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Diploma thesis

**Analysis of the Material Welfare of the Russian Federation's
Population**

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DIPLOMA THESIS ASSIGNMENT

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Economics and Management

Thesis title

Analysis of the Material Welfare of the Russian Federation's Population

Objectives of thesis

Aim of this diploma thesis is to study the factors those determine the dynamics of the population's material welfare; to analyze the impact of these indicators; analyze the material welfare of the Russian Federation's population; to develop proposals, which can improve the material welfare.

Tasks:

- to identify the basic concepts of the material welfare of the population;
- to identify the factors, which are affecting the material welfare of the population;
- to assess the material welfare of the Russian Federation's population;
- to develop proposals that are aimed to improving the material welfare of the population.

Methodology

The time period of the research was from 2011 to 2018. This period of time was selected due to data availability. In the process of writing this topic the following methods were used: analysis, comparison, evaluation, SWOT analysis (for finding some factors that limit the growth of the material welfare in Russia).

Theoretical part is based on information from statistics articles and publications, the works of Russian specialists, information from the Federal State Statistics Service, the State Tax Service, the Central Bank and the Pension Fund of the Russian Federation, books and statistics data, which are connected with the material welfare. The main sources of information are the balance of monetary incomes, the expenditures of the population and household surveys.

The proposed extent of the thesis

60 – 80 pages

Keywords

the material welfare, real wage, incomes, expenditures, unemployment, employment, savings, allowance, social transfers, economically active population

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Declaration

I declare that I have worked on my Diploma Thesis titled «Analysis of the Material Welfare of the Russian Federation's Population» by myself and I have used only the sources mentioned at the end of the thesis.

In Prague on 29.3.2019

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Analysis of the Material Welfare of the Russian Federation's Population

Abstract

The Diploma Thesis examines the analysis of the material welfare of the Russian Federation's population. The material welfare is the degree of satisfaction of people's material needs. Social and spiritual needs, material needs for food, clothing, housing, medical treatment, and so on are important for the characteristics of the material welfare. The main indicators of the material welfare of the population are income and expenditure, employment and employment, social care, food consumption. Other indicators have also been considered.

All factors affecting the material welfare of the population can be combined into several groups: economic, political, social. A detailed description of the material welfare of the population of Russia at the present stage is given in the Diploma Thesis. Income and expenditure of the population of the Russian Federation, employment and unemployment are considered in detail. The analysis of the material welfare of the Russian population was carried out on the basis of data from the State Statistical Service of the Russian Federation. Some suggestions for improving the material welfare of the population are given.

Keywords

- The material welfare
- Real wage
- Income
- Expenditure
- Unemployment
- Employment
- Savings

Analýza materiálního blahobytu obyvatel Ruské Federace

Souhrn

Diplomová práce se zabývá analýzou materiálního blahobytu obyvatel Ruské federace. Hmotné blaho je míra uspokojení hmotných potřeb lidí. Sociální a duchovní potřeby, materiální potřeby potravin, oblečení, bydlení, lékařské ošetření a tak dále jsou důležité pro vlastnosti materiálního blahobytu. Hlavními ukazateli materiálního blahobytu obyvatelstva jsou příjmy a výdaje, zaměstnanost a nezaměstnanost, sociální péče, spotřeba potravin. Byly zohledněny i další ukazatele.

Všechny faktory ovlivňující materiální blahobyt obyvatelstva lze spojit do několika skupin: ekonomické, politické, sociální. Podrobný popis materiálního blahobytu obyvatelstva Ruska v současné fázi je uveden v diplomové práci. Podrobně jsou zohledněny příjmy a výdaje obyvatelstva Ruské federace, zaměstnanosti a nezaměstnanosti. Analýza materiálního blahobytu ruské populace byla provedena na základě údajů Státní statistické služby Ruské federace. Jsou uvedeny některé návrhy na zlepšení materiálního blahobytu obyvatelstva.

Klíčová slova

- Materiální blahobyt
- Reálné mzdy
- Příjem
- Výdajů
- Nezaměstnanost
- Zaměstnanost
- Úspory

1 INTRODUCTION	9
2 OBJECTIVES AND METHODOLOGY	12
2.1 Objectives of thesis	12
2.2 Methodology	12
3 LITERATURE REVIEW.....	14
3.1 Literature review of publications	14
3.2 The concept and indicators of the material welfare of the population	17
3.3 Main indicators of the material welfare of the population	23
3.4 Factors that affect the material welfare of the population.....	27
4 PRACTICAL PART	33
4.1 The material welfare of the population of Russia at the present stage.....	33
4.2 Employment and employment	35
4.3 Income and expenditure of the population.....	44
5 RESULTS AND DISCUSSIONS	56
5.1 Analysis of the results	56
5.2 Suggestions for improving the material welfare of the population	76
6 CONCLUSIONS.....	83
7 LITERATURE.....	85
8 LIST OF TABLES AND FIGURES.....	90
9 APPENDECIES	92

1 INTRODUCTION

The material welfare of the population of any region is a complex concept. It is evaluated according to different indicators, such as the level of income and social benefits, the availability of work and the level of payment, the value of capital facilities and its availability, and also a number of parameters.

The material welfare includes income and expenditure of the population, consumption and the degree of need's satisfaction. Improving the material welfare of the population is the main goal of any progressive society. The state is obliged to create comfortable conditions for people's welfare, ensuring economic growth and social stability in society.

The crisis phenomena of recent years have influenced the material welfare and the cost of living of the population in the Russian Federation. The gap in these indicators has increased between the regions of Russia. Inflation and falling of energy prices have affected the welfare of almost Russian citizens. The migration process within the country has been increased.

The bases for assessing the material welfare of the population are statistical indicators and other parameters, which include different aspects of life of the Russian Federation's citizen. It is possible to predict the development of any region of Russia in the next few years, assessing the current welfare.

The material welfare determines the degree of provision with the material goods of people of a country as a whole or citizens of any region, the financial satisfaction with the volume of goods, services and opportunities that they can use in this period of time.

The basic indicator is the ratio of real income to the consumer basket.

The main parameter is used for a quick analysis of the material welfare of the population. This parameter is the real income of the average citizen.

The comparison of various segments of the population with different levels of material welfare is made for a more detailed assessment.

Nowadays the problem of increasing the material welfare of the population becomes very important. The factors, which determining the dynamics of the material welfare, are also very important. Economic stability and the further development of the country depend on the solution of this problem. The solution of this problem requires a

certain state policy. The central point of this policy would be a person, his material welfare, physical and social health. The main goal of any progressive society is improving the material welfare of the population.

The transition to market economy was the cause of significant changes in the regulation of income. First of all, the role of the state in this area has decreased, the independence of regions and enterprises has increased, and the importance of the market regulators has also increased.

It is required to increase incomes and stimulate the population's effectual demand due to the crisis of 2008. This is a very difficult task. Overcoming the prejudice in income distribution is also important.

The reform of the Russian economy was accompanied by an increase in wealth among a small part of society and an increase in poverty among the main part of the population. About 1/5 of the population still have incomes below the subsistence minimum, they can't ensure the reproduction of labor and also can't satisfy the higher needs. The birth rate and the duration of life have been decreased, because of the death rate and the morbidity, during the market reforms in the country.

The formation of a socially-oriented state in the Russian Federation is impossible without a steady growth in the material welfare of the population as a basis of development and improvement of every person's life.

The material welfare of the population is a complicated concept that depends on many different factors. The material welfare is an economic position of a person, in this position he is able to satisfy his own needs. Such situation is possible, when there are favorable conditions for the labor activity of a person. The existence of conditions, which allow the worker to use the beneficial effects of his own labor, is also very important.

The Russian economy has developed at a high rate in recent years. The macroeconomic stability was characterized by the stability of the national currency, the growth of budget system's revenues of the Russian Federation and other positive trends.

«Indicators of the socio-economic development of the Russian Federation, the macroeconomic and financial stability show the effectiveness of transformations. The growth rate of Russian economy is higher than the average world level the last 5 years (about 107% - Russian economy, 104.6% - average world level).

The decline in production and consumption of the 90s was overcome

The gross domestic product was 110% of the level of 1991 in 2007. At the same time, the share of industries oriented to the market demand is increasing in the structure of the economy». («The concept of long-term socio-economic development of the Russian Federation for the period up to 2020») [49, p. 80].

However, there wasn't a significant growth of the population's material welfare, and it is alarming.

The material welfare of Russian citizens is affected by the sanctions policy of Western countries, the fall in oil prices, the decline in industrial production and the population's inflationary expectations.

The real incomes of Russian citizens have fallen significantly. Many persons are looking for a better life abroad. The main directions of the labor migration are the countries of the European Union, the USA and Canada. At this moment a large number of Russian labor migrants work in Germany and Spain.

The solution of the problem of increasing the material welfare of the population and the factors that determine its dynamics are very important for the development of the Russian economy. The direction, the further transformations in the country and economic stability in society depends on the solution of these problems.

The relevance of the problem is increasing during the periods of transformation of socio-economic systems. These periods are accompanied by a significant change in consumer behavior, economic interests, also relations of the economic agents, economic policy and so on.

The problems of the population's income have always been interested different scientists and economists, including such well-known economists as: G. Becker, T. Veblen, J. M. Keynes, J. B. Clark, J. Commons, A. Marshall, F. Modigliani, V. Oikien, V. Pareto, A. Pigou, J. Tinbergen, M. Friedman, J. Hicks, L. Erhard, and others.

Russian scientists have also paid attention to this question, for example, S.A. Ayvazyana, V.N. Bobkova, L.A. Bulochnikova, I.A. Gerasimova, E.V. Gerasimova, A.V. Suvorov, A.Yu. Shchetinkina.

Thus, all the information above confirms the relevance of the chosen topic of the Diploma Thesis.

2 OBJECTIVES AND METHODOLOGY

2.1 Objectives of thesis

The object of the research is the concept of the material welfare of the Russian Federation's population and indicators of it. The subject of the research is the dynamics of the Russian Federation's population welfare in recent years.

The Aim of the Diploma Thesis is to study the factors those determine the dynamics of the population's material welfare; to analyze the impact of these indicators; analyze the material welfare of the Russian Federation's population by regions; to develop proposals, which can improve the material welfare.

According to the object, subject and the aim of the Diploma Thesis, the following tasks were defined:

- to identify the basic concepts of the material welfare of the population;
- to identify the factors, which are affecting the material welfare of the population;
- to assess the material welfare of the Russian Federation's population;
- to develop proposals that are aimed at improving the material welfare.

The work consists of introduction, objectives and methodology, literature review, practical part, results of research, conclusion, literature, list of tables and figures, appendices.

2.2 Methodology

The methodology for assessing the material welfare of the population is an important analytical tool of the state socio-economic policy. This allows the state to choose direction of policy for the future, to analyze the current level of a country's socio-economic development and so on.

The assessment of the level of the material welfare of the population is based on a system of criteria and indicators. The modern economic dictionary interprets the criterion as «an indicator, a sign, on the basis of which an assessment of the quality of an economic object is formed, a measure of such assessment» [34, p.512].

In the scientific understanding, the criterion is a mean of assessing of the level of the material welfare or a condition of its formation. The selection of criteria of the material welfare is the basis for the development of corresponding indicators.

There are two methodological approaches to measuring the level of the material welfare.

The first approach, defined as subjective, assesses the material welfare as the degree of people's subjective satisfaction with their financial situation. In this case, the person assesses how good or bad his financial situation by some criteria. So the material welfare of each person is obtained only from the results of sociological research. The list of questions can be changed. All questions concern only those components of the material welfare that may be affected by government policy.

The result of this research is an assessment of people's financial situation. It depends on their goals, expectations and standards.

The second approach, which assesses the material welfare of the population, is based on the following principles: 1) an objective assessment of the material welfare; 2) the possibility of comparing the indicators of the material welfare of the population in the current period and in the previous periods; 3) comparability of indicators of the material welfare of the population in different countries and regions.

In this case, the material welfare is not assessed by the subjective satisfaction of a person's financial situation, but it is assessed by a number of objective indicators of other people, who have reliable information and the necessary qualifications in this field.

In this situation, a system of socio-economic indicators is built; it is fully reflecting the material welfare of the population. The social standards are determined; it is compared with the actual conditions of the formation of the material welfare of the population.

The time period of the research was for 2011 to 2018. This period of time was selected due to data availability. In the process of writing this topic the following methods were used: analysis, comparison, evaluation, observation.

Theoretical part is based on information from statistics articles and publications, the works of Russian specialists, information from the Federal State Statistics Service, the State Tax Service, the Central Bank and the Pension Fund of the Russian Federation, books and statistics data, which are connected with the material welfare. The main sources of information are the balance of monetary incomes and expenditures of the population and household surveys.

First of all the thesis should analyze the material welfare of the population from different aspects. After analysis, it is necessary to compare the values of this factor by years. Then find out, what was causing to rise or fall of this factor. The comparison of the

differences of this indicator over the years by regions of the Russian Federation has a main role in this thesis.

3 LITERATURE REVIEW

3.1 Literature review of publications

A lot of publications are devoted to the problem of improving the material welfare of the population of Russia. In the press this topic is often considered by economists, journalists, political scientists.

In the article by L. Zhirnova, «The Strategy and Policy of Russia in the Field of Ensuring the Economic Welfare of Human», the author says that ensuring the economic welfare of man is one of the main tasks of the state. The role of the state in ensuring economic welfare largely depends on the socio-economic model of the country. However, the main part of states tries to provide serious support to their citizens [54, p. 45]

The state is the main social guarantor in Russia. Russia's strategy in the field of economic the welfare is in article 7 of the Constitution. The Russian Federation is a social state whose policy is aimed at creating conditions that ensure a decent life and free development of a person. Labor and health are protected in the Russian Federation; a guaranteed subsistence wage is established. The state supports families, motherhood, fatherhood and childhood, the disabled persons and senior citizens. A system of social services is being developed; state pensions, benefits and other guarantees of social care are being established. These words express the basic obligations of the state towards its citizens. The main task is struggle with poverty and social inequality.

Federal spending aimed at improving human welfare is constantly growing in percentage and real terms.

O.V. Prokhorova in his publication in the journal «Issues of Economics and Management» considers the factors of growth of social welfare. She writes that a lot of economic and social problems appear in society in the conditions of growing transformation of economic processes [40, p. 133-139].

«Ensuring the growth of the welfare of the population largely depends on the satisfaction of material and non-material needs, which are quantitatively growing and qualitatively changing».

Also O.V. Prokhorova writes «in conditions of competition between people for resources, workplaces, goods and services, more decent life in society, there are a question of the need for a mechanism for the effective creation, distribution and consumption of

goods. In the conditions of the market economy and the social state, such mechanisms are understood as the presence in the economy of efficient tools and methods of intensive production of goods with using the achievements of scientific and technological progress, stimulating and regulating innovation activities, fair distribution of the created goods, as well as their economical consumption. So, an effective mechanism for creating wealth increases the economic growth. A mechanism for the distribution and consumption of benefits with help of socio-economic policy promotes economic development and the growth of public welfare».

The author writes that «the basis of social welfare is the social care of citizens; therefore the welfare is associated with the effectiveness of the socio-economic policy of the state. An economy, based on free business activities, and the legal protection of the population create conditions for the growth of public welfare».

Candidate of Economic Sciences S.G. Chuvakova, in her article published in the journal «National Interests: Priorities and Security», analyzes the economic welfare of the population in modern Russia.

The author writes «market relations increase the gap between the amounts of income of different social groups. All this in Russia is worsened by the growth of unsolved problems: inflation and unemployment, an increase in low-income groups of the population, the absence of a middle class and social instability in society» [18, p. 16-21].

For the analysis of the economic welfare in Russia, a system of eight components was developed - a structural-integral index of the economic welfare of the population.

1. Incomes of the population - the purchasing power of average per capita money income serve as an assessment of the material situation of the population. The purchasing power is the ratio of the average per capita income to the subsistence minimum.

2. Social inequality - the poverty level and decile coefficient are used. The growth of income can be concentrated by the richest persons in conditions of increasing inequality. It leads to a decrease in the welfare of the main part of the population.

3. Employment - reflects the condition of the labor market and the possibility of obtaining labor income.

4. Migration balance - is the difference between the number of emigrants and the number of immigrants. It is an indicator of the attractiveness and the unattractiveness of life in the research area.

5. The health of the population - estimated by lifetime, growth or decline of the population, the infant mortality rate.

6. Availability of basic services - housing, access to communications and education, the development of the health care system.

7. The level of security depends on the condition of the ecological and social environment.

8. Emotional-psychological climate – it is estimated with help of an indicator of consumer confidence.

Some of the indicators proposed by the author can be used to assess the material welfare of the population of Russia.

In the article «The Social Development of Modern Russia: Trends, Risks, and Prospects» E.M. Avraamova and V.N. Titov write «in the research of social development, the welfare indicators are tangible assets of the population. These included: current revenues; saving; housing, property security. The scale of population inequality is determined with help of integral index that takes into account all the tangible assets of households: income, savings, housing and property. In accordance with the results of the research, 4% of the population had a high level of the welfare; the level above average – 18%; average level – 34%; the level below average – 32%; low level of the welfare - 12% of the population [8, p. 20].

The presence of savings characterizes the «underlying strength» available to Russians, which can be used to overcome unforeseen situations. Only 1/3 of all households have the opportunity make savings. More favorable conditions in this case have couples without children, as well as multi-generational households.

Among the households with a low welfare, less than 10% have the opportunity to make savings, with an average level - 50% have the opportunity to make savings, and among high-income households the main part have this opportunity».

The similar time are considering in publication of V.A. Anikin and E.D. Slobodenyuk. «As Russia overcomes the economic crisis of 2014-2016 and its entry into a new phase of economic development, which may be characterized by low economic growth and a difficult economic situation, has become an urgent task of comprehensive assessment of the characteristics, structure and dynamics of the Russian poor people.

The transition to the number of poor people is possible due to not only «bad» workplaces, but also because of low indicators of the human capital assets of workers.

Moreover, it may be in the state enterprises and in the commercial firms. At least half of Russian workers, which are engaged in the real sector of economy, have a risk. Industrial poverty dominates in Russia due to the low wages of Russian workers, especially those engaged in manual labor » [10, p. 104-127].

The authors also note that in families with dependents, who do not have income even in the form of social transfers, as well as in families with non-working employable members or with children of minority age, the risk of poverty increases, especially if the family does not have its own housing.

The problem of unemployment was considered by J.D. Kalininskaya in her article published in the journal «Young Researcher».

The author believes that «unemployment is a complex socio-economic phenomenon, and it is a constant companion to a market economy. It cannot be eliminated, but it can be reduced to a natural level.

In Russia, the forecast is positive. According to the report of the World Labor Organization, the unemployment rate decreases from year to year in Russia. The leaders in reducing unemployment were Tatarstan, Karelia and Bashkiria [25, p 349-350].

The unemployment situation is heterogeneous in the Russian Federation. Moscow is characterized by a dynamic development of the labor market, has a low level of unemployment in comparison with many republics of the North Caucasus, where the unemployment rate is above 10%. In Ingushetia, the unemployment rate reaches 30%».

