is a product of a Confucian culture that rules social behaviours between people.

‘Feed them for a lifetime’

The Shanghai government has implemented many policies and made reforms in the past decades. Some people from the studied group also qualify sometimes for financial subsidies and other forms of assistance. However, nowadays, the government wants to implement development-oriented assistance. The governments want not just to give money; it wants to empower people's capability to be independent. An old well-known Asian proverb says: *‘Give a man a fish, and you will feed him for a day. Teach a man to fish, and you have fed him for a lifetime.’* The governments are contracting out many services, empowering services to NGOs who have professional social workers to do this.

All in all, they are doing something but the effectiveness is not noticeable. It might be useful for some specific services but not for the 10,000 low-income or *dibao* people. Thus, it will be useful but only with a vast bureaucracy to serve this group of people. It will also cost a lot because it will simultaneously require hiring a group of professional frontline workers and public servants, who need to be provided with a regular income. All extra bureaucratic tools, similarly with Russia will complicate the whole process.

Social organisations and the near poor

My interviewee from one of Shanghai's social organisations shared his views and experience on how social work processes in the city and how people get it with a step-by-step introduction. Some of the information is included in this section and is compared to what has been found in Moscow. Mr. Wong studied social organisation and social

governments in urban China. He works in the Social Work department. In China, the poor people are related to the civic administration department, and there are no standards or policies regarding what kind of people are in near poverty. The interviewee (#7) confirmed that Shanghai social organisations give money to those people in near poverty. However, no clear definition of who is the near poor or who are those living in near poverty exists.

Furthermore, the power to assign subsidies and any help are in the hands of the people working in the social organisation and similar organisations' departments. Thus, sometimes, the assigned help can be biased, which is also confirmed by Chan and K. Ngok (2016). The Chinese government uses this kind of thing as a tool to control who can be sponsored and who cannot, and also to increase or decrease the amounts of spending. It means that the government can limit sponsorship if it wants. There is assistance, which works only through letters and visiting/petitions systems, where people can write letters and complain about the local government. The more they complain, the more the chance that they will get more benefits/subsidies. The local government uses this kind of sponsorship to appease these people. One of my interviewees (#1) has participated in a social work project to resolve a conflict between a retired soldier and an administration department. The retired soldiers were not satisfied with their pension, and they united together to complain to the local administration. The full group of soldiers was about 400 people altogether. After several years the civil administration department wanted to solve their problems. They had to check who of them were really in near poverty. For example, they had a family problem with just one breadwinner, or one of the family members had a serious illness or similar difficult circumstances. Then, the organisation could give them

CNY3,000 to 5,000 every month. However, if they did not go and complain, they may have received nothing in support.

There are several possibilities to get support. One of them is the grassroots organisation neighbourhood committee in China. Such committees have social officers who work there. The local government hires them. They know their communities well, and they know who is in the near poverty condition, therefore, they can provide some liquid money to support them. One of China's core problems is that the government does not stipulate a definite norm to tell people what their rights are. Like in Russia, many people simply do not know what help or assistance they can get or if there is anything available for them. Some wealthy regions, especially those in control and the government itself, do not want to see near poverty in China, which means it is left neglected.

Committee levels across Shanghai

Some benefits are easier to get through the city-level committees under certain circumstances. For example, if a house is set on fire, the household will get help instantly. Victims would need to rent someplace to live at first and keep going for one or two months to overcome the tragedy. On the other hand, it may not bring the household to the same level of living quickly. The main argument is that it is hard to receive any benefits if you are not evidently in need, like in the case of fire. There are no clear conditions for getting help for the poor and the near poor citizens.



Above the neighbourhood committee, there is a street-level administration committee. All people are entitled to go to street-level administration to complain about their problems. If they are not in poverty, they will be provided with help according to their condition, for instance, how many times they have already gone to the street level and whether they are stubborn to ask for money. Some people may go several times a week, and also some people can come several times when they think the provided help is not enough for their difficulty. Apart from the district-level offices, people can go to the Shanghai government administration or petitioner office, etc.; the petition system is critical in China in order to ask for something from the government.

Petition system

Although a petition system does exist in Shanghai, it is not common and transparent for citizens. Most people do not use this system (one of my interviewees studies this system and also reflected his views), because people need to go through many difficulties. If the frequency of a person's action is too weak, he will get nothing from it. A person who writes a petition needs to have strong evidence to force those responsible for any actions to provide some kind of help. Some people may even cry in front of the workers. Some go to Beijing's petition department to take advantage of trying it with other workers hoping that their complaints will be effective.

Channels to inform people

How do people learn that there is any help that can be provided to them? How do they get information in Shanghai? Most people know about the *dibao* line (almost equal to the



poverty line) and the support provided within the *dibao* program. Although people know about this scheme and the description of help provided to the poor or those living below the *dibao* line, not many people know about any other available help. People do not know if they are those in near poverty and can be supported with some assistance. The standard depends on the local government, and its flexibility as well as how much money does the local government have, how many needy people are there, and how many can they sponsor? Some districts have much more money than others in Shanghai, therefore, the situation is not typically equal even within one city. Thus, the standards can differ and can be higher or lower compared to each other. As the money is frequently limited, the amount of money distributed depends on how many needy people the district has.

Social assistance and migrants

In China, the name of the person, his date of birth, relatives, and marital status are all listed on a legal document called a *hukou*. The current migrants in Shanghai without local *hukou* have no right to get any benefits or subsidies, except in some extreme or extraordinary circumstances. For instance, if poor households need help to pay less for medical expenses. At the same time, some family members have severe diseases; the provision of help will depend on the conditions and the local budget. For example, at first, people will need to apply to the local committee. Secondly, they will apply to banks and then the neighbourhood committee, which will forward them to the street level administration, and then to the district-level committee. After that, the district-level administration will decide if the needy have the right to pay less. Finally, they will contact the hospital and the family to confirm that the family can pay less for their medical treatments. Although this process

already looks complicated, it is also not described clearly in the documents. Consequently getting help sometimes depends on luck, sometimes on the budget, and sometimes both.

In the meantime, Shanghai's poverty level is relatively low for such a big city with high living expenses. However, about 40 percent of non-local Shanghai residents are excluded from this assessment, as a result, the real poverty and near poverty rates are hidden and not reflected in government statistics. If a person is in poverty or living in poor conditions, there are several chances of him or her being sponsored. For instance, the kids of needy families can pay less in school, the needy can apply for a cheaper apartment (renting), and if the needy can work or hold a professional degree, he or she can be recommended for a job placement.

Charity organisations

In the past five to 10 years, many charity organisations were founded in the city of Shanghai and China in general. Shanghai has several charitable organisations with governmental backgrounds and grassroots organisations. Therefore, there are such international organisations like the Red Cross and foundation organisations for youth who cannot work, including disabled people. The local government has to raise donations once or twice a year. The street administration staff also work with different companies to raise donations and to donate. The money will be distributed to the poor and the youth or others in urgent conditions. Such organisations' main problem is that the money that charities possess and the usage of this money is not disclosed, which makes it a shady process. Therefore, it is not clear to the public and raises lots of questions.

The government uses charity organisations as a low-efficiency tool to assist those for whom these organisations were initially created. Furthermore, it is not even disclosed in the media. For example, the media do not publicise the stories of who was helped and how. Thus, this raises many questions, including among the public. Society builds its own opinion about these organisations while having no chance to know where the donated money has gone. As a result, it remains an inconvenient and difficult process to use this help. Although, controlling and distributing funds is convenient for the government. In the absence of an opposition party, it is hard to offer modernisation to implement the social assistance process.

5.2 Stories from the Near Poor

This section talks about some of the near poor respondents in Shanghai to provide an extensive understanding of the stories behind the near poor population in the city. The narratives are based on 22 interviews with near poor Shanghai citizens. The *Table 5.2* presents the profiles of the near poor interviewees. I present several randomly chosen profiles of the Shanghainese near poor and analyse them thoroughly. I tried to disclose the most indicative situations that help shed light on the urban near poor in the People's Republic of China. The interview respondents' category included people of different ages. The youngest respondent in Shanghai was 22, while the oldest was 73 years old.

Table 5.2. Profiles of the Near Poor Respondents in Shanghai

<i>Int. no.</i>	<i>Place of Birth</i>	<i>Gender</i>	<i>Age</i>	<i>Household size (number of persons)</i>	<i>Occupation</i>
1	Shandong province	F	26	3	Clerk
2	Anhui province	F	50	3	Office cleaner
3	Shandong province	F	48	4	Street cleaner
4	Jiangsu Province	F	47	4	Office cleaner
5	Yunnan province	F	22	3	Project manager
6	Zhejiang province	M	21	4	Administration
7	Shanxi Province	M	30	4	Salesman
8	Shanxi province	M	29	5	Security guard
9	Zhejiang province	F	51	5	Human resources
10	Henan province	F	36	5	Manager assistant
11	Shanxi province	M	25	4	Administration
12	Zhejiang province	F	58	3	Human resources
13	Hunan province	M	32	4	Business
14	Shanxi province	M	28	3	Factory worker
15	Shanxi province	M	27	3	Photographer
16	Hebei province	M	27	3	Manager
17	Hubei province	F	30	4	Receptionist/Restaurant
18	Jiangxi province	M	19	3	Chef/Restaurant
19	Jiangsu province	F	31	4	Bartender
20	Hebei province	M	19	4	Student
21	Henan province	F	26	3	Business
22	Jiangxi province	F	50	8	Street cleaner

Source: Compiled by the author

A few of my respondents were cleaning staff in one of the office buildings in the city and a couple of them were street cleaners at Fudan University.

Respondent #3 was a street cleaner at Fudan University in Shanghai. On the day of the interview, the lady was 48 years old, close to her pre-retirement age. While she did not attend higher education and only finished primary school, she was living quite well until she reached 37 years old when she first stepped into the job market. Before that, she was living in her hometown in Shandong province.

While her only experience in the labour market started in Shanghai and she did not hold any profession, her only choice was to look for a job that did not require any special experience or educational background. She said picking up a job as a cleaner in Shanghai was relatively easy for her and what is more, the salary was relatively high and even allowed her to accumulate some savings.

Noticing that her cleaner job was split into shifts, she only receives around CNY1,800 a month. Although it was relatively less than the minimum wage in Shanghai at that point in time, it convinced her that she had made the right choice as she still had family members to support her and the money looked sufficient to survive and also send some back home. She pointed out that she was able to save around CNY1,000 each month which she distributed between the support of her family members and her insurance plan, including an endowment (a life insurance contract) and healthcare for ageing. The rest of the income

went to cover living costs, food, and cell phone charges. She would not survive in the city without a job.

Despite some uncertainty over the future if she were to lose her job, she did not consider herself vulnerable or poor. She said that she would rely on her family and friends if she is in trouble. Regarding the question about the government support or any social assistance which could be provided by the district social organisations or charities, she pointed out that she does not really know and has not experienced it too.

'I think, they [the government/politicians] can help a bit. But majorly, we need to survive by ourselves. And yes, the non-profitmaking organisations are somewhat helpful too. But their primary focus is on extreme poverty. I would never be assisted by them if I had the need.'

(Author's interviews, Shanghai, 2018)

Based on her life experience and the need to move to a bigger city to help her family to stay afloat, she defined poverty risks for her inner circle as the education level, dense labour market, and the presence or absence of housing.

Respondent #15 – a young male adult, who moved to Shanghai seven years ago. He came from Shanxi, to get an associate degree in the city and decided to stay longer because of the better opportunities for his work as a digital creator and photographer. He had been in the job market for four years at the date of the interview.

Being unmarried with no children, he managed to live on his own and support his family members – his parents back home when he could. However, most of his salary went on the rent for his apartment. He acknowledged his basic spending a month and had a modest life. He wished he could invest more in his career, such as buying professional equipment and learn some new skills in photo shooting. He believed that it would improve his situation gradually, and that he would be able to afford more and think about getting together with his girlfriend to be able to raise a family.

He had encountered financial difficulties before and related them to his educational major and that he does not have people whom he can relate to in the city to help him out. He pointed out that it is much easier to survive when you have some connections in the industry where you are looking for jobs or have someone who can assist you in the job search or hire you because of the relationships.

‘Poor education background can lead you to a money deficit in Shanghai.

However, education level is not the major reason to encounter poverty risks.

The relationship [‘guanxi’] is the key.’

(Author’s interviews, Shanghai, 2018)

As a young man, he added that he did not know anything about the help from the social institutions, such as social protection organisations, etc. He thought that the main target for these benefits (and the main holders) are the retirees, and added:

'No, I think that it is impossible to overcome life's difficulties through assistance from the government or social welfare institutions.'

(Author's interviews, Shanghai, 2018)

To clarify his point of view, he added that no matter if you are a migrant or a local person in Shanghai, social relations and resources will play a critical role if you want to raise your welfare situation and upgrade the living conditions. In addition, the affordability of housing is another reason complicating the quality of life and impacting the near poor.

Respondent #16 was 27 years old on the date of his interview, a young male adult, and holder of a bachelor's degree. He is a migrant in Shanghai and originally came to the city from his hometown in Hebei province. He had been staying in Shanghai for eight years, where four years were dedicated to the study and the last four he was spending in the job market.

His story is a bit different from that of the other respondents, as he held a junior managerial position. However, the need to fully support his retired elderly parents did not make his position better off than the rest of the interviewed group. He mentioned that life taught him to build up savings. As a male and his parents' supporter, he wished to boost his career in the future as much as he can, and in the long run, he wanted to start saving up money to buy a house in his hometown to feel safer, settled, and more protected. Meanwhile, this respondent, one of many others among those interviewed in Shanghai, stressed the

importance for him of compiling savings. Among respondents in Moscow, this trend was not clearly visible, which may be one of the clear cultural differences.

The fact that he had encountered money problems before made him more aware of his livelihood and spending habits and increased his self-responsibility for his life and the life of his elderly parents. In the meantime, he only blamed himself for the difficulties he had been through and put effort into solving them on his own. He did not seek any help from the social organisation at that time but in general, he found them competent to help people to maintain a basic life and minimum living standards, while noticing that they were highly unlikely to be able to improve his life quality which is more one's personal responsibility rather than the government's.

Although he does not believe in the assistance of social institutions rather than friends or family, he positively reflected one of the charitable organisations:

'I know that Zhongchou ['an online crowdfunding platform'] does a lot. I think it would be my second choice [after seeking help from relatives] if I encounter troubles. I know that this charitable platform is designed for online fund collection and can be very helpful in the case of health issues.'

(Author's interviews, Shanghai, 2019)

The interviewee found elderly, retired with children, and manual workers the most vulnerable in the city. Those who have no property or savings or a stable pension that

allows them to earn a living in Shanghai, tend to stay in the near poor group or even fall into poverty. He acknowledged that commodity and housing prices in the city added to the burden. As a concluding remark, he added that the activities, such as free training for the unemployed, can improve the personal skills of people and can be helpful as the labour market is still tightly connected with education level and he observed that the majority of the elderly in Shanghai, especially those from other regions do not even have a full school education.

Respondent #17 is a restaurant worker who is a 30-year-old female and a junior middle school graduate. She had been living in Shanghai for two years on the day of the interview and moved to the city from her home in the rural area of Hubei province. She has four family members where two of them are dependents: a child and her handicapped mother.

Before giving birth to her child, her husband tried hard to support all of them: him, his wife, and the mother-in-law. However, the income became insufficient to cover all the family needs once their family expanded with a new-born baby. That was the time that she first encountered a real financial problem. They almost fell into poverty before she stepped into the job market three years ago in Hubei. Then a year after they moved to Shanghai to try to get a more stable and profitable job, hoping to improve their quality of life.

Residents with a rural *hukou* can enjoy the rural Social Insurance benefits, but they are unable to get anything in Shanghai. However, despite the absence of any social assistance

or benefits from the insurance, she still thinks that there are more opportunities here for them than back in their hometown.

'I and my husband do not find the social insurance very useful at the current stage of our lives. It may be useful after we get older, and medical insurance could be helpful too. But for now, as we do not need much of it, we have tried to take our chances for better jobs in Shanghai.'

(Author's interviews, Shanghai, 2019)

This respondent was a rare one among other interviewees who had hands-on experience with some social organisations. However, it was back in her hometown in Hubei.

'My mother, who is handicapped, received assistance from the social organisations, so we have had some experience with them. The social organisations really helped us to get through the difficulties. However, it was just at the basic level. But anyway, they are helpful.'

(Author's interviews, Shanghai, 2019)

As one of not many interviewees in Shanghai who had experienced some interaction with social departments, she showed hope for government assistance. However, she only experienced it through her mother back in her hometown province. She pointed out that the help should be provided in accordance with people's needs. According to Mok and A. M. Wu (2016), social mobility is impacted by the expansion of higher education in China;

however, different students encounter diverse experiences in upward social mobility. For instance, the cash handouts would work better for the elderly, while young fresh graduates could benefit more from job guidance and career development centres where they can upgrade their skills for different jobs. In addition, youngsters with low educational levels should be more socially protected from job loss when they first enter the job market (at least for the next couple of years) to gain experience, though it might be difficult to implement in practice.

Life in Shanghai is complicated by several factors, most notably the rental price (as indicated by many other respondents). This is a factor that influences social mobility in the city for such a group as the poor in the first place. At the same time, a low level of education creates risks of falling into poverty.

'Less education leads to less choice.'

(Author's interviews, Shanghai, 2019)

Therefore, she links poverty risks in Shanghai with the personal abilities of men and women. Manual workers tend to stay in the riskiest stratum of society as well as unprotected (without pension) aged people.

On the contrary, **Respondent #18**, a co-worker of *Respondent #17* and falling into near poverty as well, expressed other views on the social policy. His example is interesting because he was the youngest representative among the near poor that I have been able to

interview. He holds the position of a restaurant worker who was assisting in the kitchen and was 19 years old on the day of the interview.

He left his hometown in Jiangxi province when he was 15 years old. Right after he finished secondary technical school he joined the labour market. He had two elderly parents who left the job market and were able to receive a pension. He tried to support them by saving a third of his monthly income. The highest expense which took up the majority of his income is room rent. The rest goes on daily necessities.

Following the interviewees of this study who had not experienced any kind of social assistance or got in touch with social departments, he noted that family and friends are on the frontline whom he would seek help from if he or someone in his family were to encounter severe troubles. Meanwhile, it indicates that the level of trust and reliability of social organisations is still low and the social policy does not fully fulfil its function. He added that he does not trust the non-profit organisations and the charitable ones, calling them '*spurious*.' As for the migrants and other people living in Shanghai, he found education to be the primary cause of people falling into poverty while indicating personal abilities as a secondary one.

As a few more workers in a restaurant area wished to share their views, it was noted that the expectations from the government assistance were not that positive. The influence from the social institutions, as well as the cultural values, put pressure on the citizens, and particularly young adults who have higher risks of falling into poverty. After the interview,

a few people, including the respondent shared their views that particularly males aged 18-25 in China are found to be at higher risk because of social pressure. A belief that young men should be able to get married on time, support their family and their parents, and be responsible for housing, is demanding, especially in costly Chinese cities like Shanghai.

Respondent #22 was a cleaner with a primary school education background in her early 50s on the day of the interview. She has been living in Shanghai for the past 20 years after leaving her hometown in Jiangxi province. Although she had stayed in Shanghai for quite a long period of time she was not able to receive any pension²⁸ or benefit. She noted that her time in the labour market was not smooth and she had to change jobs quite frequently.

'We came from the countryside where I did not have a stable job. As a result, there is no pension plan for me.'

(Author's interviews, Shanghai, 2019)

Noticing that her living conditions are modest, most of the income goes on food (while in her case she was not required to pay rent). She has never experienced any communication with any social departments and added her experience of paying a social insurance fee:

'I have to say, the social insurance scheme is too troublesome for us. It needs to be paid continuously for 15 years. We [she and her family members]

²⁸ In China, a pension typically requires 15 years of contributions from the employee.

only paid for seven years and did not pay after, which afterward meant for us that we cannot get back the money we paid before and we cannot renew the period or use the insurance.'

(Author's interviews, Shanghai, 2019)

Summary. The stories above are the most illustrative examples of the interviews conducted with the near poor people in Shanghai. However, most of them are not considered as vulnerable groups even though among their inner circles they face a lot of different struggles and are left dependent on their daily earnings. Although most of them are trying to build up savings, most of this money is sent back to cover the needs of their family members or used to cover insurance or medical treatments. The way that people do not consider themselves in poverty or being close to poverty shows their high resilience level but also shows that they do not consider themselves to be protected or qualify for any assistance.

As long as a person is willing to sacrifice time and effort he or she will find a job, especially in the big cities of China. Others who are not educated and refuse easy jobs would have a much higher risk of falling into poverty. As a final point, while poverty is still a big problem, near poverty is not considered a big issue at the moment. It also adds to the reason why the near poor are left unseen. Moreover, the current social assistance measures only help in the short term and do not contribute to risk elimination or social mobility in society.

5.3 Importance of Internal Migration for Shanghai, and China in general

Although, Shanghai people's welfare is considered high in China, it excludes many migrants and near poor people. Many scholars in Shanghai are against this government behaviour and exclude migrants who are a necessary pillar in the whole city's development. The government started to exclude them in 2016. It made it applicable only to the local population, i.e., *hukou* holders. As a result, it makes the *hukou* holders well-protected. However, if talking about social mobility, it does not improve it much. Consequently, social transitioning depends on people's awareness and desire. Some of them do not thrive for a better life. Sometimes, the young generation simply follows a path in line with their parents' cultural or parental heritage (being modest and content with little).

Most of the local Shanghainese have shelter and live a life without the high pressure of poverty problems. However, the situation for migrants is different. Although poverty itself has not been severe for Shanghai in many years, it is still a concern of the city to care for the near poor from neighbouring provinces. The first part of this section will talk about internal migration to Shanghai

Internal migration and its problems occupy an essential place in the economic development and sustainable growth of national economies. One of the most critical factors contributing to the outstanding results in China's economic development is internal labour migration. It has allowed the growth of industry and innovation to be provided with labour resources. The Chinese economy and society are facing many difficulties associated with the development of internal migration processes. Big cities have typically been attractive for



migration because of better opportunities, better living standards, and higher salaries. This explains why cities like Moscow and Shanghai attract many citizens from other regions.

Since the 1950s, the positive dynamics of internal and international labour migration have become the foundation for the development of the productive forces of national economies in developing countries. As the immense developing power in the modern world, following developed countries, China is building a post-industrial economy and views its national human capital as a critical factor for further growth. China has abundant human resources, which has helped ensure its success in the world economy. Simultaneously, the migration factor is a consequence and a cause of the emergence of many social, economic, demographic phenomena and processes that significantly transform Chinese society and have an ambiguous effect on the country's further economic growth.

For historical and geographical reasons, China has commonly paid great attention to internal migration processes. However, until 1950, only a few of the neediest segments of the population changed their place of residence. Migration plays a decisive role in the resource provision of the economy and social and economic development in many provinces and big cities, such as Beijing, Tianjin, Shanghai. Population migration within the country is considered today as a typical mass phenomenon. The poorest uneducated peasants are involved and '*persons with higher education*' who live far from agriculture strive for a fundamentally new, modern quality of life.



The overwhelming majority of Chinese scholars regard intensive internal migration the main driver of industrialisation and urbanisation at the present stage of China's development (Liu & Tszan, 2009; Du & T. Cheng, 2010; Krasova & Insin, 2017). An employee of the International Labour Organisation, a specialist in labour migration in Asian countries, Tuñón (2006), considers internal migration as one of the most complex and urgent problems that China faces and proves this based on many years of research. The significance of internal migration problems prompted researchers to develop the conceptual apparatus and improve the methodological base of research on this topic. In particular in China, the concepts of 'internal migration' and 'internal migrants' are subject to significant clarification and classification, given the complexity of registration of residence and stay of citizens in various provinces and cities. The migration processes in China are a positive factor contributing to the rational distribution of labour between city and country, between sectors of the economy, and between the country's western and eastern regions.

In addition, this migration factor makes it possible to speak of the creation of a new type of Chinese community, in which migrants play a large role. The problems associated with the acceptance and adaptation of migrants in conditions of internal poly-ethnicity and high social tension are becoming the most urgent in domestic politics (M. A. Egorova, 2016). Features of China's economic development, the specificity of regulation of socio-economic and demographic processes together form certain factors and conditions in which internal migration develops. Among them, the main ones are able-bodied populations, not burdened with family and children, focused on work and earnings. The share of the working-age

population in China is about 64.9 percent (as of 2020)²⁹, and profound changes in the way of life and thinking of the people, which have occurred as a result of economic reforms, orient the Chinese towards a career, professional growth, and achieving a high standard of living without particular emphasis on family and children.³⁰ Accordingly, such a reorientation of national thinking is a characteristic feature for countries striving for a post-industrial economy.

The concentration of economic and labour potential in China is in its eastern provinces. Eleven eastern provinces and major cities concentrate up to 60 percent of all economic value, 75 percent of all investment potential, and 80 percent of its foreign trade turnover. This objectively forms clear directions and the geographic structure of labour migration. Since the 1990s, the prominent destinations of labour resources are megacities such as Beijing, Tianjin, Shanghai, Guangzhou, and Changchun. The share of migrants in these cities reaches 70-80 percent of the total of the labour force and the new generation of migrants is becoming more integrated (Zhao et al., 2018). During the 1990-2000s Guangzhou occupied the first place in terms of the arriving population, accounting for 20-30 percent of all migration flows, the second place was Shanghai (about 7 percent), and the third was Beijing (Fan, 2005). The primary origins of the migrants are the central and western provinces of Sichuan, Hunan, Fujian, Jiangxi, Hubei, Henan, and Anhui.

²⁹ Statista. *Share of population aged 15 to 59 years in China from 1950 to 2100*. Retrieved from: <https://www.statista.com/statistics/1102729/china-share-of-working-age-persons/#:~:text=Working%20age%20adults%20cover%20persons,women%2050%20as%20of%202019>.

³⁰ The social structure of China in the twenty-first century is more dependent on job and education, which gives people more social mobility and freedoms.

Urbanisation is a natural result of economic reforms. The uneven economic and investment development of China has led to a significant differentiation in the standard of living in the country and increased the population's desire to move to cities where there are opportunities for decent jobs and high wages. For the period 1950 to 2015 the urban population increased by 710 million people or 12.5 times, and at the beginning of 2016 amounted to 772 million people. The urbanisation rate increased from 26.4 percent in 1981 to 54.8 percent in 2015, and the contribution of internal migration to this process was 83 percent. According to experts, by 2030, 50 percent of the country's population will live in Chinese megacities, and 70 percent by 2050 (Izimov, 2016).

The development of individual settlements and territories as industrial, innovative, educational, and tourist centres requires highly skilled labour. The most outstanding development of innovations is obtained in the territories of special economic zones, such as Shenzhen, Zhuhai, Shantou, Xiamen, Hainan, Shanghai Pudong New Area, and Tianjin Binhai New Area (Zeng, 2012). Over the past decade, labour costs for innovation in the country increased, which formed a steady demand for highly skilled labour and the corresponding migration channels for the educated population, whose centres are localised in industrial parks, scientific zones, industrial development zones, etc. The largest centres for attracting skilled labour are Beijing, Shanghai, Xian, Guangzhou, Tianjin, and Wuhan.

The working-age population's growth rate decreased due to the policy of '*One family - one child*' from 1980 to 2015. The main consequences of this policy were a reduction in labour potential, an ageing population, an increase in the social burden, and a decrease in the



volume of domestic demand. As a result, it will gradually lead to the transformation of internal migration flows in the following decades. The interregional migration, which is currently dominant in terms of movement, will exhaust its growth potential and give way to intraregional migration, i.e., that is, movements from villages to cities within the same province.

Thus, the Chinese economy's structural changes led to the emergence of the largest inward migration into the country in the history of modern civilisation of the population in peacetime. The average annual number of people leaving villages for large industrial cities in China has increased from two million in the mid-1980s to 250 million people. Such a mass migration of people has had a significant impact on the country's economy and politics, and at the same time, on neighbouring countries, which makes internal migration one of the critical problems that China faces today.

According to official statistics, the dynamics of the number of migrants in China have a positive trend. The population with non-permanent registration increased by 150 million people, thereby doubling. The number of residents with non-permanent registration is more remarkable than the number of migrants since it includes those who have already arrived at a new place but continue to live with the old registration. Chinese experts assume that in the future, both the number of migrants and the number of persons with a non-permanent residence permit will increase and will reach 350 million by 2050.

