

Tools of the Government Policy in the Area of Controlling Poverty for the Purpose of Sustainable Development

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Abstract. Overcoming poverty and consequences of inequality is required because poverty and inequality play a far more destructive role for modern economy than before. Eradicating poverty is one of the aims of our planet's sustainable development declared by the UN in 2015. In this study, the subject of eradicating poverty in all its forms and dimensions has been researched as a path of the government policy of various countries. Statistics and government support measures as well as social security for underprivileged sectors of the public have been reviewed; an analysis of the government measures aimed at rooting out squalor in Russia, Canada and Kazakhstan has been made.

Introduction

Bringing poverty under control is one of the world's most important issues, and it is proposed that the private sector plays a pivotal role in creating scenarios of economic growth, employment and purchasing necessary to significantly control poverty. Poverty is intimately connected with many negative measurable aspects of the living standards, and therefore controlling poverty may have a positive effect on the lives of millions of people all over the world.

First introduced in 1990, the dollar a day poverty line measured absolute poverty by the standards of the world's poorest countries. The World Bank defined the new international poverty line as \$1.25 a day in 2008 for 2005 (equivalent to \$1.00 a day in 1996 US prices). In October 2015, they reset it to \$1.90 a day [1]. In the European Union, the "relative poverty measure is the most prominent and most-quoted of the EU social inclusion indicators"[1].

The highest absolute poverty, according to the UN data for 2004, based on the established national border, was observed in Madagascar—71.3 %, Sierra Leone—70.2 %, Mozambique—69.4 %. If one assumes 1 dollar a day to be the poverty line (such indicator is used by the UN for developing countries), then the highest poverty, according to the 2005 data, is found in Nigeria (70.8 %), Central African Republic (66.6 %) and Zambia (63.8 %) [2].

Eradication of the poverty problem is one of the most crucial tasks faced by the global community. This is a complex multi-faceted problem which is rooted both in the national and international sphere. The UN has elaborated a number of fundamental documents which map out the general global strategy for combating poverty. United Nations Development Programme (UNDP) offers aid to developing countries and to create conditions for fostering entrepreneurship among the poor population. The 2030 Agenda includes 17 sustainable development goals where the first goal is related to combating poverty [4-5].

Eliminating squalor and combating against poverty is one of the most burning issues which

confronts many countries. Let us now consider the tools of the government policy in this area in some countries of the world.

Methods

Under present day conditions, overcoming poverty is the most critical challenge faced by many countries. The optimal policy aimed at controlling poverty must be shaped subject to all the factors, which influence the spread of poverty as well as use the most effective tools aimed to prevent overstepping the poverty line and to provide direct aid to the population who have found themselves under dire financial straits. At the same time, in many respects, such issues remain outstanding as the scale at which poverty is spread and common as well as its regional peculiarities. At the same time, it is important to understand that bringing poverty under control has ceased to be the government's exclusive responsibility. Public control mechanisms and formation of the civil society also create the foundation for developing mechanisms for control of poverty, which are independent of the government. With the advent of social states, the constitutions of many countries enshrine elements of active state social policy directed at guaranteeing their citizens the core social rights such as the right to education, housing, employment and decent remuneration for work, health protection and social security, etc. and, generally, the right to a decent level of well-being. Therefore, formulation and implementation of effective government policy aimed at prevention and control of poverty are on the top priorities list for all the countries.

Analysis of the factors and root causes of poverty pinpoint three avenues of approach which underlie the government policy aimed at preventing poverty:

- 1) shaping the conditions under which enough pay is provided to the population with jobs not to let them end up in an impoverished condition;
- 2) putting in place an efficient system for providing aid to socially vulnerable groups of the general public, i.e. pensioners, handicapped persons, families with a large number of dependents, migrants, refugees, etc.;
- 3) avoiding discrimination of the poor when benefiting from free and/or subsidized social services [6].

When pursuing the above mentioned avenues to preclude increase in the number of the impoverished population, there are certain rules that ought to be stuck to.

Let us have a look at them. Firstly, it is required that all the government reforms be audited for assessment of regulatory effect, i.e. to assess their social consequences. In a situation where such reforms lead to deterioration of well-being for the socially vulnerable strata of the population, the government should be allowed to go ahead with them only given that social compensations are granted.