So today, unemployment is an integral part of the life of the state, which has a significant impact on the socio-economic and political situation in the country.

3.2 The concept and indicators of the material welfare of the population

The material welfare of the population, which belongs to the complex manifestations of socio-economic reality, is of interest to economists, philosophers, sociologists, politicians, religious scholars.

The welfare as a phenomenon of public life has appeared after the emergence of the first public authorities and different forms of state participation in economic activity.

All theoretical concepts that connected with the material welfare and its mechanism were formed within a certain socio-philosophical position, which connected with the specific conditions of social development. The philosophers of the Ancient world associated the material welfare with ethics and politics in their researches.

The concept of the welfare and the ways of its achievement contained a different meaning throughout human history. The welfare and criteria for its measurement, the search for ways and means of its formation occupies a significant place in the history of economic thought. Therefore many economists consider the welfare as a subject of economics.

For example, the English economist Alfred Marshall, one of the founders of the Neoclassical School in economic science and the head of Cambridge school, wrote in his work «Principles of economic science» that political economy studies the sphere of individual and social actions that is closely connected with the creation and using the material foundations of welfare [32, p. 56].

Russian philosopher N.G. Chernyshevsky in his work «Political Economy of Workers» defined political economy as a science «about the material welfare of a person, how much it depends on things and provisions produced by labor» [17, p 53].

Economics as a modern science was originally engaged in the study of means and ways to achieve the welfare. In all theoretical concepts, the material welfare is not considered separately, but only as an integral part of the general welfare, taking into account the provision of the population in addition to material benefits and also social, cultural, spiritual and other benefits.

In the evolution of the economic theory of the welfare, there are three directions with different points of view on the understanding of the essence of the welfare, sources, and conditions of its growth, also the role of the state in these processes: socialist, liberal theories and the theory of the state of general welfare.

The socialist ideas of building a state of «national welfare» are found in the works of the thinkers of the ancient world. Avicenna was one of the first, who described the characteristics of a structure of society close to the socialist one.

Among these features, he singled out the duty of all people to work for their own benefit, the even distribution of wealth, providing everything necessary for persons, and the absence of social conflicts.

Similar ideas of social welfare can be found in the works of representatives of early Christianity. They considered the principles of collectivism, cooperation, socialization of property and common use of all goods as the necessary conditions for achieving happiness for people.

The ideas of building a perfect society were in works of A.K. Saint-Simon, S. Fourier, R. Owen, which advanced not only the ideas of a fair distribution of income, but also the reorganization of production, excluding exploitation and private property. The main cause of inequality was considered by them as a contradiction between the interests of the collective and the individual, expressed in the inequality of the material welfare. These authors believed that the inequality can be eliminated by propaganda, agitation, and some examples.

Russian representatives of utopian socialism A.I. Herzen and N.I. Ogarev, reflecting on the ideas of Western European theorists of socialism, proposed their own version of building a perfect society. They believed that it was possible to build socialism in Russia if the peasant community would be at the heart of a new perfect social system.

K. Marx, F. Engels, V.I. Lenin in his works considered the theory of scientific socialism. Its prerequisites are the predominance of social ownership and the distribution of the production according to work among all members of society.

K. Marx in his work «Capital: criticism of political economy» proposed a concept in which capitalism would be replaced by a new social formation – socialism [31, p. 493]. In such a society it is possible to form a person, free from a consumer approach to life, who will have free time for education, intellectual development and communication. The fundamental principle of the new social form was the full and free development of each person. All members of society had the opportunity to develop and demonstrate their abilities.

The basic economic law of socialism in the Soviet political economy was to ensure the full welfare and free development of all members of society. Many Russian economists have considered «the full welfare» as the highest degree of realization of the growing needs of people in the comprehensive development of their personality, but not only the satisfaction of basic needs.

Representatives of Russian economic science, among which are E.E. Slutsky, N.D. Kondratyeva, I.T. Pososhkova, and A.N. Chayanova, laid the foundations of the scientific theory of the welfare. In addition to satisfying the people's needs for material and cultural benefits, it also takes into account social conditions that provide opportunities for health, spiritual growth, and the physical and mental development of each person.

In socialist concepts, the achievement of high national welfare was based on distribution according to work for all members of society, but not for individual social

groups. The welfare of each person actually depended on the social welfare and its distribution. It didn't take into account the individual abilities and talents of person, because of this people often lost initiative, freedom of choice and action. On the other hand, a person with his increasing needs was considered as the highest goal of the functioning of the economic system.

Russian theory of the welfare attached great importance to the development of models of planning and forecasting of people's welfare. This is still relevant today, due to the fact that the use of such models contributes to the effectiveness of the social policy pursued by the state.

The principle of the primacy of private property and the possibility of an uneven distribution of wealth in society are based on the liberal direction of the theory of the welfare.

Even the ancient Greek philosopher Aristotle believed that private property creates additional incentives to work and provides social stability. In the distribution of wealth in society, he divided justice into two types: 1) justice that implies an equal share of benefits for all people; 2) justice, when everyone gets, depending on their work activity [13, p. 49].

Representatives of classical political economy in their works showed the first systematic ideas about the liberal conditions for the formation of social welfare. They considered the welfare as a process of wealth creation, which includes the products and capital that necessary for livelihoods and used in production.

The famous Scottish economist and philosopher Adam Smith showed the positive function of the population - the more the amount of «annual labor» in the country and the more people are engaged in productive labor, the greater the country's welfare. A. Smith considered all products necessary for life for the population, which they consumed during the year, as the «annual labor» of people. These products are the results of the work of the population or products that are purchased from other countries in exchange for these results.

A. Smith also singled out the division of labor as a significant factor of the growth of social welfare, which helps to improve work skills, improves labor productivity and, as a result, significantly increases production [46, p. 17].

A. Smith widely considered individual welfare, which included not only monetary wealth, giving a person the opportunity to dispose of labor products, but also public prestige and reliability of capital.

The views of English economist David Ricardo on the welfare growth conditions are different from the position of A. Smith. He believed that the overpopulation of the country is a source of excess labor supply, resulting in a reduction of wages that leading to the poverty of the population.

According to D. Ricardo, an important condition for the growth of the welfare of poor countries is the acceleration of rates of capital accumulation. The process of capital accumulation will be more effective with help of improving the management and training system. It was proposed to reduce the cost of luxury goods, and to direct these funds to savings.

D. Ricardo gave an interpretation of the «price of labor». His «natural» price of labor corresponds to the price of food, articles of prime necessity. The «market» price of D. Ricardo was defined as the price that is actually paid for work due to the natural effect of the relationship between supply and demand. So the price of labor can be either higher or lower than «natural» price. With overpopulation the «market» price of labor becomes less than «natural» price, and because of this, the welfare of the population decreases [11 p. 449, 450].

In contrast to the classical school, which considers the welfare of society as a whole, representatives of the marginal theory of welfare (C. Menger, V. Pareto, L. Walras, and others) explored individual welfare with the help of limiting economic values.

Austrian economist K. Menger considered welfare as the fullness of the satisfaction of human needs, as well as the presence or absence of necessary goods at his disposal. He believed that any social transformation should be aimed not at the destruction of private property, but at a more expedient distribution of economic benefits.

L. Walras, a French economist, put forward the principle of equality of opportunity. He believed that the wealth produced in society must be fairly divided in order to prevent economic disarray. The state should provide an opportunity for citizens to receive education, ensure healthy competition, and guarantee the stability of the monetary system.

The Italian engineer, economist and sociologist Vilfredo Pareto has proposed a scale of preferences, as a way of identifying individual utilities. This is the ranking of benefits by degree of preference. V. Pareto applied the criterion of optimality. The essence of this is an achieved level of social welfare could be considered as optimal, if the welfare of a single person could not be improved without harming the welfare of any other person.

Other options for coordinating individual and public interests were proposed by the concept of the Welfare State, which considers the welfare as a result of activity of public system, a specific state policy.

The theorists of this concept assigned a significant role to the state in shaping the welfare of the population, allowed the existence of different forms of property and the elimination of excessive inequality, differentiation in society.

At the end of the 19th and the beginning of the 20th centuries, they said that it is necessary to increase the economic role of the state. The state acts as a representative of the value orientations of society and allows developing and putting into practice the criteria of social justice.

English economist Arthur Cecil Pigou in his work «The Economics of Welfare» introduced the concept of «economic welfare», measured by the national dividend, which is all that people earn on their money income. Separating economic welfare as an integral part of the general, the theorist did not reduce to any one aspect the minimum conditions of human life. In addition to quantitative requirements, quality requirements for housing conditions and medical care should also be included in this minimum [37, p.512].

Another English economist J.M. Keynes, after analyzing the economic processes of the 20s - early 30s of the XX century, presented a scientific justification for the role of the state in the economic system. In his work “The General Theory of Employment, Interest and Money”, he described that the regulation of the volume of current investments is not save to keep it in hands of private individuals for the welfare of society. In addition, in conditions of cyclical economic development, state administration of the economic system is required, and sometimes with use of strict measures, such as redistribution of income or other benefits, leading to an increase in the propensity to consume [26, p. 256].

Further studies of the nature, directions, volumes of the state policy as a necessary element of stability and growth of the welfare of society in the economics of the 50-70s of the XX century were shaped into the concept of the Welfare State (G. Myrdal, J. Galbraith, etc.).

In their opinion, the activities of the state should be aimed at improving the welfare of the population and ensuring social harmony. The main goal of the state policy is to increase the welfare of a large number of individuals.

G. Myrdal argued that many developed countries that have a mixed economy have already achieved general welfare. Such economic system involves different forms of

property, the possibility of state planning, active social policy of the state, contributing to the achievement of a high standard of living. At the same time, the state is oriented by the ideals of social justice. Also it gives equal starting opportunities for the self-realization of each person.

American economist J. Galbraith, developing the ideas of G. Myrdal, proposed a comprehensive program of reforms that strengthened state regulation. Their necessity was caused by the fact that large corporations actually control the market, and government intervention is necessary to ensure regulation.

J. Galbraith discovered a completely new mechanism for managing a corporation - the techno structure. It includes all qualified corporation specialists — scientists, engineers, managers, lawyers and so on.

The technical structure has monopolized the knowledge that is required for decision-making in the management of the corporation, and has separated this process from the owners of capital. The main aim of techno structure - the growth of the company.

This chapter has analyzed the concepts of the economic theory of welfare, presented by a variety of theoretical positions and the conditions for the formation and growth of the welfare. Each of the developed countries of the world builds its own the Welfare State, seeks a compromise between economic efficiency and social justice, works out the coordination of individual and public interests to ensure the welfare of not only the present, but also the future generations.

3.3 Main indicators of the material welfare of the population

Russian society is multilayered like any other society. The equality disappeared; social differences divided the population into rich and poor people after the collapse of the Soviet Union. In psychology, the term «happiness» is considered as a concept, which independent of the material welfare. But the level of income significantly affects the quality of life. Russia, like most post-Soviet countries, didn't get rid of the syndrome of Soviet society, in which the society doesn't want to have rich people.

Russian society can be divided into several parts. As a percentage of the total population of a country, the middle class of the Russian Federation is a smaller share, than in developed European countries, where it is the basis of society, it is 70–80%.

There are four levels of the material welfare of the population:

- Prosperity (the use of benefits that ensure the full development of person);

- Normal level (the rational consumption according to scientific norms, which provides a person with the restoration of his physical and intellectual forces);
- Poorness (the consumption of goods at the level of preservation of working capacity as the lowest limit of reproduction of labor power);
- Poverty (the minimum set of goods and services, the consumption of these benefits allows the person to maintain vitality and no more).

Today the working class in Russia hasn't a high level of the material welfare, in comparison with the European countries. The working class is the main part of the population of Russia.

The incomes of workers depend on the type of enterprise, where they work. The wage in the private enterprise is higher than in the government enterprise. Also it depends on the region, where the company is located. For example, the wage of a worker in Tyumen is higher than the average wage in Russia. But this situation looks opposite in the agricultural areas of the Russian Federation.

There is a huge stratification of Russian society. In this case the richest people receive a huge income in comparison with the poor citizens. In developed countries, the gap between the very rich and very poor members of society is not so big. Every year, the social inequality in Russian society is increasing.

In the Russian village, as a rule, people don't have large incomes. Much depends on the region, where they live. The economic crisis has affected the agriculture of the Russian Federation. The ban on the import of many products, which was supposed to support the domestic agricultural producer, didn't improve the situation. That's why many agricultural workers move to the city, they want to find a job here. So these people become internal labor migrants.

During the economic crisis of 2008–2009, the number of dollar millionaires in Russia was significantly increased. But the income of the main part of the population has declined.

The material welfare of people increases, when macroeconomics develops.

The material welfare is the degree of satisfaction of people with the material needs, which corresponds to the achieved level of the productive forces and relations of this type of production.

In the quantitative determination of material welfare, usually use a set of absolute and relative indicators, which characterize the provision of the population with the material goods and also the degree of satisfaction of people's needs in these goods.

The material needs have a main role in the characteristics of the material welfare. These needs include: needs for food, clothing, housing, treatment, transport and so on.

The material welfare cannot be expressed by any one indicator, because of the multiplicity of personal needs. That's why a system of indicators is needed, which would comprehensively reflect the level of the material welfare of the population.

Many international and regional organizations develop the systems of indicators, which characterize the material welfare of the population. Each organization develops these indicators in accordance with its interests and competence.

According to the recommendations of the United Nations since 1978 in the international statistics, the standard of living of the population, including the material welfare, is estimated by the quantity and quality of life benefits with help of 12 indicators.

The following indicators are used to assess the material welfare:

- real income and expenditure of the population;
- cost of living and consumer prices;
- consumption of food products;
- provision of consumer durables and housing conditions;
- social insurance.

Among the material welfare indicators, the most important is the indicator of the level of real income of the population. The dynamics of real income is determined by the following indicators:

- 1) the level of wages of workers;
- 2) the amount of income from business and personal farming;
- 3) the amount of payments from social funds to all segment of the people;
- 4) the dynamics of taxes and tax policy of the state;
- 5) the price level, the level of inflation.

In the modern Russian economy, the increase in the real population's incomes occurs through the wage growth. The government of the Russian Federation increases wages for low- and middle-paid workers. This trend will lead to the alignment of the real incomes and the material welfare of different social groups of the population.

The dynamics of the material welfare of the population is also influenced by the international situation. The negative international environment is the cause of the transfer of money for the defense of the country. This reduces the rise of the material welfare of the population.

We can use twelve of thirty nine indicators, which are included in the system of the living standards, to assess the material welfare of the population of Russia. It was developed by the Center for Economic Situation and Forecasting of Economics of the Russian Federation in the conditions of emerging economy of Russia. This system of indicators was adopted since 1993.

The material welfare of the population of the Russian Federation is characterized by the following indicators of this system:

1. The average wage of workers;
2. The purchasing power of the population with the average wage and the average pension;
3. The minimum consumer budget for the main socio-demographic groups of people;
4. The subsistence minimum for the main socio-demographic groups of people;
5. The population with incomes below the subsistence minimum;
6. Food consumption in the households with different levels of income;
7. Revenues and expenses of certain socio-demographic groups of the population;
8. Indicators of the population differentiation;
9. The ratio of the average incomes of 10% of the poorest people with the average incomes of 10% of the richest people;
10. The concentration index of the population (Gini coefficient);
11. The structure of consumer expenditure of different socio-demographic groups of the population;
12. Distribution of the population by income per capita.

In modern Russia, the methodology developed by the Federal State Statistics Service is used to measure the living standard of the population, including the material welfare. It was approved by Order of the Federal State Statistics Service of June 2, 2014 No. 465 [5, p. 40].

The welfare indicators of the population are calculated quarterly by the statistical organizations of Russia on a basis of a survey of households.

Base values can be combined into three groups.

The first group of indicators characterizes the distribution of the population according to the level of average monetary incomes per capita and also the degree of differentiation of the population according to the level of income.

The basis of the second group of indicators is the value of the subsistence minimum. The subsistence minimum is determined by the Federal Law «About the subsistence minimum in the Russian Federation» No. 134-FZ of October 24, 1997 (with changes in July 29, 2018) and the Government Resolution of the Russian Federation No. 54 of January 28, 2013 (with changes on December 26, 2018) [1, p. 35].

According to the proposed method, all parts of the consumer budget are determined by direct invoice on the basis of consumption standards and their actual value. To determine the minimum standards for the consumption of food, non-food goods and services, scientific recommendations on the minimum consumption levels, the list of goods and services that are necessary to maintain health, are taken into account. The actual consumption of goods and services in low-income families and the financial capacity of the state are also important.

So the subsistence minimum is the cost of the minimum set of benefits that are necessary for life.

The minimum wage is established, and the absolute level of the poverty line in society is determined on the basis of the subsistence minimum. The relative level of poverty in this country is determined by comparison with the standard of consumption. The relative indicators characterize not only zones of physiological survival, but also the inaccessibility of satisfaction the needs at the level of national standards for members of society.

The third group of indicators is the balance of household income and expenditure, which we will consider in detail in the next chapter.

3.4 Factors that affect the material welfare of the population

The material welfare of each person is determined by different factors, such as the volume and quality of consumer goods, living conditions, the condition of political institutions and the socio-economic situation in the country.

The effect of these factors can be strengthened or weakened by natural and climatic conditions and also the availability of different resources (human, labor, production, financial resource).

Many factors affect the material welfare of the population. On the one hand are the composition and the size of human needs. On the other hand, there are restrictions in the possibilities of satisfaction of needs. It is based on the situation on the market of goods and services, the real incomes of the population, the real wages of workers and so on. This is also determined by the size and efficiency of production, the conditions of scientific technical forecast, national conditions, political and economic situation in the country.

Countries with developed economy and considerable material welfare are able to provide their citizens with higher living standards and social guarantees than countries with developing economy.

All factors are closely related, and this requires a complex consideration to solve the problem of increasing the material welfare of the population.

There are a few most significant groups of factors that influence the material welfare of the population:

- economic factors;
- social factors;
- political factors.

Economic factors are a set of conditions that affect the process of distribution of resources and the creation of economic good that are necessary to satisfy the material needs of the population.

The material welfare of the population depends on the economic potential. The national wealth is an important part of it. The national wealth is a combination of material resources, products of labor and the natural resources that society has. Increasing of national wealth is done by Gross domestic product (GDP), internal rate of return (IRR), Gross national product, etc.

These indicators characterize the material conditions of social production and the life of society as a whole. The volume of the national product is the result of the production process for a certain period, and also a source of increase and compensation for the elements of wealth. The volume of wealth and the national product reflects the economic potential of the country, and economic opportunities for the consumption, income and living standards growth.

GDP per capita shows the degree of wealth of the country and its ability to provide a higher material welfare for citizens. GDP is the sum of gross value added by all producers in the economy with product taxes minus subsidies that aren't included in the price of products. An integral part of the national wealth is the national property, which is the total amount of material conditions of the material welfare of society. It is the result of the labor of previous generations. Its size and composition can give great opportunities for the growth of GDP and increasing the welfare of the country as a whole and the material welfare of the population.