The army of migrants has a significant impact on the socio-demographic situation in cities. Data from the National Bureau of Statistics of China shows a constant restructuring of the population of cities in favour of newcomers and those who have lived there for less than six months.

According to Chinese experts, 70 percent of migrants are people between the ages of 16 and 35. The average age of migrants is 27.3 years; 78.7 percent of them are peasants; the average composition of these people's families is two-three people; 86.8 percent of them have completed only secondary school. Most migrants earn CNY300 to 600 (USD36 to 72) a month. About a third of migrants are women. Most migrants are hired for jobs usually seen as dirty, dangerous, or hard and not attractive to residents (Krasova & Insin, 2017). Most migrants are employed in construction, trade, and the food industry and provide various kinds of social and domestic services (China Labour Market Development Report, 2015). Under the influence of internal migration, the economic situation in cities and the Chinese way of life has also undergone a significant transformation. On the one hand, migration has made a significant contribution to the Chinese economy's growth, providing 16 percent of China's GDP growth over the past 20 years. It contributes to cities' industrial development, diversification of the market for goods and services, solving poverty problems, and implementing development strategies in rural areas.

The genuine intention of urbanisation should be the improvement of living standards (Ye & A. M. Wu, 2014). On the contrary, tens of millions of labour migrants have become a tool to accelerate industrialisation and urbanisation while remaining '*low class*' citizens



without rights, social protection, and access to the social security system. Excessively long working hours of migrants, lack of social insurance, discrimination in employment based on a residence permit, lack of opportunities for education and professional retraining, growth of the '*urban poor*,' occupational diseases, problems with raising children who have been left without parental care for years is far from a complete list of the acute social problems accompanying the internal migration in today's China.

With the absence of active actions to solve these migration problems, China, despite its economic and innovative development successes, can encounter a significant setback in terms of the population's quality of life. In order to smooth the situation, the former Chinese leader, Jiang Zemin, Chairman Xi Jinping, and Prime Minister Li Keqiang support several measures to promote the quick and full adaptation of migrants in the receiving territories. Therefore, they promote the development of mass entrepreneurship and popular innovation. Currently, the most relevant measures in this area are improving the administrative regulation of the internal labour market to increase its capacity, mobility, and viability, stimulate domestic demand for goods and services, and, accordingly, create a stable demand for labour from enterprises and organisations.

These measures were concretised in the state program, which received the code name '*Three cards in one*,' reflecting the three most important areas of the '*Chinese dream*': industrialisation, innovation, and human capital. The '*three cards in one*' policy assumes to simplify the procedure and reduce the time for registration of migrants at a new place of residence. It aims to improve the licensing and certification mechanism in cities, counties,

and provinces, reduce the cost of registration and start small private businesses, stimulate entrepreneurial enthusiasm among migrants, increase the scale of investment migration, as well as improve the policy of managing the urbanisation process (Anokhina & Savkovich, 2014).

As a result, internal labour migration is an objective and necessary process accompanying economic reforms and significant structural transformations of Chinese society. In recent decades, internal migration has seen a steadily upward trend, which can continue until the middle of this century. The structure of internal migration reflects the population flows from the west and centre to the east. The migrant workforce includes both poorly educated workers and highly qualified specialists. The common purpose of migration is to find a higher-paying job. Internal migration has a significant impact on the socio-demographic and economic development of resettlement sites. This influence is characterised by both positive features (economic growth, growth in demand and supply in the market, etc.) and negative consequences manifested in migrants' social problems.

5.4 Households in Near Poverty in Shanghai

I want to start this section by highlighting who the near poor citizens are in Shanghai. Based on the evidence from the previous sections, pensioners will never be low-income citizens as mentioned in the Russian case (see Chapter 4) when we talk about the local people in Shanghai. Pension holders in the city receive on average CNY4,000-5,000 as the usual amount for one person. Most of the low-income people in Shanghai are middle aged, as referred to by one of the experts from the interviewees' list. The Assistant Professor in one

of the top universities in Shanghai who researches social security, poverty, and welfare, commented:

'Many of them [current pensioners] are the laid-off workers of SOEs.'

(Author's interviews, Shanghai, 2019)

However, between 1990 and 2000, a lot of state-owned enterprises were privatised. As a result, lots of workers were laid off. Many people lost their jobs. Although some of them started their own business or started a new job in the private sector, some of them could not. In addition, some of these people were also migrants (from rural areas, either neighbouring provinces, even some eastern Asian countries, or so-called married migrants). Many low-income males are quite uncompetitive in the local market. Finding decent jobs is challenging, especially for non-specialists. Moreover, people from neighbouring provinces are hired for jobs like security guards, cleaning ladies, and the like. For such jobs, people can, in general, get from CNY2,000 to 3,000 per month. The *dibao* line is lower than that, thus, these people are not counted as the poor or the near poor if they live alone in the city and do not need to support other family members.

Back to the riskiest group, middle-aged people who lost their jobs in the 90s-2000 when the companies were marketed or privatised, right now are those in near poverty. However, their future does not seem bad. Since they are citizens, most of them can get a pension when they reach retirement age. In these terms, they can feel much better. The average pension can start from CNY3,000-4,000 (as a base), which is already more than the

minimum payment or minimum legal wage rate in Shanghai. Alternatively, sometimes it even doubles the minimum legal wage. For these people, reaching retirement age is a relief.

The most vulnerable people in the city

The discussion shows that the less protected people in Shanghai are still those who need to recover from a severe illness. These words were confirmed by one of the social workers I had a chance to talk with. Most people cannot afford insurance and medicine coverage. Most of them cannot cover the expenditure, expenses for the medicine, or hospitalisation. If the household has a member diagnosed with cancer or other severe diseases, they will spend a lot of money (in the first place). The second most vulnerable people in Shanghai are the elderly without *hukou*.

As mentioned earlier, the elderly, especially those who have a pension, feel happy as the pension is not particularly low (CNY3,000-4,000 every month per person, and this is an average level). Most of the retired local people in Shanghai receive a pension at this average level. After 20 years of raising the development of China, most of the Shanghainese are better off. For example, suppose a person owns one apartment in Shanghai. In that case, they generally already have enough money to face problems or any kind of financial difficulties in their families, except when someone needs to use medications for a severe problem or if the person has fallen for destructive behaviours such as gambling. A few interviewees among experts claimed that fewer people currently apply for help to get rid of poverty.



Shanghai is a prosperous city with many wealthy people. Most people have enough money to live because before the 1990s, if he or she worked in a State-Owned Enterprise, the employee would subsidise him or her in many ways, starting from buying an apartment (people can buy it at a lower price) and real-estate development progress. Besides, all the people in communities have at least one apartment for living in in China, and some even have three to five apartments and are wealthy. A small proportion of people has problems. The local government can resolve their problems. The local government has the resources to provide to those that need it, in order that they may maintain their standard of living.

Compared to large cities, rural communities and smaller cities have more poverty problems, for instance, northern cities in China, Lialing province, or Heujah province. People live in these areas do not have many work opportunities. In Shenzhen, for example, there is a tiny population, i.e., those with Shenzhen *hukou*, and the local government is much richer than the Shanghai government. Though Shenzhen could be a less prosperous city, it has more money to support poor people. It has more resources to use and to distribute to the needy.

'I have a relative in Shenzhen to help incapacitated families. They are much better off' – said the interviewee.

(Author's interviews, Shanghai, 2019)

Shenzhen is a prosperous city in Mainland China. Some families with death-disability children or children with other problems even do not require any help from the government. Many families do not choose and do not want governmental help and subsidies because

they are prosperous enough to support and help themselves. However, many governmental social departments are not open to migrant people. According to this, it is expected that people adjust and do not have a habit of seeking help from government organisations instead of relying mainly on themselves, relatives, and friends.

Social mobility

People had more opportunities to step up to a higher level of living 10 to 20 years ago, as confirmed by some researchers I have interviewed for this study. However, in the last five to ten years, the situation has changed. Now this is more and more difficult for people, although overall economic progress in China is high. In addition, relative mobility in China has high levels of inequality (S. Li & Sicular, 2014). Lastly, China is also facing some strong headwinds in terms of economic growth and development (e.g. rapid changes from a planned to a capitalist economy, structural problems). The middle class can barely remain in the middle class. The gap between the poor and the rich now is much higher. In addition, Shanghai *hukou* remains a powerful engine of social inequality (Qian et al., 2020). However, families still spend much money on their children's education as society still places a large premium on academic excellence and most families believe it is key to attaining economic success and a high standard of living.

Only primary and secondary schools provide tuition free education for children. Starting from high school and university and colleges, tuition payments are required. The exception is only for those with extraordinary talents. Public school does not require much money, but extra activities after school do. The additional tutorials after school and other classes

charge a lot of money. This is based on the belief that the kids will have more opportunities at school (to go to a better one) and in the future (more chances to apply for better colleges and other institutes). For instance, one of the interviewees had children aged 5 and 7 years old. His family spends CNY70-80,000 for out-of-school studies for both of them each year. Comparing such a cultural feature with Russia, Russians spend less and would still prefer an exclusively free education. On average, spending on education is 1.4 parts of income among Muscovites, lower in the regions.

Compared to other families, CNY70,000 is far from the average compared to other middle-class households. It can be two or three times more than any additional activities to educate students better to make them more competitive in school exams and have higher chances to get into high-ranking universities. Notably, opportunities for children in low middle-class families are much lower because they cannot afford extra tuition, and thus, have fewer options for future education.

Ten years ago, children from lower-class families had better opportunities in education in Shanghai. For example, they had more chances to get into a university. However, nowadays, the situation is different. The universities give about 50 percent of enrolment to the high schools, i.e., those who have graduated from an excellent high school. Universities prefer students with excellent grades and high school achievements, and such students can more easily go to university after school. However, if the student is talented enough to get a high grade despite the school he or she was studying at, the universities' education is fee-paying. That is another obstacle for those families with low incomes. The chances are never equal,



and every step of the study period has its burdens related to the availability of funds. In public universities, students spend about CNY8,000-10,000 for one year of tuition. There are two systems in school education in Shanghai – the public system and the private system (*'minban'* schools). Private schools also have two types. One is for immigrants and the other one for local people (*hukou* holders). The private school for internal migrants is located far from the downtown area; thus, few people want to go there, and the quality of the teaching staff is low. Finally, all the students there are migrant children. On the other hand, the schools for those local people with high incomes have excellent teachers and charge a lot for tuition. The most expensive private school in Shanghai charges about CNY200,000-300,000 per year for a student. Moreover, this amount is not the final one because it excludes expenses for out-of-school activities.

Difficulties for people in near poverty and policies applicable to them

Disease treatment is the most problematic burden for the near poor people in Shanghai. However, Shanghai has the most efficient policies across China, as the interviews with experts showed. It was the first pilot city for MLSA and continues to be at the forefront of the problem. That is why poverty itself was never the most challenging problem in Shanghai within the last decades, and many people are still keen to migrate there or have a job and make earnings for their families in other cities and provinces.

'Shanghai's policy is the most efficient in China' – expert interviewee (#2)

said and added that – *'No other city can be compared with Shanghai because*

Shanghai went through the history of colonial times and learned a lot from the foreigners.'

(Author's interviews, Shanghai, 2018)

Therefore, Shanghai is an old city and the most modernised. The government knows how to subsidise the needy. Other cities are different compared to Shanghai. For instance, Shenzhen is governed in the right way, too, since it has no burden for older people. Pensioners are not at high vulnerability.

From the expert interviewee (#1) – 'Now smaller cities have many social organisations. They develop a lot, and they are going to help the poor and the near poor too as they have some experience to do that.'

(Author's interviews, Shanghai, 2018)

World experience

According to the interview experts' views, if we look at the USA or the EU countries, they have many clear definitions for who the needy are and what help they can get. This is not fully conceptualised in Russia and China, which also complicates the assistance system. This does not eliminate all the pitfalls associated with poverty in Russia and China and is absent in the developed countries such as the European Union or the USA. Furthermore, this reality reflects the government response:

'Flexibility of China is a pearl of wisdom which means the government can flexibly use its policies' – confirmed expert interviewee (#3).

(Author's interviews, Shanghai, 2018)

Similar phenomena exist in Russia where the country has laws and financial budgets for social assistance. However, when it comes to subsidy provision, there is no high guarantee the applicant will succeed. Moreover, this is another reason why people give up at the beginning before applying for any kind of help and rely on themselves or just overcome it through resilience. Simplification of bureaucratic procedures, the availability of information, clear criteria of social assistance, and straight policy are maybe the two things that the two countries can pay attention to in order to improve their systems on the way to becoming a full-fledged social state.

'In China, we do not have a lot of social organisations to protect the rights of needy people' – said the interviewee (#12).

(Author's interviews, Shanghai, 2019)

People need an organisation or someone who can defend their interests or act as experts in planning or creating a particular new policy that meets their needs. The local government does not allow these people or social organisations. Possibly because it would add extra work and burden to the budget. One of the interviewees among the experts (#6) studied 'social organisation for the migrant workers in China,' and only a few social organisations work for migrant people in Shanghai. He said:

*'Only two to three social organisations are working for migrant children,
and probably that is it.'*

(Author's interviews, Shanghai, 2018)

They provide after-school study for migrant children by hiring the universities' students to teach or tutor school students. Shanghai does not have a lot of poor people compared to other places in China. This problem is not the most urgent. However, this city is suitable as an example or starting point to look at near poverty as the number of these people is comparatively high. In Moscow and Shanghai, which are front liners, people can receive high salaries compared to other places. Rural areas have many more problems concerning poverty, but their near poor cases are different too.

5.5 Concluding Remarks

This chapter discusses social policy in the PRC and gives special attention to the social policy specifics in Shanghai. It reviews Shanghai's specifics as one of China's most prominent and unique cities and its anti-poverty work and social assistance. The rise of social security and social assistance awareness in China only started growing in 1994. From 1994 the first guidelines for tiered social security, individual savings programs, and other benefits were first established.

The *hukou* system is the basic difference between Moscow and Shanghai. *Hukou* in Shanghai causes a two-tier system. The difference in support and opportunities between

hukou holders and internal migrants is very stark. In Moscow, on the contrary, there is no such bifurcation.

Shanghai was the first city to test a newly developed *dibao* program (1997) and this policy played a vital role for city's social welfare development and as one of the most significant anti-poverty policy. Afterwards the program was spread all around China after the successful trials in Shanghai districts. However, despite this well-spread and functioning policy, some problems have still occurred. On the one hand, the number of poor people continues to decrease. On the other hand, some people face risks of becoming poor due to unforeseen difficulties such as job losses or the challenging disease of a family member. Furthermore, there are ordinary people with low incomes. Since a reliable education in China requires more money, not every family can afford it for their children. As a result, these groups, i.e. so-called near poor, are left uncovered and never considered for *dibao* assistance.

A different range of assistance does exist in Shanghai, and China, in general. Social assistance in Shanghai, which is affiliated with the poor, is divided into three parts. There are housing assistance, medical assistance, and educational assistance. It cannot be said that the provision of help is zero. However, practice shows that there are many other obstacles apart from this, and the near poor people are mostly neglected. Another issue of social policy, as stated, is the help for the migrants. Migrants in big cities are essential pillars of internal economic development and they contribute to the economy in general. They occupy the low-paid jobs which the local *hukou* holders are reluctant to take.



However, their social assistance in the cities, where they do not belong, is becoming zero. They must earn their right to social benefits as non-citizens. It requires people to earn points in the social system and about seven years of average contribution to the city's social security before they can get social assistance.

The problems of social policy in Shanghai depends on the funds and budget and coverage. The government does not set any specific rules to tell people what their rights are, which adds on the people's unawareness. Families in near poverty suffer more from it than others. According to Zhu (2019, p. 1270), '*parents from economically disadvantaged families play a critical role in shaping healthy financial behaviours*' in future generations.

From 2019 to 2020, the receivers of the *dibao* only numbered 250,000 people among 25 million people, while 6-8 years ago, there were many more *dibao* recipients, approximately 430,000 people. This absolute decrease by more than 40 percent is not just due to budget cuts, but rather the change in requirements for getting benefits. Moreover, the *dibao* recipients' definition and the absence of the near poor's precise meaning cut the chances of needy people even higher. Finally, the last right to award any benefits or assistance is all in the hands of the people working in social organisations. It all makes social assistance a lottery ticket.

As a result, few people know about any help available to them. People do not know if they are in near poverty until they are in poverty. The government does not stipulate some definite norm to tell people what their rights are. Often people do not know if they can get

any help. This is all goes along with the local government's flexibility of resources. The budget determines how many people can be sponsored at a particular time and how. Moreover, some areas of Shanghai may have more resources and money than others. As a result, the help is not commonly fair or equal, even within the same city.

Organisations, such as charities and foundations, work as another tool for poverty prevention. Most of them are run by former well-known political leaders. However, the problem of such foundations is that their money is not disclosed to the public. Hence, the assumption that the money is for the poor people, although the organisations do not show how they distribute the money, makes the process lack transparency and overall it is incomprehensible to the public and raises many questions.

In the end, while social assistance does exist in several dimensions, it remains a complicated process. Unfortunately, it is inconvenient for needy households, although it is convenient for the government to control and distribute funds. Consequently, no opposition party in China can prevent or suggest further adjustments to social assistance procedures.

Chapter 6: Social Policy for the Near Poor Population in Moscow

In the 20th century, concepts and doctrines, where public authorities are entrusted with ensuring human rights as a certain standard of welfare, were spread more and more in industrialised countries. The theory and practice of the '*social market economy*,' which means an economic system that pursues social security and social equality within a framework of a market economy through political involvement and market-based policies, are becoming increasingly popular. The most ambitious task of a government with a socially-oriented economy is the activity of the 'underclass'. This activity needs to include all sectors of society in the emerging market economy of the country. The other task is the development of an effective social policy strategy. The form of implementation of social policy is an actual mode of action of the government. Actions or policies embodied in the social field cover all dimensions of economic relations in the country. One of the most important areas of social activity is the regulation of employment and the promotion of highly skilled and productive labour. As a result, this would entail an increase in national income as a whole.

Since the objective of this study is the near poor, this group cannot be overlooked without considering certain factors which influence their well-being: political, economic, and social factors. The political aspect is essential because the government is the main actor in social policy—most government action is influenced by the economic situation. Finally, social factors are people's mentality, values, and everything that determines specific social changes. The purposeful activity of the government, which is expressed in the social policies, has the most power to change or ease the near poor's situation. The government



aims to weaken the gap in income, mitigate the contradictions between participants in a market economy, and prevent social conflicts on economic grounds. However, it does not smoothly work. Current policies are required to review and new policies' development are recommended.

Furthermore, observations on social policies in connection with the near poverty help to assess the effectiveness of current government anti-poverty policies in the cities, particularly, for the near poor. As a result, this and the following chapter (7) provide an extensive review of social policies for the near poor in Moscow, Russia, and Shanghai, China, and the government's role in social development. This chapter consists of several sections reviewing social policy development applied in Moscow and in Russia in general, supplemented with some empirical data. This chapter critically examines the principles and mechanisms for implementing Russia's social policy with examples from Moscow. The objectives are going in accordance with the research question on policy implications of the anti-poverty strategy in both, Moscow and Shanghai (the next chapter), i.e. also aim to define the social responsibility of the government, identify the main directions of social policy, and describe the main problems of the social development in conjunction with solving near poverty problem. This and the following chapter are mainly based on data taken from interviews with experts and the near poor.

6.1 An Overview and Development of Social Policy in Russia

Russia claims to be a social welfare state (Constitution of the Russian Federation, Article 7). Therefore, the government agrees that social policy plays a significant role in the state's

development. The social welfare state's goal is to keep upgrading the welfare standards of living for its citizens. Prosperity and well-being are characterised by citizens' needs and the opportunities to satisfy these needs. Apart from the basics needs, there are many others which can be different from country to country because of the different cultures and values. The needs can be different between cities within one country too. In a social welfare state, the government takes responsibility for the growth in living standards and social improvements.

Meanwhile, from a philosophical point of view, the so-called act of alienation of law occurs. Social responsibilities remain within the government's ambit, where the citizens do not influence it. Thus, part of the responsibilities (including some of the social responsibilities) are already alienated at birth, and only derogated authority is responsible for them and their changes. The same is true for social protection rights and responsibility.

The country's social policy demonstrates what goals the primary social institutions put on the agenda. The sphere of social policy in Russia includes the distribution of income, goods, services, material, and social conditions of reproductivity (fertility). Social policy aims to limit the scale of absolute poverty, provide the needy with sources of livelihood, and maintain stable health for all citizens. Analysis of each of the above areas separately can help to roughly assess the effectiveness of one or other social policy area. In a narrow sense, social policy in Russia is primarily about supporting socially weak categories of people. The near poor's problem is relevant in the country because Russia has declared itself to be a social state.

Nevertheless, the poverty problem and the absence of a robust middle class remain acute for Russia. Despite this, under its status, the welfare state must pursue a comprehensive and useful social policy. Every citizen is the basis of development in a social welfare state and national development as a whole.

Who can apply for benefits?

One of the main difficulties of social policy in Russia is the impossibility of reaching all segments of the population who may need assistance. The categorisation of the near poor in the countries could promote attention to a broader risky group required help by social institutions. Proceeding from the fact that this category has not been identified in any way and is not conceptually substantiated, there is no definite help for them. On the other hand, this group can benefit from social assistance applicable to the certain groups they belong to. For example, pensioners receive retirement benefits and young parents receive an allowance for the birth of a second child. At the moment, there are two main problems of social protection in Russia. The first problem is the lack of a legal and regulatory framework that makes it difficult to reach all population segments for the provision of social assistance. The second problem is the country's average living wage level, which causes much criticism, including from the experts interviewed for this research. Thus, I suggest the Government should define the near poor as a separate group and target them with specialised support, their opportunity for benefits should be expanded. Increasing the living wage level is another task for the state to help reduce the level of the near poor.

Social policy is the most significant sphere of interest in modern society and an essential part of any developed country's activity. As mentioned earlier, it is closely related to the type and level of development of society. To be more precise, the mentality that prevails in a society largely determines social policy. Social policy is related to the goals and objectives that society sets itself in its social development. Any social problem can acquire a social and political character. It happens when the problem affects the interests of large social groups. The near poor group in Russia is large in number. However, the authorities have not identified this group due to the absence of such a concept, due to the lack of categorisation of this group, and, finally, due to lack of research about them. The recognition of the near poor in Moscow would be a step toward acknowledging this group and promote some pilot policies for them in the city, which later could bring impact on other Russian population.

Budget's dependency

A wide range of social programs exists in modern Russia. However, all social programs are just an empty government declaration if funds are not available for their implementation. Any program proposed by the authority must be backed up financially; otherwise, it may remain on paper only. Thus, this suggests that the country's economic capabilities are primary before (or taking a leading role over) the tasks of social policy. However, they are both closely related to each other.

The activation of innovative and creative human activity is impossible without an effective social policy. The creative element of human activity is the key to economic success as

well. Innovation is the central element of the productive forces of social development. On the other hand, in addition to economic growth, social policy is associated with society's mood and public relations. For example, with the help of social policy, the harmonisation of relations in society is enhanced. Besides, there is a function of education in society. For instance, when the government introduces new policies in the country, it simultaneously makes people aware of this or that problem, raising its importance or pointing to a specific vulnerable group (such as children, the disabled, pregnant women, senior citizens, etc.).

The presence of social functions allows the government to pursue social policy. Thus, part of the responsibility for the well-being of citizens lies with the institution of power. The state institution acts here in the role of a trustee and a person responsible for meeting citizens' social needs. According to Bellettini and Ceroni (2000), if there is a statistically significant relationship between social security spending and economic growth in the country, commonly it is positive. Russia is not an exception. When there is economic growth in a country, the economy's primary goal is to create favourable social conditions for its citizens. Incentives in the economy are lost if there is no growth in welfare. Thus, the higher the degree of economic development, the higher the requirement for the social sphere: culture, physical, and moral development. Despite the low trust in social and political institutions by the nation (Shlapentokh, 2006), social institutions function to implement the social goals entrusted by the institution of power. In Russia, one of the main goals of social policy is to improve the population's living standards and reduce inequality consistently. Thus, investment in a person is a priority of social policy. However, the role of financial support is crucial in the implementation of social programs. Therefore, the state

is obliged to pursue a consistent financial policy in order to ensure the social functions assigned to the state.

As mentioned earlier, the possibilities for solving specific state policy problems are determined by the resources that the state can direct to solve them. In turn, the resource base entirely depends on the general economic level of the country's development. Therefore, even the most vulnerable groups can be even more threatened when the economy is not favourable for the country. Bringing the economy onto a trajectory of sustainable growth should be one of the most important goals of the Russian state to reduce the number of the vulnerable groups.

By definition of the Federal Law of the Russian Federation, the most vulnerable groups in Russia are:

- Families with low monetary income per family member (this category entirely falls under the definition of the near poor),
- Families that have lost their breadwinner,
- Mothers raising children alone,
- Disabled people,
- Elderly,
- Pensioners receiving insufficient benefits,
- Students living on a scholarship,
- Unemployed,
- Persons affected by natural disasters, political or social conflicts.



All these categories in Russia are among the neediest according to the law. All of these categories need social support from society, the state, and any social institution.

Low housing affordability

Any crisis, economic recession, or political instability has a substantial impact on the general welfare of society. It leads to a wider gap between the rich and the poor, exacerbating the problem of inequality. In addition to poverty problems, many linked acute problems can be identified in Russia, for instance, the problem of housing and communal services and the problem of housing affordability. According to Osipov (2012), the popularisation of a mortgage in Russia led to a sharp jump in housing prices, while the unsatisfied demand contributed to the development of the process of its unjustified rise in price. Although other researchers claim that housing affordability improved in Russia in general (Kosareva & Polidi, 2020), the possibility to afford a house in a large city such as Moscow for those in the lower classes is still a challenge. Moreover, the severity of these problems is supported by my interviews with the near poor. Communal infrastructure has been underfunded in Russia for many years. As a result, this became a big problem because most of the buildings of the Soviet period (especially the houses which had been built in the 80s) require significant renovation in Moscow and in Russia in general.

Because of the situation, residents' tariffs have increased for the maintenance and renovation of housing property, communal entrance hallways, and intercommunicating systems and utility connections in houses. Housing depreciation also entails risks of

accidents and other engineering problems. Such additional fixed costs take away a significant part of the population's income with limited income. The question of buying new housing, especially in Moscow, does not arise as the costs do not correspond to consumers' sufficient demand. The problem directly affects young families, who most often have to rent housing. Rented housing takes away part of the income and indirectly causes delay in starting a family and having children. The presence of spending on rental housing also exacerbates the general situation of the near poor. In Russia, preferential mortgage rates for low-income families do exist, but other support measures such as subsidies for rental are also required.

Low financial literacy skills

Another problem that I would like to draw attention to and which in the future may become a separate link in the study is the problem of generation of income. I also refer to this problem as issues of the population's financial literacy and the existing methods of teaching it to citizens of the country. In turn, financial policy is also closely related to the investment policy of the country. Power structures should clearly define priority scientific and technical areas and provide them with funding. The investment policy is a set of targeted measures that the authority implements to create favourable conditions for business entities.³¹ These measures aim to revive investment activity, raise the economy, increase production efficiency, and solve social problems. The investment policy's goal is to implement a strategic plan for the country's economic and social development. A poor

³¹ RuLit. Electronic library RuLit. <https://www.rulit.me/books/investicii-shpargalki-read-314392-1.html>

investment policy is one of the reasons why numerous citizens with higher education have to retrain for another profession. Among the interviewees, unfortunately, some people were forced to go into the service sector while having a high-quality higher education in professional fields (for example, engineering, psychiatry, and art). This fact emphasizes that in the city (region, country) there is a problem of retraining. The government is advised to fund growth economic areas to assure workers are trained properly for the modern technological economy.

City's inequality

Moscow is the city with the highest salaries in Russia. However, Moscow also has the highest wage difference, which invariably leads to a large gap between the rich and the poor (Jovanovic & Lokshin, 2004). Moscow has a monthly minimum wage for full-time employment, but there is no minimum hourly wage. The Table 6.1. below presents how the poverty rate, the average pension, the average and median wages in the city of Moscow correlate with each other.

