

# The problem of inequality in the context of sustainable development

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**Abstract.** Inequality refers to the disparities within a population in terms of living conditions and the opportunities available for individuals to realize their potential. Inequality results in a portion of the population being deprived of the fundamental right to a decent standard of living. The issue of inequality is closely intertwined with the concept of social justice. Throughout the history of societies, social justice has consistently been associated with the idea of equality. At its core, equality encompasses essential principles such as the right to life, freedom, and the pursuit of happiness. This concept of equality also extends to the notion of equal opportunities. It implies that artificial barriers should not impede individuals from attaining positions in society that align with their abilities and aspirations, guided by their core principles. Furthermore, equality includes the concept of equal outcomes through fair and equitable distribution, ensuring that everyone receives their fair share of resources and opportunities.

## 1 Introduction

In 2020, the funding for the state program for the integrated development of rural areas (2020-2025) was around 50% of the planned level outlined in the program's documentation. The primary objectives of this state program include maintaining the rural population's share in the total population of Russia at a minimum of 25.3%, achieving a ratio of average monthly disposable income between rural and urban households to 80%, and increasing the proportion of comfortable residential housing in rural areas to 50%. These goals cannot be realized without full financial support and the concentration of resources and responsibilities for the program's implementation within the Ministry of Agriculture [1].

The underlying cause of the low material security of households and excessive material income inequality among the population is the significant disparity in the primary source of income, which is wages. The wage gap among different types of economic activities was 3.5 times in 2018. In certain industries, such as "Mining" and "Financial and insurance activities," the average salaries of employees were approximately twice the national average for 2018 (43,724 rubles), although the workforce in these industries was relatively

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small. In contrast, in many other sectors, like "Education" and "Activities in the field of healthcare and social services," the average salaries of employees were below the national average. However, the number of employees in these lower-paying sectors was significantly higher.

This unequal distribution of wages across industries resulted in significant disparities in the level of absolute and relative monetary poverty among the working population. In most of these sectors, the average wage was insufficient to achieve a basic standard of well-being for a one-child family with two workers, and in some cases, even for a two-child family with two workers. As more than 90% of workers in Russia rely on wages as their primary income source, addressing this issue requires substantial changes in government policy to increase real wages, ultimately reducing household poverty and excessive economic inequality.

To address this problem, it is suggested that a new national project (or program) be developed in three parts, collectively titled "Increasing Real Incomes of the Population, Reducing Poverty, and Mitigating Excessive Inequality." This approach acknowledges the close connection between addressing poverty and income inequality and offers a comprehensive solution to these intertwined challenges.

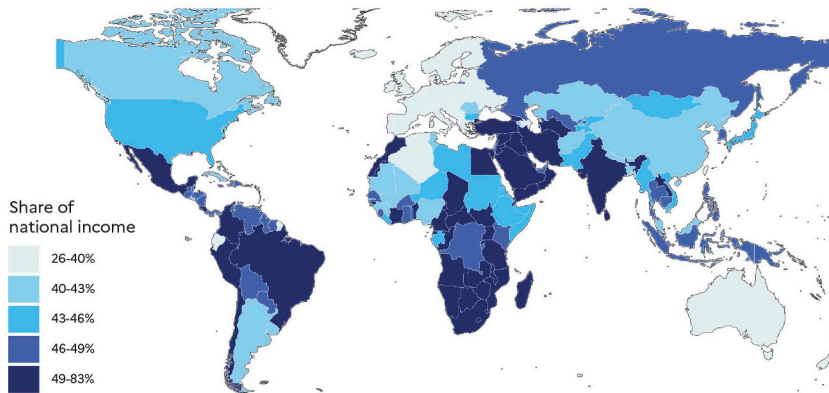
## **2 Research methodology**

A comprehensive analysis reveals that both Russian and foreign scholars employ various concepts and analogies from related fields of knowledge, such as sociology, philosophy, and economic geography, when discussing inequality as an objective process and category in economic science. These terms include "inequality," "regional inequality," "spatial inequality," "asymmetry," "economic stratification," "economic divergence," "stratification," "regional stratification," "differentiation," "socio-economic inequality," "income inequality," and "normal and excess inequality," among others [2].