The level of the material welfare of the population is characterized by the size and structure of GDP in use. The structure of personal consumption expenditures is the most important.

Among the economic factors, a special role is played by the growth of national income. Its value is the result of the labor of previous generation, and it is also the source of the growth of consumption.

National income is a part of national product minus material costs and instruments of labor, which were used in the production process. Material costs are the new value, which the production of this year added to the material welfare of society. This is the earned income of society.

The consumption fund is a part of national income that ensures the satisfaction of the material and spiritual needs of people and the needs of society as a whole (the cost of production, defense). The size of this fund determines the ability to satisfy the needs, including material ones.

The accumulation fund is a part of the national income that ensures the development of technical progress and production.

The level and dynamics of labor productivity are the most important factor for the growth of GDP and national income. The material welfare of the population increases or decreases from the dynamics of labor productivity. Labor productivity depends on the development of technical progress, the organization of labor, production and management, socio-economic factors (improvement of the economic mechanism, labor motivation, development of the social sphere, etc.).

The material welfare depends on the prices of goods and services. Inflation has also a negative effect on the material welfare of the population, which depreciates the income of the population. A high level of unemployment can make people less confident in their

prospects and their children too. The negative effects of inflation are eliminated by the application of price indexation policies.

Political factors are the most significant factors that can affect the changes in the material welfare of the population. They include the political system, the stability of the law institution, the ratio of the different branches of government, the presence of opposition, different parties and so on.

The political department, which increases economic recovery and business development, creates the necessary conditions for improving the material welfare of the country's population.

Public relations in any country determine the ability to use the potential of the nation, and the state playing a main role. The state develops a plan for national development and social orientation of the society. These ideas are embodied in laws, standards, programs, conventions of social development, the material welfare, etc.

The country's politics and economy are closely interrelated. They are able to support, correct or disturb each other.

In Russia, the transition from centrally planned economy to a free market mechanism and building a public life on democratic principles reflected on the level of the material welfare of the population. The transition of Russia to market relations, the development of business, and the rejection of planning has affected the real incomes of the main part of the country's population. Not everyone was able to do business. It led to the accumulation of savings in the hands of a small part of the population.

The coordination of the structure of production and the structure of needs is carried out with help of market relations. The market is able to provide the balance of interests of different economic agents, and also it can lead to an increase in the welfare of society.

The market mechanism of regulation of the material welfare isn't controlled, but the government regulation is specially forms the material welfare of a person, influencing different conditions of his life. The model of such regulation changes together the structure of the society's needs. It is also linked with any changes of political forces in the country, the evolution of theoretical ideas and so on.

The main objects of the state regulation of the population's material welfare are the conditions for the reproduction of human resources.

A clear definition of the objects of regulation allows, from the one hand, a complex effect on the ability of people to satisfy their material needs, and from the other hand, it

can regulate the availability of benefits for the population. In the first case, the object of regulation is the income of the population: the real wages, property and business income, social transfers, savings. In the second case, the object of regulation is the level of prices for goods and services, the level of production.

Important objects of state regulation of the material welfare are also the conditions of labor and business activity (employment of the population).

The degree of the conditions for the formation of the material welfare of the population depends on the resources that the state has.

These resources are:

- state finances (state budget and non-budgetary foundation);
- public sector of the economy (first of all, the enterprises, where public goods are produced);
- legislation law;
- the possibility of collection and processing of information about the achieved level of the material welfare (monitoring of the material welfare of the population).

There are two main forms of the state regulation of the material welfare of the population:

- creating conditions for the maintenance and development of a market mechanism for the formation of the material welfare;
- change and modification of this mechanism in accordance with changes in the conditions of development, social norms and values.

Public services for improving the market mechanism are aimed at correction and approximation its results closer to the public optimum.

In this case, there are a few main directions of state influence:

- the redistribution of income and wealth (financial form), which corrects the results of the market mechanism for the formation of the material welfare in accordance with public notions of justice. On the one hand, there is a reduction of differentiation of the population by level of income. On the other hand, funding is being provided for social programs of education, health care and pensions.

- regulation of money circulation and cash flow. On the one hand, the state affects the material welfare by providing loans. On the other hand, the aim of state is to ensure the cost of living for the population by controlling inflation.

Social factors also have a big influence on the material welfare of the population.

In the state social policy can be identified the following areas affecting the material welfare of the population:

- the policy of distribution and redistribution of incomes of the population;
- demographic policy and social protection of certain groups of the population (young population, pensioners);
- policies in the sector of employment and work relationship.

In most developed countries, social policy has become an important component of the process of state regulation of the material welfare of the population.

Reduction of employment, reduction of labor income, mass unemployment caused by socio-economic reforms, inefficient system of social protection of the population have a great influence on the material welfare of the population.

The state seeks to increase the level of the material welfare of the population, taking into account the influence of all factors.

4 PRACTICAL PART

4.1 The material welfare of the population of Russia at the present stage

An analysis of changes in the socio-economic situation of Russian citizens was carried out. This was done on the basis of the Federal State Statistics Service's operational information about the level and structure of household incomes, also data on consumer and financial behavior of the population.

The time period of the research includes the period of slowdown in economy (from the first quarter of 2012), then the decline in economy of 2014 –2016 and stabilization of 2017 – 2018.

At the present stage in the Russian Federation there is a recovery growth of the real incomes of the population. In the first quarter of 2018, the increase in the real incomes of the population was 3.0%. In relation to the indicators of March 2014, the real incomes of the population in March 2018 were 97.4%, and in comparison with March 2013, it was 92.0%.

The real wages continue to grow from August 2016. In the first quarter of 2018, the real wage growth was 9.5% in comparison with 2017. Such rates of increase of this indicator were only in 2012. In relation to the indicator of March 2014, the real wages of March 2018 was 99.6%, and in comparison with the indicator of March 2013, it was 103.4%. It shows that there is a wage recovery in the economy to the level that was before the slowdown in economy.

The average wage, according to the Federal State Statistics Service, increased to 41,774 rubles in September 2018. There is a large level of wage inequality between different regions in the Russian Federation now. The average wage in September 2018 in Moscow was 77,274 rubles, in Nenets Autonomous Area with a population of 44,000 of people was 75,788 rubles, in Yakutia (967,522 of people) - 65,605 rubles, in Kamchatka Krai (315,500 of people) - 72,423 rubles, in Magadan region (114,100 of people) - 82,790 rubles, in Chukot Autonomous Area (49,300 of people) - 91,482 rubles.

There is a wealth disparity between some categories of people and some regions in Russia. In 67 out of 85 regions of the Russian Federation, the average wage in the region was lower than the average wage in Russia, according to the results of September 2018. In

31 regions, the average wage is less than 30,000 rubles per month. But this is indicator of the average monthly nominal wage; it means that 13% of personal income tax should be deducted from this money. So with tax deduction, the real wage is less than 30,000 rubles per month in 53 regions of the Russian Federation. These regions include some republics of the Caucasus with traditionally low incomes, Oryol and Bryansk Regions, Ulyanovsk, Nizhny Novgorod and Vladimir Regions.

One of the limiting factors for the growth of inequality is some increase in the minimum wage (7,800 rubles per month was earlier. 9,489 rubles per month is now from January 1, 2018). An increase in the minimum statutory monthly pay to 11,163 rubles in May 2018 reduced the growth of income differentiation during the year. The reduction of inequality is also ensured by a decrease in the concentration of income in the rich groups of the population. This is done by falling income from business and property.

In the structure of money incomes of the population, the share of income from social payments was high (20.2%) in the first quarter of 2018. Such amount of these revenues is typical for the period of the slowdown in economy of 2014-2017.

The material welfare in 2019 is affected by the decision to raise the value-added tax from January 1, 2019 from 18% to 20%.

The average size of real pensions in the first quarter of 2018 has also been increased: in January was 4.9% in comparison with the level of 2017, in February it was 1.1%, and in March - 0.8% in comparison with the corresponding months of 2017. So the increase in the real pensions was 1.9% in the first quarter of 2018. The real amount of pensions in March 2018 was 92.3%, in comparison with the indicators of March 2014 and in comparison with the indicators of March 2013 it was 94.3%. So the recovery of the pre-crisis level of pensions hasn't happened yet.

The government's decision to increase the pension age to 60 years for women and 65 years for men had a negative impact on the social sphere of the country in 2018. The problem of increasing the pension age is associated with the deterioration of the material situation of people of preretirement age.

People of preretirement age will be later retired from work to compensate for lost income due to the increase in the pension age. The situation is getting worse by the initiative of the government to introduce the criminal liability for dismissal and not hiring of people of preretirement age. This will increase the problems with youth unemployment. This situation will also make it harder for enterprises to attract young professionals.

So the problem of young unemployment is important. 18.7% of the unemployed are people under 25 years old, according to the data of the Federal State Statistics Service. Pensioners, who have a job, were 34.5% of the total number of employees in 2017, according to the Federal State Statistics Service. Women of the initial pension age (55 - 59 years) were 11.9% of total number of workers in 2017, and men of the initial pension age (60–64 years) were 7.1%.

In the structure of money income of the population was a high part of the social transfers in the first quarter of 2018. It was 20.2%, which is higher than in the first quarters of all previous years, except 2017 (it was 21.7%).

Income from business and property decreased in the first quarter of 2018. So the first value was 7.0% and the second - 5.1%.

Analysis of the official statistics about the amount of money income of the population shows that the fall in income from business and property, and also wages in the shadow economy (where a third of the wages fund is formed) hasn't been completed yet. This happens despite the steady positive dynamics of pensions and wages in the visible segment of the economy. So it proves the fact that the wages increased by 9.5%, and pensions by 1.9%, but increase in the total income was only 3.0% according to the results of the first quarter of 2018.

The rates of increase in consumer prices are low in the first quarter of 2018. The consumer inflation was 0.81%. At the same time, the increase in prices of food products was 1.4%, commercial services - 0.3%, nonfood goods - 0.6% in comparison with December 2017.

4.2 Employment and employment

All countries have one common problem - the lack of jobs. Now more and more people are looking for a job. Employment and unemployment are one of the main problems in the development of the economy around the world. The living standard of the population, including the material welfare, the level of emigration and crime, the availability of competent employees depend on the level of unemployment. In each country there is a certain level of unemployment and its increase can lead to negative implications. That's why one of the main tasks of each state is to minimize the unemployment rate.

Employment in the country determines its level of economic development. In other words, then more people are employed, and then the level of state's economic development and the material welfare is higher.

Employment of the population is the activities of residents, aimed at satisfying personal and social needs. Residents are private individuals and legal entities that are registered in the government agencies by the place of residence and location, and also obliged to obey the legislation in power.

Employment is the number of officially employed and not employed citizens of the Russian Federation of employable age. The population's level of employment directly depends on the living standard of people, including their material welfare.

The composition of employment of the population in the Russian Federation is formed of people of employable age. Men were employable until 60 years old, women - until 55 years old in Russia until 2018. Since 2019, the pension age began to increase. Men will work up until 65 years old, and women - until 60 years old in 2023. The government expects to increase the number of the able-bodied population of the country by raising the retirement age.

Components of employment structures in the Russian Federation consist of:

- residents of the Russian Federation engaged in labor activity for hire;
- independently employed residents of the Russian Federation (businessmen and farmers);
- military (Russian army);
- residents of the Russian Federation, who are studying at schools, colleges, universities;
- residents of other countries engaged in labor activities on the territory of Russia;
- residents of the Russian Federation engaged in the households (women on maternity leave and citizens, who care for sick or elderly people).

The employment of the Russian Federation's population and its character are determined by the raw materials orientation of the Russian economy, the dominance of market relations and sufficient technological backwardness. Also the size of real wages affects the employment pattern. In the Russian Federation more labor is required due to the low productivity of labor, but it is not always possible to find a job by specialty and qualification.

The legalization of employment is a quite important problem in Russia. The number of workers involved in the secondary economy increases every year. The secondary economy is the spheres of economic activity, which hide from society and the state. It seeks to avoid any regulation and control by the state.

All citizens involved in the secondary economy can be divided into two types:

- people, who work officially and receive a part of salary illegally (salary without paying taxes)

- people, who independently employed. It means that they work without official employment and also don't pay taxes.

The number of the independently employed and the number of citizens, who get illegal salary at work or have unofficial secondary job increases in Russia every year.

One of the reasons for the growth of the secondary economy is increase the number of cases of employees' reduction at the enterprises, where they officially worked. Employers want to save on employees' salaries. They give more work to workers, at the same time, the wage growth is insignificant. There are situations, when the wage decreases to the level below the subsistence wage. Employees are forced to look for another job. They become unemployed for a certain time or go to the secondary economy because of this situation.

An increase in the number of foreign labor migrants also influences the increase in the share of unofficial secondary job. The main part of migrants is citizens of employable age the Ukraine, Uzbekistan, Tajikistan, Kyrgyzstan. It is more profitable for employers to hire migrants in specialties that don't require high qualifications. Migrants agree on informal employment, minimum wages and worse conditions in comparison with the local population. This leads to increased competition in the labor market, lower wages, and loss of work by local specialists, also the transition of the employable population of the Russian Federation to the secondary economy.

The growth of secondary economy also includes such factors as an increase in taxes and fees, bureaucracy, reduction of real wages in the public sector.

Many citizens are forced to make money with unofficial secondary job in order to improve living conditions, to buy an expensive car, to provide a family with a better financial situation.

Employment and unemployment are interconnected. People become unemployed for a certain time if they were fired or they are not satisfied with wages. Only a few of

them are registered at the Unemployment Benefit Office, because the unemployment compensations are very low. The jobs offered at the Unemployment Benefit Office are the lowest paid.

Unemployment is a socio-economic phenomenon and macroeconomic problem that has a direct and strong impact on every person. The term «unemployment» means the inaccessibility of employment, the social relations, when a part of a labor force (the economically active population) is not engaged in the production of goods and services; they cannot use their abilities to work and can't be a spare workforce.

The International Labor Organization refers to the unemployed people, who qualify according to the following criteria:

- didn't have a job;
- engaged in the search for work using any means in the last four weeks;
- were ready to start work during the week under review.

Students, pensioners and incapacitated persons are unemployed if they satisfy three criteria at the same time: they don't have a job, they are looking for work and are ready to start it.

Unemployment in Russia is a problem that persists from year to year. The unemployment rate in the Russian Federation was at around 5% over the past ten years. The crisis was in 2009, when the unemployment index was equal to 8.3%. Brief statistics of unemployment in Russia by years are presented in the table 1.

Table 1. The unemployment rate in the Russian Federation

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
8.3 %	7.3 %	6.5 %	5.5 %	5.5 %	5.5 %	5.6 %	5.5 %	5.3 %	4.7%

Source: statistical book of Rosstat «Russia in figures 2018»

So, the unemployment rate was stable (5.5 - 5.3% between 2012 and 2017). In 2018, this value dropped to 4.7 percent. This is a very good sign, because it means that the number of unemployed Russians is decreasing.

Unemployment is classified by these typological characteristics:

- for reasons of occurrence: frictional unemployment, structural unemployment, natural unemployment, cyclical unemployment, conversion unemployment;

- on the basis of the right to work: normal unemployment, voluntary unemployment, involuntary unemployment, stagnant unemployment, chronic unemployment, intellectual unemployment;

- by the nature of manifestation: regional unemployment, segmental unemployment, open unemployment;

- by the nature of occurrence: institutional unemployment, economic unemployment, hidden unemployment.

Let's consider in more detail the traditional forms of unemployment and their features in the Russian Federation.

Frictional unemployment is temporary unemployment that occurs when a person changes his job voluntarily (switching from one job to another, changing his place of residence) or when human changes his life (finding work after the army, graduating from university). Such unemployment is considered as acceptable, when person looking for a job and moving from low paid to better paid work.

The term «frictional» shows that the labor market is fluctuating; the equilibrium in this market is not achieved instantly. And this is a normal, and also a positive situation, showing the flexibility of the labor market and the freedom of each participant to choose the line of his future behavior. At the same time, the social policy of the Russian Federation gives the employee a chance to stay longer in search of a better paid or more interesting job. So this is a great achievement of the country's social and economic policy.

Structural unemployment is typical for highly developed countries. It happens due to serious technological changes that reduce the demand for some professions and increase for others because of the reduction of some enterprises and the emergence of new industries.

Structural unemployment means such underemployment, when workers are employed part-time or they are forced to go on vacation. This type of unemployment affects wage earners, owners of small enterprises in the sphere of retail trade and services, especially in times of crisis and depression. But more it affected the agricultural sector.

Structural unemployment is worse for people than frictional unemployment. It means that many people should learn new professions. It is impossible to avoid structural unemployment due to technical progress, which is constantly generating new products, technologies and even industries. As a result, the structure of the demand for labor

changes, and people with professions that are no longer needed in the same amount are forced to join the ranks of the unemployed.

Frictional and structural unemployment have a common feature; they are inevitable in the economies of any country. The value of frictional unemployment characterizes the degree of social and economic opportunities of the population in the labor market, and the value of structural unemployment characterizes the degree of structural changes.

But there are some differences between frictional and structural unemployment:

- structural unemployment is longer, because the structural crises are difficult to overcome in short periods of time;

- the structure of the structural unemployed is more sustainable, and this can lead to the formation of conflict groups, which exacerbate the socio-political situation in the country;

- retraining for frictional unemployed is their own choice. Structural unemployed need to be retrained if they want to find job during the structural crisis;

- unlike the frictional unemployment, structural unemployment is always forced.

So it can be concluded that structural unemployment is a less painful phenomenon for the country and for people than frictional unemployment.

Natural unemployment is the sum of frictional and structural unemployment.

This is the best unemployment rate. On the one hand, there is no problem with resources due to not very high levels of unemployment, and on the other hand, this level is sufficient to ensure the flexibility of the labor market and maintain healthy competition.

Natural unemployment is a spare workforce that can be used if necessary.

The natural rate of unemployment is sometimes called the level of full employment without unemployment. This definition shows that this level of unemployment makes it possible to achieve the potential GDP (GDP at full employment).

For developed countries, the natural rate of unemployment is 4–5%. Reports from the Federal State Statistics Service of the Russian Federation show a decrease in the unemployment rate in 2019 in comparison with previous periods. On average in Russia, it decreased from 5.5% in 2017 to 4.8% in the second quarter of 2018.

The value of the natural rate of unemployment depends on a number of factors:

- social policy of the state (high social benefits increase the level of frictional unemployment, because people can afford longer time to be unemployed);

- psychological attitudes of the population, characterizing the tendency to employment. This may be due to historical, national, regional characteristics;
- positions of trade unions (strong positions of trade unions affect the labor market in the same way as high social benefits of the state);
- changes in the demographic composition of the labor force (in the labor force there are more women, young people, there is a high level of frictional unemployment: maternity leave, education, etc.).

Cyclical unemployment is caused by the decline phase of the economic cycle. Aggregate demand for goods and services is declining, employment is declining, and unemployment is increasing.