Table 6.1. Poverty rate, pension, and wages in contemporary Moscow

<i>Year</i>	<i>Poverty rate</i>	<i>Average pension (retirement benefit)</i>	<i>Average wage</i>	<i>Median wage*</i>
<i>2014</i>	RUB12,200	RUB12,700	RUB61,200	RUB33,300
<i>2015</i>	RUB15,100	RUB13,600	RUB57,971	RUB41,200

2016	RUB15,300	RUB14,000	RUB59,823	RUB41,600
2017	RUB16,200	RUB14,100	RUB62,186	RUB42,000
2018	RUB16,300	RUB14,500	RUB68,176	RUB48,000
2019	RUB17,000	RUB15,300	RUB72,331	RUB48,100

**Calculated individually based on the poverty rate (poverty rate is approximately 40% of the median)*

Source: Compiled by the author with the reference to Rosstat (for wages), Mos.ru³² (for pensions), Yuridicheskaya Konsultaciya³³ (for minimum wage level, i.e. poverty rate)

The second important point is that both rich and poor pay the same tax rate.³⁴ Both factors contribute to the gap between rich and poor in a large city like Moscow. In addition, in companies and enterprises, there is no maximum pay gap for workers. The head of the enterprise can set his salary in any range, depending on the profit, which also does not equalise him with the rest of the workers.

6.2 Anti-Poverty Social Protection

According to Oxfam's international analytical studies, improving the quality and accessibility of social services in general and education is recognised as one of the leading

³² Mos.ru – portal of urban services in Moscow, Russia. Official website: <https://www.mos.ru/>

³³ Yuridicheskaya Konsultaciya – legal and tax advice portal in Russia. Official website: <https://yuridicheskaya-konsultaciya.ru/>

³⁴ The Personal Income Tax Rate in Russia stands at 13 percent. Source: Federal Tax Service of Russia (2019).

measures to reduce poverty in Russia (Kosareckiy et. al, 2014). Poverty acts as an indicator of the insufficiency and deficit of the economic resources of the population. Its borders become the demarcation line between the adaptation of the population to socio-economic changes and inadaptation. Building a socio-demographic portrait of the near poor population, reflecting its dynamics in recent years and the current state, reveals key poverty risks for the population and their sustainability in current Russian conditions. It makes it possible to talk about specific social categories' adaptation difficulties. The specificity of the socio-economic differentiation of the population in modern Russian society is associated with preserving the profile of stratification. It is defined by the deepening inequalities in the distribution of monetary income among groups of the population that occurred during the post-reform time. The increase in the standard of living of the majority of the population in the 2000s led to a large-scale reduction in absolute poverty, determined by the limits of income below the subsistence minimum. However, on the eve of 2020, a tenth of Russians belonged to the poor population. The lack of monetary income of the population remains unresolved by the objective parameters of income. It indicates that the risks of poverty for a certain part of the population remain unchanged in modern Russia.

An analysis of the dynamics and state of objective sources of poverty shows that the groups at most risk of falling into poverty are Russians living in small cities (up to 100,000 people) and rural settlements, children, young people, categories of the unemployed and the generally inactive population (Pasovets, 2015). Simultaneously, the working poor, who are employed in sectors of the economy with low wages, remain a major problem. The risks of the near poor in urban areas are slightly different. The standards are different, too,

including the living style and needs. Here is a citation from one of the interviews with the near poor:

Interviewee 12.1: 'My daughter and I love going to the theatre very much, but we go there only 'on holidays' because the ticket prices for us are exorbitant. Therefore, when we found on the Internet a list of 17 Moscow theatres that, according to the law, we could visit for free [as a needy and Moscow citizen], we sent letters to all of them at once. However, only two of them responded to us. Those were the Yermolova Theatre and Moscow Drama Theatre on Malaya Bronnaya Street, which provided us with counter-marks allowing free entrance. What was most surprising is the way they replied. They said that they were inviting us not because there is such a law in Moscow, which they had never heard of, but because my child came from an orphanage, and was an orphan... It turned out that we were the first who turned to them with such an application...'

(Author's interviews, Moscow, 2018)

The fact that institutions are not aware of the obligation to provide some benefits indicates the impracticality of the policy. It is on paper, but does not work in practice. On the other hand, it highlights the psychological side of support around the near poor, not just financial support, but rather an increase in self-esteem and status.



Urban poverty risks are not about starvation or searching for a shelter as its major threats; it is more about a drastic change in living standards. Thus, social exclusion is a term most accurately defining urban poverty rather than poverty per se, which aligns with basic human needs. Social exclusion is also one of the dominant factors of near poverty in urban areas and one of the components of the risk of falling into poverty. It is visible within the older generations. The near poor of older generations, including but not excluding those with whom I was able to conduct interviews, also confirmed this trend: some people with degrees were forced to reduce their living standard for several reasons. While most of these people in Moscow held a professional degree and/or specialisation, they had to work and earn money doing some kind of service work, which does not require any specific education. Some people like engineers and other professionals ended up working as couriers, taxi drivers, and similar professions in their late 40s, mid-50s, and early 60s (pre-retirement and post-retirement age). The difficulty of providing themselves with a basic standard of living (the average level of living of people of the middle class) is also present among migrants (including visitors from other regions of Russia and migrants from neighbouring countries, including, but not limited to Tajikistan, Uzbekistan, and Kyrgyzstan).

In May 2018, Russian President, Vladimir Putin said that his goal was to reduce the number of people living in poverty by 2024. To be sure, this is a worthy goal, but one that is almost impossible to achieve because of the difficulties of providing everyone with a decent income. The government and society understand poverty differently. It can be resolved once both sides agree on the concept. Even if everyone agrees on it, one of the most popular



Moscow economists and commentators, Professor Gontmakher (HSE), said, *‘There are difficulties in establishing the necessary metrics and collecting the data needed to see where Russians are at any particular point.’*³⁵ The difficulties he is referring to are connected with an old-school monetary approach and the lack of analysis of average and median wages when calculating the poverty rate.

What is more, even if these metrics and this useful measurement are in place, the state and the population understand *‘What is poverty?’* in entirely different ways. Moscow came up with a state definition in 1991 when Gorbachev introduced a minimum consumer budget concept. Under its terms, about 15 percent of all Russians were poor at that time. A year later, after the USSR's disintegration (1991), this share jumped to more than 50 percent. However, the first Russian president Boris Yeltsin changed the poverty line, introducing complexities that allowed the government to say that far fewer people were poor than in fact were. That tradition continued under President Putin in later years.

When the new definition of poverty came into place, Moscow officially reduced the number of poor people by 50 percent. Unfortunately, this kind of playing with definitions by state officials has remained dominant in the Russian approach. If one used the 1991 definition now, about 25 percent of Russians would be classified as poor. Twice as high as the Kremlin officials announce, that figure is still too low because Russians’ understanding

³⁵ MKRU. (2019, February 5). ‘Arithmetic of Russian poverty: the official number of beggars is halved’ [Arifmetika rossiyskoi bednosti: oficialnoe chislo nishih zanizhen v dva raza]. Retrieved from: <https://www.mk.ru/economics/2019/02/05/arifmetika-rossiyskoy-bednosti-oficialnoe-chislo-nishhikh-zanizhen-v-dva-raza.html>

of what they need not to be considered poor has changed over time. In other words, what would have been viewed as a worthy life 40 years ago, would now be seen by most as the direst form of poverty.

The European Statistical Agency is one of the institutions that has tried to develop a modern definition of well-being. It says that nine material ‘goods’ are considered the standard basis for life above poverty. These include eating meat every day, having a car, television, telephone, the chance to take a week-long vacation, and savings to pay for unexpected expenses. The Russian state statistical agency refuses to use such a measure of well-being and poverty. As a result, if this measurement were in use, the portion of Russians who would be classified as poor would increase dramatically. It would be ‘much higher than 25 percent’ and cause colossal embarrassment to the governors and the whole state internally and externally.

The one official open poll in Russia, VCIOM, has confirmed that 50 percent of parents say that they have financial problems (2019). Moreover, only 36 percent of households claimed that they have savings, and 40 percent of the population does not have enough income to cover their food and clothing. Besides, 70 percent of Russian families live on the edge of financial disaster. Additionally, what is especially worrisome is that only a third of Russians have funds to invest in their future, gain medical care access, and take part in cultural life. Based on the VCIOM survey, Russians with such problems see themselves not as living but as surviving. Even more, their ideas about poverty are fundamentally different from those promoted by bureaucrats and low-level governors. This is also

confirmed by economists. While the Russian government attempts to achieve optimisation and improvement at high speed, they have become lost when defining poverty. Society itself, and particularly, citizens of urban areas, as mentioned before, have ideas about what poverty means at any particular time. As a consequence, poverty in modern countries has to be defined by a consensus of the population rather than by officials.

6.3 Social Policy and Demographics

In the Constitution of the Russian Federation (ref. Article 114), the Government of Russia ensures the implementation of unified state policy in the country in culture, science, education, healthcare, social policy (social security), and ecology. Legal support of Russia's social policy is the fundamental legislative act on which the social policy of Russia is based (M. S. Egorova & Smirnova, 2015). The list of all acts is presented below:

- Constitution of the Russian Federation,
- Family Code of the Russian Federation,
- Civil Code of the Russian Federation,
- Federal Law ‘On State Social Assistance’ 1999, No. 178,
- Federal Law ‘On the Social Protection of Persons with Disabilities’ 1995, No. 181.

One of the leading causes of the suffering of needy people in Russia, including Moscow city, is the unstable source of funding of social support. After 1991 and the beginning of the new Russia, the social system was developing slowly. However, closer to the 2000s, the government established a few funds aimed to be used for social assistance coverage. The initiative was well-supported by the economy too. The country overcame a decade of

struggles (1991-2001), recovering after a new political system shock. It overcame the 1998 financial crisis, the formation of a market economy, and gradual economic recovery. In early 2000, the Russian government (2000) finally brought attention to social policy and social welfare. New-born Russia continues some of the USSR's politics, as a healthcare policy, but still, the social support needed massive restructuring.

Allowance funds

In 2001 the government established a compensation fund, which became part of the federal budget. Regions receive money from the federal budget to implement policies established and implemented by the government. These policies included help for disabled people, subsidies for children, benefits for single mothers, etc. In the following decades, the fund's budget subsidised regions with some new policies, including reimbursement of benefits for housing and communal services and others. Given the growth of new policies, the budget sometimes required additional funds. The state has established a social spending co-financing fund for this purpose. This fund subsidises the expenses of the regions for such needs as housing, utilities, and expenses associated with increasing payments for these services.

Consequently, these funds take all financial responsibility for the realisation of government law and policies. However, the government did not impose responsibility for the state social assistance law on these funds. As the state social assistance law was established in 1999 and had to be subsidised by the federal budget, regions assumed that they would receive money for these needs directly from the federal budget. However, the procedure

and criteria of social assistance coverage were not defined and used to be provided in case of a lack of local budgets. As a consequence, the money from the funds has to cover this item of expenditure apart from their original aim and deduct money from the amount planned for other expenses. Thus, the general system for identifying those in need has lost all its meaning. Social assistance has become entirely dependent on the budget. Moreover, the criteria for an assistance provision have become vaguer because the guarantee of assistance has disappeared since everything has become tied to budget balances.

The role of education

The fundamental aspects of the near poor's problems start with the family background and the quality of education. Firstly, the social-economic background of families matters substantially in Russia. Secondly, school education is an additional element supporting the future of children. However, in the fast-changing market system and replacements of jobs, it becomes hard to forecast what education field is the most profitable to choose as the best path for yourself. The problem of education in Russia is not severe but should be improved because education has a linkage with social and economic status too. Following the example of mortgage subsidies, the government could consider expanding grants (or concessional loans) for education to near poor households.

According to Roshina (2005), higher education and postgraduate education together improve the level of social capital in Russia. On the other hand, income differences impact the equality of access to different classes in Russia. Russia still follows the USSR model of free school (primary, secondary, and upper-secondary) and high school (college,

university) education. Nonetheless, the influence of marketisation in education leaves fewer budget places at universities in Russia (where 20 percent of students can study free of charge and the rest of the students pay – the proportion changes among the universities). Higher education (education at the university level) remains the least accessible for children from poor families and some low-income families. Besides, many underprivileged children and children from near poor families have to choose a high school from the only available options which are affordable for their parents.

Another problem in connection with education is that it is difficult to predict the labour market at the end of the students' studies. It usually takes 4-6 years to get a specialty in a high school or receive a bachelor's or master's degree. No matter whether the student studies at a college or university, their major is not as highly sought after and marketable as they expected at the time of admission to university. It results in retraining or looking for work in related fields, or getting a new specialty, or gaining a new degree. The reason is the complexity of predicting the situation with the specialisations that are in demand in Russia because the economic forecast is opaque. This situation set us back to again point on the significance of economic growth in the country, and the consequences of economic instability.

Moscow is not a typical city for Russia. Unlike Shanghai, most of industries left Moscow (except for such services as car and other vehicle repairs). The fact that many graduates in Moscow do not work in their speciality affects the city's general situation and reflects the

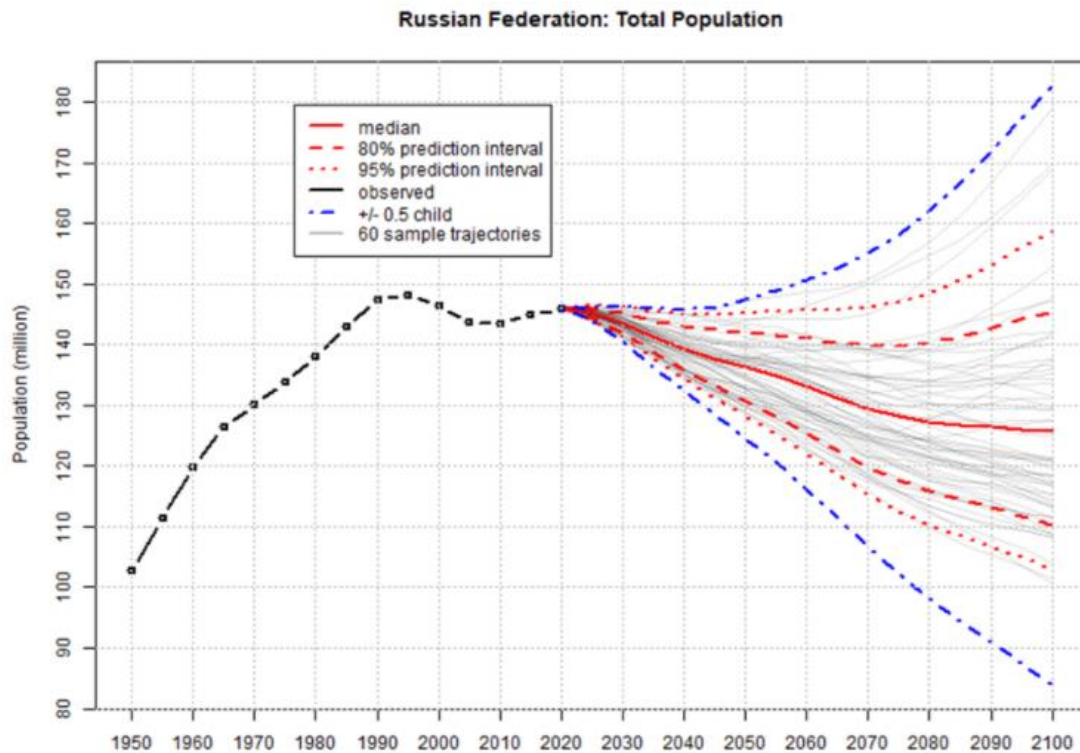


reality that either, Moscow does not provide the necessary number of jobs, or education does not meet the needs of commercial and state-owned companies, or both.

Family support measures and population projections

Russia experienced a wave of demographic decline from the mid-1990s until 2010 when new social policies were introduced and modified (see *Figure 6.3.*). The problems of ageing are not as acute in Russia as they are in China. However, the demographic forecast is the factor that enables the government to plan employment in areas such as education (the number of teachers in kindergartens, teachers in schools), adjusted for technological progress.

Figure 6.3. Russian Federation: Total Population



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United Nations, DESA, Population Division. *World Population Prospects 2019*. <http://population.un.org/wpp/>



Source: United Nations (2019). <https://population.un.org/wpp/>

School and higher school

Moscow and the regions' experience show the need for educational institutions to retrain people whose professions disappear from the market. For instance, many jobs are replaced by machines. As a result, the number of jobs is reduced due to automation. On the other hand, new jobs are emerging. There is a problem of mismatch between demand and supply of labour; there are also structural employment issues that near poor face. Measures are needed to restore the balance. Additionally, unemployed graduates, people of pre-retirement age and non-working pensioners remain the most vulnerable groups in the Moscow labour market (Yarasheva & Aleksandrova, 2018), and need special attention and support measures.

Targeted health policy

In healthcare policies, the demographic factors help calculate the number of children, determine the statistics of the incidence and its dynamics. It allows researchers to make some predictions and to calculate the number of doctors, etc. Such factors should be used more in the planning of specific policies; all social spheres are interconnected. If these or other professions plan to sag in 5-10 years, now the policies can begin to engage in their retraining or advanced training or retraining.

I mentioned this advantage of demographic statistics to highlight that it is possible to estimate and partly predict the future of the job market at some point. Unfortunately, such

statistics are not used. Because some things are entirely predictable, it makes a drastic situation. It would be wise to use it sufficiently, thereby protecting citizens or minimising their risks from temporary or long-term income loss. On the country scale, such forecasts may not be realistic enough. However, on the city scale, such areas as education, healthcare, transport, and urban improvement can be calculated and should be used by policy makers.

When I asked the experts about the influence of external and internal factors on citizens' incomes, opinions were divided. Nevertheless, most of the experts' interviewees supported that well-being is increasingly dependent on the person himself. Responses show that people and their inner circles have faced life and living difficulties, including financial ones. The influence of political and economic factors on citizens is also inevitable. However, most agree that the responsibility for one's well-being lies with the individual.

Moscow, as with Shanghai, is a city with great opportunities. People from the periphery come to large cities to settle and find the best application for their talents or get a better education and then a job. However, several circumstances, such as the unexpected loss of a breadwinner, a sudden serious illness, unemployment and other problems, significantly limit (temporarily or long-term) the family or household's financial income. In Moscow, where the state tried to preserve the USSR's legacy, especially, in terms of keeping free education and medical services, aid provision needs to be improved and requires government actions.

6.4 Social Policy and Anti-Poverty Measures' Problems

In Moscow and Shanghai there tends to be a broader range of opportunities and higher salaries available compared to the rest of the country. All salaries in Moscow have been above the minimum subsistence level since about 2007³⁶. The minimum statutory monthly pay in Moscow is not higher than the cost of living in Moscow. In 2019, the minimum living wage in Moscow was RUB19,351; the minimum wage in Moscow since October 2019 is RUB20,195.³⁷

The interviews show that most of the problems of at-risk poor people are rooted in the education and healthcare systems. However, near poverty is also closely linked with the state's budget, as well as social institutions. In general, the idea to follow the USSR's model in terms of some social politics was beneficial and necessary for people suffering in the uncertain 1990s. However, after almost 30 years, the systems require changes.

Medical care in Moscow is often costly for residents. If young families can better survive with adaption to new life circumstances because of their parents' help or getting a new job, pensioners suffer more than them. Thus, they are the two largest at-risk groups in Moscow. The first group is families with small children. The second group is pensioners. More than 60 percent of Muscovites are people who were initially born in Moscow. However, the migration flow remains high. Families with low incomes and small children who live in

³⁶ RGRU. *Incomes of state employees of the capital will grow by about 14 percent* (27.04.2007). Retrieved from: <https://rg.ru/2007/04/27/zarplata.html>

³⁷ Information and analytical electronic publication 'Accounting.ru'. *Minimum wage in Moscow from October 1, 2019 to 2020* (03.10.2019). Retrieved from: <https://www.buhgalteria.ru/news/mrot-v-moskve-s-1-oktyabrya-2019-goda-na-2020-god.html> s

big cities beforehand put their children in outsiders' position. On the one hand, the big city gives children more possibilities (life choices). Megalopolises have better schools and, as a result, better education than in towns or rural areas, but they also require a lot of additional expenses.

As Moscow sociologists predict, the demographic package, introduced at the beginning of 2019 by the country's president, should change the situation for the better. However, it is not clear yet because not enough time has passed for an unbiased evaluation, moreover, the effect of the pandemic (2019-2021) or the additional new sanctions that hit the economy in 2022. The living wage for an adult is about RUB18,000 in Moscow, and about RUB14,000 for a child. Thus, the income should be about RUB50,000 (~USD800) for a family of three to get above the poverty line. At the same time, a family of three must receive less than RUB70,000 (~USD1,100) to be eligible for this allowance. The child allowance, until his age reaches one and a half years old, is relatively high. Therefore, there is a high likelihood of this policy's effectiveness and quality performance soon. Thus, young families have better hope of bearing their problematic situations in Moscow. However, the policies, which fit Moscow, do not identically work in other places. The practice may differ slightly from region to region. They have their characteristics and local context.

Role of institutions in poverty alleviation

Institutional changes in the past two decades made the social system in Russia undergo a significant transformation (Vodenko et al., 2016). However, there is a dilemma. On the one

side, Russian social institutions do not perform efficiently and their help, when compared with institutions tasked with poverty alleviation in developed countries, is low. The benefits gained do not count as a significant source of household income, among all other kinds of income. Based on research and the interviewees for that study, less than 10 percent said that government social institutions and other public sources are a significant part of their budget. On another side, when I compare institutional roles in poverty alleviation between Russia and China, the Russian model appears to be superior. The subsidies and benefits the citizens can get from the government's help are of a wide range. Thus, the primary obstacle there is little and/or ineffective performance.

A narrow range of benefits

Social assistance is mainly related to benefits for housing and communal services, and it is especially reasonable for Moscow. The city is located in the northern district of Russia, where the climate is challenging in winter. As a result, housing and communal services in the northern climate are higher than in the southern regions. Several other benefits, such as the right to free textbooks for school or lunches for children, are also available in some schools. Other benefits can be a small payment to families with school-age children on September 1, dated to the beginning of the school year. There are coupons for the purchase of things for a child by a needy family. Free theatre tickets are sometimes also used as a kind of benefit for Muscovites. All these types of assistance work and exist as confirmed by the respondents, it gives some support but acts more like pleasant bonuses. In quantitative terms, such benefits are widespread and used by a reasonably large number of



people. Thus, these benefits do not advocate robust support measures since such measures are pervasive.

Furthermore, the ‘bonuses’ do not change the situation radically for people. Moreover, they exist as some kind of smoothing measure but not as a big help. These measures do not give people new chances and do not help households reach a new social level. Such measures do not stimulate mobility. Moreover, the statistical numbers about the policies' efficiency do not typically match the reality, and the new proposed policies do not frequently match the initial goals.

Functional literacy and resilience

Functional literacy is the ability of a person or society to enter into relationships with the external environment and quickly adapt to changing conditions. In the classical understanding of ‘unemployment,’ it is possible to say that practically there is no unemployment in Moscow. On the contrary, the problem is that not everybody in the city can find a job according to his profession or specialisation. This happens for a variety of reasons. Sometimes the reasons for rejection in a job application are due to age or lack of qualifications and the oversupply of personnel in the job market in a specific area of work. Thus, a fact is that many people in their 50s and retired people are forced by these reasons to engage in non-core work. They take jobs like nannies, cleaners, cloakroom attendants, and taxi drivers. More often, these are people with a degree. Among the interviewees, there were four people at the age of 43 or above. Each of them paid attention to this situation too. A similar thing was observed by them in the inner circles. This is a common phenomenon



when a person with a higher education degree and exemplary career achievements at a young age is forced to go to work as a courier or taxi driver because of various life circumstances, economic changes, and unemployment.

The forecasts are that [referring to the forecasts of Mr. Merkin, Russian economist], 'You should not trust forecasts since the government is operating with the wrong numbers. Unfortunately, when we talk about an extensive list of various policies for a certain group of people, citizens, support measures turn out to be microscopic or inoperative tools. Nevertheless, such organisations as, for example, 'Rosstat' provide some approximate information about the current situation.'

(Author's interviews, Moscow, 2017)

'The main problem in Moscow is that there are complicated rules of the 'game.' Functional literacy is critical here. Practice shows that it is difficult to retrain a person who is around 40 years old or even more, like, in their 50s, to get a new specialisation. And this blocks people's access to many useful places [job opportunities].'

(Author's interviews, Moscow, 2019)

At the same time, other risks were pointed out by people. When a person works according to his profession, you never know when he can be easily replaced. Thus, there is a

phenomenon of oppressive local competition in the job market. As a result, older people become less protected in their workplaces, starting from their late 40s and onwards.

Such examples can point to the problem of '*under-employment*' where people are excluded from official unemployed statistics but are unwillingly retired or working in a job far below their qualifications. Consequently, high levels of under-employment are closely tied into the growth in the near poor and highly vulnerable.

Working mobility challenge

The challenge is to provide working mobility to specific categories of people. However, this requires large investments from the government. Such mobility is possible to achieve when there is a possibility to change the job structure. Nevertheless, some changes in this direction have already been going on in Moscow. For instance, some working professions remain promising in Moscow, as there is a shortage of personnel. The social status of these professions is lower than in other places. That is why it has triggered a decrease in personnel in such a big city. Thus, this specialisation's salary is significantly higher than in other regions due to the shortage of workers. Accordingly, it makes sense to migrate to Moscow from other regions or republics holding a degree in an 'unpopular' profession and get a stable working position in the city. Simultaneously, it will allow the worker not to live in poverty and get a higher salary compared to other areas where there is no shortage of workers in certain profession. For example, the median individual job wage shows that a labourer receives about RUB60,500 (~USD950) on average in Moscow.



Moreover, if this employee's rank is high, then the salary will be higher than the average. Half of the labourers are not skilled or qualified for their jobs in Moscow. For example, a cloakroom worker in a theatre or a warehouse loader is also included in Russia's labourer category. However, the professions of labourers like locksmith, machinist, and lathe operator can be supported with decent salaries despite the profession's preconception. These qualified cadres of labourers (including workshop workers at metallurgical enterprises, electricians, etc.) receive relatively low salaries in urban-type settlements and villages attached to industrial enterprises. As described above, the situation for Moscow is different. The lack of personnel for a certain profession in the city determines higher earnings for these workers. This, once again, confirms how Moscow is incomparable with the regions.

Loss of wealth risks

In Moscow, the most common factors that convey people from one level of well-being to another are children's birth and poor health. As I have already mentioned, they are more often young families with kids and pensioners/retired. However, pensioners have poor health due to their age while other people have poor health majorly due to severe illnesses. Nonetheless, retirees automatically fall into the category of at-risk group. There are also pensioners in Moscow who receive high pension benefits and additional surety. These are pensioners who are mainly former military or civil servants. In the reference to Professor Tikhonova (HSE), as an expert in social policy reformation and social stratification of Russian society, approximately 40 percent of pensioners in Moscow live safely and have the opportunity to use departmental (official) clinics that serve military and civil servants

exclusively. According to her, another 20 percent of retirees have children who can support them and their living conditions, while the remaining 40 percent of Moscow's retirees live in a condition of being deficient in health or prosperity. In total, there are about three million people of pension age in Moscow, and that is one quarter of the city's whole population. Consequently, it means that more than one million retirees live in difficult circumstances, and, for better understanding, the number of one million people is comparable to a small city in Russia. As a result, it turns out that there are many more people in a difficult situation when I group near poor families with pensioners.

Disabled people

When a person is disabled, he is eligible to receive a pension benefit. However, if a disabled person is a child in the family, then there is a need for an adult (his parent or caretaker) to be with him. This often means that one of the parents is forced to give up work. Furthermore, a pension benefit for a disabled child is several times lower than the average salary in Moscow. As a result, the total household income also falls significantly in such cases. In households with a disabled person, the financial situation is typically difficult unless the family is wealthy. This situation is further exacerbated if the disabled person is a child and not an adult. The caring activities for a bedridden patient or a disabled child are not recognised as any labour activities. It means that the responsibility for and maintenance of the disabled person lies entirely with the family, i.e., the household. Several disability groups exist in Russia. There are several degrees of disability. The level of a pension benefit for a disabled person directly depends on his disability classification. Only one category of people caring for sick relatives for caregivers can receive a certain amount of



money as an allowance. For example, if a person cares for a pensioner older than 80 years old, his payment will be RUB1,500 per month, which approximately equals USD23-25. Altogether, this is not sufficient compensation for an absence of employment for a person compared to how his supervision of an elderly or disabled person would be remunerated.