Secondly, it is necessary that the population at their work capable age are provided with the conditions allowing them to pull themselves out of poverty on their own. We have to isolate four activities on which efforts need to be concentrated to allow better access for the poor to the resources enabling them to pull themselves out of poverty on their own and not to be below the poverty line: institutional regulation of the labor market, assisting in employment, welfare for the unemployed, pay for work. Classified as measures of institutional regulation of employment at the current stage can be, primarily, rendering more specific the mechanisms for implementation in practice of the legal norms on labor, incorporating establishment of the prerequisites, incentives and control methods to enhance their efficiency. It is required that accountability be increased of both the employers for violations of the labor law norms and the government authorities for poor quality and untimely elimination of the employees' labor rights infringements. Another essential feature is change in the concept of the social support for the unemployed and raising the quality of oversight over compliance with the labor law by the employers. Within the framework of the second avenue of approach, poverty control can be exercised by creating new jobs in the labor intensive sectors of the economy which do not call for huge investment resources [6]. Active policy targeted at adapting all the categories of the unemployed to the labor market requirements is the key strategic tool in the government policy tool box in the employment area. Under the current conditions, one should be

rational in selecting the active employment program tools. One of the focuses should be on securing employment for the young people who have not obtained necessary qualifications and who are entering the labor market for the first time.

Thirdly, a set of measures are required to reduce illicit forms of work compensation addressed both to employers who tend to under-report their payroll fund to evade taxation, and top managers who resort to "black" schemes for distribution of payroll in their favor and the employees who are interested in legalizing their earnings for purposes of increasing their future pensions with access to mortgages and consumer credit facilities.

Therefore, based on identification of the government policy factors in the area of overcoming poverty, a package of specific measures has been proposed along the following lines: putting in place the conditions conducive to providing the population who hold jobs with sufficient income to avoid ending up in an impoverished condition, constructing an efficient system for providing aid to socially vulnerable groups of the general public, precluding discrimination of the poor when benefiting from free and/or subsidized social services.

Results

Government policy in the area of combating poverty in Russia. Poverty in Russia is one of the most severe in the world. This is attributable to the fact that an ordinary Russian has to fork over a huge amount out of the survival minimum towards paying for utilities and heat conservation systems. In most other countries where the climate is warmer, expenditures on heating and thermal insulation are less. Low temperatures make it necessary to eat more nourishing food. Another adverse factor is low quality food and medical care. Left without a home, a person risks dying from cold and infectious diseases. The situation is compounded by periodically flaring up waves of inflations.

According to the Russian statistics agency, the number of people with incomes below the survival minimum level is 20.3 mn. people. This accounts for approximately 15 percent of the total Russian population. These are mainly working citizens with a low level of pay. The majority of pensioners are recipients of a higher bare survival minimum, hence their proportion of the number of the officially recognized destitute is not high making up 16.7 %. Approximately 5.3 mn. pensioners are beneficiaries of add-on extras [7].

In the Russian Federation, high level of absolute poverty had been holding during the 1990-s and did not start to improve until the year 2000. During this period, the government's economic policy was aimed at expediting development and implementation of a broad program of institutional action plans, including those aimed at controlling poverty. In 2004, the government identified the key vectors in their work. The first vector being a sharp rise in economic growth and people's quality of life. The second vector being to set up a pool of decisions aimed at overcoming poverty and improving the pension system, which involved step-by-step increase in salaries for publicly funded professions, reduction in the uniform social tax (UST), gradually aligning the minimum amount of wages and salaries with the survival minimum [8].

At the present time, the Russian government has identified eight regions in this country where, effective December 1-st 2018, a pilot project got underway whose aim is to bring poverty under control. In the subjects or regions of the Russian Federation, families are identified who barely survive below the poverty line. For them, a special trajectory for lifting them out of destitution is being developed. [9]. The key purpose of the project is to make an analysis and to ascertain the root causes of poverty. However, the tools of government policy in the area of controlling poverty do not change: improvement on macroeconomic policy and ensuring economic growth; development of social policy; balanced out regional policy; expansion and deepening of participation process; developing and designing the monitoring system [8].

Controlling poverty in Canada. It is common knowledge that Canada is among the world's largest and prosperous countries, however it, just as other countries, also has property control issues.

The Canadian government fulfilled their priority task aimed at controlling poverty three years

before the due date. Between 2015 and 2017, the poverty level decreased by more than 20% to 9.5%. Having attained this target, Canada finds itself at the lowest poverty level in her history. The Canadian government is committed to reducing the poverty scale by 50% by the year 2030. Owing to such programs as the Canadian children’s benefit and increase in the volume for replenishment of guaranteed income, in 2017, there were 825 000 fewer Canadians in poverty than there were in 2015 [10].