Cyclical unemployment is a negative economic phenomenon, a social catastrophe. Its scope and duration reach a peak during a crisis of the economy and a minimum during a rise of the economy. The economic crisis leads to inactivity, loss of qualification, the destruction of moral standards, social and political mess.

Seasonal unemployment is easily predicted because of its cyclical nature. This type of unemployment is typical for tourism, agriculture, construction industry.

Stagnant unemployment includes people, who work at home, but not on manufacturing and is formed by a stable layer of the unemployed (beggars, tramps, homeless, cripples).

Institutional unemployment is caused by factors affecting the labor market: big social payments, imperfection of the tax system and information about free vacancies.

By definition, the International Labor Organization, hidden unemployment is a type of unemployment, when there is no employment, but there are formal labor relations with the employer. This unemployment is typical for Russian economy, especially for the regions of Russia's Far East, the North-West and for the rural population of the Russian Federation. The essence of hidden unemployment: enterprises don't lay off workers, but it transfers employees to half-time working day (half-term week or short hours), or sent them to leave without pay. This happens due to the economic crisis. Formally, such workers cannot be considered as unemployed, but in fact they are.

Chronic unemployment is caused by the disparity between supply and demand in the labor market, and it is quite massive and constant.

Technological unemployment is the newest form of reducing the employment of the labor force; it's connected with the introduction of technologies, which don't need a lot of workers.

There are two ways to measure unemployment in Russian statistics, as in the statistics of many other countries:

1. By registration in the employment services;
2. According to the results of regular labor force surveys, in which the status of the unemployed is determined by the criteria of the International Labor Organization.

So there are such indicators as: registered and total unemployment.

The feature of Russian unemployment is the gap between registered and total unemployment. So the number of unemployed in the Russian Federation differs significantly depending on how it was determined. This gap can be explained by the following reasons:

- some the part of the unemployed don't want to go to employment services, because these services don't have sufficient information about vacancies;
- low unemployment payments;
- the opportunity to find work in the informal sector of the economy, and the income here can be higher than the unemployment payments;
- the presence of hidden unemployed; people, who don't have wage for several months. But they are still considered as employed.

As a result, the main part of the unemployed searches for work themselves, because they believe that the unemployment payments don't pay costs for registration in employment service.

Traditional forms of unemployment in Russia have their own features:

Frictional unemployment is characteristic of quite competitive and mobile workers, who don't have time to look for a new job. Part of the labor turn-over is not connected with the creation of new jobs and their progress, but it's connected with the transition of workers from one job to another, with the same characteristics.

Structural unemployment in developed economies is a result of job cuts in some industries and the creation of workplaces in others during the technological progress and modernization of production. In Russia, free workplaces often require from workers lower qualifications than they have. Russian unemployment can be called as structurally regressive unemployment because a large part of unemployed are qualified.

Hidden unemployment is a large part of unemployment in Russia, is. Some workers are considered as formally employed, but wages are not paid to them, or they have part time job. This phenomenon can be called as over-employment.

The largest number among the unemployed in the Russian Federation is the youth people (the age group of 15-24 years). Youth unemployment is associated with low wages in the manufacturing sector of economy of Russia; therefore, young people don't like working specialties.

Features of Russian unemployment:

- employment related to part-time job or administrative leave on the initiative of the administration. Some people agree to work with part-time due to the inability to find full-time work;

- low earnings due to the low level of labor force. Also the use of labor force not by specialty.

The total unemployment is affected by its duration. Therefore, an important indicator in the labor market is the average job search time. In Russia, this indicator has steadily increased in 1990-2000, but this situation ended in 2000 and now it is changing slightly.

Then longer a person is unemployed, then it is more difficult for him to find a job, because:

- long-term unemployment devalues human capital assets, worker loses his qualifications and labor skills;

- employers don't prefer to hire a person, who has interrupted his labor experience for a long time, because they have doubts about the qualifications, activity, initiative, diligence of candidate;

- for the employer, the cost of hiring (recruitment, training) may be higher, if the new employee hasn't worked anywhere for a long time;

- long-term unemployment reduces a person's self-esteem. A person, who has not had a job for a long time, has lost competitiveness in the labor market, can leave the ranks of the economically active population. Many researches have shown that long-term unemployment leads to extremely negative consequences for a person.

The increase in the average duration of unemployment in Russia is currently associated with deep structural changes between demand and supply of labor, especially in a territorial aspect. Territorial disparities are aggravated by a low level of labor mobility in the context of administrative, informational, institutional, and economic barriers. As a result, unemployment is localized in certain territories, where people suffer from poverty. They can only rely on temporary earnings, and also they are forced to focus on domestic production in households.

Two types of consequences are possible for the country, when unemployment progresses: economic and non-economic.

Economic implications:

- the income of taxpayers decreases, this affects the revenues to the State treasury;
- the living standard of the population, who lost their job, is significantly reduced;
- the decline in production by many enterprises has a negative effect on the country's economy.

Non-economic consequences give rise to a stressful situation among the citizens of the country. The likelihood of political and social unrest increases.

4.3 Income and expenditure of the population

Incomes of the population are part of the national income which is created in the production process and intended to satisfy the material and spiritual needs of the population: recreation, education, health, and basic needs. These revenues must recover labor costs. They are expressed in the physical and mental abilities of people, which were consumed in the production process.

At the present stage, the resources of certain categories of the population of Russia are insufficient to maintain vitality at the required level. This is due to the inequality of national income's distribution. Therefore, the state with help of the budget and non-budgetary foundation, and businessmen with help of profits, improves the financial situation of the population by different payments.

Incomes of the population are money and material goods received or produced by households for a certain period of time. Revenues are generated from the labor of the employee and other sources. Their role in human life is determined by the fact that the level and the structure of consumption of the population depend on the size of income.

Total income (of the population, family, individual) is very important to characterize the material welfare of the population, and its growth at constant prices and taxes indicates an increasing opportunity to satisfy needs.

Indicators of nominal, disposable and real incomes are used to assess the level and dynamics of incomes of the population.

Nominal income characterizes the level of money income, without taking into account taxation and price changes. These are absolute amounts of monetary incomes of the population, wage paid and pensions, expressed in prices of the relevant years.

Disposable income is the nominal income minus taxes and other mandatory payments. Mandatory payments are funds used by the population for consumption and savings. The indicator «real disposable incomes» is used to measure the dynamics of disposable incomes.

Real income is the quantity of goods and services that can be purchased on disposable income during a certain period of time, taking into account the consumer price index.

The amounts of real money incomes of the population, wage paid, pensions are relative indicators calculated by dividing the indexes of nominal sizes of monetary incomes of the population, wage paid, assigned monthly pensions by the consumer price index for the corresponding period of time.

Incomes of the population are classified according to the following features:

1. Depending on the source of income:

- wages and additional payments;
- income from business;
- income from securities;
- rent;
- insurance indemnity;
- property income;
- payments from public funds.

2. Depending on the uniformity of income:

- regular income (wages, rent, etc.);
- recurrent revenue (author's royalties, income from securities, etc.);
- one off revenues (insurance indemnity, etc.).

3. Depending on the reliability of receipt income:

- guarantee income (pensions, government loan revenues);
- conditionally guaranteed income (wage);
- unguaranteed income (fee earnings).

The most important sources of money income are remuneration of labor, social transfers.

The main source of income for the majority of the population for a long time was wages.

Wage is the price of labor provided by wage earners of different professions with help of their business activity. It is a monetary compensation, which the employee receives in exchange for his labor.

Base wages are reward for performed work in accordance with established labor standards (tariff rates, salaries, piece wage-rates).

The extra wage includes entitlement payment (rewards for work in special climatic conditions, in territories with nuclear pollution, and other compensation payments) and incentive payments (additional payment, bonuses and other incentive payments).

There are nominal (or gross wages) and real wages.

Nominal wages is all amount of remuneration of labor; this value includes taxes and mandatory deductions.

The nominal wage includes:

- payment accrued to employees for the hours worked, the quantity and quality of work performed;
- payment at piece wage-rates, tariff pays, salaries and bonuses;
- additional payments associated with deviations from normal working conditions, additional payments for night work, overtime work, settle of demurrages not the fault of the workers.

A disposable wage is an amount of wages minus tax on income and mandatory deductions to the Pension Fund (1% from nominal wages).

Real wages is the nominal wages minus taxes and changes in prices, tariffs. It is the actual amount of material goods that can be purchased for nominal wages. Real wages depend on nominal wages and prices for purchased goods and services. Nominal wages may rise, and real wages may drop if the prices for goods and services rise faster than nominal wages.

The employee's salary is set in accordance with the remuneration systems of the particular employer.

There are three remuneration systems: tariff, tariff-free and mixed. So then we consider them in detail.

1. The wage tariff system is a set of standards with the help of which the wage differentiation of workers of various categories is carried out depending on the complexity of the work, working conditions, climatic conditions, labor intensity, and type of labor.

There are piece-rate wages and time wages. The main difference between them is the cost accounting method. Piece-rate wages takes into account the number of products or the number of operations performed; time wages - worked time.

Piece-rate wages are used, when it is possible to fix the number of indicators of the labor's result and normalize it with the use of development standards and time. There are following types of piece-rate wages:

- direct piece-rate wages - an increase in the remuneration of labor of employees directly depends on the number of products produced by them and the work performed, based on the rates established with the necessary qualifications;

- job rate with bonus - the possibility of employee bonuses for overachievement of target and for specific indicators of their production activities;

- productivity wages- the payment to employees is made for the products produced within the established norms at constant rates. Output, which more than norm, is paid at elevated rates according to the established scale, but it cannot exceed double piece wage-rates;

- indirectly piecework wages are used to increase the productivity of workers serving the equipment and workplaces. To pay for their labor, the indirect-piece rates are used, taking into account the quantity of products produced by the main workers, which they serve;

- collective-piecework wages provides the determination of wages for the whole team and its distribution among employees at the decision of the team. So, the earnings of each member of the team is directly dependent on the effective activity of the whole team;

- contract wage system - an assessment of the work is made with an indication of the deadline for their implementation;

- wage as a percentage of revenue provides for the dependence of earnings on the volume of sales of manufactured products by the enterprise.

With time-based form of remuneration, the employee's wages are determined in accordance with his qualifications and the amount of time worked. This payment is used when it is impossible to ration the work of the employee or the inability to take into account the work performed.

There are the following types of time wages:

- simple time-based labor remuneration - the employee's remuneration is paid for a certain amount of time worked, regardless of the amount of work performed;

- time-premium wage provides payment not only for the time worked at the rate, but also a premium for the quality of work;

Time wages - the employee's wages are determined in accordance with his qualifications and the amount of time worked. This payment is used, when it is impossible to ration the work of the employee or impossibility to take into account the work performed.

There are following types of time wages:

- simple time wages - the employee's wage is paid for a certain amount of time worked, regardless of the amount of work performed;

- time-premium wages provide payment not only for the time worked at the rate, but also a bonus for the quality of work;

- salary remuneration - an employee is paid a salary depending on the qualifications and work performed;

- contract wages - the employee's salary is discussed in the preparation of the contract.

2. The tariff-free wage system.

The final results of the enterprise as a whole influence the employee's earnings, when this system is used. Also, wage depends on the results of the work of the structural unit, where the employee works, and on the amount of funds that the employer sends for remuneration of labor.

For the tariff-free wage system, the following features are characteristic:

- close connection of the level of remuneration of labor with the wage fund, determined by the specific results of the team's work;

- the establishment for each employee of a constant coefficient of qualification level and the coefficient of labor participation in current activity.

The individual wage of each employee is the share in the wage fund earned by the whole team, when this type is used.

3. Mixed wage system has signs of the wage tariff system and the tariff-free wage system.

The system of floating salaries is the periodic adjustment of the tariff rate according to the results of the employee's work, when the task of production is performed.

The commission form of remuneration is used to calculate the earnings of employees in the sales department, the company's foreign economic service of the enterprise, advertising agencies, and others.

The dealer mechanism of remuneration consists in the fact that an employee buys for his own account a part of the company's products, which he then sells. So his salary is the difference between the actual selling price and the cost price.

Wages may take a different form (bonuses, fee earnings, commission remuneration, and monthly salaries). It can be per hour, per day, etc. Pay rate is the price paid for the use of a unit of labor services. This also helps to clearly understand the difference between «wages» and «total earnings» (these terms depend on the wage rate and the number of hours or weeks of labor services offered on the market).

The maximum wage is not limited. At the same time, the monthly wage of an employee, who has finished the employment duties and the standard of working time, determined for this period, can't be lower than the subsistence wages. The right to pay not less than the subsistence wage is guaranteed by the Constitution of the Russian Federation.

The subsistence wage doesn't include additional payments, bonuses and other incentive payments, such as: 1) additional payments for combining professions and positions; 2) access to the National Security Information; 3) regular or irregular bonuses; 4) monthly and quarterly allowances; 5) payoffs due to the regional regulation of wages; 6) additional payments for work in dangerous conditions and heavy work; 7) additional payments for night work, work on holidays and weekends, overtime work, etc.

Social transfers are also a source of money incomes of the Russian Federation's population. Social transfers are payments to citizens (from the State budget or special funds) that aren't connected to the results of labor, business activities or property income (pensions, allowances, scholarships, etc.). They are distributed according to the principle of social justice.

Social transfers include:

- all types of pensions (superannuation pension, disablement pension, survivor s' pension, retirement pension, social pensions);
- all types of scholarships for students of universities, colleges;
- all types of benefits (social insurance, child benefits, unemployment compensation and others);
- compensation payments and benefits;
- cash aid in paying for health centers, holiday centers.

In addition to the above social transfers, transfers in kind can be provided to the population (free goods or goods and services at preferential prices). These include education, culture, sports services, social security, public utilities and others.

Through the system of social transfers, the state can:

- to provide the population with socially significant help and services;
- to reduce the gap in the level of tangible security for working and non-working citizens, who are not involved in the labor process for objective reasons;
- to reduce the negative external factors of the period of human adaptation to market conditions (growth of unemployment and poverty);
- to ensure the necessary quality and structure of the reproduction of labor resources.

There are following types and forms of social transfers:

- social care;
- state social guarantees (with social benefits to certain categories of the population);
- social insurance (public insurance, compulsory insurance, voluntary insurance, corporate insurance).

Social care is the provision of benefits and services by the state and nonprofit organization to poor groups of people. The mechanism social care is to redistribute budget revenues, which were received from all taxpayers, to certain segments of the population. And also implementation of the concept of guaranteed minimum income. The system of social care also includes various forms of charitable cause to socially unprotected groups of the population, which carry out trade unions, public and other organizations.

The system of state social guarantees involves the provision of socially important services to all citizens. But their labor input and the degree of need aren't taken into account. The specific conditions of the national economy depend on the set and level of

these guarantees. The principles of taxation and budget financing of social spending are the basis of this system.

Transfers that are made through the social security insurance protect the population in case of various social risks: diseases, industrial injuries, occupational illness, fortuity, job loss, loss of breadwinner.

The most common forms of social transfers are benefits, pensions, scholarships. Nowadays, a steady trend of their growth has been observed.

Benefits - regular or one-time payments that are provided to citizens with partial or total disability. This is done to support families with children and in case of death of relatives.

The formation of family incomes and the increase in their material welfare are significantly influenced by:

- social benefits, which connected with the birth of a child or child adoption;
- maternity benefits;
- one-time grants for women, who have registered at a medical institution in early pregnancy;
- one-time grants for the birth of a child and the accrual of maternal capital;
- monthly consumption for the period of leave for childcare;
- monthly child's benefits;
- entitlement payments to citizens with children under 3 years old.

Also the state support and social protection of motherhood and childhood include benefits provided to children of preschool age, for example, the repayment of the cost of maintaining a child in kindergarten. The state support includes state guarantees for students; additional benefits for single parents and large families; tax advantages.

Persons, which have lost their jobs, are paid unemployment payments to ensure the minimum necessary living conditions. Unemployment payment is cash aid that is paid to the unemployed, if they have a labor experience, after they have paid their contributions. The regularly registration on Unemployment Benefit Office for a certain period is also necessary condition. The presence of disabled dependents increases the amount of the benefit by 10% for each dependent. However, the amount of payment must not exceed the amount of the earnings of the unemployed at the last workplace.

If an employer, on his own initiative, terminated labor contract with an employee, in this case the law guarantees him the payment of scholarships for the period of training,

retraining and advanced professional training, also it provides an opportunity to participate in public works, compensates for costs due to voluntary relocation to another region by the offer of the employment service.

Scholarships are regular payments to students of universities, colleges that are trained off-job. These payments are involved in the formation of the family budget of citizens.

Social transfers also include other government spending, such as subsidies to enterprises and organizations that produce different products and provide services to the population, for example, subsidies to public transport organizations.

Forms of social care often complement each other or are used simultaneously. For example, the state, in addition to paying pensions to people with disabilities, compensates for the costs of maintaining disabled persons homes, for the purchase of medicines and special cars.

The state provides a social package to beneficiaries It is a set of services, including travel in electric trains with a discount, getting free medicines in pharmacies, food products, and also sanatorium treatment recommended for medical reasons (one voucher for a vacation center and train tickets, provided once every three years). The cost of a full social package is 1075.19 rubles in 2019. Such payment can be received by the beneficiary in case of refusal from the services provided by the social package.

In Russia, beneficiaries in accordance with the Federal Law of the Russian Federation «About the State Social Care» (last version) No. 178 from July 17, 1999, are divided into two categories: federal and regional [2, p. 35].

Federal beneficiaries include:

- combat veterans;
- war invalids and participants of the war, as well as members of their families, if a participant of the war has already died;
- disabled persons;
- people having special merits (Hero of Russia, Heroes of the Soviet Union, Heroes of labor);
- people, which have children with disabilities;
- liquidators of the accident at the Chernobyl nuclear power plant and citizens affected by this disaster;
- people affected by radiation in Semipalatinsk;

- pensioners who survived the blockade in St. Petersburg;
- people, who were in detention facilities in wartime and other categories of citizens.

Labor veterans, war workers of The Great Patriotic War, persons affected by political repression are regional beneficiaries. Also among the regional beneficiaries are: children without parental care, large families, minor orphans, honorary donors and other categories of citizens.

The total number of beneficiaries in Russia was over 46 million people in January 1, 2018.

After considering the income of the population, we will analyze the expenditures of the population of Russia.

More complete information about the country's economy is provided by data about expenditures of the population, but not about their incomes. The main reason for this phenomenon is the high level of the spread of secondary employment, the secondary economy that generates unaccounted income. In addition, the time period between the activities and their payment, the availability of benefits provided to the population are also important.

There are two ways in which people use disposable income: consumption and savings. The first is the use of part of the income for the purchase of material goods and services in order to satisfy the needs. Savings is accumulation of a part of income in order to satisfy the needs in the future. Thus, the expenditures of the population are the actual expenses of acquiring material and spiritual values.