When an adult is disabled but has not reached retirement age yet, his pension will not be acutely low. People with disabilities who partially retain their legal and working capacity find themselves in the most advantageous situation, among others in Moscow. In their cases, they can receive a benefit for disabled people. They are still able to work, and if they work, they, therefore, receive a bonus in the form of a salary besides their benefit. Finally, they can maintain their living above both the poverty and near-poverty lines. For example, disabled people of group II (following the disability classifications in Russia) can receive about RUB20,000 (approx. USD300), travel allowance, and subsidised utility bills, at once, in Moscow, in accordance with Federal Law No. 173-FZ of December 17, 2001 (as amended on December 8, 2020).

The group of disabled people is not only the people described above. Another unprotected group in the city, which has high risks of falling into near poverty, is unregistered disabled people. For example, they can be bedridden patients. This problem is sharply expressed in the Russian regions and less shown in Moscow. Such services as a social taxi do exist in the city to help people with disabilities. In general, the transport operation and patient mobility and movement are much more comfortable in the big cities. Moreover, there is a social cleaning service provided for bedridden patients in Moscow. Incapacitated people

can call this service to have their living area cleaned. Acknowledging this range of options and existing tools for the disabled helps to understand the possible difficulties of low-secure near poor groups in Moscow and Russia in general. In conclusion, the range of assistance to people with disabilities is quite broad in Moscow.

The analysis of Moscow and low-security groups living in Moscow clarifies that the difficulties of Moscow's near poor are different, although, there are same themes on which their near poverty risks can be addressed. All of them are going under the same social policy issues: housing (spending on communal services), healthcare provision (public clinic healthcare provision is limited), education (low scholarships), etc. While there is a range of policies that exist, most of them are far from reaching objectives to protect the near poor. They aim to target specific gaps (maternity leave, disability benefits, pensions, etc.) but it all worked for the entire Russian population. There is no targeted assistance to the near poor as a separate measure in the social policy of Moscow (and Russia).

As a result of my research, there are measures on the national-level (economic growth, labour affairs and labour market enhancement, modernisation of healthcare provision), as well as city-level (special social policies for the near poor in Moscow; target aid; comprehensive assessment of the household situation) that suggested being considered in the work of uplifting those in near poverty.

Chapter 7: Social Policy for the Near Poor Population in Shanghai

When Deng Xiaoping began experimenting with local markets and freed part of the economy from state control in the 1980s and 1990s, economic growth almost doubled. In compliance with it, social policy development had a new round of development. China's rapid social policy growth and expansion have piqued academic interest since 2003 (K. L. Ngok & Huang, 2014). From then on, China has flourished over the past several decades (2000-2020). A robust middle class and hundreds of billionaires have appeared due to the rapid movement of the country from the category of developing country to second place among the largest economies in the world. However, the growth has been uneven. Because of this, the gap between the rich and the poor has dramatically increased.

At the same time, China sought to transform services such as pensions and healthcare. This was considering the requirements of an increasingly market-oriented economy. In the current time, when Xi Jinping's (General Secretary of the Chinese Communist Party) government is trying to reconcile the aspirations of a growing middle class with the needs of millions of people living in poverty, it also has to overcome the challenges of slowing growth. In his speech in October 2017 at the National Congress of the Communist Party (by-election for a second five-year term), Xi admitted that the government had not lived up to people's expectations. He intends to rethink how the Communist Party will support its citizens in the coming decades. During the collapse of stock markets in 2015, the government introduced a series of measures to control capital movement from the country and free up trade. Besides, Xi enhanced the role of party members on both private and public companies' boards of directors at the beginning of 2019.

At the end of the 1970s, the government took the first steps to transfer social services from the responsibility of state enterprises to local governments. The government has created a basic social security system. However, the guidelines of a tiered system of social insurance, social security, and an individual savings program, among other benefits, were developed only in 1994. These steps were not enough to alleviate state enterprises' situation, which found it increasingly difficult to bear the costs of social benefits.

A seismic shift in social benefits occurred in the late 2000s in response to the global financial crisis. China's economy had been partially isolated from this economic downturn's most negative manifestations since it was not entirely open to the outside world. China's public finances were in a better position, which allowed it to embark on an extensive stimulus program that spurred the development of the domestic and global economies and led to the expansion of social security coverage.

He et al. (2020) expressed strong support for expanding social policies in China's cities. Despite the expansion of the social security system under Xi, about 30 million people (about 2 percent of the population) live below the poverty line, according to the government. This line, by definition, corresponds to an income level equivalent to about 95 cents a day. Official figures do not reveal the fact that almost 500 million people in China live just above the poverty line, which raises a vast problem of the near poor. According to World Bank estimates, these people are mainly from rural areas and live on less than USD5.50 a day (Wills, 2018).



In this chapter, I aim to examine the development of social policy in China in general and in Shanghai in particular, along with gaining the insights from the structure of social policy provisions in Shanghai and the measures that brought up to eliminate poverty in the city. Data from interviews with experts and the near poor is the main source of information for this chapter aiming to provide the insights on the question what are the risks for the near poor in Shanghai, and what are the policy implications on the Shanghai's anti-poverty strategy.

7.1 An Overview of Social Policy in China

The People's Republic of China occupies one of the leading positions, both economically and politically, in the international arena. However, even before starting Chinese economic reforms, the country was considered one of the world's poorest because in the post-war years and up to 1978 in China, hunger and poverty was widespread. There was a lack of essential goods necessary for society, and the standard of living of the population was close to a critically low level. However reforms provided the country with unprecedented success in the last quarter of the twentieth century. During reforms, China's economy was improved, as did the whole socio-economic model of the country's development. Like any other country, the PRC possessed specific internal prerequisites to carry out successful transformations, namely a colossal territory, availability of industrially critical natural resources, the convenient geostrategic position of the country, as well as abundant labour resources. However, in many ways, the transformation's success predetermined the socio-economic policy pursued by the state.



The reformation of China's economy in the late twentieth century is one of the most critical events in world economic history. The results of it can be observed at the current stage of development. Nowadays, China is the world's leader in many macroeconomic indicators, such as GDP and industrial production volume. In addition, the PRC is the world's largest exporter of various groups of goods and a trade partner for many countries of the world. Some literature supports the idea that trade and alleviating poverty go hand in hand (Nielson, 2015). It is at the forefront of many integration groups and associations.

Moreover, it has a strong influence on the formation of world economic relations and the development of the world economy. That is why it is essential to consider and analyse China's economic and social policy during the years of reforms and the current stage of development to identify the factors that influenced rapid changes, including welfare changes, in the country. This is needed because, at the present stage of development, the PRC plays a leading role on a par with the United States. Understanding how it will develop China's economy is necessary to correctly assess the general state of the world economy from a future perspective.

Dibao system

Dibao line is the first thing that came to my experts' minds when I talked with them about the problem of the near poor. In China, the central government substantially subsidises the *Dibao* budget, particularly for the less developed and financially struggling regions (Gao, 2019). Over 250,000 people monthly receive this subsidy in Shanghai, and his is 1.5



percent of Shanghai's total population, which consists of 15 million locals and another 10 million migrants. However, the requirement is that it is only applied to the locals. This kind of welfare does not apply to the city's migrants. This is why the number of receivers is relatively small. The coverage of *dibao* is pretty limited, but it is CNY1,030 (in the year of 2019), and three people get 3,100 per month.

'If you are entitled to dibao then you are also entitled to medical subsidies and some additional assistance such as food coupons and some welfare benefits. For low SES, people can currently sustain their 'ok' lifestyle. The dibao recipients are recognised as people in absolute poverty, meaning the poor. But all of them are local people only.'

(Author's interviews, Shanghai, 2018)

Shanghai city has rural areas too. When looking at them for these areas, this subsidy looks adequate because spending in rural areas is lower than in the city. In general, such a subsidy is relatively high for China, especially for rural areas. Thus, Shanghai is a better-off one in terms of getting this benefit.

Other official terminology that can be referred to, like those I attempt to identify as the near poor in China with an example of Shanghai, simply is a low-income population, and they are not considered for the *dibao* assistance. I propose the '*dibao* line multiplied by two' as the lowest income threshold per person among the near poor in Shanghai. The formula could be:

*(Dibao line) * 2 = Income per person in the near poor household**

(*in Shanghai)

If the income per person in the household is CNY1,030-2,060 per month, this household or the person can be considered and recognised as low-income. 'Low income' as a term is used in both research papers and daily conversations. Although the term 'low income' has a precise meaning in official documents, it is within this income range. *Dibao* line changes regularly. The *dibao* line change is based on the survey from the colleagues of Shanghai Jiao Tong University. During my fieldwork trips to Shanghai, I had the pleasure of interviewing some of them too. According to them, the data is collected from the *dibao* group, and the Shanghainese government adjusts the line according to the school's data. The adjustment date is annual on April 1. In 2017 the *dibao* line was 960, while in 2018, it grew to CNY1,030.

Interestingly, this is the highest number across China; one reason is that Shanghai is a special city, the largest one and more economically developed (financial centre) and, consequently, the most expensive one to live in. If a person earns CNY1-2 higher than the *dibao* line, then he/she will get nothing. The question arises whether it make people lower their salaries to qualify for a subsidy. Besides, the efficiency of the policy is not high.

The low-income policy system does not allow low-income citizens or the near poor to receive *dibao* subsidies regularly. However, they can get such subsidies for major festivals

like the Chinese New Year celebration, etc. The celebrations allow coupons and food and access to medical and educational assistance and housing assistance. For example, educational assistance can be provided for children to go to high school because high school is not compulsory in the Chinese educational system and is generally paid for by parents. In such a situation, it is a relief for parents and vital help to overcome such burden and they still have a chance for their children to receive full school education and qualify for university or some other institute later.

What is more important, getting a higher education provides a greater chance to overcome financial burdens by getting a stable job. Still, a better education promises a better job for graduates in Mainland China. The local district government is in charge of such subsidy allocation. Researchers I interviewed stated that similar assistance goes to low-income near poor if they have some difficult severe disease (serious illnesses), which requires many expenditures. According to the literature review, healthcare is the most challenging problem and risk for household welfare in China.

Housing, medical, and educational assistance programs

Generally, the social assistance for those considered as the near poor in Shanghai is divided into three parts. There are housing assistance, medical assistance, and educational assistance. To help low-to-moderate income households who cannot afford housing on the market, the Chinese central government has established a number of affordable housing programs that local governments are to execute since 1994 (Morrison, 2014). However, among the types of low-income housing in Chinese cities, only little are available for



migrants (Chinese people from other regions). Qualified migrants with housing difficulty are only able to apply for ‘*public rental housing*’ (Huang, 2012), which brings extra burden for them. While ‘*cheap rental housing*’ programs have primarily benefited local low-income households. Low-income families cannot apply for the *dibao* subsidy on a regular basis. *Dibao* assistance can be received in the *dibao* office. Shanghai has 16 districts, while each district has from 10 to 20 sub-districts. The 217 sub-districts are social assistance offices or social assistance administration; 217 serve those in near poverty out of 15 million locals (Shanghai *hukou* holders and low-income families). Any assistance within the city does not cover ten million people, but they stay in Shanghai for work to support their families in other provinces.

*‘The cliff effect has buffered significantly. Other cities have a similar program but not as generous as in Shanghai.’**

(**Dibao* line and the range can be different; in other cities, the line is lower).

(Author’s interviews, Shanghai, 2018)

The *hukou* system, which has not allowed the people to benefit from social support in big cities or any other places rather than their province of origin, still reasonably allows them to work there. The migrants in Shanghai are mainly labourers, and many of them are young people. Interestingly, these people are not covered by any medical insurance; they are still willing to migrate to big cities like Shanghai.

Welfare not only consists of social assistance, but it has a comprehensive social security scheme as well, and in this system, everything is combined. The government investment for this support is relatively limited, and the migrant's mobility is also high. That is why it is challenging for these people to get some help when they need it. Although many migrants are young people, unexpected difficulties such as severe disease do not often occur, and they mainly rely on themselves.

Despite a range of benefits for locals, the near poor migrants in Shanghai have option to become a legal social welfare recipients. Although, it requires people to work in the same place for a sufficient time (could be consecutive five-seven years or around that number) before being allowed to receive some benefits (additional eligibility criteria might apply). Most of the young people I had a chance to interview had no experience of the additional benefits and typically relied on themselves or their relatives.

The fact that migrants are a necessary pillar for Shanghai development cannot be neglected. They are a massive part of the city's population. Most migrant workers and job seekers came to work to the city to support themselves and their families outside Shanghai. Alternatively, some want to be rooted and finally settle there for their infants' better future. This is why they are keen to work hard to contribute to the city's development to succeed. It usually can take around seven years to qualify to get a local *hukou*. However, the details may differ according to the company the person is working at and the scoring system, where a person has to attain a specific score before qualifying to apply (79 or above). In

other words, the person has to deserve the right to social welfare benefits as a non-citizen and contribute to the city's social insurance.

Scoring system, 'hukou', and migrants

If a person applies for a Shanghai's *hukou*, he needs to get a score of 79 or above. If they work for a long time and contribute to society and economic development, it is quite possible to get a specific score. Then if he has a university degree or even better top university degree, he will get a score and an extra point. Moreover, if his employer is big enough, it will also give a person an extra 5-6 points. There are several characteristics, where everyone has a chance, but everyone needs to spend different times changing their *hukou*. There are many refinements apart from that. When all of these criteria give a person the necessary score, he or she can get *hukou* and automatically qualify for the benefits to which citizens are entitled. However, until the migrant has received registration in Shanghai, his data are not even included in the city's statistics. Thus, the situation among migrants remains inaccessible and non-transparent.

Before claiming anything about the numbers from the official Chinese documents or datasets, it is important to note that every statistic in China is based on *hukou* holders only. Migrants, labourers, and all temporary workers are not included in any of these calculations. The responsibilities of the government for these people are only within their city/province of origin. The residential government is only in charge of its citizens. However, if you have migrated, they cannot help you as it is your responsibility and decision to move or settle in another place you think is better for your life. That is why the *hukou* rule has also created

inequality between people, although it also inhibits migration flows. Life in a city where you were not born complicates the road to rapid social mobility. In addition, according to Y. Cheng and Dai (1995), social mobility in China reflects changing state policies, i.e., social mobility across different groups of men and women has not grown. Moreover, women's class allocation is more strongly related to their class origin (Y. Cheng & Dai, 1995, p. 17). Thus, it prolongs the problem of having poverty status for a more extended period.

Absolute poverty rule

The poverty line vs. *dibao* line in China follows the concept of absolute poverty. Like a special city or region or province, every place has its *dibao* line, and poverty itself is below the *dibao* line. This means that the Shanghai *dibao* line is not similar to lines in other places and cannot be seen as a unified poverty line. Every local government of the local city or local county has its own *dibao* line. In contrast, the poverty line is deficient as an absolute minimum in the whole of China but not a particular place in China. This is a reason in this study, and I refer to the *dibao* line instead of the poverty line.

7.2 The Structure of Social Support and the Conduits for Aid

Similar to Moscow city in Russia, Shanghai is the most advanced city in terms of settings and, particularly, social policy in China. The city is often used as a pilot place to test policies. Shanghai is pushing the average level across China. Looking at the two cases of this study gives an insight into two outliers in Russia and China. What is happening and working in Moscow and Shanghai is a piece of knowledge about the cities but can still be



different from the rest of the countries. The low-income line exists in all cities in China. The difference in Shanghai is that it has a double *dibao* line, and others are 1.5 times the *dibao* line. This line is not the same according to the cities' economic situations. Every city can design where the low-income line is located. Such power can help municipalities and/or local governments balance the budget and to distribute help fairly.

Social Services Departments

In the interviews with the experts, I asked a question ‘*Who are those institutions which provide social assistance and social protection?*’ from their perspective. While there are a range of them, most of the government departments are responsible for the social provision and have their social assistance policies. The education department, i.e. the education bureau of Shanghai, has many assistance policies for schoolers, not only for *dibao* recipients or low-income families but also for families with disabled children and the like. The women's federation offers specific assistance for female poverty. The bureau of civil affairs is the prominent leader among policy initiators. This bureau initiated and implemented the *dibao* first, and many others, second. However, China's social assistance program is run primarily by labourers and government officials who may not frequently have the needed competencies (Chan & K. Ngok, 2016).

Red cross

The red cross in China is not an NGO, but a government body and a humanitarian, social relief organisation. This organisation has also had some poverty relief programs. The housing bureau is another player which provides housing assistance policy to the needy,

especially in some old districts in the old town area where the living space is limited. This bureau is responsible for providing some public housing or low-income rental houses for a needy group of people such as the poor and the near poor.

Charities duty

In Shanghai, the central role in a social assistance structure is given to the scheme called ‘*Nine + One*.’ The ‘*Nine + One*’ social assistance system means cooperative work of 10 different programs. Here is a list of them:

- 1 – the first and top one is the *dibao* program;
- 2 – the second aims to support a special population (the neediest and vulnerable society members);
- 3 – medical assistance program;
- 4 – educational assistance program;
- 5 – housing assistance program;
- 6 – employment assistance program;
- 7 – disaster relief program;
- 8 – temporary relief program;
- 9 – households with high expenditure program (high medical expense, etc.).

For the last one (the 9th program), the possible receivers can be quite wealthy households facing unexpected problems due to different circumstances. Finally, ‘+1’ literally means additional help from charities and foundations. ‘+1’ stands for civic organisations and social forces (temporary social protection from the government). Apart from charities and

foundations, it also includes NGOs and social work institutions, i.e., everything that the government does not run.

'1,000-1,200 households on average are surveyed across Shanghai to estimate and re-calculate (when necessary) the dibao line.'

(Author's interviews, Shanghai, 2018)

Shanghai's policy has an advantage compared to the national policy because the national policy is only '8+1' running programs compared to '9+1' in Shanghai. As I have mentioned, this extra 9th program is a specific program for households with a high expenditure. Furthermore, compared to other big cities in China, Shanghai has an increasing number of civic organisations. In general, the place is wealthy enough compared to other places in China and can contribute to anti-poverty work from different sides to assist the needy much more efficiently and widely than the other cities and provinces. Therefore, at the time of my interviews, the Shanghai Bureau of civil affairs was working on a project to encourage civic organisations to provide social assistance across the city. They interviewed organisations to know more about their difficulties, perceptions, and obstacles in the organisations' current system to provide social assistance.

Foundations

Social organisations in China are not run only by the government. As shared by one of my interviewees among experts, many leaders of these organisations are retired government officials or former leaders of different government departments. For instance, in large

foundations, most of the leaders are retired government officials. Besides, this kind of situation facilitates the ratings of these foundations. The retired official has many connections with people and companies typically, like state-owned enterprises, who can contribute to the funds. The retired ones also can raise funds much more straightforwardly than anybody else.

Moreover, at the same time, these leaders still have a connection with the government, which also gives them additional advantages such as in promotion or establishment of funds, banks, or influential government foundations. Some of them are quite large among social assistance foundations in Shanghai. For example, one of them is a '*Shanghai mutual fund*.' The foundation is unique because its coverage is not limited to being confined by the Shanghai *hukou* holders, but it is one of not many which cover the migrants. Notably, apart from the mutual fund, some organisations also cover migrants and provide help to some of them. Although the 'Shanghai mutual fund' is one of the biggest of all in terms of funds available, another one, '*Shanghai foundation for mutual and needy assistance*,' is the largest one in regard to social assistance and is heavily sponsored by the government. In addition, such organisations are raising funds by themselves. The latest data of the assistance provided is published every month, including the size of the poverty population, *dibao* recipients, and temporary recipients, and is a systematic statistic. However, despite the positive results, such measures are a drop in the ocean, given the size of the population of Shanghai. Increased support measures require wider coverage and have to include non-*hukou* holders.



7.3 Anti-Poverty Social Protection

When civic society thinks that what the government does not provide enough to them in terms of social support and assistance is a common phenomenon. Firstly, after looking into it more carefully, it has to be acknowledged different classes have different opinions and influence government decision-making. For instance, the number of poor people is dropping in Shanghai which is linked with Chinese urban poverty eradications measures. However, when I questioned some professors from one of the top Shanghai universities how close it matches with reality, they shared an interesting insight. The number of middle-income people is continuing to grow. According to the statistics issued by the central government and municipal government of Shanghai (Shanghai Statistical Yearbook, 2019), the middle-class size is proliferating in terms of income, lifestyle, and living standards. However, some fraction of the middle class is still fragile.

Secondly, evaluation of government measures and policies by civic society worries the government because it is linked with their sovereignty. Therefore, social policy is closely linked with economic problems as the government plans the budget every year and the economic level influences the distribution of budget money. In the end, social things are not a priority in difficult times for most governments because they see it as a benefit rather than a necessity. Thus, the government does not arrange much money for social assistance every year in a stable way. For local governments, if they solve a problem with the poor, they should take the next step to help those living near the poverty line and analyse their significant risks to produce policies for the near poor. It is advised because will help to stabilise the number of poor and pursue a track to lower it. However, the problems of the

near poor have to be acknowledged widely by the government and the civic society first to push the new social policies in this direction.

For such cities in China as Shanghai, the economy permits the solving of the poor population's problems and those of the near poor. Effective economic planning, sufficient budget, and other factors work as pillars on which social assistance can be supported. However, a situation in rural areas and poorer provinces is different. That is why the Chinese government sticks with the flexible model of social assistance provision. It is related to the availability of funds and the ranking or priority of spending and expenses. Furthermore, corruption in China and Russia is another burden that impacts social policies' effectiveness.

Looking at the documents, they show that the poor are relevantly protected among other needy groups. The near poor and low-income families (in the Chinese definition) have their protection, although they are not the top priority. Specific systems or design schemes can be complicated to identify their difficulty. In Russia, the key issues that have been identified with social assistance provision are the ineffectiveness and imperfection of the criteria for receiving assistance. Background, culture, and political system are different, which makes it hard to perform a comparative analysis on a micro-level comparison or a specific policy to discuss detailed research.

Absolute vs. Relative poverty

Would the relative poverty concept work in China? Although the concept of relative poverty seems attractive and reasonable to be introduced, it does not seem to be used at the current stage of development. However, I would say that it is an excellent long-term goal for both cases of China and Russia. In the documents, there is no information about relative poverty measurement or concepts. There is just a *dibao* line, and low income while introducing the concept of the near poor can be a step toward the future switch from absolute to relative poverty measurement.

One new word about poverty (*joudzinan*) is a super emergency relief. It is a relatively new concept exploring the population that is not covered by other subsidies and the policy system (including those participants for *dibao* or low-income citizens). These groups can have a reasonable standard of living, including those not holding Shanghai *hukou*, who are not covered by poverty relief policies but facing social life risks. The government settled this policy to buffer these risks. Most of the funding for the policy is from the central government. It means that the central government has an interest to keep such a city as Shanghai as a prosperous, wealthy example. It benefits both China and Chinese external relations and is a suitable environment for attracting outside investment. This policy is a political product to guarantee social security and social safety for those not covered, including migrants who can live a sufficient period there or less. Such a policy emphasises more equality in the city. There seems to be a sense of responsibility from the government because Shanghai has played an important role, including as the world's economic system as a large financial hub. The policy also guarantees social stability, which is important both economically and politically for the whole of China. Although it can be said that all the



social assistance policies are made in order to guarantee and support social stability, there are still many people who are outside of the coverage of the current policy system.

Significantly, the population structure and population mobility are fast in contemporary China. In the last few years due to social media development in China, the country has changed a lot. People are more and more aware of what happens in the country, and they are challenging the baseline and living standards of society.

Grassroot civil organisations in China

The range of civil organisations in China is extensive. Shanghai city is not an exception. The most crucial for the near poor and the poor could be the neighbourhood committee sector. In Shanghai, there are heads of the block (*‘loudzudzhan’*) in each residential community. It is a so-called block of the residential building, a person, often a senior one, like old grannies, who formerly were government employees or worked for a long time in state-owned enterprises before. This group of people plays a significant role in reaching poor people and the needy and connect them with government officials. Formerly they were government officials or SOEs officials/workers, and they are enthusiastic about public affairs in their community. They live in a specific neighbourhood, and they are heads of their blocks or residential buildings, and nearly every day, they see their neighbours, talk, and, as a result, know the situations in their small communities. They know the home affairs due to age, communication, and profession, and are closely connected with them. Such arrangement is something specifically unique and differs Shanghai from Moscow in having these grassroots organisation makes. Although, such an organisation might not

work in Moscow, achieving a similar level of involvement in some households' risk can be achieved through developing a more target social assistance in the Moscow environment.

Bureaucracy trap

China has a clear advantage in passing through the bureaucracy process compared to Russia. The smoother and more open procedures do not require much paperwork when you have an office in your own house or similar. However, here I am only talking about Moscow and Shanghai, not to overgeneralise. It might be more comfortable for the Chinese to reach the consensus of their problem through these kinds of pro-officials within the small communities. Indeed, it is another case of how soon and what precisely they can get. At least, the bureaucratic procedures are smoother.

Shanghai local government hierarchy

Municipal-level government is used for smaller issues, i.e., district and sub-district government and neighbourhood committees. The sub-district level of government, especially in downtown areas, has many branches/offices that receive welfare recipients. Their complaints and needs are forwarded to such an office. These welfare recipients can fix everything just through one person because these specific people are required to answer all the questions and all the needs for that specific process. If she or he cannot answer or fix an issue, this official person must be responsible for transferring the case to another person. Then the last person will be responsible for the whole procedure for the convenience of the recipients. These welfare recipients do not necessarily need to find a second person to help them solve their difficulties.



Role of NGOs

Otherwise, NGOs play an essential role in Shanghai's social work. They design essential programs, and they apply for money from the government for support for these poor or needy families. It is for urgent help and to only cover basics. NGOs get support from the government and can support the needy. Additionally, it has different types of help assistance. Besides, welfare foundations and social NGO organisations can consider all migrants, the near poor group, or low-income citizens in China. According to Hsu (2012, p. 69), *“the NGOs in Shanghai working on migrant issues do not focus solely on the migrant cohort...(but) address a range of local concerns such as residents’ welfare and community education. Migrants are viewed within the bigger picture of improving the community as a whole.”* The people can receive something from the government, but NGOs are their second way too. The program has tough issues and much paperwork to get help from the government, while NGOs are more flexible in bureaucratic procedures. Some of the near poor may not get help from the state, while NGOs can provide some assistance.

While talking about social welfare, Shanghai also has a people’s poverty relief and mutual support committee. It is a foundation that has money from SOEs and also the government. The recipients are a different kind of people, but most of them suffer from severe diseases; the number of them is more than half. They are not immensely poor, but to overcome disease costs them a lot of money. In Chinese situations, it is less likely for people to depend on age or gender like in Russia but mainly on health and physical conditions.

Work-unit people

Since both Russia and China were formally under the regime of communism and collectivism, the culture of work-unit (*'danweiren'*) was spread and functioned for a long time in the USSR and keeps running in China. Till now, in China, work-units are formally established in every neighbourhood. Initially, they were established around factories. In the past, when China started to follow a planned economy, the Soviet Union had a similar community unit system. The workers from a factory, their family members, and those living around the factory were included in these units. Thus, the government built a residential neighbourhood and assigned factory workers in that neighbourhood. Such units were all controlled by the state or by the party committee of the particular factory.

Nevertheless, China is not following the planned economic path with its market economy or socialist market economy now, the same as Russia. However, old traditions play a significant role in people's mindsets, and the work-units did not disappear from Chinese neighbourhoods. A mindset of traditions has a significant influence on the current system of welfare provision nowadays.

Therefore, the old grandmas, who are the most common leaders of the work-units, help facilitate the bridge between the government and the needy people living in their community. Moreover, old grandmas were raised and grew up in the planned economy and the old regime and followed the initial tradition. As a consequence, they took part in being the leaders of community management.