Since 2015, the Canadian government has invested vast funds in children, senior citizens, employees with low wages and salaries as well as other vulnerable Canadians. These investments exercise direct influence on control of poverty and bring change to the lives of Canadians. It is expected that more and more Canadians will lift themselves out of poverty, as consequences of these investments will start to make themselves felt in the next few years.

Table 1. Government investments in support of controlling poverty in Canada.

No.	Description of investments	Breakdown
1	Canadian child’s benefit	Taxable benefit which provides support in countries with families with low and medium level of income in order to help with costs incurred in the upbringing of the children.
2	Canadian employees’ benefit	Working tax on profit, rebated credit tax which helps add to the revenues of the employees with a low level of income.
3	Increase up to guaranteed income from account replenishment	Increase up to replenishment of Guaranteed income helps improve financial security of almost 900 000 vulnerable senior citizens
4	National housing strategy	Canadian National Housing Strategy is a 10 year plan worth more than USD 55 bn, which enables residents to rid 530 000 families of the housing need.

Source: <https://www.canada.ca/en/employment-social-development/campaigns/poverty-reduction.html>

It is noteworthy that the Canadian Government is focused on growth which benefits all the Canadians, and on the investments which facilitate growth of the middle class and control of poverty. Since 2015, USD 22 bn has been invested and by 2019, nearly 650 000 Canadians will have been pulled out of poverty.

Government policy in the area of combating poverty in Kazakhstan. After winning independence in 1991, the Republic of Kazakhstan had to tackle huge economic problems between 1990 and 1997. The Republic of Kazakhstan, as a result of such efforts, succeeded in overcoming many a challenge, revised the economy and achieved the strongest economic growth (2000-2014). To grapple with this problem, the “Program for Control of Poverty in the Republic of Kazakhstan for 2003–2005” was of decisive importance which spearheaded combat against destitution as well as international efforts in support of the national efforts and a parallel process of creating favorable international conditions [11].

Under the state program “Employment-2020”, the level of poverty in the Kazakhstan is expected to go down from 8.2 to 6% [12]. The proportion of the population that has income lower than the cost of the food basket depending on the type of the location for 2010 – 2015 is set out in table 2.

Table 2. Proportion of the population that have income below the cost of the food basket depending on the type of the location for 2010–2015 (%).

Description	2010	2011	2012	2013	2014	2015
Republic of Kazakhstan	0.4	0.5	0.2	0.1	0.1	0.1
urban	0.3	0.2	0.1	0.0	0.1	0.0
rural	0.6	0.9	0.3	0.2	0.1	0.2

Source: http://www.akorda.kz/ru/speeches/internal_political_affairs/in_speeches_and_addresses/vystuplenie-prezidenta-respubliki-kazakhstan-n-a-nazarbaeva-na-sezde-zhenshchin-kazakhstana-05-03-2011g_13407169

Strategy “Kazakhstan-2050” is a new political course steered by the state which has asserted itself (2013) has determined the principles of the social policy such as guarantees of minimum social standards for citizens, the government’s aspiration not to allow poverty to grow under the conditions of global crisis as well as unqualified rejection of certain persons’ tendency to live off others [12].

Summary

Poverty is not only related to income but also hinders a person’s development and fully fledged participation in societal life. Governments of many countries help their population and enterprises to improve their productivity, by creating an environment in which every human has access to economic opportunities, create conditions which are instrumental in more productive distribution of resources and improvement of access as well as the standards for provision of the basic services, - high quality public health and education improve the citizens’ ability and potential to change the society for the better [13].

The government policy aimed at controlling the poverty level depends, primarily, on the achieved level of the country’s socio-economic development and the degree of inequality of resources distribution. The governments of the developing countries link anti-poverty strategies with overall development plans (for example, laying emphasis on universal programs), whereas the governments of the developed countries support independent strategies for poverty control, while giving priority to target dedication.

Regional policy should be considered to be the main vectors of the government policy for poverty control while the organizational institutional as well as informational and consultative form should be considered as its forms.

In the long term prospective programs of many countries, an important activity is development of “green economy” and development of informational society which, in the final analysis, help control poverty and provide equal opportunities and inclusiveness irrespective of domicile [8].

Political view of poverty control should facilitate the discussion of efficiency and limitations of the existing poverty control strategies. Analysis of poverty requires thorough investigation of influence exerted by economic and social policy on the destitute and other vulnerable social groups. Timely analysis of poverty and social impact serves as a tool for assessment of both economic and social impact of the reforms on different social groups and population groups.

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