Nowadays there is a decrease in real expenses due to a decrease in the revenue position of certain groups of the Russian Federation's population. This leads to qualitative changes in society: health deterioration of the population, a decrease in lifetime, reduction of birth rate.

Expenditures are divided into two parts, the first of which is expenses not related to current consumption, and the second is expenses for current consumption.

The group of expenditures, which not related to the current period's consumption, includes all mandatory payments of the population, such as taxes, fees, duties, allocations to the budgets of the Russian Federation and non-budget funds, as well as loan obligations, penalizations, maintenance payments and so on.

The population also pays some payments, defined as voluntary. They are carried out on their own initiative in insurance organizations, non-State pension funds, charitable institutions and other organizations.

This group of expenditures reduces expendable income of households. Then more the amount of money spent by the household on these expenditures, then less money it can spend on current consumption and savings.

Part of the cost of current consumption is used by the population for the purchase of material goods and services. In the cost structure, this group is 60-80% of the total income of the average household, and about half of the incomes of all households are for food products.

Current consumption expenditures are classified as:

- short-term (expenditures on products, some non-food products, most of the services);
- medium-term - expenditures on seasonal and periodically purchased goods (clothes, shoes);
- long-term - expenditures that are made once every few years (the purchase of housing, cars, furniture, the cost for education, medicine).

There are following parameters, which used to classify the cash expenditures of the population:

1) by regularity:

- fixed costs (food, communal public services, etc.);
- regular expenses (clothes, transport, etc.);
- one-time costs (treatment, durable goods).

2) according to the degree of necessity:

- necessary expenses (food, clothes, medicine);
- secondary (desirable) expenses additional cost (education, insurance, etc.);
- miscellaneous costs;

3) by purpose of use:

- consumer expenditure (goods and services);
- mandatory payments;
- savings.

Expenditures of the population can be grouped according to different criteria:

1) Purchase of goods and payment for services - consumer expenditures. It is the main part of expenditures (3/4 from all cash expenditures). Their value is determined by the amount of money income, satisfaction of personal need, the level of retail prices, climatic and geographical living conditions, and other factors.

The structure of expenditures of the population shows that food expenses are the main part. This indicator is higher in the city. Households provide themselves with help of agriculture by 1/3 in the countryside. Non-industrial goods (clothes, shoes, furniture) is 1/3 part of expenditures in the city, and 1/5 part in the countryside.

The share of expenses for services is constantly increasing. Expenditures of families for housing, communal public services, medicines, public transport were increased in the city

Same types of services became so expensive that poor citizens can't buy it (for example, cleaning clothes, public washing, etc.). But there are new types of commercial services (health care, education), it began to take up an increasing part of family spending.

The composition of households also affects the structure of final consumption expenditures. Households, which include one person, are more profitable. The situation is getting worse, when the number of households grows. They have reduced the share of food and increased the share of natural products from part-time farms.

Reducing the total cost for food products is affected the quality of food: the share of such products as fruits, meat is reduced, and the share of bread, bread products, potatoes and vegetables is increased.

2) Mandatory and voluntary payments.

Mandatory payments include taxes, fees, duties, payments that are collected by executive authorities in the budgets of different levels and non-budget funds. Some individual members of households make voluntary payments to insurance organizations, pension funds, charity fund, etc. by their own initiative.

3) Savings.

The market economy and the freedom of business activities created an opportunity for a some category of households to accumulate funds and then buy expensive goods (land, houses, cars and so on), stocks, bonds, antiques, etc.

The distribution of savings in Russia is extremely uneven between the households. Households, whose incomes are below the subsistence minimum, don't have any savings at all; their main task is to survive.

Money savings, which are accumulated in banks, is the main source of expanding credit relations. Consumer credit increases the money incomes of members of household. It is also increases effective demand for goods and services.

Consumer credit in the Russian Federation is especially important, where the living standard is low, and the banking system needs some additional capital.

Information about family spending can provide a characteristic of the economy.

5 RESULTS AND DISCUSSIONS

5.1 Analysis of the results

Money incomes of the population include remuneration of labor for all categories of people, bonuses, pensions, allowances, scholarships and others.

The income level of members of society is the most important indicator of their welfare. It determines the possibilities of the material and spiritual life of the individual: rest, education, and health, meet the basic needs. Among the factors that have a direct impact on the income of the population, in addition to the size of the wage, are the dynamics of retail prices, the degree of saturation of the consumer market with goods, etc.

The emergence of new economic relationships has led to stratification of the population of Russia in terms of the level of the material wealth.

The information base for the diploma thesis research of the material welfare of the population of Russia is the data of the Federal State Statistics Service [55], as well as materials from the statistical book of Rosstat «Russia in figures 2018» [42].

First of all, we should consider the total money income of Russians and their structure for the period 2000-2017. This is presented in the table 2.

Table 2 - The amount of money incomes of Russians and their structure in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
Total money income, billion rubles	3984	13819	32498	44650	47921	53526	54118	55467
Business activity, billion rubles	612	1580	2873	3848	4022	4245	4209	4235
Remuneration of labor, billion rubles	2502	8782	21190	29139	31527	35105	34952	36112
Social transfers, billion rubles	551	1756	5762	8296	8628	9768	10341	10943
Property, billion rubles	271	1425	2023	2474	2786	3340	3533	3068

Other income, billion rubles	48	276	650	893	958	1068	1083	1109
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Source: statistical book of Rosstat «Russia in figures 2018»

The structure and use of money income of Russians also shows the figure 1. It more clearly demonstrates this indicator of the material welfare of the population.

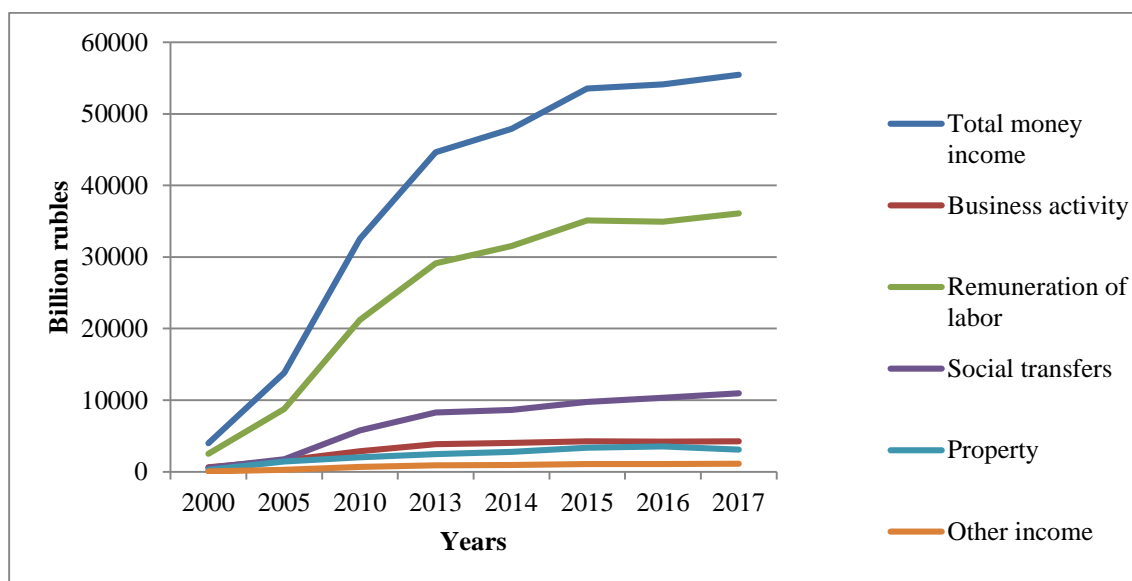


Figure 1 - The amount of money incomes of Russians and their structure in 2000-2017

Source: own calculations based on table 2

After examining the table 2 and figure 1, we can conclude that the amount of money incomes of Russians in 2017 was 55,467 billion rubles. Incomes increased by 2.43% in comparison with 2016 (54,118 billion rubles). The largest part is wages – 36,112 billion rubles (65.11%). The share of social payments is also high - 10,943 billion rubles (19.73%).

After analysis of money income of Russians, we should consider also average income of the Russian Federation’s population by years. This data we can see in the table 3.

Table 3 - Average income of the population in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
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Average income of the population, thousand rubles	2281	8088	18958	25928	27767	30467	30747	31477
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Source: statistical book of Rosstat «Russia in figures 2018»

Figure 2 shows in detail money incomes per capita of the population of Russia. We can see that after the crisis this indicator has grown, and it's stable now, with a nonsignificant increase over the past three years.

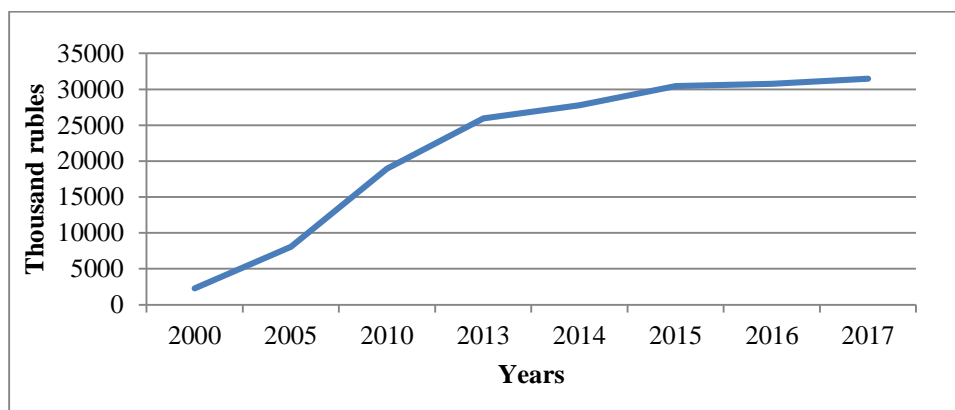


Figure 2 - Average income of the population for the period of 2000-2017

Source: own calculations based on table 3

So, we can see that the average money income of the population in 2017 was 31,477 rubles per month, which is more than in the previous year by 2.32% (30747 rubles). Compared with 2010, when the average money income per month was 18,958 rubles, it increased by 39.79%.

To assess the level of material welfare of the population in the country, it is necessary to pay attention to real disposable income. This data is presented in the table 4.

Table 4 - Real disposable income of the population in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
Real disposable income of the population, as a percentage of the previous year	112	112.4	105.9	104	99.3	96.8	94.2	98.3

Source: www.gks.ru

Figure 3 also shows us this indicator. We can see that after the annual decrease in the real disposable money incomes of Russians, this indicator starts to grow from 2016. So, for the first time in the period under review, 2017 shows some increase in this indicator.

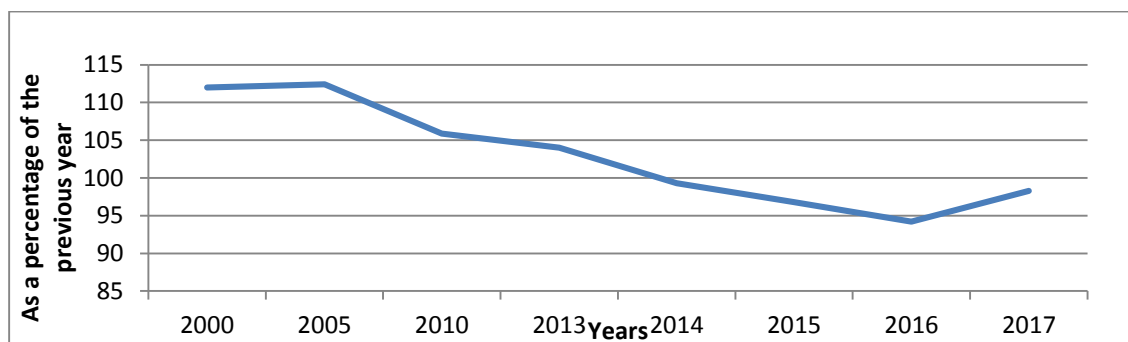


Figure 3 - Real disposable income of the Russian Federation's population

Source: own calculations based on table 4

So we can see that money incomes of the population grew not only in nominal but also in real terms. But the rate of their growth in 2017 was insignificant and amounted to 4.1% compared to 2016. However, in 2017 there is a tendency for the growth of real disposable money incomes of Russians compared to previous years, when they decreased from year to year.

But the level of real money incomes of Russians is quite low.

The main factor that determines the material welfare of Russians is wages. This data is presented in the table 5.

Table 5 - Average nominal wage paid of employees of organizations in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
Average nominal wage paid of employees of organizations, thousand rubles	2223	8555	20952	29792	32495	34030	36709	39144

Source: www.gks.ru

In addition to the table 5, the average nominal wage paid of employees of organizations we can see with help of the figure 4. It clearly shows us the annual increase in this indicator.

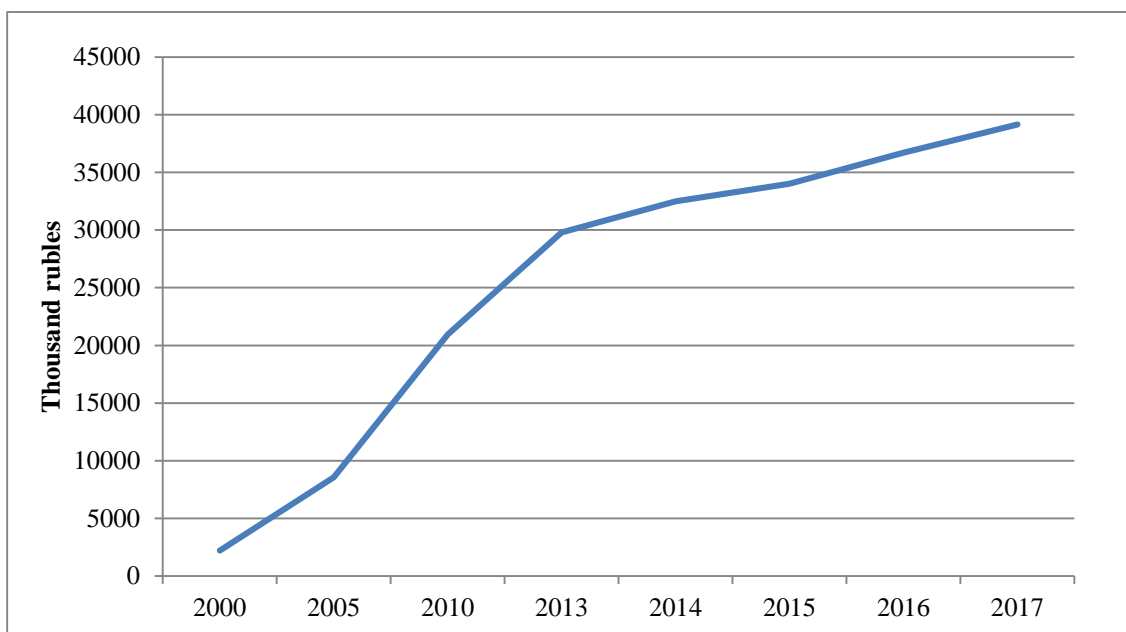


Figure 4 - Average nominal wage paid of employees of organizations

Source: own calculations based on table 5

After analyzing the data on the average monthly wages paid of employees of organizations, we can see that its size is growing year by year, and in 2017 it was 39,144 rubles. In comparison with the previous year, when this indicator was 36,709 rubles, it grew by 6.22%.

The average monthly salary for employees working in different sectors of the economy is determined by dividing the paid wage fund by the average annual number of employees. Benefits received by employees from Social Insurance Fund are not included in the payroll budget and average wages. This data for this indicator is presented in the table 6.

Table 6 - The average monthly real wage of employees (including the consumer price index) in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
The average monthly real wage of employees of organizations (including the consumer price index), as a percentage of the previous year	121	112.6	105.2	104.8	101.2	91	100.8	103.5

Source: statistical book of Rosstat «Russia in figures 2018»

Figure 5 also shows us the average monthly real wage of employees of organizations (taking into account the consumer price index). It is expressed as a percentage of the previous year. This indicator begins to grow after the annual decrease in 2016.

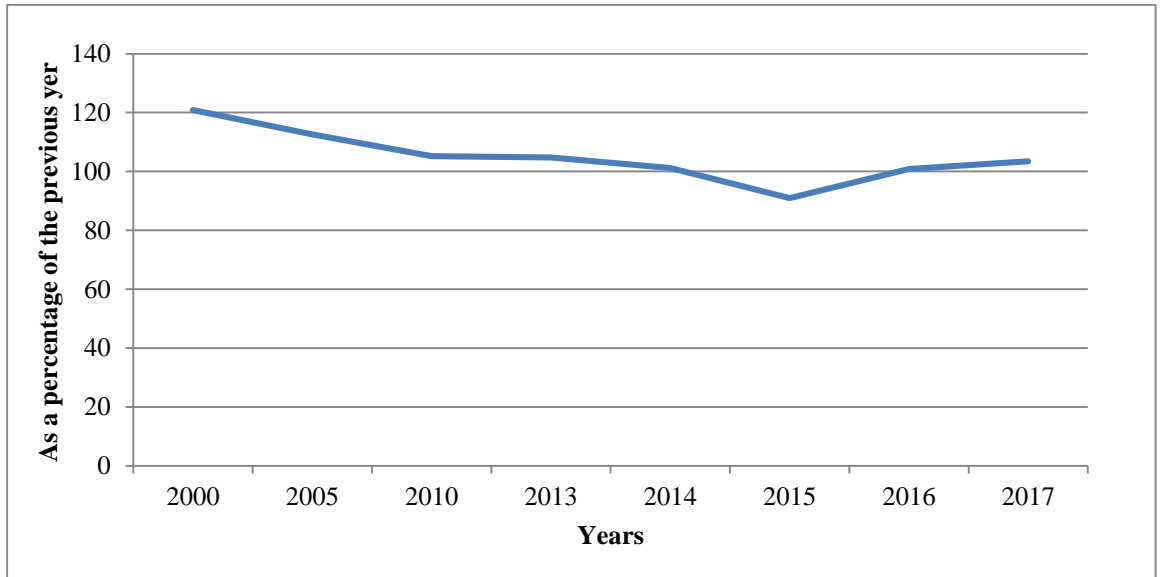


Figure 5 - The average monthly real wage (including the consumer price index)

Source: own calculations based on table 6

Analysis of the average monthly real wage of employees of organizations (including the consumer price index) also shows insignificant growth of this indicator. In 2017, it was 103.5% of the previous year. The value of this indicator in 2000 was 121%, and in 2017 it was 103.3% (the real wage decreased by 17.5%).

Today, the average wage in the country does not provide normal living conditions for workers and their families. The low wages of most workers are combined with economically and socially unjustified wage differentials in different sectors of the economy.

Many enterprises that produce consumer goods, due to the low level of real incomes of the population, have a problem not only with the competition of imported goods, but also the financial insolvency of many categories of the population. The groups that have more significant income sent their money to savings, for purchase of real estate and foreign currency.

It is necessary to consider the pensions of citizens to obtain a more complete description of the material situation of the population of Russia. The situation is characterized by a low level of pensions for main part of pensioners.

In modern conditions, the government is trying to guarantee its citizens a decent level of pensions, and it is doing everything possible for this.