After many decades of change and social transformation (since the 1950s and until the late 1970s), the work-unit was a big part of China's urban life. Later and after the market reform, Shanghai facilitated the delivery and implementation of welfare policy and reactivated this kind of work-unit people. '*Danwei*' literally translates to work-unit. Such a system brings many advantages and eases local governance. However, these work-unit people are not the same as they were in the 1950s. 'They have lost their social functions. Work-unit people are free to choose where they live and what social activities they participate in. They have become '*shehui*ren,' or 'society people'³⁸ – according to Professor Wang. One interviewee (#1) said that Shanghai is the most advanced city economically in China, but still, it is influenced a lot by a power system, especially the '*danwei*' system. The traditional values are a base to build a more equal and efficient welfare provision system for needy people. Furthermore, it is not about the economy, but also, Shanghai has been quite innovative. For instance, it was chosen to be a pilot city when, in 1998, the *dibao* system was first tested in China. Unfortunately, I have not had a real-life example among my interviewees who had experience with these work units' help, however, I do not exclude it can be considered as one of the channels of assistance provided for the near poor in a practical way.

Shanghai social work and social mobility

The mobility depends on whether the person is an insider (i.e., a *hukou* holder) or an outsider in Shanghai. Most of my experts (interviewees #2, 3, 4, 6) demonstrated solidarity that Shanghai's opportunity of mobility for this city's *hukou* holders is high. It is a kind of

³⁸ Sixth Tone. Why China Is Reactivating Its 'Work-Unit People. Retrieved from: <https://www.sixthtone.com/news/1003580/why-china-is-reactivating-its-work-unit-people>

blessing for those to be born there and enjoy the city's benefits and more immense opportunities in education, jobs, and even, probably, marriage. Although there is no such strict citizenship policy in Moscow, inequality within different regions and cities exists. In comparison, in Russia, if you have a chance to move from your place (which also requires your family to have a sufficient amount of money), then it will be easier to stay in the city after graduation or after finding a job. The family background and wealth mean the most. Thus, the migrants' social mobility curve is different, much lower, and quite exclusive. The importance of education has a significant influence too. Being a graduate from a top university, the specific department gives better chances in the future but not a guarantee.

Like in Jiao Tong University, most of the master students in public affairs in one of the top Shanghai schools got two or three top offers from international companies or national banks in Shanghai. Most of the students, though, are not holders of the Shanghai *hukou*/scoring system:

'If you are graduating from university at a high level, you can get 20 points or a similar number. Also, good discipline adds some points; high recognition by the ministry of government can get plus five. The high score can give more chances of having a good job and employment like a giant international company or in the public sector like being a civil servant and get another 15 points.' – Interviewee (#5).

(Author's interviews, Shanghai, 2018)

As a result, the university's name and the job position a person takes matters a lot. A higher score makes it more likely for a person to get a local *hukou*. For instance, 98 percent of non-local students who graduated from the leading Shanghai universities can get local *hukou* if they want it. The lower-level universities do not give such guarantee (municipal-level universities) and only give 50-60 percent chances or less than that. The level of education is another prediction of level score: the higher the degree, the higher the score the person can get. For instance, PhD-level graduates can almost instantly get the *hukou*. Nevertheless, getting a degree in Shanghai for non-local people requires most students to be from a well-supported family.

Policy for the elderly

Until 1991, only employees of State-owned Enterprises (SOEs) were eligible for pensions in urban regions. Since 2000, the urban pension system has evolved into a multi-pillar scheme based on a Defined-Benefit (DB) basic pension plan and a Defined-Contribution (DC) savings plan (Lin, 2011). From the mid-1990s, the Chinese government adopted the MLSA in urban areas in order to keep people's living standards above a predetermined threshold. At first, the elderly group could be the one of those who can be assigned to match the near poor category. However, in Shanghai, they are all better off and less at risk than others. First, this is because most of the local citizens are protected with a pension. The pension in Shanghai is not small, and it is stable. Only those pensioners at risk who do not receive any pension benefits. Secondly, the pensioners are quite often supported by their children. The pension benefits policy is called the 'Comprehensive benefits scheme.' It is designed for the older people in Shanghai, and it is the second most widespread policy in



the city after the *dibao* system. Comprehensive benefits or welfare packages are assigned to older people aged 65 or above. To specify the recipients, only people under these requirements can qualify; moreover, they have to be local citizens to receive it.

7.4 Social policy Problems for the Near Poor

Economic reforms in China (1978 and after) have resulted in a widening gap between the rich and the poor. Particularly, the ‘opening to the market’ 1978’s reform, and transitional period in the early 1990s, boosted the urban poverty in China (Yanhui & Ziyu, 2017; H. Zhang, 2017). According to Guo and Z. Cheng (2010), urban poverty and inequality are substantial problems, and rural migrants have formed a significant part of the urban poor. In addition, poverty in big cities has emerged as a critical factor that may affect future development. Rapid urban growth in China has been accompanied by rising social inequality and marginalisation of disadvantaged social groups such as workers laid off by SOEs and rural migrants. Apart from the goal of absolute poverty elimination by 2020 in all Chinese rural areas, the Chinese government has also officially acknowledged the existence of ‘*marginal groups*’ and prioritised combating the ‘*new urban poverty*’ as an urgent task to eliminate the root of potential social instability. It is combined with my near poor categorisation goal in Chinese society and bring it into common usage as research vocabulary and otherwise. ‘*The poverty of transition suggests that the leading cause of the new poverty is structural, i.e., economic restructuring and the release of redundant workers previously hidden inside the workplace, and the increasing migrant population who are excluded from the formal urban institutions*’ – F. Wu (2004). The birth and development of cities cannot be explained solely based on economic or cultural factors.

They approached the city's study as a study of the social organism (an integral system), using quantitative and qualitative research methods. The near poor live above the poverty line but do not have sufficient income to enjoy the city's standards for themselves or their families. The safety net of government and private programs is just not adequate to catch all.

Looking at Shanghai's urban design, the city has a total area of 6,340.5 square kilometres (2,448 sq. m)³⁹, and it is mostly flat, except for a few hills in the southwest region. The average elevation is just four meters. Shanghai also has an extensive network of rivers, canals, lakes, and streams, all of which combine to create the perfect setting for a large population. Shanghai has been one of the fastest developing cities globally for the last 20 years, with double-digit growth nearly every year since 1992, except for the global recession of 2008-2009. With its geographic location and other factors, the city attracts people from less wealthy cities, including rural areas of Mainland China. As so, the jobs, which do not require any specialised qualifications, are often occupied by the low-educated people from neighbourhood provinces, and, as a consequence, primarily represent portraits of the near poor in Shanghai. The policy of minimum wage in Shanghai makes them aspire to move to seek a better life and more work opportunities to cover the needs of their families back home. These people are not just able to earn the minimum salary and cover the rents but also send money to their family members in other provinces or smaller cities.

³⁹ Retrieved from Shanghai Municipal People's Government: <https://www.shanghai.gov.cn/>

China has become known around the world for its famous one-child policy. On the one hand, the policy helped to keep the population in check. On the other hand, it also contributed to a shrinking workforce in the area and a rapidly ageing population. Migrants from the rural areas of the country turned towards cities, including Shanghai. It gave the city its growth. The migration to the site fuelled growth for decades to come, as Shanghai itself has had a negative natural growth rate for 20 years due to low fertility rates. The one-child policy came to an end in the country in early 2016, but Shanghai implemented a five-year plan to curb growth to almost 25 million. The factor is significant because low birth rates mean more elderly near poor and fewer younger workers would generate economic growth. A similar problem of demographics exists in Moscow. The looming problem requires measures from the governments of both countries, otherwise, it will dramatically worsen the situation of the near poor in the near future.

China is also testing reforms to its *hukou* system, which will offer incentives to migrants moving to urban areas in the cities, providing them the same benefits as local residents. The city still has a lot of demographic problems to overcome. It includes a low fertility rate, an imbalance in the gender ratio (113 boys:100 girls), and an ageing population, which may become a burden as the city grows further. “According to the 2010 Census, more than 39 percent of Shanghai's residents are long-term migrants, tripling over ten years. Migrants are primarily from Anhui (29 percent), Jiangsu (16.8 percent), Henan (8.7 percent), and Sichuan (7.0 percent), while almost 80 percent are from rural areas.”⁴⁰

⁴⁰ Shanghai Population 2021 – World Population Review. (2021). [Accessed 8 April 2021]. <https://worldpopulationreview.com/world-cities/shanghai-population>

Interestingly, they have comprised the largest percentage of the city's growth, as Shanghai's natural growth rate has been negative since 1993 because of low fertility rates. Among that population of over 24 million, according to Lau (2020), 1/3 of them remain low-income rural migrant workers. Like most of China, the vast majority (98.8 percent) of Shanghai's residents are of Han Chinese ethnicity, with only 1.2 percent belonging to minority groups. Still, the number of minorities in Shanghai has grown by an astounding 165.5 percent since 2000, which is faster than the overall population growth. Shanghai also has over 150,000 officially registered foreigners, including approximately 31,500 Japanese, 21,000 Americans, and 20,700 Koreans. These numbers are based on official figures, therefore, the real number of foreign citizens in the city is probably much higher. Shanghai has one of the highest life expectancies in the world, and the highest in Mainland China, at 83 years. While some would believe that Shanghai has hit its peak population, it is projected that Shanghai (along with Beijing) will have a population of more than 50 million by 2050, which is double the current level because of fast-paced urbanisation in the region and strong economic growth. All these factors together predict an enormous social problem and require immediate attention.

As I have mentioned in the previous section, poverty in Shanghai is also hard to categorise based on the absolute poverty rate. This is because poverty itself is not the most severe problem in the city. Secondly, it would be necessary to mention the shame of being poor from the sociological aspects. The sense of guilt or stigma of being poor and social exclusion is even more severe. It affects people psychologically more than those living in



small and more developed areas where the welfare curve is flattened. Thus, being poor or near poverty puts people into more exclusion in big cities than in small cities. The social and psychological functions of shame should be considered because they influence people living in poverty and near poverty. The group with better well-being does not experience the shame to that level, like the near poor and low class.

Based on the concepts of psychodynamics and the social construction of shame in various spheres of the public life of American sociologist, Thomas Scheff, the prospects for the development of social policy concerning poverty are outlined. Psychosocial indicators are equally important, along with material indicators of poverty. Since modern society's values form the belief that a person bears the burden of responsibility and guilt for his position, which leads to chronic shame, the consequences of experiencing shame can be various types of social exclusion and isolation and the weakening of social bonds and cohesion. The emotional model of poverty is a feeling of everyday shame in various forms, which is supported in public discourses, including in social policy (Simonova, 2014). The author seeks to show that it is necessary to counteract this kind of discourse in order to weaken the negative consequences of shame and create constructive socio-political programs to prevent or decrease poverty. In addition, poverty reduction is closely linked with economic restructuring. According to Yan (2018), due to the change of institutional mechanisms in Shanghai from 1978-2008, the government has to use the social inclusion approach to alleviate urban poverty and near poverty in China.

Poverty monitoring at the city level is essential for internal policy planning. Urban poverty estimates should be carefully reviewed and updated. The studies confirm that material help is not the tool to overcome poverty in urban places in China. It links with the poverty definition itself. It proves that for both cases of this study, ideally, it is best to have a separate description of poverty rather than use the existent model of absolute poverty. In this case, the categorisation of the near poor can help as well. While acknowledging the near poor as a group with certain risks of falling into poverty, it would be easier to refer to the definition of poverty in a particular city. Since China has done a lot to eliminate poverty in rural areas, the urban areas can become the next step, but it would be problematic to solve the problem using the same tools or strategies. As a result, the government is suggested to start with a complex revision of poverty and near poverty approach starting from the wider range of assessment tools. Then, it can design specific policies for the risky group to continue the anti-poverty work in the country. In the meantime, reforms in housing or implementing rental costs subsidies could significantly make an impact on near poor living conditions.

The second co-linked problem is income inequalities in big cities. It can affect social disturbance and elaborate social anxiety among lower classes. The problem can be complicated by a lack of retirement planning for pre-retirees and the elderly and it can lead not only to increased income inequality but also to a serious social problem (H. K. Lui, 2019). Income inequalities remain a big problem for China (Wroblowský & Yin, 2016).

In conclusion, the majority of the analysis on social policy in Shanghai (and in China) was based on the interviewees' data. The primary concluding remarks are the following. The city's non-residents (migrants from other Chinese provinces) are not eligible for the *Dibao* stipend as a main coverage for those who considered as the poor or whose income is lower than the *dibao* level. This explains why there aren't many receivers as these migrants compose almost 40 percent of the entire population of Shanghai. The most difficult issue and risk to household welfare downgrade is a healthcare issue. In the meantime, housing rent takes away most of the income of the near poor. There are programmes for affordable housing that might be given to the city's near poor, however, again, it does not cover non-residents. Absolute poverty rule adds limitations to inclusion/exclusion criteria of possible social provision recipients. The Shanghai Bureau of Civil Affairs encourages civic groups to offer social aid to those in need throughout the city, but no precise standards were set. China has continued to use such organisations as work-units in the manner of the past, which partly can serve as a helping hand for the near poor within a community level. In addition, the work-units assist in building a connection between the Shanghai administration and the underprivileged residents of their neighbourhood. Despite a number of policies that could help the needy including those in near poverty, a lack of awareness of the near poor group could significantly reduce the quality of policies in the future. Thus, by getting rid of poverty, China runs the risk of acquiring a large number of near poor people. In terms of statistics, we can see the absence of the poor as a class, but the reality is that the number of those in need will continue to grow.



Chapter 8: Findings and Discussion

Researchers across the world have studied numerous anti-poverty tools and policies towards the poor. I believe that my study sheds light on how the anti-poverty measures worked for the near poor in Moscow and Shanghai. This study contributes to growing debates on poverty reduction measures, the risks to which near poor people are exposed, social policy gaps and policy limitations. The ultimate goal of this work is to attract attention of policy-makers to the neglected vulnerable category of people in order to review and adopt new social policies to address their needs.

This chapter aims to highlight and discuss findings gathered from the previous chapters. I investigate whether and to what extent the current policies are effective and what can be improved. In addition, there are links between two cities connecting the difficulties of the near poor, which also aims to justify this group's categorisation.

In particular, the chapter is organised as follows: I discuss the novelty of the study and theoretical input, then I look at Moscow and Shanghai cases and discuss the findings in conjunction with research questions. Sections three and four of the chapter present the discussions on the categorisation and risks of the near poor and indicate the limitations of the study.

8.1 Theoretical and Practical Significance

The Marxist and Weberian theoretical foundations of the class structure still play an essential role in social scientists' research. Similar to Weber's class divisions model,

academic studies utilise the upper-lower and very low-lower class family's concepts, for instance, R. C. White (1955) and Pavenstedt (1965). However, the insufficient degree of development of the concept of stratification of society needs to be improved in the contemporary world and request further categorisation of the different classes and categories within them. We cannot fully understand the real world only according to fixed concepts. The search for new tools in the new reality is essential for understanding new layers in an increasingly complex social structure. Tracking changes in different social groups is necessary for the implementation of quality policies in cities. Attention to different categories within classes has the advantage of qualitative analysis of different social strata, which can often be overlooked by politicians when developing new policies and social measures.

The results obtained in this study expand the understanding of one of the vulnerable categories of people in the cities. The problem of the near poor is related to the lack of a concept of this risk group in the context of Russian and Chinese studies. Some studies advocate for an exclusive government policy to fight poverty, based on its causes: economic (poor earnings – wages, pensions, payments for social insurance) and demographic (disabled dependents – children, handicapped, elderly) in Moscow (Rzhanitsyna, 2018). Others defend the development of a framework for 'social inclusion' to reduce urban poverty in China in the example of Shanghai (Leitch et al., 2016; Yan, 2018). However, limited literature has been found on those at risk of poverty in Russian and Chinese contexts. This study has made an attempt to fill this gap.

Near poverty has been expanded in the USA and in European societies (Sparer & Okada, 1971; Hokayem & Heggeness, 2014; El Nasser, 2014). However, a near-poverty population mostly refers to working-age people (in the USA studies, for example, people aged 16-64 years are considered to be of working age) in American/European research discourse. This is partly due to the approach to identifying this group. In this study, I have looked at near poverty from the perspective of different age groups, different genders, and different professions, which adds novelty to this study. The heterogeneity of respondents is also due to the task to identify the maximum variability of risks that exist for this category in Moscow and Shanghai.

The introduction of the near poverty term into sociological and political discourse in Russia and China can help to draw attention to this vulnerable group. In addition, it can contribute to reducing/holding the growth of the number of poor and/or strengthening the middle class. There is enough literature in Russian and Chinese sources on the topic of anti-poverty and evaluation of certain anti-poverty measures. On one side, studies by Tikhonova (2003; 2014; 2016; 2019) extensively analyse urban poverty, income stratification, and social policy in Russia. On the other side, the research of Gao (2006; 2013; 2019) and Solinger (2011; 2017; 2018) contributed a lot to evaluating social policies and their effectiveness in China, as well as giving portraits of the urban poor. However, there is a lack of qualitative studies on the near poor. Outside the analysis of poverty and anti-poverty in Russia and China, the concepts of needs and risks of the near poor remain. Through qualitative investigation of examining living conditions and policy obstacles for the near poor this study has attempted to close this gap.

As mentioned in Chapter 2, this research has also been grounded in economic theories of poverty, such as classical and neo-classical, social exclusion and social capital theories. This study discloses that it cannot fully follow the classical approach, as findings show that the near poor often become hostages of circumstances on which they cannot significantly influence. On the contrary, the analysis supports the neoclassical theory, near poor are strictly excluded from social assistance if they do not fit certain criteria (belonging to a vulnerable category of people (children, disabled people, etc.), residential status, level of income). The study suggests the recognition that reasons to be in near poverty frequently go beyond the control of the needy themselves. In the discussion of social exclusion and social capital theories, near poor were found to be to some extent hostages of economic factors, i.e. the limits that are put on Moscow and Shanghai citizens by minimum wages, poverty threshold and *dibao* line. The theories acknowledge the matter of structural characteristics of society and the situations of different groups. Following this context, in-depth interviews with the near poor helped to discover their situations.

Against the background of intensive urbanisation processes and the growing role of cities in the life of society, many researchers note that today it is necessary to focus on different levels of inequality (Gao et al., 2007; Guo & Z. Cheng, 2010; Chen et al., 2018). Qualitative analysis of certain layers and groups helps to expand this approach. The value of the most objective approach to a particular problem will contribute to a more effective design of the proposed social policies. Additionally, research on the poorly protected layers of society in large cities plays an important role. Social inequality is one of the most significant components of Sassen's theory. According to Sassen (2004; 2016), the rising cost of land

in global cities has broad implications for the functioning of these cities. In my research, I complement this theory by proving economic differences between Moscow and other cities in Russia, and, in Shanghai and smaller cities in China, directly affect the differences in the status of disadvantaged groups, in the example of near poor.

8.2 Definition and Perspectives of Moscow's and Shanghai's Near Poor

The suggested definition of the near poor is proposed based on the poverty threshold in Moscow and the *dibao* line in Shanghai. In terms of economics, the term 'near poverty' refers to the situation of having an income that is only slightly above the poverty line, or between 100 and 200 percent of the poverty line in Moscow:

Moscow near poverty range per person within a household:

*Moscow's poverty line – Moscow poverty line*2;*

In Shanghai, the minimum wage almost equals 200 percent of the payment under the *dibao* policy. The proposed definition to identify the near poor in the city is suggested below:

Shanghai near poverty range per person within a household:

*Shanghai's dibao line – Shanghai dibao line*2.*

While the global discussion of near poverty is mainly concentrated in the USA and some studies talk about people at risk of poverty in the EU, the rest of the world uses the concept selectively. While near poverty definitions are not broadly used, a similar identification of the near poor based on household income level can be found among researches in other countries, including Jordan (Loewe et al., 2002), Philippines (Gavilan, 2014). Vietnam (Nguyen & A. Wilson, 2017), South Korea (Choi et al., 2015).

Newspapers and online agencies have started to use the term ‘near poor’ in their discussion in the past years more widely. A similar trend is observed in the academic literature. For example, in the Philippines, according to the Department of Social Welfare and Development (DSWD), this imperative is used to identify those who are just a step away from poverty (Gavilan, 2014). The central argument of such resources, newspapers and articles is one: those who are not classified as the poor need to be prevented from falling into poverty.

Although no crucial answer or one-way solution for this group of people does exist, to define them and study them separately in every country's context is essential. My study confirms the promotion of new policies for this category, with an emphasis on developing targeted assistance which will comprehensively meet their needs. Aiming to prevent the growth of the poor and uplift living conditions of citizens is vital. A broader discussion on policies is given in the *Policy Suggestions* section of this chapter.

Shared similarities

One of the key findings of the study is that most of the near poor have come through hardships at least once in their lifetime. Although it does not say they were poor, they were on the edge. The fear and embarrassment of being poor are clearly remembered in this category of people despite their age range. While the younger generations tend to blame themselves more and are less likely to expect any assistance from the government. This can be explained by the experience of family members and the fact that they were able to observe and experience several economic and financial crises in the country. The younger near poor indicate higher hopes for the future, and try to turn the situation their way without seeking help from any social institutions except that of their families.

Another result is that near poor in Moscow and Shanghai clearly distinguish themselves from the middle class. They claim that the last can afford to use the private sector for healthcare or to go on holiday, though not necessarily abroad, but have the ability to travel across the country. When it comes to self-categorisation, this group used to claim to be nearly poor. Although acknowledging that the income of near poor households is above the poverty line, their current status allows me to equate them with the poor class.

In assessing the status of the near poor category in Moscow and Shanghai, the study shows that these people tend to be more mobile in terms of job search. They demonstrate a will to look for external opportunities to generate extra income. A number of the near poor in the cities are people from other regions and provinces. They tend to migrate to more developed places, seeking more opportunities to elevate their status or/and grow income for their families. They see the government as responsible for fighting poverty as part of



the social state goals. The tendency to see the people's responsibility for their wealth makes this group's survival skills higher than other groups, also showing their higher level of resilience. This could be one reason why they are in a more advantageous position than the poor or have not fallen into poverty yet.

The near poor respondents of the study did not show satisfaction with the existent policies, few of them have benefited from some kind of social support in Moscow and Shanghai. The government institutions (social security bodies, labour exchange) need to be more effective in the development of social assistance. They desire higher pensions, better healthcare services provision, and revision and recalculation of the consumer basket. People in the category of near poor do not travel, and face difficulties to accumulate savings. They rarely use vacation leaves, and when they do, tend to do it in country houses/homeland/visiting relatives or sanatoriums on a voucher (prepaid trip voucher). They encounter difficulties to buy clothes regularly. The food expenses and transportation costs are high in comparison with their income.

As claimed by the majority of near-poor respondents in China, the severe disease continues to be the top risk factor for Shanghai's near-poor. In Moscow, the expense of living and the reduction in salaries (due to inflation, economic downturns, and crises) are the main causes of suffering for the near poor. The main way that inflation influences poverty is through real wages (Cardoso, 1992). In fact, inflation is suggested to bring an enormous impact on vulnerable groups. Furthermore, corruption and the common factor of insufficient fund

provision are seen as another crucial obstacle that hinders the efficacy of social measures in Moscow and Shanghai.

In terms of family values and family institutions, Russia in some way is more similar to Asian than European nations. While children are tended to be pushed to leave their families early in order to become independent in European nations, there is a habitude of ongoing care and support for one another that exists in Russia and Asia. Russia's post-war generation was raised in an environment marked by increased concern and awareness. This habitude factor has an influence on the near poor because it often defines the household size. The larger the household, the greater the risk of dependency load.

On the one hand, while Russia possesses rich natural resources to provide all the citizens with favourable living conditions, problems such as corruption and others distance this possibility from the implementation. The country's resources are not distributed effectively, and this is particularly due to the corruption issue. On the other hand, while some near poor are trying to build up savings, they do not show confidence in increasing this capital and demonstrate a low proficiency in financial literacy. In the study of Klapper and Panos (2011), only 1/3 percent of respondents of their research in Russia demonstrated an understanding of compound interest or inflation.

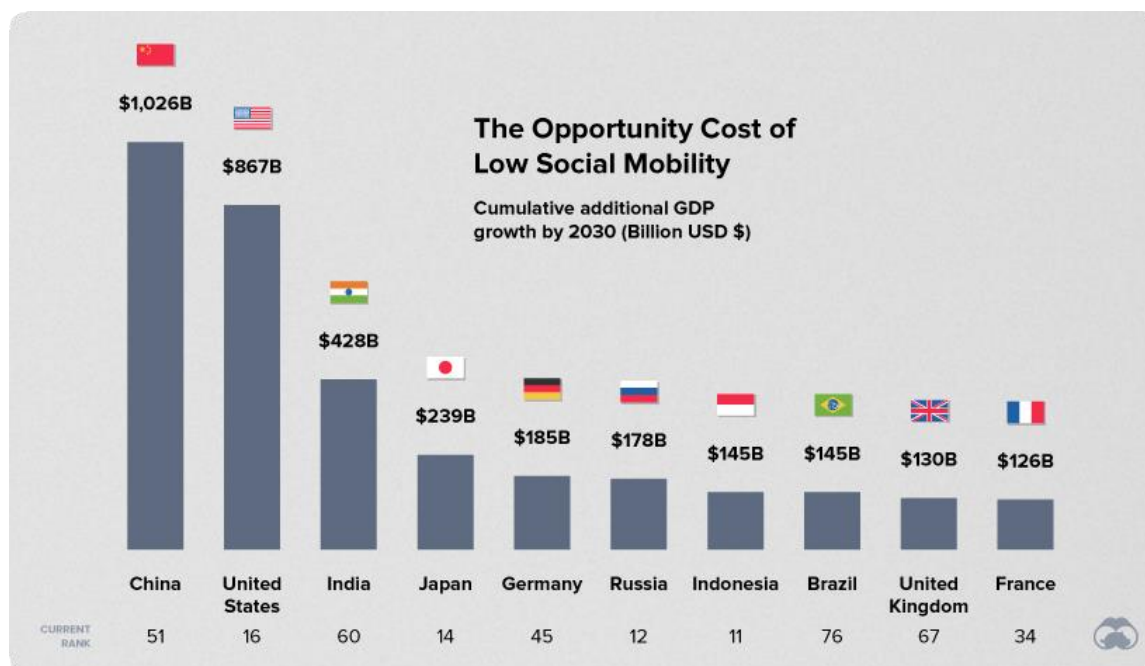
In the Chinese case, the ability to build savings is crucial and savings are often accumulated for a purpose, like for partial apartment renovation or occasional visits to cultural events (important in Russian culture for whole-person development). In assessing financial

literacy in Shanghai, Yuan and Yang (2014, p. 53) found that the residents' financial literacy levels are typically low and that the residents do not have an objective assessment of their financial literacy skills. Compared to Moscow, the situation in Shanghai is slightly better in the terms of minimum wages, as shown in *Table 1.4.2.1*. Nonetheless, the population of the cities has a similar or higher average income level and the issues associated with poverty and near poverty are not extreme.

In general, people profit from social mobility as they try to advance into new professions that will give them a higher standard of living and more lucrative rewards. In terms of social mobility level, Russia's and China's ranks are close to each other. Published on February 7, 2020, the data from the inaugural '*Global Social Mobility Report*' produced by the World Economic Forum ranked 82 countries according to their performance across five key pillars: healthcare, education, technology access, working conditions, and social protection. Countries with high levels of social mobility exhibit lower levels of income inequality and provide their citizens with more equal opportunities in relation to all five pillars. The top four countries in the table are Denmark (index score 85.2), Norway (index score 83.6), Finland (index score 83.6), and Sweden (index score 83.5).⁴¹ The results for Russia and China are presented below.

Figure 8.2.1. The Opportunity Cost of Low Social Mobility

⁴¹ Ranked: The Social Mobility of 82 Countries (2020, February 7), by Katie Jones. Retrieved from <https://www.visualcapitalist.com/ranked-the-social-mobility-of-82-countries/>



Source: Jones K. (2010). *Ranked: The Social Mobility of 82 Countries*. Visual Capitalist.

<https://www.visualcapitalist.com/ranked-the-social-mobility-of-82-countries/>

Table 8.2.2. *Social Mobility Countries Rank*

Ranking	Countries	Index Score
#39	Russian Federation	64.7
#45	China	61.5

Source: Jones K. (2010). *Ranked: The Social Mobility of 82 Countries*. Visual Capitalist.

<https://www.visualcapitalist.com/ranked-the-social-mobility-of-82-countries/>

Although the government has improved its basic social services, the country falls behind in categories such as access to education and fair wages and maintains the world's highest

level of gender inequality. Education as a factor and increasing wages is one of the key measures for the elevation of social mobility in countries. Cities should act as pilots for implementing new policies to increase social mobility and reduce the number of the near poor. Additionally, the problem is exacerbated by poor lifelong learning systems. Therefore, it is stated in the report that if each country increases its score by just 10 index points, it could lead to an additional 4.41 percent of cumulative GDP growth of the world economy by 2030, which equates to USD5.1 trillion. Overall it could perform impact on the citizens living conditions.