For instance, the term "asymmetry" is sometimes used, although it primarily refers to the absence or violation of symmetry, making it more of an epithet in the context of regional inequality. "Divergence" is another term, which is related to the dynamics of market relationships and is suitable for describing processes that indicate significantly different trends in socio-economic development among regions, signifying an increase in interregional inequality.

The term "differentiation" is frequently used in the context of regional inequality and pertains to the distinction and analysis of separate, specific elements when examining something, as well as differences in the levels of monetary income among various layers and groups of the population or the degree of uneven distribution of income among different population groups.

In essence, researchers rely on these terms to describe the division of the population into groups based on their standard of living or the processes of differentiation in regions concerning socio-economic criteria.



**Fig. 1.** The world map of inequality.

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### 3 Results and Discussions

The world's population will reach 8 billion in 2022, but progress towards achieving the Sustainable Development Goals on poverty reduction, employment, health, education and other areas has not only stalled, but has been reversed [4]. The planetary triple crisis of climate change, loss of natural ecosystems and biodiversity, and pollution and waste threatens all forms of life and disproportionately affects poor people. The COVID-19 pandemic and the global food and energy crises, exacerbated by the war in Ukraine, are further stalling progress on development goals. Women and other vulnerable groups bear the brunt of the impact: the number of women now living in extreme poverty has risen by a staggering 15 million. The complex links between population growth, the urban-rural divide, poverty and climate change highlight the urgent need to urgently renew our commitment to realizing the global vision of sustainable development. One of the primary functions of the state is to ensure the production and equitable distribution of public goods,

while pursuing specific social development goals [5]. The effectiveness of achieving these goals depends on the rational allocation of resources across various economic sectors and the fair distribution of labor results, income, and social benefits within society. The parameters of this distribution can vary depending on social and historical factors.

It is crucial that the wealthier segment of society, due to their greater resources, bears more responsibility for their actions. This should be reflected in contributing a larger share of their income for redistribution. The reason behind progressive taxation of income and property is not merely fiscal or administrative; it has deep philosophical and political foundations. The provision of public goods by the state in a centralized manner reduces costs and makes redistribution advantageous even for the wealthier part of society. When individuals provide these services individually, it is often more costly than making payments to the state, which then provides the same benefits to everyone.

Interestingly, the wealthier segment of society often opposes progressive taxation of income and property, often due to a lack of trust in the government's effectiveness. Arguments that the state cannot effectively collect these taxes from the wealthy do not hold up to scrutiny in today's digitally advanced tax collection systems [6]. Additionally, collecting significant taxes can transform the taxpayers' stance from a negative one ("we do not pay taxes to the state and do not demand anything from it") to a positive one ("we pay taxes and should receive benefits for them"), which can be a significant factor in social development.

In the modern context, progressive taxation should encompass both property (possibly in the form of "luxury taxes," as suggested by President V.V. Putin in 2012) and inheritance. However, it's important to exclude modest inheritances, like a single home and reasonable savings, from taxation to ensure that no more than 10% of the population is affected. Some forms of such taxation have already been implemented, like taxing cars based on their engine power.

The scale of redistribution should guarantee citizens access to essential social benefits, primarily in the realm of human capital development, with education and healthcare being the most vital components. These sectors should be approached as essential public services, not profit-driven businesses or sources of budget revenue [7]. Rigorous non-market quality control should be enforced, given that students and patients are generally incapable of improving the quality of education and healthcare services. Special attention should be directed towards the education of younger generations to break the cycle of poverty.

One of the most significant challenges of poverty is the degradation of the individual, often expressed as "learned helplessness." People become accustomed to passivity, fear change, and even suppress those who offer new opportunities. To address this, the state should establish "social elevators," including mechanisms for identifying and nurturing various talents, and actively promote them among the youth, leveraging diverse youth subcultures.