Most pensioners are in a difficult economic situation, including those pensioners who worked in highly paid jobs and have a long labor experience, as well as have work experience in dangerous conditions.

Most of today's pensioners are people who lost their cash investment in the early 90s and did not have the opportunity to create new ones. In the 1980s, citizens indicated the main directions of use of their savings such as additional material security in old age, expenses for treatment, assistance to children and funeral costs. The need for such expenses forces pensioners to restrict their personal consumption. The information about Russian pensioners is presented in the table 7.

Table 7 - Number of pensioners in the Russian Federation in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
Number of pensioners, thousand people	38411	38313	39706	41019	41456	42729	43177	43504

Source: statistical book of Rosstat «Russia in figures 2018»

The number of Russian pensioners also shows the figure 6. It shows the steady annual growth of this indicator during the period under research (2000 – 2017).

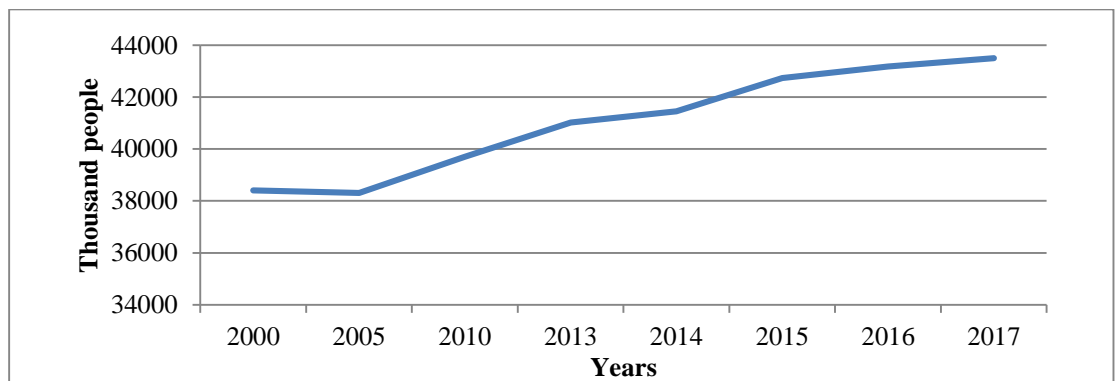


Figure 6 - Number of pensioners in Russia

Source: own calculations based on table 7

We can see that the number of Russian pensioners is growing from year to year. In 2000, there were 38,411,000 people, and in 2017 – 43,504,000. If we compare these indicators with such indicators as population size and natural growth, population decline, we can conclude that there is increasing number of pensioners amid population decline.

The data about population size and natural growth of the population are presented in the table 8.

Table 8 - Population size in the Russian Federation and it's natural growth in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
Population size, million people	146.3	143.2	142.9	143.7	146.3	146.5	146.8	146.9
Natural population growth, thousand people	-958.5	-846.5	-239.6	24	30.4	32.1	-2.3	-135.8

Source: statistical book of Rosstat «Russia in figures 2018»

Figure 7 shows us the dynamics of the Russian Federation's population. There are some increase in this indicator since 2013.

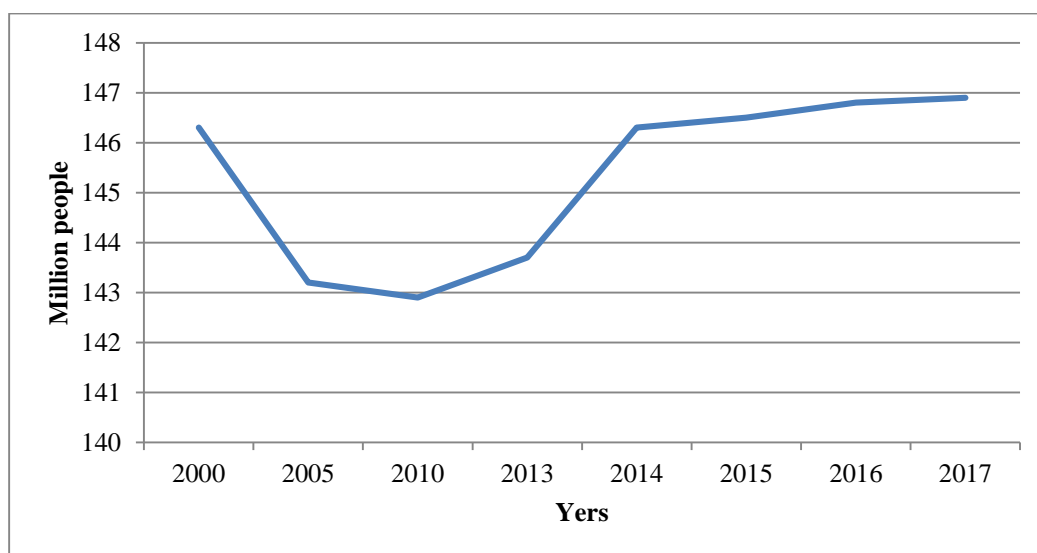


Figure 7 – Total population of Russia

Source: own calculations based on table 8

Figure 8 shows us the natural increase and decline of the population of the Russian Federation. We can see that after the natural decline of the population in the previous years, there is an increase of the population growth in 2013-2015. But in 2016 we can see again the natural decline of population, it fell more in 2017.

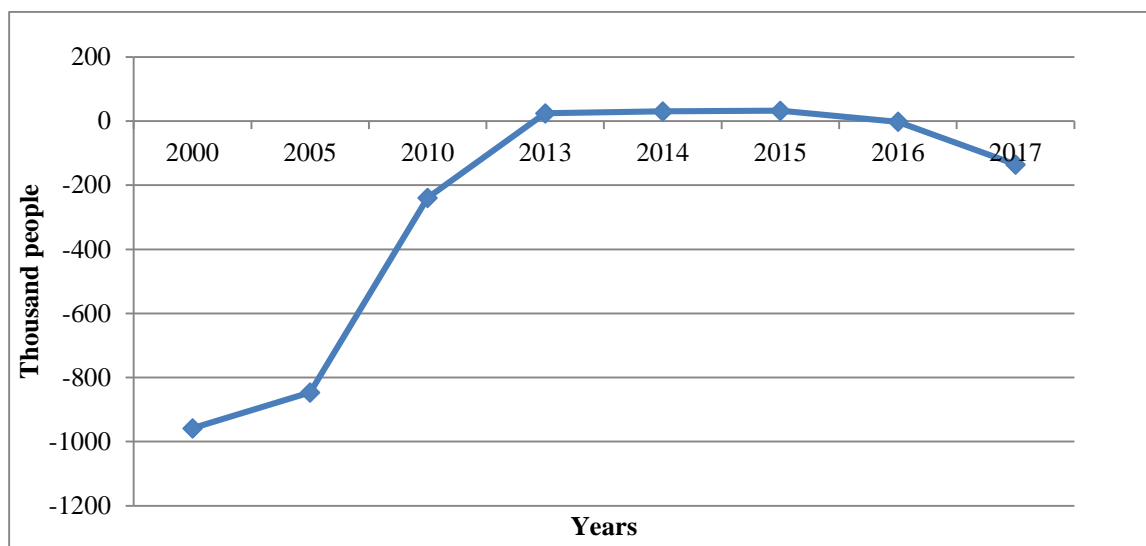


Figure 8 – Natural population growth in the Russian Federation

Source: own calculations based on table 8

After analyze table 8 and figure 7, we can say that the population sharply decreased by 3,100,000 people in 2005, then it has tendency to grow. Figure 8 shows that there was a positive tendency from 2005, but in now the trend is negative.

Then we should consider the ratio of the average size of pensions to the subsistence minimum in 2000-2017. This data is presented in the table 9.

Table 9 - The ratio of the average size of pensions to the subsistence minimum in Russia

	2000	2005	2010	2013	2014	2015	2016	2017
The ratio of the average size of pensions to the subsistence minimum, %	76	98	165	165	163	151	153	160

Source: www.gks.ru

Figure 9 shows us the ratio of the average size of pensions to the subsistence minimum. We can see that after 2005 there is an increase in the ratio of the average size of the pensions to the subsistence minimum.

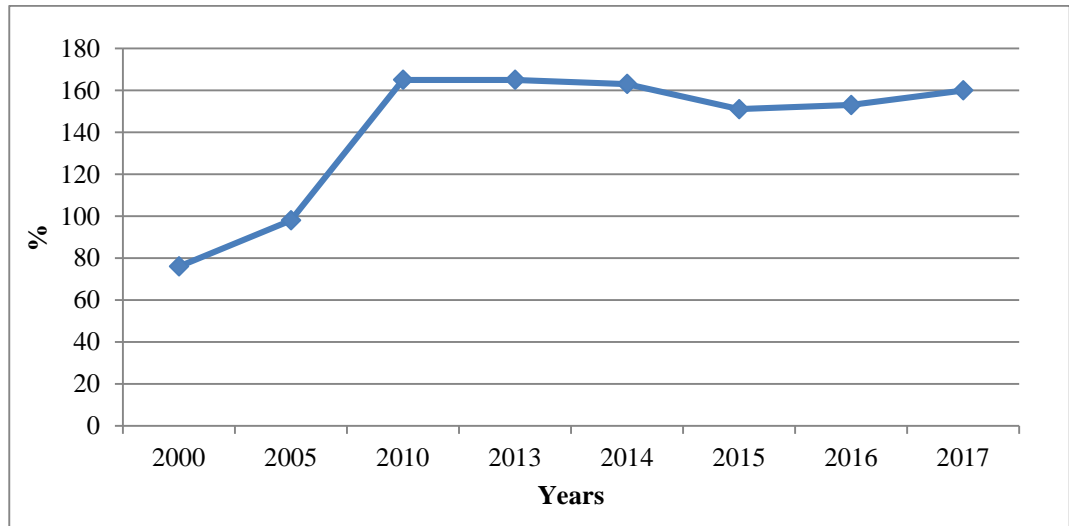


Figure 9 - The ratio of the average size of pensions to the subsistence minimum
Source: own calculations based on table 9

The ratio of the average size of the pensions to the subsistence minimum before the crisis of 1998 exceeded the 100%. But after the crisis, this ratio dropped sharply, and in 2000 it was 76%. Then we can see a rise in this indicator, after insignificant decrease in 2015 (151%), in 2017 it was 160%.

The average size of pensions for Russians we can see in the table 10. It also has a tendency to grow. If in 2005 it was 2364 rubles, then in 2017, taking into account the one-off payment, assigned in accordance with the Federal Law of November 22, 2016 No. 385 in the amount of 5000 rubles - 13304 rubles.

Table 10 - The average size of pensions in Russia in 2000-2017

	2000	2005	2010	2013	2014	2015	2016	2017
The average size of pensions, thousand rubles	694.3	2364	7476	9918	10786	11986	12391	13304

Source: www.gks.ru

With help of the figure 10 we also can see the average size of pensions and the annual steady growth of this indicator.

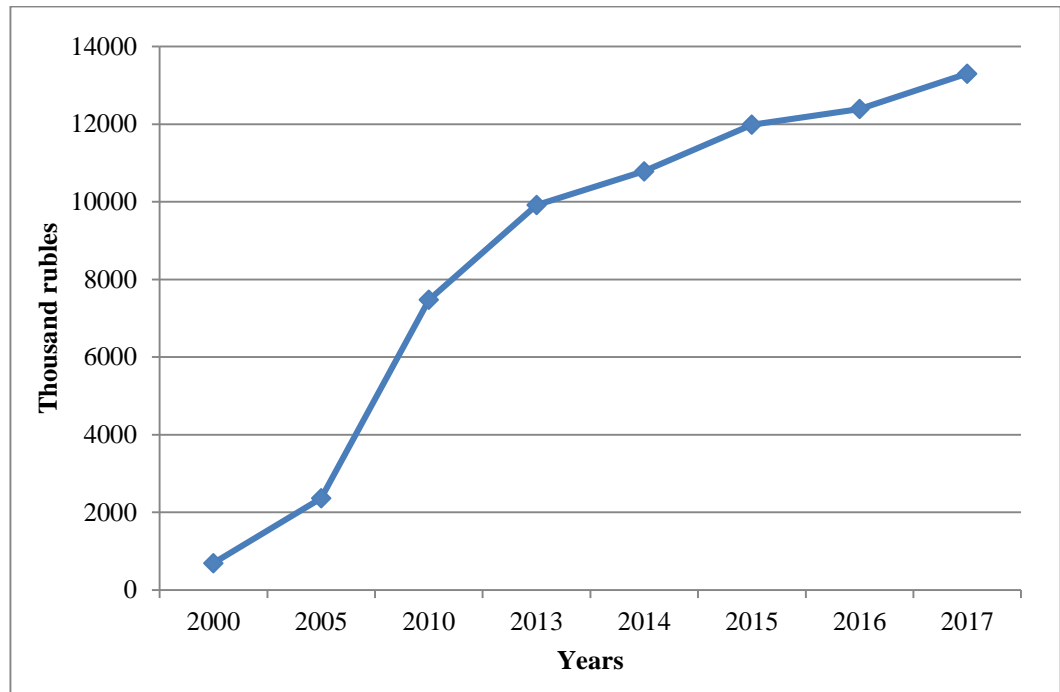


Figure 10 - The average size of pensions

Source: own calculations based on table 10

The real size of pensions, calculated by dividing the index of the nominal amount of pensions by the consumer price index for the corresponding time period, also has a rather low level. However, in 2017 it was 103.6% to the previous year, when this indicator was 96.6%. This increase was due to the one-off payment of 5,000 rubles.

The state connects a further increase in payments with an increase in the pension age and a decreasing burden on the state budget. So, in April 2019, the second indexation will be carried out taking into account the income from the reform. In the future pensions in Russia are planned to be indexed above inflation – for 1,000 rubles in year.

The main source of formation of the budget of the Russian Federation's Pension Fund is the means of the Consolidated social tax.

Income inequality is the result of a rapid increase in social welfare. Russia has not reached the level at which the reduction of social differences occurs. It is normal for many European countries.

Population expenditures include household spending on the purchase of goods and services, mandatory payments, various installments, and an increase in savings in deposits and stocks. The information about money expenditures and savings in the Russian Federation is presented in the table 11.

Table 11 - Money expenditures and savings in Russia

	2000	2005	2010	2013	2014	2015	2016	2017
Money expenditures and savings, billion rubles	3984	13819	32498	44650	47921	53526	54118	55467

Source: statistical book of Rosstat «Russia in figures 2018»

Also the growth of money expenditures and savings of Russians we can see in the figure 11.

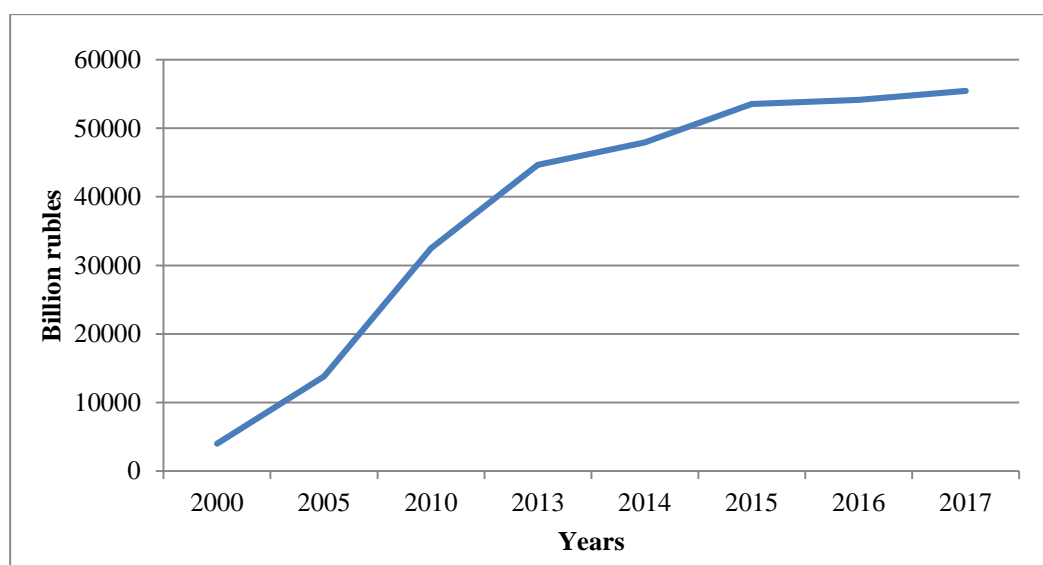


Figure 11 – Money expenditures and savings

Source: own calculations based on table 11

In 2017, expenditures on the purchase of goods and services were 41575 billion rubles. It is 74.96% of the total amount of cash expenditures. Mandatory payments and various installments were 6516 billion rubles (11.75%). The increase in financial assets was 5,597 billion rubles (10.09%); the increase in money of the population was 802 billion rubles (1.45%). After analyzing the data, we can conclude that despite the decrease in financial assets (8214 billion rubles) compared with 2015, the amount of money of the

population has increased significantly. In 2016, the increase in money was 357 billion rubles; in 2017 it increased by 445 billion rubles and amounted to 802 billion.

Most of poor citizens are residents of small cities and villages. There are significant differences between regions, where the majority of the population falls under the criteria of poverty.

Among the poor people, there is a large part of multi-member and incomplete families, as well as families with pensioners and disabled persons.

The information about the subsistence minimum is presented in the table 12.

Table 12 - The subsistence minimum per capita in the Russian Federation

	2000	2005	2010	2013	2014	2015	2016	2017
The subsistence minimum per capita, rubles	1210	3018	5688	7306	8050	9701	9828	10088

Source: www.gks.ru

Also the annual growth of the subsistence minimum (on average per capita) is shown by the figure 12.

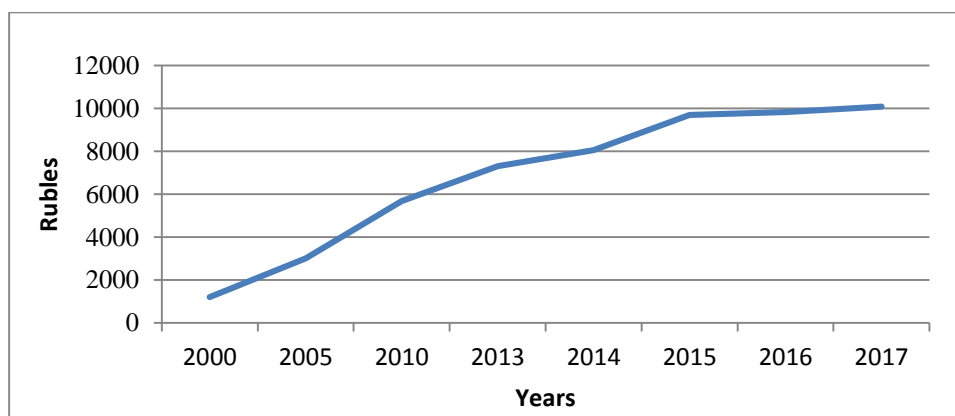


Figure 12 – The subsistence minimum per capita

Source: own calculations based on table 12

After analyzing the subsistence minimum per capita (it was 10,088 rubles per month in 2017), we should analyze the population with money incomes below the subsistence minimum. It presented in the table 13.