8.3 Status and Risks of the Near Poor

The empirical chapters 4-7 described situations of people who are struggling with a low-income wage and/or overcoming other obstacles, such as job loss, divorce, severe disease, sudden disability, or incapacity for work and are unable to overcome hardships by themselves. It puts their households close to the poverty line. They do not classify themselves as poor (stigmatised) or as low- middle class. However, they see themselves as those ‘holding’ the life circumstances and not living a life. In the sections below, I attempt to present and discuss the major findings of the Moscow and Shanghai case, answer the research questions, and develop a discussion on the risks these groups are facing.

8.3.1 Moscow Case

In conjunction with the research question, ‘*What is the status and what are the needs of the near poor population in Moscow?*’, the results indicate that the target group has partly been neglected in the city. There are measures of social support that are applicable for different

categories of people, which some near poor may fit. Different measures of social support available in Moscow are presented below in *Table 8.3.1.* with comments.

Table 8.3.1. Social Support Measures in Moscow

<i>Target groups</i>	<i>Social support measures with comments</i>
<i>Children</i>	Measures include payments to orphans, various benefits for young families with children (i.e. e.g. camping trips, tickets for children's cultural events).
<i>Large families (with more than two children under 18 years old)</i>	Measures include a range of benefits, such as financial (cash payments, payment of housing and communal services, etc.) and non-financial support (free travel on all types of urban passenger transport (excluding taxi), free parking, etc.). Support for families with more than two children aims to prevent the downgrading of the family's living situation due to expansion of the household.
<i>War veterans and disabled people</i>	Measures include various cash payments, service packages. While war veterans have a high social status in Russia, most of the living conditions are not high; additionally, they are entitled to financial support and partial compensation for housing and communal services.
<i>Low-income families</i>	Since 2018, the government has announced extra support for low-income families but only certain groups are eligible: income limit - no more than 1.5 times of the subsistence level

	in the city. Families have the opportunity to receive free legal assistance, targeted social assistance (in cash or natural form of commodity), a one-time allowance in connection with the birth of a child for young families (up to 36 years old); subsidy for payment of housing and communal services.
<i>Citizens with special service to the homeland</i>	Most commonly this kind of support extends to citizens who have become champions of international sports competitions, citizens who have been awarded a special government order or prize, as well as for service to the homeland in the Armed Forces.
<i>Citizens who are out of labour market</i>	Students and retirees are primary target here. The type of help provided is considered temporary and does not bring sufficient support to alleviate the burden of monthly spending. However, it was positively evaluated by those who received it during the study period among interview respondents.
<i>Young families (spouses are under 30 years old)</i>	Young families are mainly entitled for housing improvement programs (i.e. reduced interest on mortgages and loans).

Source: Compiled by the author

Although the support does exist, it does not go straight to a certain needy category in Moscow. Each receiver's group has to prove their eligibility and not everyone is able to justify their eligibility. They may just find the whole process too hard to go through, or it

is associated with stigma, especially for males. The uncategorised and untargeted near poor can only seek help when they fit one of the mentioned target groups, i.e. on special occasions on an equal basis with other citizens when they fit any of the category listed above. One of the major factors claimed by the respondents, including the experts, is that when people seek help they are overwhelmed by the bureaucratic procedures of social departments in the city. This was confirmed by both experts and near poor respondents. In order to increase the effectiveness of existing support measures, application procedures should be friendly and considered in the direction of simplifying.

There are a lot of migrants, who have relocated to the capital for better work opportunities. Apart from the broader range of jobs available, those of them with children are also motivated to move by giving a better life perspective to their children. However, housing in Moscow is high-priced and general costs of living (transport, food) are usually higher than their expectation. Low efficient planning or lack of secure job positions makes their situation unstable.

Mothers with new-born babies receive additional payments for a child in the first months of their baby's birth, and, they are instantly eligible for a dairy kitchen (i.e. a state institution providing milk for infants). Over the past few years, mothers have increasingly preferred the cash equivalent of a dairy kitchen. However, the amount of benefit is as small as the recipients prefer to collect it only after an amount has accumulated over several months. In the context of the already existing limited budget for social payments, it may be worth revising some existing policies of low effectiveness towards new ones.

The results indicate that the division of social provision between institutions is not clear. When near poor people encounter an income deficit they have option to approach some institutions. The top priority is social protection institutions that are in charge of applications for social assistance, vouchers, subsidies, etc. The second topmost important institution for providing social assistance is the pension fund. Apart from the provision of a pension, the fund is also in charge of social payments (for instance, benefits to non-working women who have given birth), and keeps a personalised account of the pension rights of insured persons. Several respondents claimed they were redirected from one institution to another when they seek social assistance. Apart from the stigma to encounter a need for social assistance, it makes people helpless and in despair when they are redirected. Such problems have started to be acknowledged in the past few years and further policy adjustment suggested some improvements. For instance, the Minister of Labour and Social Protection in Russia, Mr. Kotyakov, has targeted social assistance in 2021 to become targeted, comprehensive, and easy to receive, that is, it should be provided according to the principles of the social treasury. Meanwhile, the Pension Fund has already started to provide some of the support measures in a simplified manner like the automatic accrual of maternity capital after the registration of a new-born child in the registry office. However, such procedures as the determination of disability, still need to be extensively improved.

The interviewees, speaking about social status in Russia, tend to identify it with their social circle, environment, and cultural leisure, rather than with level of income. In Moscow, one

can improve own financial situation if follows the market trends, upgrade personal skills and is flexible in relation to changes (high level of resilience and adaptation). Despite the crises which often hit Russia, Moscow remains a place with greater opportunities and a bigger job market compared to other cities or regions. The area of job type has shifted to services and not all work specialties guarantee a job, however, there is no such phenomenon as no open positions at all. The market regulates the environment and Moscow city is not an exclusion. Although working according to one's profession is not a guarantee within the city, it is possible to find something that would cover the basic expenditures if person is able-bodied but not more than that. For the near poor, these main expenditures are food, utilities (especially during winter), and medicines (especially in families with children and the elderly).

Social protection of women and men of working age

The data suggests that social protection coverage for people of working age remains limited. This is also confirmed by global data. Only 41.1 percent of mothers with new-borns receive maternity benefits, while 83 million young mothers are not covered by social protection. Among other data identified in this area, one can note the fact that unemployment benefits are received by only 21.8 percent of the unemployed, while 152 million unemployed are deprived of them. According to the International Labour Organisation data, only 27.8 percent of people with severe disabilities receive disability benefits globally.⁴² Parts of this

⁴² ILO: four billion people worldwide are left without social protection. (2017).
https://www.ilo.org/global/about-the-ilo/newsroom/news/WCMS_601903/lang--en/index.htm

problem can result in separate studies, for example, the unfair treatment of women in the studied places.

Social protection of older men and women

The literature analysis demonstrates that 68 percent of people of retirement age receive old-age pensions (UN DESA, 2018), which is associated with the development of both funded and insurance pensions in many middle- and low-income countries. Expenditures on pensions and other benefits for older people averaged 6.9 percent of GDP, and this figure varies significantly across regions. The level of benefits is often low and inadequate to lift older people out of poverty. This trend has frequently been exacerbated by austerity measures. Several states refused or reversed pension privatization since such a policy did not have the expected results, including Russia in 2012 (Ortiz et al., 2018).

The analysis highlights the need for improvements in targeting the vulnerable groups in Moscow. Despite the fact that some of the near poor are entitled to receive the mentioned help, there is no specific policy dedicated to this group of people. The social sphere should expand and raise the awareness of these people. Analysis of citizens' appeals shows that most of the population ask for help in extremely difficult life situations resulting from disability, sudden or prolonged illness, old age, orphanhood, lack of permanent work, and unforeseen and other circumstances; they still remain hidden from a wide range of social institutions.

The data on level of poverty level, pension benefits, average and median salaries in Moscow (see *Table 6.1.*) admits the number of near poor people continue to rise despite the slight increase in social assistance. Types of social support measures are growing; however, they mainly cater for special needs rather than prevent the number of near poor growing.

8.3.2 Shanghai Case

The findings show that the study group in the city has been somewhat ignored in relation to the research question, ‘*What is the status and what are the needs of the near poor people in Shanghai?*’. However, the findings have limitations. The interviewees had the status of residence in other provinces of China, and, as a result, did not have the opportunity to access the most popular types of social assistance that are due to local citizens (Shanghai *hukou* holders) of the city. Overall, the *hukou* system is a key difference between Moscow and Shanghai, and this study highlights the ‘*unfairness*’ in the society among migrants who largely contribute to the city’s economy. To balance equality in society and contribute towards the elimination of the near poor in the city, the *hukou* system requires urgent reforms.

The interview data align with the literature that migrants do not have access to the social security system in Shanghai until they meet certain criteria to change their residential status. In the meantime, their social status is more difficult to equate to the class of the poor, as, for example, in Moscow. Although there is a stigma to be poor in both study sites, the near poor migrants in Shanghai tend to rely on themselves, do not seek help from social

institutions rather than family members, and even generate savings (especially the older generation).

As with social policy in Western countries, social policy in China mainly reflects the desire to counter the costs of economic development. In China, the transition to the market is carried out in a highly centralised planning system. In the first stage of reform, market development does not affect the position of the public sector, which slows down the pace of change and maintains the basic social protection system. People were given more time to adapt to change. In the second stage, radical transformations on a market scale caused a rapid restructuring of the structure of interests. A number of people were forced to be drawn into the orbit of market relations and lose everything. With the state losing its social functions, disregard for the principles of social justice becomes a trigger for social conflicts. In the third stage, the state begins to understand that social policy must be implemented together with economic policy, and social stability and conflict resolution are vital for sustainable development.

In 2013, the CPC Central Committee formulated the goal of social policy as *'meeting the primary needs of the population.'* Premier Li Kejiang stressed that the state would begin to create a nationwide social safety net, including the introduction of compulsory education, creation of basic healthcare and pension systems, and the resolution of housing problems. On the one hand, the state undertakes to protect the decisive role of the market in the allocation of resources. On the other hand, it wanted to keep market mechanisms within certain limits.

Since then, according to many researchers, the success of reforms in China is due to their ‘gradual’ implementation. In other words, China did not know about radical privatisation. However, the fact of the destruction of the public sector in the second stage of the reform casts doubt on the validity of this point of view. It is even more difficult to accept the other point of view, according to which ‘*reforms have no losers*’. The presence of laid-off workers in the public sector, migrants, and other socially vulnerable groups makes this point of view particularly distant from reality. Great social tensions have existed in an environment of high economic growth for decades. The continuation of the communist authoritarian rule has come with fatal challenges. How can this miracle be explained? Different opinions on this matter exist. For at least the first decade, the reforms were precautionary. During this period, the market was largely a desirable alternative path of development, largely overcoming the resistance of anti-market forces. The market gained legitimacy in society.

The fact that even for those who were later deprived of social protection, the expression ‘market competition’ had a positive meaning, laid a solid foundation for further development. Subsequently, when the reforms became more radical, they were not questioned. The reform ethos in China must constantly reckon with the state-market boundary and that boundary was being pushed back through the transfer of state functions to the market or society. The market and society need space for growth, discipline, and regulation. The state will be a regulatory and guardian force for a long time to come. The development of market relations does not mean the emergence of a ‘*non-intervention*



society'. Instead, a viable state is required. It takes time to understand whether the state is able to find a balance between equality and efficiency, the market and the state, economic growth, and social justice. However, they must strive to promote the balancing act. When it is appropriately planned, it can bring relationship satisfaction and well-being for variety of categories of people (Vyas & Luk, 2011).

Targeted poverty alleviation

Since mid-2015, the Chinese Academy of Sciences and the Chinese Academy of Social Sciences, with government approval, have independently evaluated a project to implement a targeted poverty alleviation policy. By taking stock of previous years' experience in poverty alleviation and systematising the results, this analysis proposed a new version of the poverty alleviation strategy, linking it with the project proposed by the government. This contributed to the establishment of a definitive model of targeted poverty alleviation in the country. The promulgated text of a new targeted poverty reduction strategy appeared in the open press in 2016 (Boni, 2020). Some findings imply that enhancing targeting performance by international anti-poverty programmes requires effective accountability (X. Y. Cheng & J. Y. Wang, 2021). Others consider encouraging small enterprises to be an effective way of anti-poverty (Liang & Bao, 2018). Since China has been acquiring some positive results in developing targeted poverty alleviation, Russia could also consider introducing new small business incentives into its system.

The scientific substantiation of the stages of target-focused social policy is achieved from working with information to overcoming the poverty threshold. First of all, it is important

to attach great importance to information about the poor regions. Along with the registration of the poor population, registration of their real estate is required. However, an especially important place in the work on poverty alleviation should be given to the last stage, namely the ‘exiting’ from poverty.

It is the stage of ‘*getting out of poverty*’ that is especially important in the topic of this study. It is the second and most critical step for people who ‘*can’t stand on their own two feet*’ or cannot fully support themselves. Furthermore, it is necessary to expand monitoring of the situation of the household when they have risen above the poverty line. The new-born near poor raised from being the poor requires even more attention than those who became near poor downgraded from the lower-middle class. The repeated slide of households into poverty is still one of the main risks of any policy to combat poverty.

A particularly important role is played by the principles and mechanism for assessing and officially announcing the situation about the most efficient way that the following critical risks should be worked out: the emergence of poverty, return to poverty, and poverty eradication. Categorisation around the near poor helps to more accurately identify needy households, that is, to determine the object of the fight around poverty. This will contribute to the fight against poverty and help the household achieve a gradual increase in the level of well-being.

8.3.3 Risks of the Near Poor

This section aims to answer the research question ‘*What risks are associated with the near poor population in increasingly affluent societies, particularly in Moscow and Shanghai?*’.

The results indicate there are different ranges of risks faced by the target group, but some of them prevail over others. For example, the health problem is one of the top risks for people to lower their living standards in Asia, while in Russia, the most unprotected people tend to remain low-income families with children. Families headed by single mothers are more likely to be poor than families with two children. In the year following divorce, a woman’s standard of living often tends to fall.

In China, the official numbers gloss over the nearly 500 million people who live just above the poverty line, on less than USD5.50 a day, according to World Bank estimates (Wills, 2018, p. 22). By 2030, the population over 60 years old will account for about a quarter of the total population in China. As the population ages, both, in Russia and China, the gap between pension contributions and benefits will continue to grow. According to Lukyanets (2021), neglecting the problem of population ageing can bring an extra negative impact on Russia. It can reduce state financial stability and negatively affect the economic health of the nation. Below, I list the most common current risks faced by the population in near poverty in the studied cities based on the data analysis.

Stagnant wages

Stagnant wages are a severe cause of low social mobility of the near poor and increase people’s risks of becoming poor or poorer under the poverty level. Working full time and not having enough money to live on and the minimum provision of food and clothing is

depressing emotionally, and rarely does anyone find the strength to psychologically withstand such an environment. People in developed countries are facing this, and emerging market countries like Russia and China are not exceptions here. While the prices are growing and inflation rising, the value of pay cheques is not strictly regulated. Even for SOEs, the salaries are trying to catch up with inflation. Still, the poor are getting poorer; and if you work harder you will get paid more does not match the reality of the near poor either. Some Western scenarios, like those demonstrated in the documentaries ‘*Waging the living*’ (Weisberg et al., 2005) or ‘*Work and Happiness: The Human Cost of Welfare*’ (Miller, 2017), disclose the economic forces trapping people into difficult situations.

As a result, having a job does not guarantee protection and the risk of falling into poverty. Inconsistency of professions and qualifications of employees with the needs of the market. And the prevalence of places of unskilled labour. Conditions to realise the potential of citizens are necessary, thus, require new directions for the formation of a balanced labour market. For instance, they could be the creation of favourable conditions for the development of entrepreneurial activity, subsidies to companies that are ready to take on the retraining of their employees, the development of a mentoring institute for young people, and others.

Being a woman

Another risk of the category of near poor is being a woman. The problem of gender inequality in Russia and China does exist, and the struggles of women are underestimated. This issue is especially acute in the labour market, where employers deliberately give their

preference to one or another gender, relying on their own perception and the prevailing stereotypes about female and male professions (Czecun, 2019). In addition, they are more likely to become single parents than men, as described more in the below paragraph. Similar to the Russian reality, Chinese women are less privileged than men and face more disadvantages such as a cultural role in the family, lower wages, etc. As a result, these disadvantages also impact the social mobility of women in near poverty. On the one hand, the reason for this risk is the cultural peculiarity of Russia and China, the institutional component, and the patriarchal society. On the other hand, policies such as parental leave, for example (in Russia), thus encourage discrimination against women, it is more difficult for them to get a job when they are of childbearing age. Of course, in modern conditions, measures to increase the balance between the number of women and men in the workplace should be worked out, for instance, tax breaks/subsidies for employers that hire more female staff, etc.

Being a single parent

Single parenting is hard, and in such families, the breadwinners need to support more than just themselves. The hardest bearable cost among near poor single parents is paying rent. While annual salary upgrades are not continually available or fair (downgrade of income), situations with women with kids are even harder as they are most likely to have lower pay than men in Moscow and Shanghai. The fact, that not all mothers benefit from alimonies from their co-partners to care for children worsens the situation for single mothers. In addition, it applies implications to child poverty. In the study by Ortiz-Ospina and Roser (2020), it stated that the majority of single-parent homes are headed by women, and this

gender disparity is typically greater for parents of younger children. Families with just one parent are among the most financially insecure. Single parenting is common and has been more prevalent in several nations over the past few decades.

The near poor single parents desire additional help according to their needs apart from the income they can generate at work. And when they are able to upgrade their living, the benefits they get should not be deducted from the benefits instantly'. This is a critical factor because they need to be allowed the time to stabilise their living and come off benefits when they are ready (case-by-case revision). Some people just require time to overcome their current circumstances. What the government should do is help when people struggle to overcome their difficulties by themselves. Otherwise, being downgraded and retaining these standards for some time will lower their chance of getting back to fair standards. In reality, where hard work does not can overcome poverty risks, new supporting policies need to be established. For instance, the state may consider targeted assistance in such cases.

Being a non-hukou holder in Shanghai

The primary obstacle for the near poor migrants in Shanghai remains the local registration system *hukou*. Going through rapid economic development, China improved social mobility to a great extent. However, the issuance of *hukou* is the tool which imposes the most limitations. The migrants are often missed from the picture in many academic articles because they are excluded from Shanghai's official statistics. Migrants receive almost no social benefits (fully ineligible for MLSA), and migrants' children are limited to

educational benefits. This type of household registration system is the main pitfall that defines a lot of people's lives, from living standards to getting a quality education or finding a job. From this perspective, the *hukou* system is the first thing that extensively impacts social mobility in Mainland China. Migrants in China also earn less than their counterparts (Shen, 2017), and they are excluded from the majority of social assistance (Gao & F. Zhai, 2012). These all impose additional negative risks on the near poor migrants in Shanghai.

Impact of educational system

States' educational policy has played an important role in increasing the provisions for Russian and Chinese citizens. Due to the expansion of geography of this policy, the number of programs and directions has led to an increase in the number of participants in academic mobility. However, universities in China do not promote social mobility (K. Zhai & Gao, 2021). The educational system of China has become overly hierarchical and does not contribute to the development of social mobility. It affects new university graduates, who cannot support themselves right away. More than a third of graduates of low-prestige universities today cannot find a job.⁴³ The situation could be changed by the creation of a two-tier system of higher education *'from the current unitary and stratified one where all institutions are governed and measured according to one single set of criteria'* (Zha & C. Wang, 2014, p. 20). This change broadens the definition of higher education excellence, increases its relevance, and enhances equity by presenting several routes. In Moscow, young specialists face several obstacles to employment, including their unrealistic

⁴³ 'Universities in China do not implement to social mobility' by Grinkevich. V.V. (2014, November 6). Retrieved from <https://iq.hse.ru/news/177666410.html>

expectations for pay, inadequate professional preparation, and general resistance to labour (Bobkov et al., 2016), which also contributes to the risks.

Impact of the Chinese higher education system

The education system consists of two parallel sectors. The first sector - national and semi-national universities, comprise a couple dozen traditional regional universities and regional universities; in total, there are no more than 500 universities. These are traditional academic universities that encourage their professors and researchers to conduct active research activities and train new generations of researchers. The second sector includes new universities, vocational colleges, and private institutions. This is a group of about 2,000 universities focused on training personnel for the regional economy. If they are engaged in any kind of research, then these are works of an applied nature. Vertical mobility exists within this sector but in a limited way. Some college graduates have the opportunity to continue their studies at regional universities after passing the competitive selection procedure. With the number of young people in China declining, it is clear that they will have more opportunities for vertical mobility in the next decade. Although it is not clear for Shanghai, being a populous city will likely continue to attract young people so that the population of young people in the city will remain high.

Being a young adult

The risks of young adults relate to their educational background. The graduates of lesser known universities often lose in the competition to graduates of old recognised universities and even graduates of professional colleges and private universities. Many new universities

are changing their curricula and educational programs similar to universities of applied sciences. The creation of such applied universities became a vector for the transformation of the PRC education system. In 2013, the Ministry of Education in China initiated a new project aimed at reformatting several universities into universities similar to European universities of applied sciences and approved the creation of a national alliance of such universities. This approach aimed to increase the chances of the graduates to gain successful employment and balance their possible poverty risks.

Increased household size

Surveys show that on average, raising a child in a city can cost more than half of a Chinese family's income.⁴⁴ Childcare places are commonly oversubscribed; therefore, many have to rely on grandparents to take care of their children. Moreover, households with children are more likely to have extra expenses related to the family's budget, for instance, a mortgage. In addition, costs for raising a child in big cities are rising due to rents rising as a result of rising land prices caused by greater population density, including, but limited to, the further impact of the pandemic that started in 2019. This risk is significant for near-poor families in Moscow (they are one the target group in contemporary Russian social policy), though may look less significant for Shanghai at first sight due to China's one-child policy implemented between 1980 and 2015. However, Chinese families frequently co-live and care for the elderly more, in that sense increased household size also brings pressure on younger generations.

⁴⁴ BBC News. (25 Dec 2018). 'China birth rate: Mothers, your country needs you!' Retrieved from: <https://www.bbc.com/news/world-asia-china-46558562>

Be in a group of children or elderly

Children and pensioners are found to be the most vulnerable age group among all the studied near poor people in Moscow and Shanghai. On the one side, households with children are likelier to report difficulty affording food and rent.⁴⁵ In recent decades, a growing number of young people with proper education are not typically able to quickly find their place in the rapidly changing digitalising world. Recent studies, such as, for instance, Gibson-Davis and Percheski (2018, p. 1020), show that ‘the wealthiest child households saw large increases in market income, whereas child households in the bottom half of the wealth distribution had large declines in market income, large increases in debt, and losses in home equity’. Living near the poverty line leads to the problem of child poverty and is also compounded by the fact that ‘*childhood poverty is inversely related to working memory in young adults*’ (Evans & Schamberg, 2009, p. 6545). Evans and Schamberg (2009) found that childhood poverty is linked to young people’s working memory deficits. Additionally, if children are used to living in poverty or near poverty with no good example of financial behaviour (Zhu, 2019), it will be much more difficult for them to change their living circumstances in the future.

In the meantime, the poverty risks of the elderly are acknowledged by Rzhantsyna (2018) for the Moscow case, pension payments are not enough to cover monthly expenses. In

⁴⁵ CBS News. (7 Oct 2020). \$2.2 trillion HEROES Act would provide second round of stimulus checks. Retrieved from <https://www.cbsnews.com/news/second-stimulus-check-600-unemployment-heroes-act-house-bill/>

Shanghai, the problem of the elderly among the near poor is not as acute as in Moscow, except for migrants.

8.3.4 Policy Suggestions

This section aims to cover directions for policy suggestions for the cases of Moscow and Shanghai. Since the group of the near poor was the object of my analysis, not the policy measure, the analysis of specific policies in this study has limits. Thus, my proposals act as directions, opening the field for politicians to develop them further.

The possible future directions of changes are presented in three parts: general recommendations, suggestions for Moscow, suggestions for Shanghai. The consideration of them is a step toward improving policies in the face of near-poverty populations' changing situations and overall poverty rates.

Possible general directions of changes

- Promote improvement of the material situation and living conditions of the population;
- Clarify the policy on hourly wages (implement a minimum hourly rate in the Russian case);
- Contribute to the economic recovery, accelerating the restructuring of economic complexes;
- Reform and upgrade the minimum wage and labour pension at the level of minimum subsistence;

- Monitor families who live close to the poverty line and provide support in finding solutions;
- Create better economic conditions for the disabled population, allowing them to ensure a higher standard of living;
- Ensure employment of the near poor people, improving the quality and competitiveness of the labour force in general;
- Re-evaluate the value of low-paid jobs and adjust the minimum pay (prevent the exploitation of qualified labour of public sector workers in the form of a low price for their labour);
- Establish and introduce a minimum standard of tax deductions to maintain the value of wages at the level of minimum subsistence for an employee and dependents; consider abolishment of tax (individual, payroll) for the near poor at work;
- Ensure a socially acceptable quality of basic social services (pension provision, medical care, availability of free education, etc.);
- Consider wage subsidies as one of the possible temporary measures for the near poor. The measure should stimulate those in near poverty to raise their living standard to promote the living conditions to the lower middle class;
- Finally, although it looks quite appealing to introduce the idea of relative poverty, it doesn't appear to be applied at the current stage of development, still, I would think that it is a great long-term objective for both China and Russia.

Suggestions for Moscow

Based on the empirical findings of the study the following reforms and benefits can be suggested for the near poor people in Moscow to relieve their burden:

- Offer free transportation within the city;
- Consider a tax (individual income tax, payroll tax) exemption for those considered poor and the near poor;
- Promote financial literacy education at different levels, and increase the awareness of citizens about available aid and state support (consider different levels of education: within a family, at school, at a workplace; raise awareness through the media);
- Promote financial education and money management at schools and universities as a foundation discipline (for instance as ‘the basics of economics’);
- Propose raising the minimum wage, the level of pensions, and social assistance to children, such measures can contribute to the near poor group and in general promote anti-poverty acts and lower social inequality in the country.

Suggestions: Shanghai

Based on the literature review and the empirical findings gained from the data collected in Shanghai, the following suggestions could be relevant to consider to help the near poor people in Shanghai:

- Fight the inequality of wages and research the problems of low-skilled workers stuck in low paid jobs;
- Study cases of unemployed people or those in long-term economic inactivity and their reliance on social benefits (if any);

- Consider reforms in housing or subsidising the rental costs over a certain period for the near poor in the city;
- Enhance the range of means-tested welfare benefits for the near poor in society, for example, unemployment benefits, food stamps, income support, and housing benefit;
- Further promote free-market policies to stimulate economic growth and give people more chances to raise their living standards;
- Promote the direct provision of goods/services, subsidised housing, free education, and healthcare for the near poor, including city migrants;
- Reform the inherent discrimination in the Hukou system.

When evaluating anti-poverty policies, it is found that the best instruments are those with the provision of tools for people who want to raise their living conditions. Thus, the main thing for an effective policy is to enhance avenues for personal self-protection. This especially works for the near poor whether they enter this group from the middle class or lifted themselves out of poverty. In the fight against poverty, broader measures could be the encouragement of earning income with the provision of tax benefits, development of compulsory social insurance, activation of internal corporate social policy, broad participation of citizens and businesses in charitable work, and the development of a system of people's interest in savings and deposits as a source of investment, as is applied in other developed countries. In addition, a diverse low-income housing program would give additional choices to near poor families, and relieve strain on the governments. It is this

direction that will contribute to the fight against poverty in Russia and China in general, and at the same time strengthen their middle class.

The consideration and at least partial implementation of these suggestions, along with effective policies in other areas, will stimulate the achievement of a high level of well-being of the population and ultimately contribute to an increase in economic growth and an improvement in the welfare climate in the country.

8.4 Limitations of the Study

Poverty is a complex phenomenon and understanding the complexity and nature of its manifestation in different groups requires effective measures and approaches to poverty reduction. Poverty relief and hunger eradication achieve a more equitable distribution of income, the development of human resources and anti-poverty programs. These aspects of the poverty problem also apply to the near poor social strata.