Presently, the state possesses substantial financial resources to address a broad range of fundamental social issues. These funds can facilitate comprehensive modernization of the country while establishing a robust social protection system. One of the fundamental roles of the state is to ensure the production and equitable distribution of public goods. Simultaneously, the primary objective of the state is to attain predefined societal development goals. The efficiency of this endeavor is contingent on the judicious allocation of resources in various economic sectors, as well as a just distribution of the outcomes of labor, income, social benefits, and more within society. The specific parameters of this distribution can fluctuate depending on social norms and specific historical contexts.

It is of paramount importance that the affluent segment of society, owing to their greater resources, bears a heightened responsibility for their actions, which should manifest through a more substantial contribution of their income towards redistribution. This is

because pronounced wealth inequality can impede the economic progress of the state, as the wealthy often demand exclusive goods and services that do not benefit the broader population's economic interests. Hence, progressive taxation of income and property is driven not just by fiscal and administrative reasons but deeply rooted philosophical and political ones.

The centralized provision of public goods by the state offers cost efficiencies and renders redistribution beneficial even for the wealthier segment of society, as individual provisioning of equivalent goods tends to be costlier. Nevertheless, the affluent portion of society typically opposes progressive taxation of income and property, primarily due to doubts about the state's effectiveness [8]. Arguments suggesting that the state will be unable to collect such taxes from wealthy individuals in the near future are not compelling. Given the current state of digital tax collection, this is more a political challenge than a technical one. Moreover, imposing substantial taxes can shift the current negative stance of taxpayers ("we do not pay taxes to the state and do not demand anything from it") to a positive one ("we pay taxes and should receive benefits in return"), which can become a pivotal factor in social development.

In contemporary conditions, progressive taxation should extend to both property, potentially in the form of specific "luxury taxes" as proposed by President V.V. Putin in 2012, and inheritance. Notably, inheritance in the form of a primary residence and reasonable savings should be exempt from taxation, ensuring that no more than 10% of the population is affected. A similar approach has already been implemented for car purchases, where taxes vary based on engine power.

The scale of redistribution should guarantee citizens access to essential social benefits, particularly in the realms of education and healthcare, which play a pivotal role in human capital development [9]. It is imperative to shift the perspective on these sectors from being profit-driven and focused on budgetary development to nurturing human capital. Since students and patients, by definition, cannot independently enhance the quality of education and healthcare, the state must enforce rigorous non-market quality control measures in these areas.

Special emphasis should be placed on educating younger generations, with the goal of breaking the cycle of poverty perpetuation [10]. One of the most detrimental aspects of poverty is the erosion of individual agency, evident in the concept of "learned helplessness." To overcome this, it is crucial to create systems of "social elevators" that encompass mechanisms for identifying and nurturing diverse talents, alongside extensive promotion. To instill these mechanisms among youth, diverse youth subcultures should be leveraged.

Currently, the state possesses substantial financial resources to address a broad spectrum of fundamental social challenges. These resources enable comprehensive modernization of the country while concurrently establishing a robust social protection system.

## **4 Conclusions**

The past few years have become a period of global upheaval and profound social changes in the life of the world community. The basic principles of social reality have been revised, destroying its foundations. For various reasons, not all states, political and business elites were equally able to adapt to the dynamics of social changes, having difficulty perceiving the changes taking place and their consequences. The year 2022 marked the beginning of the sanctions confrontation between Russia and the collective West. Predicting its consequences is a futile exercise due to the high degree of uncertainty, although some

short-term negative effects are obvious. First of all, their initiators, both the United States and European states, suffered noticeably from the introduction of sanctions. The restrictions introduced on the import of traditional Russian export goods led to an increase in production costs for European companies and a significant increase in consumer prices. However, it would be a mistake not to notice the consequences of the ongoing changes for the socio-economic development of our country, although the apocalyptic forecasts of the Western expert community have not come true.

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