Table 13 – Russian Federation’s population with money incomes below the subsistence minimum

	2000	2005	2010	2013	2014	2015	2016	2017
Population with money incomes below the subsistence minimum, million people	42.3	25.4	17.7	15.5	16.1	19.5	19.5	19.3

Source: www.gks.ru

Population with money incomes below the subsistence minimum is also shown by the figure 13. This indicator has decreased since 2000. But there has been nonsignificant increase in the number of this category of Russians since 2015.

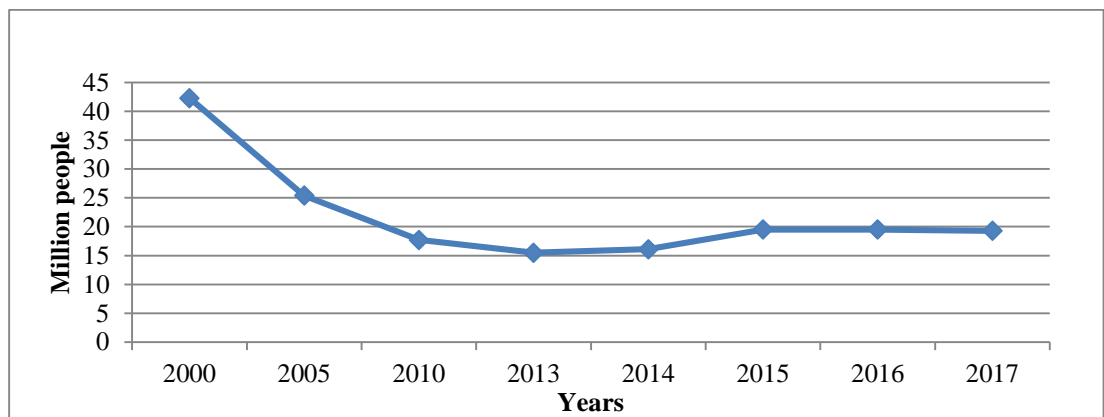


Figure 13 - The population with money incomes below the subsistence minimum

Source: own calculations based on table 13

After analyze of the population with money incomes below the subsistence minimum can be concluded that 13.2% of the population (19.3 million people) have money incomes below the subsistence minimum. We can see sharp decrease of the population with money incomes below the subsistence minimum in 2005. It has decreased by 16.9 million people. This indicator began to grow in 2015 and increased by 3.4 million people compared with previous year.

The high proportion of food expenditures as a part of consumer spending of the population indicates a low level of the material welfare of Russians. The structure of household consumption expenditure is presented in the table 14.

Table 14 - Household expenditures in Russia in 2017

	2017
Household expenditures, rubles per month:	16535.2
Food	5230.5
Alcohol and tobacco	495.3
Clothes and shoes	1470.7
Housing and utilities services, fuel	1600.4
Some equipment and home items	891.2
Health service	636.5
Transport	2686.8
Mobile communications	526.7
Culture	1162.4
Education	128.7
Cafe, hotels and so on	549.7
Other	1156.2

Source: statistical book of Rosstat «Russia in figures 2018»

The structure of household's expenditures in 2017 is also clearly demonstrated by the figure 14.

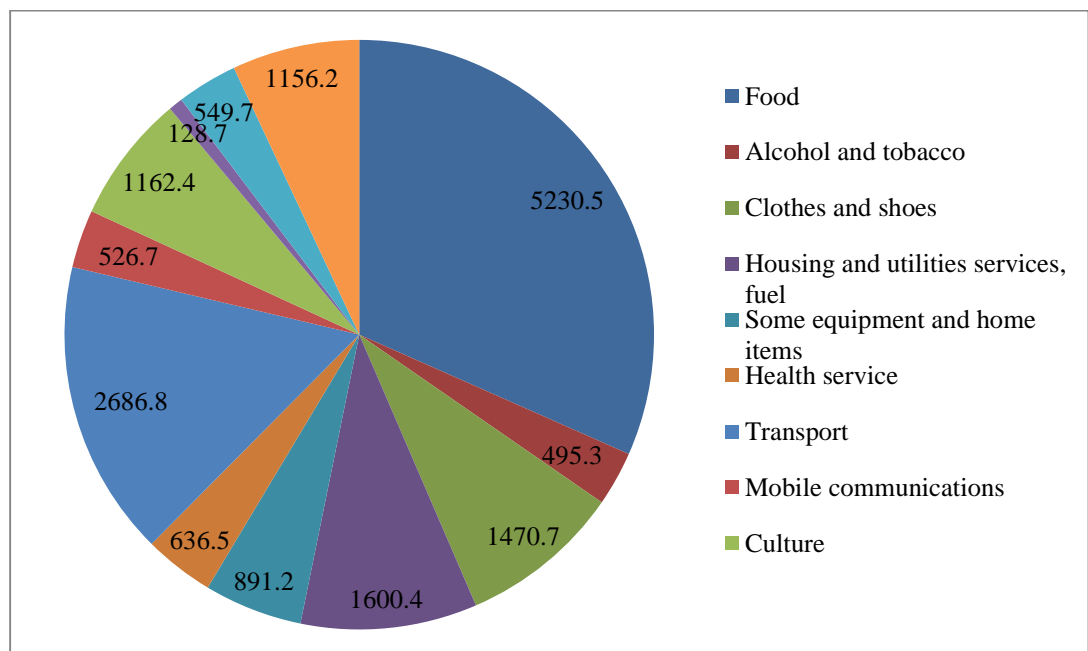


Figure 14 – Consumer expenditure in Russia in 2017

Source: own calculations based on table 14

We can see that in 2017, food expenditure was 5230.5 rubles per month. It is 31.63% of the total consumer spending - 16535, 2 rubles per month per household member.

In addition to the food spending, transport costs - 2,686.8 rubles (16.25%), housing and fuel costs - 1600.4 rubles (9.7%), costs for the purchase of clothes and shoes - 1470.7 rubles (8.9%) are a significant part of consumer spending in 2017.

The structure of household consumer spending also characterizes the material welfare of the Russian population. After analyzing the data, we can conclude that food consumption has decreased, except vegetables. Expenditures on the purchase of non-food items also decreased, and the purchase of television and radio equipment, leisure items decreased by 2 times (Appendix 1 - The structure of household consumption expenditure).

There is an increase in the cost for services (housing and utilities services, services in the system of early childhood education, medical services).

A significant proportion of food expenditures in the structure of consumer spending of the population is typical for countries with underdeveloped economies and with a high proportion of poor people. In most developed countries of the world, the share of food expenditure is 20–25% of consumer spending.

Employment also affects the material welfare of Russians. The average annual volume of employment is presented in the figure 15.

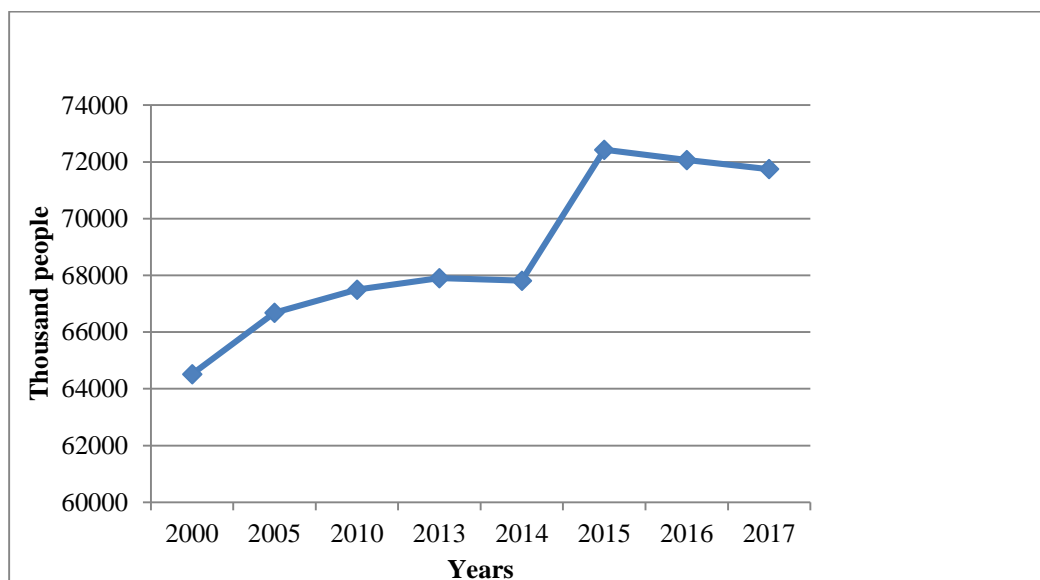


Figure 15 – The average annual volume of employment in Russia

Source: own calculations based on the information from www.gks.ru

We can see that in 2017, the average annual volume of employment insignificantly decreased compared with the previous two years, it was 71,746,000 people. This is 48.84% in relation to the total population (146,900,000 people).

Unemployment is one of the main causes of the population poverty.

Poop people are families with low socio-economic potential (these include large and incomplete families, families with pensioners and disabled persons) and unemployed. Most families, in which one of the employable members doesn't have a job, are below the income poverty line. The average number of unemployed in Russia is presented in the figure 16.

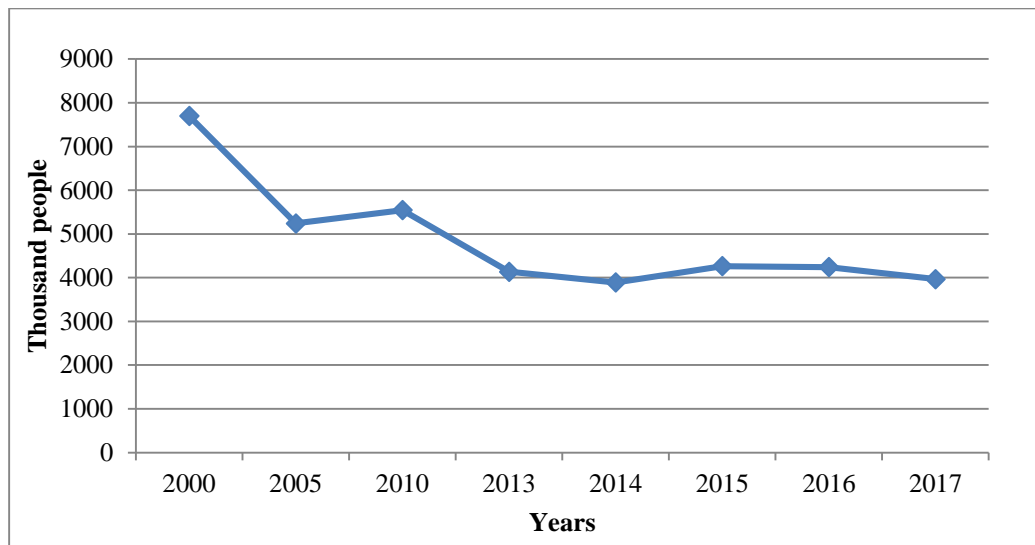


Figure 16 – The average number of unemployed in Russia

Source: own calculations based on the information from www.gks.ru

So, the number of unemployed Russians significantly declined compared with 2000. In 2017, this indicator is one of the lowest in the period of research. This year the number of unemployed was 3,967,000 people, which is 2.7% of the total population.

However, many of the unemployed do not register at the Unemployment Benefit Office. Therefore, an indicator such as the number of unemployed registered at the Unemployment Benefit Office is always lower than the total number of the unemployed. The number of unemployed registered at the Unemployment Benefit Office is presented in the figure 17.

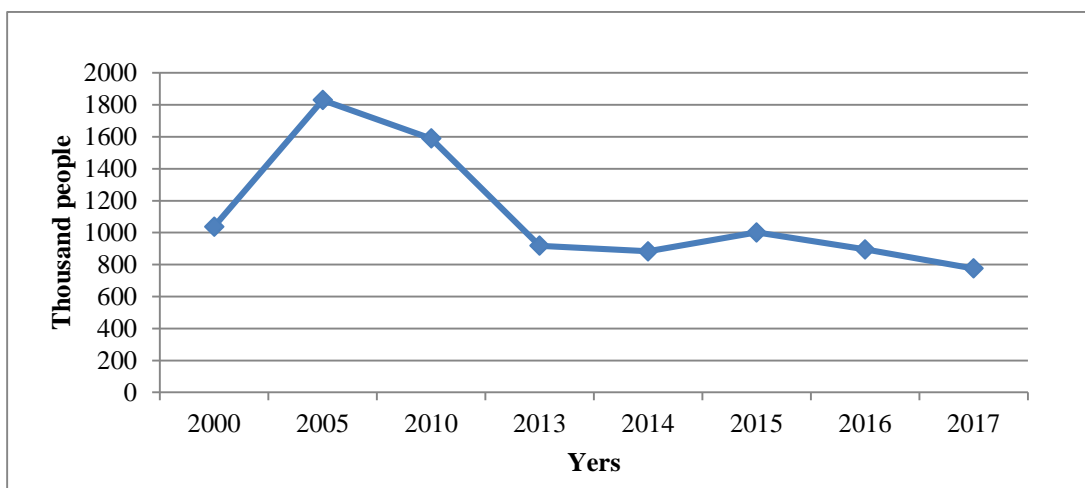


Figure 17 – The number of unemployed registered at the Unemployment Benefit Office

Source: own calculations based on the information from www.gks.ru

The size and structure of the labor force according to a sample survey of the labor force aged 15-72 years are presented in the table 15.

Table 15 – The size and structure of the labor force in the Russian Federation

	2000	2005	2010	2013	2014	2015	2016	2017
Total labor force, thousand people:	72770	73581	75478	75529	75428	76588	76636	76109
1) Employed population	65070	68339	69934	71391	71539	72324	72393	72142
2) Unemployed population	7700	5242	5544	4137	3889	4264	4243	3967
3) Men:	37631	37311	38601	38720	39729	39433	39470	39210
Employed men	33574	34584	35566	36478	36605	37136	37201	37108
Unemployed	4057	2727	3034	2242	2123	2296	2269	2102
4) Women:	35139	36270	36877	36809	36700	37155	37166	36899
Employed women	31496	33755	34367	34913	34934	35187	35192	35034
Unemployed	3643	2515	2510	1896	1766	1968	1975	1865

Source: statistical book of Rosstat «Russia in figures 2018»

The labor force participation rate, the level of employment and the unemployment rate of the population characterize the degree of participation of men and women in the labor force of the country.

The labor force participation rate reflects the share of the population of working age, which is actively involved in the labor market, working or searching for employment.

This is an indicator of the volume of the supply of labor, which is ready to participate in the production of goods and services, regarding the working age population. The division of labor force by sex and age groups allows us to estimate the distribution of labor force in the country.

The labor force participation rate is calculated as the number of persons in the labor force as a percentage of the able-bodied population. The labor force is the sum of the number of employed and the number of unemployed. The working age population is Russians aged 16 and over.

Employment rate is the ratio of the number of employed population of a certain age group to the total population of the relevant age group, expressed as a percentage.

There is no optimal level of employment; experts say it is 60-70% with an unemployment rate less than 5%. A decrease in the level of employment causes a reduction in GDP and an increase in budget spending. This increase is due to the low birth rate or a large number of working pensioners.

The natural rate of unemployment is the level at which full employment is ensured, when the use of labor force is the most efficient and rational.

The unemployment rate is the ratio of the number of unemployed of a certain age group to the number of economically active population of the corresponding age group, expressed as a percentage. These indicators are presented in the table 16

Table 16 - The labor force participation rate, the level of employment and the unemployment rate of the population

	2000	2005	2010	2013	2014	2015	2016	2017
The labor force participation rate (%):	65.5	66	67.7	68.5	68.9	69.1	69.5	69.1
Men (%)	71.5	71,1	73.8	74.7	75.1	75.5	75.9	75.6
Women (%)	60	61.5	62.2	63	63.3	63.4	63.8	63.3
Employment level (%):	58.5	61.3	62.7	64.8	65.3	65.3	65.7	65.5
Men (%)	63.8	65.9	68	70.4	71	71.1	71.6	71.5
Women (%)	53.8	57.2	58	59.8	60.3	60.1	60.4	60.1
The unemployment rate (%):	10.6	7.1	7.3	5.5	5.2	5.6	5.5	5.2
Men (%)	10.8	7.3	7.9	5.8	5.5	5.8	5.7	5.4
Women (%)	10.4	6.9	6.8	5.2	4.8	5.3	5.3	5.1

Source: www.gks.ru

The labor force participation rate is quite stable in this period of time; we can see a tendency to growth. The rather high level of this value indicates that the main of the able-bodied population is engaged in production. The unemployment rate decreases, and the number of unemployed Russians also decreases. The level of employment have tendency to growth, more and more citizens are engaged in production of different goods and services.

Also of interest are data from a sample survey of the labor force: the number of unemployed in different categories - students, pensioners, women, and people living in countryside. This information gives the table 17.

Table 17 – The number of unemployed in Russia

	2000	2005	2010	2013	2014	2015	2016	2017
The number of unemployed at the age of 15-72 years, thousand people	7700	5242	5544	4137	3889	4264	4243	39667
Students, pensioners:								
Thousand people	821	580	683	535	561	599	579	617
%	10.7	11.1	1.3	12.9	14.4	14	13.7	15.6
Women:								
Thousand people	3643	2515	2510	1896	1766	1968	1975	1865
%	47.3	48	45.3	45.8	45.4	46.1	46.5	47
Rural residents:								
Thousand people	1897	1836	1947	1502	1400	1438	1438	1426
%	24.6	35	35.1	36.3	36.2	33.7	33.9	36
The number of unemployed registered at the Unemployment Benefit Office, thousand people	1037	1830	1589	918	883	1001	895	776
Women:								
Thousand people	715	1200	891	502	480	535	469	411
%	68.9	65.5	56.1	54.7	54.3	53.5	52.4	53
Rural residents:								
Thousand people	325	891	699	425	382	377	33	306
%	31.4	48.7	44	46.3	43.3	37.7	37.6	39.5
The ratio of the number of unemployed registered at the Unemployment Benefit Office to the total number of unemployed, %	13.5	34.9	28.7	22.2	22.7	23.5	21.1	19.6

Source: www.gks.ru

We can see that the number of unemployed citizens in the category «Students, Pensioners» increased in 2017 in comparison with 2013 due to youth unemployment. The number of unemployed women insignificantly decreased in 2018 compared with 2015-2016. But as a percentage of the total number of unemployed, this value slightly increased. Among unemployed people, who live in the rural areas, the number of unemployed also decreased in 2017 in comparison with the two previous years.

It is necessary to improve the system for calculating unemployment benefits and create temporary jobs for the unemployed to solve the problem of unemployment. It is also necessary to encourage employers, who retain existing and create new workplaces, especially for citizens, who need a social care and have some difficulties in job search.