Although I have attempted to draw the near poor in a separate category in this research and justify the need to define these concepts, the studied cases have limitations.

One difficulty concerning the sensitivity of this topic of near poverty are the shortcomings associated with institutional analysis. In this particular case some extra information could be gained from government officials in terms of the Government's work with the near poor. However, in practise such officials are often not keen to discuss these matters openly.

The findings of my analysis confirm the particular issues that surround poverty amongst the female population and children. Both Shanghai and Moscow institutions and government recognise this but do not fight enough to improve the situation.

Poverty is a multidimensional problem and can be characterised as the deprivation of a person's basic necessities, encompassing both monetary and non-monetary components. According to X. Wang et al. (2016), the coincidence of income poverty and multidimensional poverty is 31 percent, that is, 69 percent of multidimensionally poor households are not considered to be poor in terms of income poverty. While I have mostly focused on the income indicators among my study group, many were not covered in terms of people's lifestyle and even the level of consciousness. According to Sida,⁴⁶ there are four dimensions of poverty, such as resources, opportunities, power, and human security. This research primarily looks at the resources and partly looks at the opportunities and choices but does not study other aspects to make the analysis more complete. The psychological aspects of poverty, personal security, and citizens' voice would contribute to a deeper understanding of near poverty and social mobility. Further analysis of the near poor and dimensions of near poverty can contribute to the design of new policies.

The two cities economic conditions have connections to psychological aspects such as people's beliefs and values. I have observed the similarities in people's choices while talking to the near poor in Moscow and Shanghai, for example, what people choose in daily

⁴⁶ Sida (The Swedish International Development Cooperation Agency). Retrieved from <https://www.sida.se/en/for-partners/methods-materials/poverty-toolbox>

life, what things they prioritise in their position, etc. It also reflects not only on people's everyday choices but also on what lifestyle they choose. The market reforms of Deng Xiaoping after the end of the cultural revolution was a crucial watershed in Chinese history that led people to enjoy great economic success. The problem that the younger generation has in China is 'how to allow yourself more,' 'how to achieve success in your life', and at the same time pay back to the family who raised you. These psychological pressures have a great effect on people's behaviours and need to be studied further.

Finally, the study would benefit from an investigation of people who have lifted themselves out of near poverty. I have been talking to people whose living standards fell; however, they were able to achieve better standards of living, which offer extra knowledge about the elimination of the risk of near poverty in particular places.

Chapter 9: Conclusion

The thesis aimed to shed light on families considered as near poor, facing higher risks of falling into poverty, to reach more public attention in this category. While the world has typically acknowledged and fought poverty problems, those facing poverty risks are less considered. Defining, and studying, this group and their risks could help avoid this group falling into poverty. Although poverty cannot be overcome fully, new measures should be taken to help those who strive for a better life or who are going through temporary challenges. Near poor people need extra support to improve their standards of living because poverty is harder to overcome; helping and improving the situation of the near poor ultimately benefits society greatly as it avoids swelling the ranks of the destitute over time. Helping those fully impoverished is a far more challenging and intractable problem for society than providing support to those who can still help themselves but are at risk; particularly if living conditions do not change over the years.

This concluding chapter draws together the key points of the study and consists of three sections. Firstly, I re-state key findings and provide answers to my research questions. Secondly, I discuss research contributions and policy implications and make recommendations for future work on the topic. Lastly, I provide a short reflection on the research and make concluding remarks.

9.1 Insights from the Study

In this work, I make an attempt to conceptualise ‘*near poverty*’ in Russian and Chinese contexts, since this term is little known in Eurasia but could help draw attention to a new

niche of the so-called urban poor. I define near poverty in the cities of Moscow and Shanghai by examining the status and assessing the risks of the near poor population through interviews. The central research's questions are: *'What is the status of the near poor population in Moscow and Shanghai?'*, *'What risks are associated with the near poor population in increasingly affluent societies, particularly in Moscow and Shanghai?'* *'What are the policy implications on the anti-poverty strategy for the rest of the world?'*.

What is near poverty? How do we define near poor in Moscow and Shanghai?

In terms of economics, living on a budget that is just above the poverty line is referred to as being near poor or at-risk-of poverty. There is no unanimous definition of the calculation around near poverty in the world, but frequently it is estimated based on the poverty threshold, the ratio of average and median wages and other economic parameters. Based on the definition of poverty in Russia and China, as well as the data on poverty thresholds, minimum wages and the approximate amount of basic social benefits in Moscow and Shanghai, near poor were defined as those whose monthly income per person in one household ranges from 100 to 200 percent of the poverty threshold (Moscow), or *dibao* line (Shanghai). In 2019, it equated the approximate monthly amount between USD160-360 for both cases.

What is the status of the near poor population in Moscow and Shanghai?

The results demonstrate that the 'near poor' status in Moscow and Shanghai is comparable to that of impoverished households. Factors such as inflation, the rising cost of living and the increase in commodity prices are particularly difficult for those who are close to the

poverty line. In addition, the number of migrants is overwhelming in both Moscow and Shanghai. In Shanghai, immigrants are denied access to the city's social security system and have limited access to healthcare. Their living conditions are consistently more difficult than those of the local born population. In Moscow, the near poor can be viewed as members of the underclass, and, similarly, in Shanghai, there are no specific policies for this category. Although, there are different forms of support for some less privileged groups at the national and city levels, which the poor can take advantage of. However, the support provided does not play a significant role in reducing the risks of poverty in the city of Moscow.

What risks are associated with the near poor population in Moscow and Shanghai?

Based on the fieldwork review, it was discovered that near poverty has direct links with certain risks and problems. They are unemployment, low-paid jobs, low income/pensions, inadequate level of social benefits, low educational attainment, poor health outcomes, health inequalities, low housing quality, educational and spatial segregation, barriers to access to quality services, household size and childcare, low education level, inefficient service delivery, high/rising level of household costs (e.g., food, utility, transportation expenses), the rise of single households/single parents, discrimination in different fields of life, and low level of participation in the community and public life.

Preventing the risks of the near poor falling into poverty would be an incredibly important feat for Russia and Mainland China to accomplish. Since the General Secretary of the Chinese Communist Party, Xi Jinping, has worked with great attention to eliminating rural

poverty in the country, many poor have been relocated and changed their living a lot. One of the crucial things to do was to ensure that their new jobs do not let them fall into poverty again. As often cited in a wide range of news reports, General Xi Jinping, said that *'relocation is essential for people in inhospitable areas to achieve strides in development. It is also an important approach to win the fight against poverty,'*⁴⁷ and this is true as Shanghai has many migrants who arrived there for better life choices and to seek jobs.

What areas of social policy and economy could improve the situation of the near poor?

Social security department work. The near poor should be cured on a local level, including district and sub-district levels. Firstly, I believe that Russia can enhance its social security offices in districts to improve their accessibility. Secondly, the efficiency will be improved if citizens' difficulties are considered on a case-by-case basis. The importance of a case-by-case review is driven by the fact that the near poor group is diversified and heterogeneous. In this regard, the Russian state apparatus may consider improving the way of approach to social assistance provision by learning from the Chinese case.

Tax deductions. The tax system can be reviewed and reformed, where near poor households with heavy dependency burdens could be exempted from some taxes (such as income tax). Although tax deduction is not a new social support measure in Russia, it only covered limited medical care spending and compensates a small amount for the education of children. In addition, this policy applies to all the citizens who meet the criteria, regardless

⁴⁷ Xi Focus: Leaving no one behind in China's poverty eradication. (2020, May 13). XINHUANET. Retrieved from: http://www.xinhuanet.com/english/2020-05/13/c_139053390.htm

of their income. The deduction of income tax for a breadwinner in the household would be a more significant support to assure more benefits for struggling families.

Healthcare provision for the needy. Healthcare provision could be another target aid for the near poor in Shanghai and Moscow. Although healthcare is free in Russia (following the USSR model), people still have to spend money on medications and certain body tests. For Shanghai, in China, the provision of healthcare is largely limited to the near poor migrants because health insurance and local public welfare are dependent on hukou status, as such, it requires extra attention and policy improvements.

Transportation and childcare benefits. While the Shanghai near poor are less privileged in getting any deduction or discount on transportation costs (like monthly transportation tickets), except those initiated by the employer company, some of the near poor in Moscow claimed that such allowances worked for them in a certain period. Deduction or leverage of transportation costs for students was pointed out by the interviewees who had used it as a satisfactory measure because it lowers pressure on family budgets. Childcare benefits, especially maternity benefits, play a valuable role for Moscow's near poor people as well. It is one of the biggest subsidies a family can get in contemporary Russia.

Increase in social mobility. Analysis of the social mobility index shows that in most countries, low social mobility is associated with economic development problems that go beyond income. In the end, the driving force of economic growth is human capital. Low socially mobile countries (ranking: Russia – 39, China – 45, based on 2020 data), coupled

with inequality of opportunities, suggest that it hinders economic development. If the level of social mobility were increased, it could act as a lever for economic growth. There are several determinants of social mobility: health, education, access to technology, job opportunities, working conditions, fair wages, and finally social protection and inclusive educational institutions. Both Russia and China need to bridge the social mobility gap by improving economic prosperity and low unemployment rates.

Increase in remuneration. Unfortunately, the wage increase does not typically match inflation. In addition, it is linked with low adjustment to annual inflation. Closer observational data shows that when the Russian government increases pay, it barely matches inflation. Moreover, inflation itself is underestimated, while household spending continues to grow. Finally, if the wages of an ordinary worker are tied to a much more stable currency like the US dollar and the ratio of current wages or pensions is compared to the dollar at this time and 10 years ago, a significant gap in incomes will emerge, and a decrease in the level of well-being of citizens will be evident. Lastly, the labour code of the Russian Federation does not oblige private companies to index wages, but only advises them to do so. In this connection, not all business companies follow this advice for their employees. Both Russia and China should be interested in making society more equitable. When the consumer base grows, the operating environment becomes more stable, too. In addition, paying fair wages and closing the gender pay gap will also be critical to increasing social mobility.

Increase living standards. The increase in living standards in Russia and China will positively affect the well-being of the near poor people. As the improvement in living standards relates to the level of GDP, it means that the government should facilitate the increase in consumer spending. The main suggestions here are: to improve the workforce, support growth in productivity, increase employment, greater salaries, better tax and benefit policies, and cheaper rents. If economic prospects dramatically improved, household income growth could easily be greater, but the likely decisive way to counteract rising inequality is through changes to taxes and benefits.

Finally, the results correspond with an idea that the governments' budgetary policy should be formed based on the need to improve the quality of life of the population. It should create conditions for ensuring positive structural changes in the economy and social sphere. Lastly, it should improve the efficiency and transparency of general financial management. Thus, the citizens need to have a clear understanding of how the budget is distributed and which categories can receive social assistance. In the end, social support should not be highly dependent on the budget and distributed among those in need of assistance exclusively on a leftover basis. The budgetary policy should be formulated based on the need to improve the quality of life of the population.

9.2 Contributions, Policy Implications, and Future Research Suggestions

As the central object of this study is a hidden category of people lacking government attention, this research helps to identify and recognise this group and make a primary

assessment of their situations. In-depth interviews with the near poor people brought a better understanding of the near poverty phenomenon.

The major input of any qualitative study is a contribution to theory. This research draws attention to the near poor people who are disclosed from the discourse of needy people, such as the poor and other groups. This study focuses attention on a social stratum that is lacking public attention. Although neither Moscow nor Shanghai demonstrate a high poverty rate, as the data indicates, the situation of persons living in near poverty is not much better than for those living in poverty. The broadening of assistance to households living in near poverty (including cities' migrants) will help the near poor households to become acknowledged, to eliminate their income burdens.

The findings contribute to some sociological theories elaborating on the upper-lower class, as well as economic theories, for example, confirming the neoclassical theory. A different approach to identifying marginal groups might be considered more useful in terms of covering a variety of people. The study also contributes to the development of the 'social exclusion' concept. The qualitative approach adds a social element to the proposed economic identifier of the near poor (i.e. through income).

Aside from bringing near poverty into the academic discussion in Russian and Chinese literature, this study covers some other knowledge gaps. For example, it highlights imperfection of poverty approaches in the studied cases, problems of discrimination, low

effectiveness of current social measures from the sight of the near poor, and a flaw of new social initiatives.

The findings intend to stimulate critical thinking about current social policies. Therefore, the category of near poor needs to be introduced to the government level to identify the at-risk households long before they become poor. The subsequent policy implications based on the findings are an excellent background to explore this topic more to find other correlations between people's well-being and government social policies. I suggest that such an approach proves a theoretical substantiation of the near poverty problem and identifies the leading causes, circumstances, and risks for people in near poverty. The results and findings aim to help decrease near poverty overall if considered and reviewed by the governments, social security, and welfare departments.

In terms of practical applications, this research contributes to the navigation of social policy and economic measures with which the near poor can be supported. Near poverty solution requires measures on a national level, regional level and city level. It also provides a new angle of studying assistance in regard to effectiveness for a less evident needy group. In addition, China's rapid urbanisation process and the ongoing changes to its urban system led us to investigate the effects of migration on local inequality. Overall, the contribution is to focus the attention from the policy makers.

Policy implications

Ignoring social imbalances in the cities can lead to an increase in the number of poor people. The absence of additional measures to support the impoverished who are already experiencing economic risks will lead to an additional decrease in purchasing power, as well as bring risks to political stability. The empirical findings of this study propose the need for future reforms to ease the situations of those in near poverty. The recognition of near poverty in both Russia and China will be a big step toward the anti-poverty goals. The recognition of households that are at risk of falling into poverty could make social assistance more targeted and, as a result, more effective. The fight against near poverty should start in the big cities, as they could act as pilot projects before being adopted in other territories. Rather than just dealing with poverty, the governments should set the goal of poverty prevention, and in this sense, the near poverty group is those who deserve attention first.

On the contrary, measures on reaching out for a fairer society and improvements in social services, making social assistance more targeted could generate more positive results for near poor people. The level of poverty risks for a household should not to be framed around the household's income. Poverty is a multidimensional phenomenon. The quality assessment of income is necessary, but it is narrowing eligibility, thus people's situations should be considered comprehensively. Current policies fall short of achieving goals. Near poor people should at least be noted. Without making steps toward helping them, we can expect the growth of political apathy and increasing inequality.



Time shows that the topic of this study was unfortunately stimulated by the COVID-19 pandemic that happened in late 2019, spread worldwide in 2020, and continues in 2021-2022. Millions of people in Russia and China were seriously affected. Both countries took measures to eliminate the spread of the virus. However, it hit all levels of businesses in the first place, as the salaries of employees cannot be recapped as much as SOEs or any other employees in government institutions.

In addition, the period of 2020-2021 coincided with China's goal of eliminating extreme poverty by the end of 2020, and the pandemic put additional pressure on the government. Unfortunately, the situation imposed an unpredictable extra burden on both sides, i.e., the government and citizens. The time of the pandemic, therefore, highlighted the need for extra attention to near poor people, whose situations had already been affected by other factors in connection with the pandemic became more complex.

Future research suggestions

This study provides several ways to continue the research on the near poor. Firstly, it is possible to look deeper at the different territory levels, such as looking at the struggles of the near poor in the small cities and rural areas. Secondly, the situation of the near poor can be assessed using quantitative analyses. Thirdly, the near poverty problem can be assessed and studied through one or various specific risks this group encounters. For instance, the financial literacy level of the citizens and its correlation with their cultural attitude regarding spending and saving. Fourthly, the research can be continued by looking



more deeply into the policy sphere and reviewing the budgeting system. These are just a few directions of research that can use the findings from this thesis to use in future studies.

In addition, I propose a few assumptions for a future study, as follows. In comparison to the case study method, the quantitative calculations could supply the ideas of this study with additional information to present a clearer picture of the near poor groups' struggles. From the sociological perspective and based on Mills and Weber's theories, the study tries to separate the at-risk poverty group in Moscow and Shanghai, Russian and Chinese contexts, by identifying differences and similarities to build their categorisation concepts, and some quantitative data would contribute to this goal.

The quantitative methods could help to disclose, for instance, statistics to look at the relations of poor and near poor groups and see how it reflects the countries' economic situations in general. It may also help to target near poverty in a broader sense in Russian and Chinese social science literature. Thus, I want to point out a target for future research which could elaborate on the initiative of this study and examine hypotheses like:

H1: If the government introduces social policies to support people in near poverty, it will reduce the number of poor people in the country?

H2: If the levels of income of the poor and 'near poor' groups improve, economic growth will be higher?

In the first hypothesis, I would suggest testing whether the new social policies for the near poor can lower the number of people in poverty. Thus, it will require choosing some specific policies in each city for testing. In the second hypothesis, I would suggest

comparing economic growth (as an indicator of a country's development) with the number of poor and near poor people. The income level variable would act as a '*cause*' or an independent variable. The economic indicators function as a dependent variable or the '*effect*.'

The statistical part can supplement future studies with comparative analysis of the rates of poor and near poor people in megacities. The idea behind this is to investigate the problems of people in near poverty in each place. Knowing that governments and family support play a role in alleviating the risks of near poverty, it will be valuable to measure this policy's impact on near-poverty reduction. In addition, in the study of Rovny (2014), who conducted multi-level regression analyses in 18 OECD countries in 2004, the author analysed the impact of social policy on the likelihood that low-skilled young women and men will be poor, as well as for those who are at risk of having outdated skills. His findings show that active labour market policy is the most critical predictor of poverty reduction among low-skilled people. In my study, those low-skilled also include fresh graduates and young professionals. A similar analysis can be applied in further studies to test the suggested hypotheses mentioned above. The existing datasets, i.e., Rosstat and VCIOM open data (for Russia) and data from the China Statistical Yearbook (for China) can supplement the analysis.

9.3 Concluding Remarks

This chapter summarised the study's findings and their implications for theory, research, practice, and policy, bringing the thesis to a close. Among others, the chapter emphasised

some insights about the near poor people, drawing on the example of Moscow and Shanghai that aims to help to modernise the social protection system. The two cases of this research have similarities and differences, starting from the political system and ending with a different culture. Social assistance perceptions are similar, and all people equally need help and support when they face troubles or some unpredicted hardships like a severe disease of a family member or other hard circumstances. A reason for starting this research was to enhance knowledge about those living slightly above the poverty line.

In addition, the importance of this research is justified by the world struggling with many global problems, such as poverty, environmental protection, climate change, armed conflicts, trade wars, financial crises, a pandemic, and others. Life teaches that everything that happens in the world leaves an imprint on all of us. In view of this, I set myself the task of delving into the chosen research concern, considering the global component and the possible global impact. I am sure that more countries need to find new solutions to improve the lives of their citizens, and while solving the poverty issue, pay attention to what is happening in the lives of the near poor. I have introduced the versatility of this concern. Although the rationale of the problem ties in with income level, I have indicated that the mentality, lifestyle standards, inequality in society, a sense of shame, and a sense of resilience are also a part of it.

Nevertheless, not all aspects of near poverty are covered. The study discovers four spheres of life of interview respondents to provide the reader with an outlook of near poverty but initially, all the near poor participants were chosen based on income status only. Through

the interviews, I identified the importance of household size, levels of financial literacy, the ability to save money, acknowledge personal responsibility, and a few other factors. This study can be extended in several ways: it can be applied to other cities within countries, switched to rural areas, new aspects of life can be revealed through interviews, and new variables can be added to the quantitative analysis.

As the COVID-19 pandemic situation coincided with the writing of this thesis, to my great regret, many people worldwide are suffering more: losing their jobs, companies, and family members and facing a lot more difficulties. Such a dramatic change in life has not just erected obstacles in daily life but has influenced people psychologically. The situation shows in even brighter colours how socially related disciplines are connected. For instance, losing a job causes people a lot of psychological stress, influences their family members, and sometimes causes divorce and other lifestyle challenges and difficulties. Thus, the implementation of new policies should acknowledge lots of aspects. All these problems should be addressed as early as possible and not allowed to grow into significant issues. Unfortunately, and undoubtedly, societies are going to face an increase in the number of near poor following the pandemic. This is an additional reminder of how countries are globally connected and how they influence each other, not just in the political arena but also individually. Studies on near poor people should be continued to complement the anti-poverty work on a global level.

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Appendices

Appendix A: Interview Description

In 2018 and 2019, a total of 60 persons in Moscow, Russia, and Shanghai, China, were interviewed. Among them, 16 were experts in the social protection and anti-poverty field; the rest 44 were people from the near poor households. Researchers in the field of social policy from the top universities in Moscow and Shanghai provided useful information for this study. Interviews helped to identify the policy gaps. Researchers are the closest stakeholders for the policy developers. Therefore, they also understand the core problem of inefficiency of some of the politics.

Along with the researchers, experts from commercial organisations and labour unions responsible for the employees' social support helped improve my knowledge on social protection at work in Russia and China, which I had limited knowledge of before my fieldwork. The near poor people's group enhances my knowledge of how heterogeneous this group can be and what stories are behind their situations. The outcomes helped me understand the problem more, better frame my study, and reframe the research questions.

Profile of Interviewees, 2018-2019

The figures below describe the proportion of experts and the near poor people among all interviewees and the age, gender distribution of the near poor respondents.

Figure A. Distribution of Interview Participants in Moscow

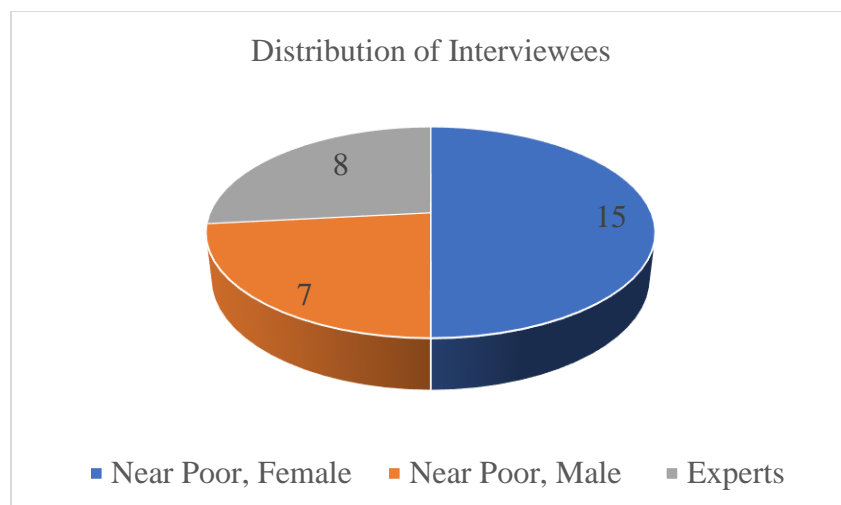
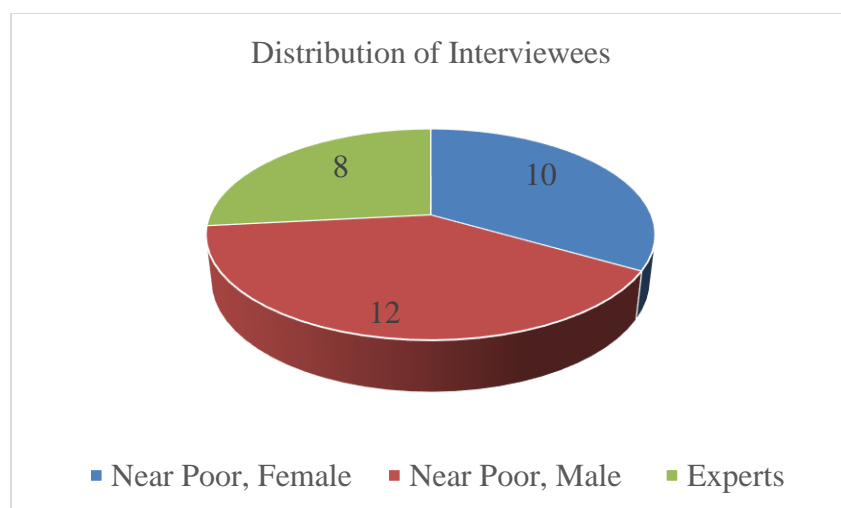


Figure B. Distribution of Interview Participants in Shanghai



Coding Interview Notes

All the interviews have their unique title with a date number.

Appendix B: Research Information Sheet

Near Poverty Trends: Case Studies of Moscow (the Russian Federation) and Shanghai (the People's Republic of China)

Purpose:

The main goal of the study is to discover “what is the rationale of the ‘near poverty’ concept”. Under this question, the research applies the institutional analysis. The study aims to analyse the situations of low-income households in near poverty.

Rationale:

This study investigates the cases of low-income households in near poverty. The research has given the urgent need to tackle the problems faced by people living near the poverty line. Thus, it will analyse changing-situations of low-income households near poverty in two megalopolises, Moscow and Shanghai.

The topic is meaningful because it will make contributions to the academic debate of the ‘near poverty’ related problems such as the growth of ageing population, childhood poverty, and female poverty.

The study will do an institutional analysis for cases of Shanghai and Moscow. The analysis consists of several steps. Firstly, the collection and processing of published data about working poor and people at risk of poverty. Secondly, interviews with external experts



(practitioners, researchers, and policy-makers) in the anti-poverty field. Thirdly, as a supplementary part, an analysis of the existing dataset on poverty and near poverty rates will fulfil the background of the research. Lastly, the research will provide policy implications.

Methodology of research:

There is a lack of literature about ‘near poor’ in the theoretical debate in China and Russia. It leads to concentrate on the data, which the policy-makers and researchers of the anti-poverty field can provide for this research first. Since this group has been more legible in the field of “near poverty” and could provide me with better insights.

However, the research starts with the collection and processing of the officially published data of the people in near poverty in the cities to prepare a better background for the interviewees. The interviewees will be mainly from China and Russia. There will be 30-50 interviews with the experts overall. Approximately, there will be 25 interviews for each city. Each interview will last approximately two hours.

The researchers whom I have already known will provide help to find the first interview participants. Onwards, a snowball approach will help to find more interviewees. In addition, acknowledging the limitations of qualitative methods limited by up to 50 interviews (overall), the study will be fulfilled with the existing documents and datasets analysis.

Interview Questions (a preliminary draft):

- How can you describe the population in near poverty?
- Do you find people in near poverty vulnerable? Why/Why not?
- What are the causes of near poverty and how can you explain them in your city?
- What do you think the main difficulties for people in near poverty in the city (city name)?
- Do you know some people you may consider as near poor? How can you describe them?
- Do you find these people protected? Or do you agree that they should be protected? Why?
- What policies are in place for the working-age population in near poverty?
- What policies do you find efficient?
- What policies/tools/habits do you personally find the most useful in preventing of expenditure of poor people in the urban area?

Participation:

The participants will be researchers or practitioners (the decision-makers) in the anti-poverty field. They have to be experts in social policy, poverty, and anti-poverty. There will be no limitations for the age range. Overall, 30-50 interviews need to be conducted, approximately 25 interviews for each city (Shanghai and Moscow).

I will create a list of the potential participants. The researchers whom I have already known will provide help to find the first interview participants. Then, the list will be analysed, and preferences mostly will be given to researchers, who are doing studies about poverty at the



present time. With a brief introduction to the research study, the supposed participants will be notified by e-mail with the question about availability to participate. A snowball sampling could help to find more interviewees.

I will obtain the participants' contact information by Internet search (using official universities websites, websites of ministries) and my contacts with the help of the EdUHK faculty members. I will briefly introduce myself to them and the purpose of my study and will seek their availability.

All participants will be informed about all purposes and goals of the current assignments orally and will be provided to sign a consent form.

Benefits and Risks:

The study involves no potential risk both here and in the Information Sheet.

Confidentiality:

Entered data (including photo, video, and audio records) will be stored on a password-protected private computer, which belongs to the investigator. Any hard copies of collected materials will be stored in a locked office until three years past this research study. No personal data (including photo, video, personal contacts, etc.) will not be disclosed to the third party.

Dissemination of Results:

In addition to conference presentations, the results of the study will be published in various possible forms such as thesis, journal article, book, or a chapter. However, your name will not be disclosed at any stage of publication.

The Right of Refusal to Participate and Withdrawal:

You are free to choose to participate in the study. You may refuse to participate or withdraw any time from the study for whatever reason without any prejudice. In the event, you decide to discontinue your participation in the study; please notify the researcher of your decision. Please feel free to contact me for any queries during the study at [REDACTED].

If you have additional questions and would like to obtain more information about the study, please do not hesitate to contact the Human Research Ethics Committee by email at hrec@eduhk.hk or by mail to Research and Development Office, The Education University of Hong Kong, 10 Lo Ping Road, Tai Po, New Territories, Hong Kong.

Thank you for your time and participation.

Olga Sazhina

Ph.D. Student

The Education University of Hong Kong

10 Lo Ping Road, Tai Po, New Territories,

Hong Kong

Office: +852 2648 8615

Cell: [REDACTED]



Appendix C: Participant Consent Form (in English, Russian, and Chinese)

THE EDUCATION UNIVERSITY OF HONG KONG
THE DEPARTMENT OF ASIAN AND POLICY STUDIES

CONSENT TO PARTICIPATE IN RESEARCH
LOW-INCOME HOUSEHOLDS IN NEAR POVERTY:
CASE STUDIES OF SHANGHAI AND MOSCOW

I _____ hereby
consent to participate in the captioned research supervised by Dr. Vyas, Lina and conducted
by Ms. Sazhina, Olga, who are staff/student of the Department of Asian and Policy Studies
in The Education University of Hong Kong.

I understand that information obtained from this research may be used in future research
and may be published. However, my right to privacy will be retained, i.e., my personal
details will not be revealed.

The procedure as set out in the attached information sheet has been fully explained. I
understand the benefits and risks involved. My participation in the project is voluntary.

I acknowledge that I have the right to question any part of the procedure and can withdraw at any time without negative consequences.

Name of participant

Signature of participant

Date



ОБРАЗОВАТЕЛЬНЫЙ УНИВЕРСИТЕТ В ГОНКОНГЕ
КАФЕДРА АЗИАТСКИХ И ПОЛИТИЧЕСКИХ ИССЛЕДОВАНИЙ

СОГЛАСИЕ НА УЧАСТИЕ В ИССЛЕДОВАНИИ
МАЛООБЕСПЕЧЕННЫЕ ДОМАШНИЕ ХОЗЯЙСТВА ОКОЛО ЧЕРТЫ
БЕДНОСТИ НА ПРИМЕРЕ ШАНХАЯ И МОСКВЫ

Я _____ (ФИО)

настоящим соглашаюсь участвовать в исследовании под руководством доцента Лины Ваяс, проводимого аспиранткой Ольгой Сажиной, которые являются сотрудником/аспирантом кафедры Азиатских и политических исследований в Образовательном университете в Гонконге.

Я понимаю, что информация, полученная в результате этого исследования, может быть использована в будущих исследованиях и может быть опубликована. Однако мое право на неприкосновенность частной жизни будет сохранено, т. е. мои личные данные не будут раскрыты.

Процедура, изложенная в прилагаемом информационном листе, мне полностью объяснена. Я понимаю все преимущества и риски. Мое участие в проекте является добровольным.



Я признаю, что имею право оспорить/подвергнуть сомнению любую часть моего участия и выйти из проекта в любое время без каких-либо негативных последствий.

Имя участника (ФИО)

Подпись

Дата



香港教育大學

亞洲及政策研究學系

參與研究同意書

近貧困低收入家庭的實例研究：以上海與莫斯科為例

(Low – Income Households in Near Poverty: Case Studies of
Shanghai and Moscow)

本人_____同意參加由 VYAS, Lina 博士 負責監督,
SAZHINA, Olga 女士 執行的學術研究項目，她/他們分別是香港教育大學亞
洲及政策研究學系的學生/教員。

本人理解此研究所獲得的資料可用於未來的研究和學術發表，然而本人有
權保護自己的隱私，本人的個人資料將不能洩漏。

研究者已將所附資料的有關步驟向本人作了充分的解釋。本人理解可能會
出現的風險。本人是自願參與這項研究。

本人理解我有權在研究過程中提出問題,並在任何時候決定退出研究，更不
會因此而對研究工作產生的影響負有任何責任。



參加者姓名:

參加者簽名:

日期:



Appendix D: Participant Information Sheet (in English, Russian, and Chinese)**INFORMATION SHEET****LOW-INCOME HOUSEHOLDS IN NEAR POVERTY:****CASE STUDIES OF SHANGHAI AND MOSCOW**

You are invited to participate in a project supervised by Dr. Vyas, Lina and conducted by Ms. Sazhina, Olga, who are staff/student of the Department of Asian and Policy Studies at The Education University of Hong Kong.

The introduction of the research

The aim of the study is to discover the rationale of the ‘near poverty’ population in the particular state (country/city). There is no extant literature about this problem in the theoretical debate in China and Russia. The policy-makers and researchers in the field of social policy and anti-poverty are legible for the research purposes and can provide some insights.

The methodology of the research

There will be 30-50 interviews with the experts overall (approx. 25 interviews for each city).



The researchers whom I have already known will provide help to find the first participants. Onwards, as referred by interviewed participants, more suitable interviewees will be identified.

The participants will answer the questions provided by the investigator.

Each of the interviews will last for two hours.

The interviews do not assume compensation for participation.

The potential risks of the research

The research does not carry any risks. The interview questions are not sensitive or/and ambiguous for the participants or lead to discomfort.

Your participation in the project is voluntary. You have every right to withdraw from the study at any time without negative consequences. All information related to you will remain confidential and will be identifiable by codes known only to the researcher.

Describe how results will be potentially disseminated

The interview data can only be processed and analysed by the investigator and her supervisor. The results will only be used for dissertation and other academic purposes (educational presentations, conferences, journal articles). The results and findings will not be distributed to third parties. All records will be stored on a private computer under the passcode and deleted after project completion.

If you would like to obtain more information about this study, please contact Ms. Sazhina, Olga at telephone number HK +852 2948 8615, [REDACTED] or her supervisor Dr. Vyas, Lina at telephone number HK +852 2948 7115.

If you have any concerns about the conduct of this research study, please do not hesitate to contact the Human Research Ethics Committee by email at hrec@eduhk.hk or by mail to Research and Development Office, The Education University of Hong Kong.

Thank you for your interest in participating in this study.

Olga Sazhina

Principal Investigator

ИНФОРМАЦИОННЫЙ ЛИСТ

МАЛООБЕСПЕЧЕННЫЕ ДОМАШНИЕ ХОЗЯЙСТВА ОКОЛО ЧЕРТЫ БЕДНОСТИ НА ПРИМЕРЕ ШАНХАЯ И МОСКВЫ

Вы приглашены принять участие в проекте под руководством доцента Лины Ваяс, проводимого аспиранткой Ольгой Сажинной, которые являются сотрудником/аспирантом кафедры Азиатских и политических исследований в Образовательном университете в Гонконге.

Введение исследования

Целью данного исследования является выявление обоснования проблемы населения проживающего «около бедности» на примере двух государств (городов). В теоретической базе в Китае и России нет достаточной литературы по этой проблематике. Представители правительственных структур и исследователи в области социальной политики и борьбы с бедностью представляются наиболее разборчивой аудиторией для исследовательских целей этого проекта и могут дополнить результаты аналитического анализа научной литературы и официальных документов.

Методология исследования

Всего будет проведено 30-50 интервью с экспертами (около 25 интервью в каждом городе).

Исследователи, с которыми знаком исполнитель, помогут найти первых участников.

В дальнейшем отбор осуществляется из числа кандидатов, указанных первыми респондентами, или на основе предоставленной ими информации.

Участники будут отвечать на вопросы, заданные исследователем.

Каждое интервью будет длиться приблизительно два часа.

Интервью не предполагает какой-либо компенсации за участие.

Потенциальные риски исследования

Исследование не несет в себе никаких потенциальных рисков. Вопросы интервью исключают неоднозначность их толкования и не предполагают приведения участников к дискомфорту.

Ваше участие в проекте является добровольным. Вы имеете полное право отказаться от исследования в любое время без каких-либо негативных последствий. Вся информация, связанная с Вами, останется конфиденциальной и будет идентифицироваться по кодам, известным только исследователю.

О распространение полученных результатов участия

Данные интервью могут обрабатываться и анализироваться только самим исследователем и/или ее руководителем. Результаты будут использованы только для диссертационных и других научных целей (образовательные презентации, конференции, журнальные статьи). Полученные результаты интервью не будут

распространяться третьим лицам. Все записи будут храниться на частном компьютере с кодом доступа и будут удалены через три года с момента завершения проекта.

Если вы хотите получить дополнительную информацию об этом исследовании, пожалуйста, свяжитесь с г-жой Ольгой Сажинной по телефону в России [REDACTED] [REDACTED] в Гонконге +852 2948 8615, или с ее руководителем, доцентом Линой Ваяс, по телефону в Гонконге +852 2948 7115.

Если у Вас есть какие-либо вопросы/замечания по поводу проведения этого исследования, пожалуйста, не стесняйтесь обращаться в Этическую Комиссию по электронной почте (hrec@eduhk.hk) или обычной почтой в Отдел Исследований и Разработок Образовательного Университета в Гонконге.

Благодарим Вас за интерес к участию в этом исследовании.

Ольга Сажина

Ответственный исполнитель



有關資料

近貧困低收入家庭的實例研究：以上海與莫斯科為例

(Low –Income Households in Near Poverty: Case Studies of Shanghai and Moscow)

誠邀閣下參加 VYAS, Lina 博士 負責監督, SAZHINA, Olga 女士 負責執行的研究計劃。她/他們是香港教育大學亞洲及政策研究學系的學生/教員。

研究計劃簡介

此研究的目的是探索在特定地區（國家/城市）的“近貧困”人口的基本原理。在中國和俄羅斯的理論辯論中，關於這個問題的文獻並不存在。社會政策和反貧困領域的決策者和研究人員對此有著清晰的研究目的，可以提供一些見解。

研究方法

將對專家進行 30-50 次採訪（每個城市約 25 次採訪）。

在已經認識的研究人員幫助下找到第一批參與者。隨後，根據先前受訪者的介紹，研究者將確定更多合適的受訪者。

參與者將回答調查員提出的問題。

每次採訪大約持續兩個小時。

受訪者不會被提供物質獎勵補償。

說明任何風險 (若無, 請明確指出)

研究沒有任何風險。面試問題不會是敏感或不明確的話題, 亦不會對受訪者造成不適。

閣下的參與純屬自願性質。閣下享有充分的權利在任何時候決定退出這項研究, 更不會因此引致任何不良後果。凡有關閣下的資料將會保密, 一切資料的編碼只有研究人員得悉。

描述將如何發佈研究結果

訪談資料只由調查員及其導師進行處理和分析。結果將僅用於學術論文撰寫和其他學術目的(教育類演講, 學術會議, 期刊文章)。研究結果將不會分發給第三方。所有記錄將存儲在私人計算機上, 項目完成後將被刪除。

如閣下想獲得更多有關這項研究的資料, 請與 SAZHINA, Olga 女士聯絡, 電話 +852 2948 8615 或聯絡她/他們的導師 VYAS, Lina 博士, 電話 +852 2948 7115。

如閣下對這項研究的操守有任何意見, 可隨時與香港教育大學人類實驗對象操守委員會聯絡(電郵: hrec@eduhk.hk; 地址: 香港教育大學研究與發展事務處)。

謝謝閣下有興趣參與這項研究。

SAZHINA, Olga

首席研究員



The Education University
of Hong Kong Library

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Appendix E: Semi-Structured Face-to-Face Interview Protocol with Experts (in Russian and English)

Russian Version:

1. (Приводится определение категории граждан, проживающих близко к черте бедности, используемое в других развитых странах); Как Вы думаете, в нашей стране есть такая категория граждан? Как Вы думаете, это определение может быть применено к нашей стране/городу? Почему? Можно ли улучшить это определение? Как?
2. Как Вы могли бы описать группу людей, чей доход близок к прожиточному минимуму? Вы могли бы назвать их какие-то конкретные характеристики? Возраст? Сфера труда? Уровень образования? Как они зарабатывают? Считаете ли Вы, что домашние хозяйства этих людей относительно маленькие или большие (количество членов семьи)?
3. Вы находите этих людей уязвимыми в нашем обществе? Почему? Считаете ли Вы, что эти люди сталкиваются с более жесткими обстоятельствами? Какими обстоятельствами? Дискриминируется ли эта группа в обществе? Стесняются ли они себя?
4. Знаете ли Вы людей, которых Вы могли бы идентифицировать как группу с высоким риском попадания за черту бедности? Как Вы могли бы их описать? Могли

бы Вы привести примеры? Возможно ли было бы их охарактеризовать по полу, возрасту, социальному статусу, размеру семьи, назвать их приблизительное место работы или, может быть, описать семейное окружение? Вы считаете, это преимущественно молодые семьи (с детьми, без) или более взрослые (включая пенсионеров)? Как Вы считаете, почему?

5. Социальный институт представляет собой организованную систему социальных связей и социальных сетей, социальных групп и отдельных лиц. Институты необходимы для решения социальных проблем, но они могут заявлять одно, а практика может показать другое. Как Вы считаете, насколько показательна роль институтов в нашем государстве? Какие примеры качественной работы институтов Вы могли бы привести?

6. Как Вы считаете, какую роль институт семьи играет в проблеме бедности/борьбе с бедностью? Какую роль играет государство? Где их точки соприкосновения?

7. Как Вы считаете, каковы основные причины существования категории граждан проживающих близко к черте бедности в Москве? Как Вы считаете, какие основные причины бедности в городе? Есть ли между ними что-то общее? Представьте себе бедного и «почти» бедного гражданина, есть ли сходства между ними, различия, какие?

8. Каковы основные субъекты (институты) в проблеме борьбы с нищетой? Какие социальные институты отвечают потребностям бедных, не бедных, нуждающихся?

9. Какие внешние факторы влияют на жизнь граждан, чей доход немного выше прожиточного минимума? Внешние: политические, экономические, социокультурные, правовые и т. д. (например, финансовый, экономический кризис, реформы, законы и т. д.). Какие внутренние факторы влияют на жизнь граждан, чей доход чуть выше прожиточного минимума? Внутренние: самооценка, факторы самоидентификации (а также менталите, внутреннее государственное управление, внутренние социальные институты, их роль и организация).

10. Как Вы думаете, каковы основные трудности у людей, чей доход чуть выше прожиточного минимума в Москве? Считаете ли Вы, что им легко найти работу (когда они молоды или нет)? Есть ли у них какие-то особые привычки, поведение? Считаете ли Вы, что возможностей для работы в Москве достаточно? Считаете ли Вы, что нынешнее образование соответствует потребностям компаний, предоставляющих рабочие места?

11. Попадают ли эти граждане в группу риска? Каковы основные риски, с которыми они сталкиваются, которые могли бы помочь их доходам упасть за черту прожиточного минимума? Как Вы думаете, они могут потерять работу из-за экономической ситуации в стране? Или, может быть, большую роль играют

трудности с поиском новой работы? Или у них недостаточно возможностей в профессиональном плане? Их уровень образования не соответствует требованиям работодателя?

12. Как Вы думаете, есть ли у данной группы возможности улучшить свою ситуацию? Какие возможности Вы могли бы указать (учитывая возраст, разнообразие рабочих мест)? Какая государственная поддержка предоставляется таким людям? Многодетным? Существует ли еще какая-то поддержка?

13. Находите ли Вы эту группу достаточно защищенной? Или, согласны ли Вы с тем, что их следует защищать? Зачем? Их можно защитить только финансово? Что Вы думаете об этом? Считаете ли Вы, что проживающие «близко к бедности» ассоциируют себя с бедными или нет? Почему?

14. Какие существуют меры поддержки для населения, живущие близко к черте бедности (включая две новые реформы, введенные в конце 2017 года)? Существует несколько стратегий поддержки бедных: (НКО, фонды, социальные выплаты, субсидии на жилищно-коммунальные услуги, налоговые льготы). Насколько такая поддержка могла бы быть применима для исследуемой группы? Или другие меры поддержки для них были бы более важны? Почему? Какая поддержка могла бы быть наиболее эффективна (выгодна для этой группы)? Почему нет специальных мер/форм поддержки для этой группы людей?

15. Какие меры поддержки Вы находите наиболее эффективными (включая мировой опыт)? Приведите пример(ы).

16. Какие меры Вы находите наиболее эффективными для сокращения числа граждан, чей доход не сильно превышает прожиточный минимум в городе? Какую помощь, помимо материальной, государство могло бы оказать этим гражданам? Может есть какая-то помощь, использование которой стоило бы избегать (она не эффективна)?

17. Как Вы думаете, какие меры можно предпринять, чтобы не попасть в бедность?



English Version:

1. (Give a description of at-risk-of-poverty people in the EU, the USA (by the interviewer); Do you think there are such groups of people in the country? Do you think this definition can be applied to your country/city? Why/Why not? Can the definition be improved? How?

2. How can you describe the population in near poverty? Do you find any specific characteristics of them? How do they dress? Where do they work? How do they earn? Do you think the households of these people are relatively small or big?

3. Do you find people in near poverty vulnerable? Why/Why not? Do you think these people face more tough circumstances? What circumstances? Are they discriminated against others? Do they embarrass themselves? Any more specifics of vulnerability can be applicable to them?

4. Do you know some people you may consider as near poor? How can you describe them? If it is your friends or relatives, can you tell their gender, age, status, household size, approximate place of work, or maybe family background? Do you find young families or adults more vulnerable? Why?

5. A social institution is an organised system of social connections and social networks, social groups, and individuals. Talk about the social institutions (in Russia):

institutions are needed to solve the social problems, but they can declare one thing, and practice may show another.

6. What role does the family institution play in near poverty problem? What role does the government play in near poverty?

7. What are the causes of near poverty and how can you explain them in your city? What do you think the main reasons for poverty in the city? Do you find the causes of urban poverty applicable for urban near poverty? Are they the same? Imagine poor and at-risk-of-poverty people, what are the similarities between them? What are the differences?

8. What are the main actors/ institutions in anti-poverty? What social institutions meet the needs of the poor, of not poor but in need?

9. What kind of external factors influence the near poverty situation? External: political, economic, sociocultural, legal, etc. (government, financial, economic crisis, constitution, mentality, etc.); what kind of internal factors influence the near poverty situation? Internal: self-assessment, self-identification factors (public management, internal social institutions, their role, and organisation).

10. What do you think the main difficulties for people in near poverty in the city? Do you think it is easy to find a job for them (when they are young, adult)? Do they have any

special habits, behaviours? Do you think there are enough job opportunities? Do you think nowadays education matches the needs of the companies providing the jobs?

11. Do they fall into a risk group? What are the main risks they faced to fall into poverty? Do you think they can lose their jobs due to the economic situation? Or maybe are there difficulties to find a new job? Not enough opportunities in vocational education? Education level does not match job needs (requirements)?

12. Do you think there are opportunities for them to improve their situations? What kind of opportunities can you mention (age, jobs variety)? What kind of government support is provided for lost-job people? Or people with more than two children? What other supports?

13. Do you find these people protected? Or do you agree that they should be protected? Why? They can be protected financially and “mentally”, what do you think of this? Do you think that near poor people see themselves similarly to the poor see?

14. What policies are in place for the population in near poverty (including the two new reforms introduced in later 2017)? There are several policies to support the poor: (NPO/NGO, funds, social payments, subsidies for housing and communal services, and tax breaks). In what terms are they applicable for the near poor? Do you think new policies can be established for them? Why? What kind of support could be presented in these policies?



Why are there no special policies for this group of people? If there are some policies, do you think they will work or will be misused?

15. What policies do you find efficient (worldwide)? Give an example.
16. What policies/tools/habits do you personally find the most useful in preventing of expenditure of poor people in the urban area? Maybe working hard, always upgrading your knowledge, have strong family support or fee that government is also support for these people and not just helping with money?
17. How do you think, what are the measures to avoid falling into poverty?



Appendix F: In-Depth Face-to-Face Interview Protocol with Near Poor (in Russian and English)

Russian Version (four blocks):

Общие:

1. Укажите, пожалуйста, Ваш пол, возраст, уровень образования (специальность, если есть).
2. Где Вы родились? Как долго проживаете в городе (городском округе)?
3. Какое количество лет Вы уже находитесь на рынке труда?
4. Сколько человек в Вашем домохозяйстве (количество членов семьи)?
 - a. Есть ли у Вас дети до 18 лет? Если да, то сколько?
 - b. Если ли в Вашем домохозяйстве пенсионеры, которые проживают с Вами?
Если да, то сколько?
5. Есть ли у Вас недвижимость в собственности?
6. Есть ли у Вас работа сейчас? И если да, то в какой профессии Вы работаете?

Бюджет:

7. Планируете ли Вы месячный бюджет? Считаете ли его?
8. Какие траты отнимают у Вас большую часть дохода? Какая трата для Вас наиболее приоритетна в месяц?
9. Какие три основные траты в месяц Вы могли бы выделить? В неделю?

10. Есть ли у Вас привычка делать сбережения? Если да, то какой процент от Вашего дохода Вы стараетесь сохранять? Вы делаете эти сбережения для какой-то определенной цели или без определенной цели?

а. При временной потере дохода, могли бы сбережения обеспечить Вас на три месяца обычного проживания?

11. В течение Вашей жизни бывали ли моменты, когда Вы чувствовали нехватку средств?

а. Если да, то Вы связываете это больше с внешними (среда, окружение, плохая экономическая обстановка) или внутренними (недостаток образования, личные причины) факторами?

Социальные Институты:

12. Как Вы считаете, какова роль социальных институтов в стране? Могли бы Вы привести пример(-ы) их работы в стране?

13. Есть ли у Вас или у кого-то из Вашего окружения опыт взаимодействия с этими институтами? Если да, как Вы могли бы его охарактеризовать (в общих словах)?

а. Насколько результативна/благоприятна помощь социальных институтов, которую Вы или кто-то из Вашего окружения когда-либо получил?

б. Получали ли Вы какую-нибудь социальную помощь от государства? Если да, то какую?

і. Была ли эта помощь достаточной, насколько отвечала Вашим нуждам?

14. С Вашей точки зрения, насколько можно полагаться на поддержку государства/институты защиты в сложных ситуациях?
15. Какую социальную помощь, оказываемую государством Вы находите полезной/недостаточно полезной?
16. Как Вы оцениваете роль фондов поддержки, благотворительных организаций и некоммерческих организаций?

Неравенство:

17. Как Вы могли бы прокомментировать роль института семьи и роль института государства в уровне дохода человека?
18. Как Вы считаете, есть ли какие-то определённые трудности, связанные с повышением уровня жизни или увеличением дохода в городе (городском округе)?
19. На Ваш взгляд, какие основные причины бедности в городе? (безработица, недостаток образования, плохая экономическая ситуация, др.)
 - a. Какие группы людей, Вы могли бы назвать наиболее уязвленными в этом вопросе и почему? Опишите их.

English Version (four blocks):

Basic questions

1. Please indicate your gender, age, and education level (specialty, if any).
2. Where were you born? How long have you lived in the city?
3. How many years have you been in the labour market?
4. How many people are in your household (number of family members)?
 - a. Do you have children under 18? If so, how much?
 - b. Are there pensioners in your household who live with you? If so, how much?
5. Do you own property?
6. Do you have a job now? And if so, what profession do you work in?

Budgeting:

7. Do you have a monthly budget? Do you consider it?
8. What expenses take away most of your income? What is your highest priority spending per month?
9. What are the three main expenses per month you could highlight? In week?
10. Do you have a habit of saving? If so, what percentage of your income are you trying to keep? Are you building up these savings for a specific purpose or without a specific purpose?
 - a. With a temporary loss of income, could the savings provide you for three months of your usual residence?
11. During your life, have there been times when you felt a lack of funds?



- a. If so, do you associate it more with external (environment, environment, poor economic situation) or internal (lack of education, personal reasons) factors?

Social Institutions:

12. What do you think is the role of social institutions in the country? Could you give an example (s) of their work in the city/country?
13. Do you or someone from your environment have experience of interaction with these institutions? If yes, how would you describe it (in general terms)?
 - a. How effective/beneficial is the help of social institutions that you or someone from your environment has ever received?
 - b. Have you received any social assistance from the state? If so, which one?
 - ii. Was this help sufficient to meet your needs?
14. In your opinion, how much can you rely on the support of the state/protection institutions in difficult situations?
15. What social assistance provided by the state do you find useful/insufficiently useful?
16. How do you assess the role of support foundations, charitable organisations, and non-profit organisations?

Inequality:

17. How could you comment on the role of the institution of the family and the role of the institution of the state in the level of a person's income?

18. In your opinion, are there any specific difficulties associated with improving living standards or increasing income in the city?
19. In your opinion, what are the main causes of poverty in the city? (unemployment, lack of education, poor economic situation, etc.)
- a. What groups of people would you name the most vulnerable in this issue and why? Describe them.



English Extended Version (*used as guidance for the student helper*):

Describe at-risk-of-poverty people, social institutions [by the interviewer];

1. Brief portrait:
 - 1.1.1. Gender
 - 1.1.2. Age
 - 1.1.3. Education level
 - 1.1.4. The number of years in the labour market
 - 1.1.5. How many members of the household size
2. Where have you born? How long do you live in the city?
3. Do you have a job now? Where do you work (Profession?)? Or where did you work before (last job place)?
4. Do you have your monthly budget? How do you calculate it? What expenses take most of your money? What is your priority spending per month?
5. Do you make any savings? How much do you try to save your income? Are there any special purposes for your savings?
6. If you or another member of your household will suddenly lose the job, can you survive within three months without an extra income?
7. Do you consider yourself as poor/near poor/low-income? How can you characterise that?
8. Have you faced a lack of money for something? What is it?
9. Do you find yourself vulnerable?
10. How can you describe the group of people who have a household income higher than a poverty threshold but still in need?



11. Who do you think the most responsible for this problem, family or government (environment, circumstances, or people themselves)?
12. What do you think the main role of social institutions? Can you give an example of how do they work in the country?
13. What role does the family institution play in near poverty problem? What role does the government play in near poverty?
14. What do you think the main reasons for poverty in the city (like unemployment, low elderly protection, retirement protection, lack of supplementary incomes, the role of education and another considerable factor also can be when workers were owed wages by their employers, the operation of budget)?
15. What are the causes of near poverty and how can you explain them in your city?
Imagine poor and at-risk-of-poverty people, what are the similarities between them?
What are the differences?
16. What are the main actors/institutions in the anti-poverty?
17. What is the role of the family in anti-poverty, what is the role of government?
18. Do you feel that you can rely on government support?
19. Have you ever received any subsidies from the government? What subsidies?
19.1. If Yes, do you find it helpful?
20. What kind of support do you find useful/useless? Why?
21. What are the indicators of social status for you? (like the quality of purchased items; property ownership)
22. Are you a property owner (or sharing ownership)?
23. Do you have a job now?



- 23.1. If Yes, do you have?
 - 23.1.1. If Yes, do you use a vacation?
 - 23.1.2. How do you usually spend time on your vacation?
- 24. How do you spend vacation time?
- 25. What are your main three basic spendings per month?
- 26. What are your main three basic spendings per week?
- 27. Do you have children under the age of 18?
 - 27.1. How many children do you have?
 - 27.2. How old are your children?
 - 27.3. Do you support them?
 - 27.3.1. If Yes, how do you support them?
 - 27.3.2. How often do you support them?
 - 27.4. Do they support you?
 - 27.4.1. If Yes, how do you support them?
 - 27.4.2. How often do you support them?
- 28. Do you have children age over 18?
 - 28.1. How many children do you have?
 - 28.2. How old are your children?
 - 28.3. Do you support them?
 - 28.3.1. If Yes, how do you support them?
 - 28.3.2. How often do you support them?
 - 28.4. Do they support you?
 - 28.4.1. If Yes, how do you support them?



- 28.4.2. How often do you support them?
29. Do you have elderly in your family, which you need to support?
- 29.1. If Yes, how many elderly people do you support?
- 29.2. Do you support them?
- 29.2.1. If Yes, how do you support them?
- 29.2.2. How often do you support them?
30. What do you think the main difficulties for people in near poverty in the city? Do you think it is easy to find a job for them (when they are young, adult)?
31. What are the main risks they faced to fall into poverty? (economic situations, difficulties to find a new job, education level)?
32. Do you see any opportunities to improve your situation?
33. Do you think the government should protect you more? How?
34. Do you think establishing new policies can be helpful? Why? What kind of support could be presented in these policies? If there are some policies, do you think they will work or will be misused?
35. What policies/tools/habits do you personally find the most useful in preventing of expenditure of poor people in the urban area?
36. How do you think, what are the measures to avoid falling into poverty?