The reserve for improving the material welfare of the population is the encouragement by the state of additional employment, the development of social security insurance, corporate social policy, the participation of citizens and businesses in charitable cause, and the increased interest of all members of society in creating personal savings as a source of investment. It additionally helps to fight poverty.

5.2 Suggestions for improving the material welfare of the population

The task of improving the material welfare of the population was important even in the Soviet Union, when citizens were promised the wealth of material goods in the communist society.

Economists linked the introduction of free market trading methods and its positive impact on the growth of the material welfare of the population with the transition of Russian society to capitalism. However, the material welfare steadily declined at the first stage of economic reforms. There was an increase in unemployment, prices for food products and articles of prime necessity, social inequality and social stratification. Some changes in the area of state regulation of the economy and social security were needed to improve the material welfare of the population.

One of the factors influencing the material welfare of the population is the development of market infrastructure, the creation of conditions for cooperation between the state, businessmen and people. By maintaining healthy competition in the market of consumer goods and services, the state influences the price level, which helps to reduce the expenses of the population, especially its poor groups.

Another way to improve the material welfare of the population is the development of a wide range of social programs by the state and the fulfillment of social obligations. The state is not able to ensure the improvement of the material welfare of the country's population only by budget and the provision of social care. Greater effect can be achieved by creating conditions for the free development of business activity among wide part of the population. Now the state is implementing a helping program to citizens, who have decided to engage in small business. It will solve the problem of employment and the creation of jobs. It will lead to increase in income and welfare of people.

The «Concept of the long-term socio-economic development of the Russian Federation for the period up to 2020», approved by Decree of the Government of the Russian Federation of November 17, 2008 No. 1662 is aimed at ensuring a steady increase in the living standard of the population, including the material welfare [49, p. 20]. The concept also provides for high rates of economic growth, reduction of social inequality, further approval of the economic and political role of the country in the world community.

Taking into account the set of tasks in the President's message to the Federal Assembly of the Russian Federation of February 20, 2019, the main areas of work in the social sphere will be measures to increase wages and employment [3, p. 15]. These activities will solve such problems as the increase in the material welfare of the population, reduction of poverty, and ensuring the availability of basic social services.

The goals of the concept of socio-economic development of Russia aimed at improving the material welfare of the population:

- increase of the living standard of the population, reduction of poverty and inequality in money incomes of the population;
- satisfaction of needs for social services and social care;
- ensuring productive employment and good working conditions;
- reproduction and development of the labor resources.

The program of socio-economic development is the creation of conditions for productive work and high employment; improving the social care of poor groups of the population, the level and quality of life through increasing incomes of the population.

Only sustainable economic growth, a reduction in the rate of inflation, and a balanced tax policy will ensure an increase in the material welfare of the population, a reduction in poverty and inequality in the money incomes. The achievement of this goal of

the socio-economic program also depends on the full allocation of budget funds for the implementation of different programs.

An effective method of the state regulation of household income is the establishment of the minimum wage, which depends on the cost of the minimum set of goods and services, which will allow the employee to ensure the reproduction of labor force. The minimum wage, which is associated with the subsistence minimum, is the basis for building a pay system.

To compensate for the rise in prices will allow periodic revision of the size of the minimum wage during the inflation. Payments must not be delayed to reduce inflation.

Another effective method for regulation of absolute amounts of income is their indexation due to rising prices for goods, tariffs for services. The indexation of income is one of the main forms of social care of the population during the inflation. It aimed at maintaining and restoring the purchasing power of the revenues that were received. It is especially important to index the incomes of poor people (low-income workers, pensioners, disabled persons, and people with fixed wages).

First of all, the no one-off profits of citizens are subject for indexation. These include wages and salaries, pensions and allowances, scholarships, the amount of compensation for damage received due to employment duties.

Indexation is not subject for money income of the population from property, which are formed in conditions of free market pricing and don't need additional protection. This includes income from the rental of property, stocks, business and other activities.

A significant role in the regulation of population income is played by the state taxation system. It is like a mechanism for regulating wages and other types of labor incomes of citizens. Therefore, it is of great importance to implement a tax policy in the direction of influencing the differentiation and size of incomes and payments for labor and also the implementation of progressive taxation of high incomes. It is possible to overcome excessive differentiation with help of progressive taxation, through the state regulation of incomes.

For the growth of wages of Russians should be provided:

- the establishment of a direct correlation of wage increases from indicators of production efficiency, quality and labor productivity;
- overcoming some rights of business entity in the choice of forms and systems of wages;

- the creation of economic prerequisites for the legalization of all labor incomes;
- the growth of income from business activities.

The growth of the level of all types of income of the population is also influenced by the size of pensions. The main tasks in the field of pension maintenance are the financial sustainability of the pension system and the growth of pensions, taking into account the increase of the living standards. To solve these problems, it is necessary:

- to maintain a real level of pensions, which connected with the growth of real wages, changes in the cost of living and the possibilities of the economy;
- to determine the minimum state pension guarantees at a level that provides for increasing economic security among the senior citizens and disabled persons;
- to increase the efficiency of state pension expenditures, including the implementation of pension reforms, which is focused on increasing the dependence of the size of pensions on personal participation in the financing of the pension system;
- to promote the development of programs of additional pension insurance funds and to involve employers and employees in active participation in it.

The implementation of these tasks will contribute to the financial stability of the national pension system, as well as provide an opportunity for employees to generate income for the pension period corresponding to their expectations.

Any progressive society should provide all citizens with the opportunity to receive important social services provided by social institutions. The concept provides for work to reorient the activities of the system of social protection authorities and municipal entities, primarily to provide assistance to poor people. Information technologies and effective methods of social care and assistance to poor families will be developed and implemented.

In the conditions of market relations, priority support for state should be provided to citizens, who cannot provide the necessary income themselves or who are in a difficult life situation due to their socio-economic position. The support program to poor families should be comprehensive and include a combination of financial assistance provided to them with measures for social integration and increasing competitiveness in the labor market. This task can be solved by closely coordinating the activities of social protection authorities with employment agencies on the basis of joint planning and implementation of social programs and the use of common databases about poor households.

It is proposed to pay special attention to ensuring the effective interaction of social protection authorities and employment agencies with non-governmental organizations,

whose activities are aimed at providing assistance to people, who need it. An important task is to ensure the development of public partnership mechanisms that will allow to pool funds from the state and philanthropists, as well as attract non-governmental organizations to jointly develop and implement poverty reduction programs.

Improving the efficiency of social care of the population will provide:

- strengthening social protection for families in connection with the birth of children and childrearing by increasing the amount of child care allowance;
- improving the targeting of social care;
- introduction of new social technologies and increasing the availability of social services;
- creating conditions for labor and social rehabilitation of disabled persons.

The increase in the material welfare of the population is largely connected with the situation in the labor market and employment of the population.

To reduce unemployment, the state should:

- to pursue a balanced investment and tax policy that stimulates fuller use of existing jobs and the development of small enterprises; to make capital investments in various industries; to introduce incentive systems that will develop business activities;
- to change the structure of the demand for labor by preserving the existing and creating new workplaces; to regulate the proposals and improving the quality of the labor force through its professional training and retraining; to move and employ economically active population;
- to ensure social care and material support of citizens, who don't have a job.

In order to implement the employment policy in the Russian Federation, programs are being developed and implemented for the creation of new jobs in the state and non-state sectors of the economy. This will help to reduce unemployment.

The leading role in the regulation of the labor market belongs to the employment service. The main areas of its activity are: provision of employment; quoting jobs for poorly protected categories of citizens; organization of seasonal or public works; vocational training for workers; payment of unemployment compensation.

Employment of economically active population left is also occupied by Unemployment Benefit Offices, whose functions include: the research of labor market; determining which specialists are most popular at present time; which changes in the labor market are possible in the future.

The labor market regulation in Russia is carried out at the federal and regional levels. Regional labor markets have different socio-economic position and local specific features.

There are following problems in the provision of employment, which need to be solved at the state level:

- the presence of a significant number of informally employed citizens, the absence of an economically justified dependence of the employee's income from his labor contribution;

- the reduction of the labor potential of qualified personnel due to the reduction of production in the military and agricultural complexes, agricultural engineering, science and scientific services;

- the decline in the demand for labor force;

- slow growth of new workplaces, especially in manufacturing industries;

- lack of investment in new technologies;

- the state education system is slowly restructuring, employers aren't interested in retraining staff;

- the mobility of labor force is limited by the insufficient housing market and low incomes of the population;

- public authorities don't always exercise proper control over the compliance of employers with labor laws;

- there are some difficulties in the employment of certain socio-demographic groups of the population (disabled persons, single mothers, pensioners and so on).

So, it is possible to identify the following priority areas of the labor market regulation:

- ensuring the availability of services in the field of promoting employment and protection against unemployment, labor migration, employment of unemployed citizens;

- their training or retraining for modern industries;

- material support for unemployed and disabled persons.

The following recommendations may be given as suggestions for improving the material welfare of the Russian population:

1. To ensure an increase in the minimum wage and subsistence minimum.

2. To ensure the growth of the level and quality of life through increasing incomes of the population.

3. To achieve reduction of differentiation in money incomes between groups of the population, and between regions.

4. To increase the size of social transfers (pensions, benefits, scholarships) in order to increase incomes and enhance social care of some groups of the population.

5. Tighten state control over the regulation of prices for vital goods and services.

6. To ensure faster growth of wages and other types of income in comparison with the increase in consumer prices.

7. Providing employment and reducing unemployment, creating conditions for productive work and employment.

6 CONCLUSIONS

Nowadays, attitude to a person changes, in the conditions of the introduction of high technologies and the transformation of knowledge into the main driving force. The main idea of a many modern concepts: the person is not only a resource for economic growth, but he is also a goal of economic growth. A satisfaction of different human needs becomes the goal of production and the condition for further social development.

The concept of the material welfare is becoming more complex, as a result of the evolution of scientific views. In the beginning the welfare theory had a narrowly economic understanding of this category, as only the material welfare of people (provision of person with essentials, non-essential goods). Then this theory passed from the total consumption of goods to its structure, later it passed from the material goods to the spiritual goods.

At the present time, this theory has included such elements of human life as health, cultural and professional development, recreation and communication, the environment and so on. But, the material welfare is one of the main elements of the theory of welfare.

We consider the material welfare of the population as a socio-economic category, which includes the development of people's needs, the ways to satisfy them. The material welfare of the population is associated with the existence of necessary goods (quality of food, clothing, and comfort and quality home) and ways to satisfy the needs.

The material welfare of the population is associated with the satisfaction of person needs, which are associated with the biological functions of the human body.

Satisfying the main needs at a basic level can be considered as a necessary condition for the formation of all other needs, for example, the needs for creative self-realization, manifestation of one's own abilities and accumulated personal potential. It is the basis for the full, comprehensive, and harmonious development of a person, the formation of an individual as a person, who has spiritual and cultural inquiries, and also moral and social responsibilities.

The welfare of the population is formed as a result of the realization of the available resources to each person in the labor process, in the conditions of social life. This process is quite dynamic, because the structure and value of needs don't remain constant, as well as the objective conditions for creating goods. They change under the influence of a variety of facts and conditions, which have a different nature and degree of impact.

The economic conditions play an important role in formation the material welfare. These conditions depend on how and in which volume the social product will be produced,

how it will be distributed in society. One of the most important conditions for the formation of the welfare is the presence of economic freedom, opportunities for initiative.

Market reforms in the Russian Federation were accompanied by different consequences for the material welfare of the population. Market reforms led to the emergence of new sources of finances (property income and business). However, these sources were available for a limited part of the population.

Analysis of the socio-economic development of the Russian Federation in the 1990s shows that a number of factors led to a reorientation of household business activity towards the maintenance of personal subsidiary farming and informal work. These are factors such as the limited social and economic conditions for the realization of human potential, unemployment rising, restrictions on the availability of consumer goods, reducing the guarantees of free education and health care. New official and unofficial sources of finances compensated the social costs of market reforms. This provided an opportunity to receive about 35-50% of income, and also it was a way of social and economic adaptation of the population to new market conditions.

If further growth in real incomes doesn't ensure the full satisfaction of household needs, such a reorientation of the business activity of the population will acquire stable forms. There may be a situation, where poverty is the cause of informal relationships. Such situation gives to these relationships a high stability, because it is beneficial for workers and employers. But the relationships themselves also reproduce poverty.

Nowadays in the Russian Federation, the condition for solving a such problem becomes not only the growth of the national economy and poverty reduction, but also ensuring the quality of economic growth by creating conditions for human development, which will increase the level of material welfare of the population.

The economic situation is accompanied by positive changes that are associated with a reduction of poverty, an increase in employment and real incomes of the population, as the analysis of the modern economic growth in the Russian Federation shows. However, the economic growth is also characterized by a further increase in income and property differentiation in society, the preservation of high levels of informal employment.

In modern Russia the increasing of the participation of the state in formation of the material welfare of the population becomes more relevant. The state gives an opportunity to each member of society to use the advantages of the market and economic freedom in the formation of material welfare.

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8 LIST OF TABLES AND FIGURES

Tables

Table 1	The unemployment rate in the Russian Federation	p. 38
Table 2	The amount of money incomes of Russians and their structure in 2000-2017	p. 56
Table 3	Average income of the population in 2000-2017	p. 57
Table 4	Real disposable income of the population in 2000-2017	p. 58
Table 5	Average nominal wage paid of employees of organizations in 2000-2017	p. 59
Table 6	The average monthly real wage of employees (including the consumer price index) in 2000-2017.	p. 60
Table 7	Number of pensioners in the Russian Federation in 2000-2017	p. 62
Table 8	Population size in the Russian Federation and it's natural growth in 2000-2017	p.63
Table 9	The ratio of the average size of pensions to the subsistence minimum in Russia	p. 64
Table 10	The average size of pensions in Russia in 2000-2017	p. 65
Table 11	Money expenditures and savings in Russia	p. 67
Table 12	The subsistence minimum per capita in the Russian Federation	p. 68
Table 13	Russian Federation's population with money incomes below the subsistence minimum	p. 69
Table 14	Household expenditures in Russia in 2017	p. 70
Table 15	The size and structure of the labor force in the Russian Federation	p. 73
Table 16	The labor force participation rate, the level of employment and the unemployment rate of the population	p. 74
Table 17	The number of unemployed in Russia	p. 75

Figures

Figure 1	The amount of money incomes of Russians and their structure in 2000-2017	p.57
Figure 2	Average income of the population for the period of 2000-2017	p. 58
Figure 3	Real disposable income of the Russian Federation's population	p. 59
Figure 4	Average nominal wage paid of employees of organizations	p. 60
Figure 5	The average monthly real wage (including the consumer price index)	p. 61

Figure 6	Number of pensioners in Russia	p. 62
Figure 7	Total population of Russia	p. 63
Figure 8	Natural population growth in the Russian Federation	p. 64
Figure 9	The ratio of the average size of pensions to the subsistence minimum	p. 65
Figure 10	The average size of pensions	p. 66
Figure 11	Money expenditures and savings	p. 67
Figure 12	The subsistence minimum per capita	p. 68
Figure 13	The population with money incomes below the subsistence minimum	p. 69
Figure 14	Consumer expenditure in Russia in 2017	p. 70
Figure 15	The average annual volume of employment in Russia	p. 71
Figure 16	The average number of unemployed in Russia	p. 72
Figure 17	The number of unemployed registered at the Unemployment Benefit Office	p. 73

9 APPEDECIES

Appendix 1 - The structure of household consumption expenditure

	2005	2010	2013	2014	2015	2016	2017
Total consumer expenditure:	100	100	100	100	100	100	100
Food expenses:	33.2	29.6	27.7	28.4	32.1	32.3	31.2
bread	5.6	4.5	4.2	4.3	4.9	4.9	4.8
potatoes	0.5	0.5	0.4	0.4	0.4	0.4	0.4
vegetables	2	2.1	1.8	2	2.2	2.2	2.2
fruits and berries	2	2.1	2	2	2.3	2.3	2.2
meat	10.1	8.8	8.2	8.5	9.3	9.2	8.8
fish	2	1,8	1,8	1,9	2	2.1	2.1
milk and dairy products	4.6	4.4	4.3	4.6	5.2	5.3	5.2
sugar and pastry	2.3	2.1	1.8	1.7	2.1	2.1	1.9
eggs	0.6	0.4	0.4	0.4	0.5	0.5	0.5
oil and other fats	0.7	0.5	0.5	0.4	0.5	0.5	0.5
tea, coffee, soft drinks and other products	2.8	2.4	2.3	2.2	2.7	2.8	2.6
food expenses outside the house	2.9	3.3	3.5	3.4	3.3	3.2	3.1
alcohol	1.9	1.7	1.7	1.7	1.8	1.7	1.6
non-food expenses:	38.5	38.7	40.8	40.1	36.4	35.5	37.1
clothes, shoes	10.5	10.6	9.4	8.7	9	9	8.6
television and radio equipment and so on	5.2	3.5	3.3	3.3	2.8	2.6	2.6
transport	6.7	8.1	10.2	10.4	6.8	5.3	8.1
goods for household, furniture	6.3	5.3	5.6	5.2	4.5	4.9	4.3
constructional materials	1.9	1.4	1.3	1	1	1	1
fuel	2.1	2.9	3.8	4	4.4	4.5	4.5
tobacco	0.8	0.8	0.9	1.1	1.2	1.3	1.3
hygiene items, medical products, etc.	3.9	4.5	4.8	4.7	5	5.2	5.1
other non-food goods	1.1	1.6	1.5	1.7	1.7	1.7	1.7
service costs	23.5	23.6	26.3	26.4	26.4	27.3	27
housing and public utilities:	8.3	9.2	8.8	8.9	9.5	10.1	9.6
housing	1.4	1.2	1.4	1.5	1.6	1.6	1.6

electricity	1	1.2	1.3	1.3	1.4	1.4	1.4
gas	0.7	0.9	0.9	0.9	1	1	0.9
central heating	1.9	2.2	2	2	2.1	2.2	2.2
other utilities	3.3	3.7	3.2	3.2	3.4	3.9	3.5
consumer services (repair):	2.8	3.1	3	2.8	3	3.2	3.2
clothes, shoes	0.2	0.1	0.1	0.1	0.1	0.1	0.1
transport vehicles	0.5	0.8	0.7	0.7	0.8	0.9	0.8
flats, houses and other buildings	1	0.6	0.4	0.4	0.3	0.2	0.3
culture	2.1	2.8	3.6	3.6	3.6	3.6	3.9
education	2.2	1.7	1.6	1.6	1.5	1.4	1.4
preschool education	0.2	0.1	0.1	0.1	0.5	0.4	0.4
medical services	1	1.3	1.4	1.4	1.4	1.3	1.4
health resort institution	0.4	0.5	0.4	0.4	0.4	0.5	0.6
legal services	0.1	0.1	0.1	0	0	0.1	0.1
passenger transport	2.9	3.1	2.7	2.6	2.3	2.4	2
mobile communication	2.7	3.3	2.9	2.8	2.8	2.7	2
other services	1	1.6	1.9	2.3	1.9	2	2