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Influence of social inequality on social cohesion in Ukraine

1. Introduction

Social inequality is the main problem of modern societies, which has an extremely negative impact on social cohesion, which, in turn creates barriers to social and economic development of society and country. The problem of social inequality should be considered as a consequence of social and economic heterogeneity of labor, which is the reason some people acquire power, prestige and property, whereas representatives of other social groups do not have the above-mentioned categories. and the lack of these categories at the representatives of other social groups.

People differ by sex, age, temperament, height, hair color, level of intelligence and many other features. Nature gave each person different abilities. Differences between people that arise from their physiological and psychological characteristics are called the natural ones. Natural differences are far from harmless. They can become the basis for the emergence of unequal relations between individuals. Strong force weak, cunning triumph over simpletons. Inequality that arises from natural differences is the first form of inequality that in one form or another is also manifested among several animal species. However, in human society the main social inequality is the one that is inseparably connected with social differences, social differentiation (Романова 2008, p. 51). Social differentiation is the evolutionary process of social unity dismemberment during which functionally specialized institutions; division of labor; various professions, status, roles, groups emerge (Волков 2011).

2. The notion of social inequality

Differences that are generated by social factors: lifestyle (urban and rural population), division of labor (mental and physical labor workers), social roles (father, doctor, politician) and other factors that lead to differences are called the social ones.

Different levels of social development are the basis for social inequality and the emergence of rich and poor, social stratification (Table 1).

Table 1. The main basic elements of social inequality

Basic element	Characteristic
Income	The amount of cash flows an individual receives per unit of time. It can be labor or ownership of property that “works”.
Education	Knowledge complex acquired in educational institutions. Its level is measured by the number of years of study. For example, junior high school – 9 years. Professor may have more than 20 years of education.
Power	The ability to impose one’s will on others, regardless of their wishes. It is measured by the number of people to which it applies.
Prestige	Assessment of the individual in society that has developed in public opinion.

Source: compiled by the authors.

There are different approaches to the definition of social inequality based on the basic elements of social inequality: functionalism, status explanation and economic approach. Functionalism explains the inequality on the basis of differentiation of social functions performed by different layers, classes and communities. Social functioning and development are possible only through the division of labor, where each social group carries out the solution of relevant issues that are vitally important to the whole integrity: some are engaged in production of material goods, others create spiritual values, some govern etc. The optimal combination of all human activities is necessary for normal functioning of society. Some of them are more important, and some of them are less important. Thus, the hierarchy of social functions creates the corresponding hierarchy of classes and strata that perform these functions. Individuals responsible for the general management and state governing are always at the top of the social ladder, for only they can support and ensure the unity of the society, create the necessary conditions for the successful implementation of other functions (Романова 2008, 52).

A serious danger of subjectivist interpretation arises from the explanation of social inequality based on the principle of functional utility. Indeed, why one or another function is considered as a more significant one, if the society as a whole organism can not exist without functional diversity. This approach does not allow to explain such realities, as individual’s recognition of affiliation to the highest strata without his or her direct participation in the management. That is why T. Parsons considered social hierarchy as an essential factor that ensures the viability of the social system and linked its configuration with the system of the dominant values in the society. According to him the location of the social layers in the hierarchy is determined by conceptions of importance of each layer that formed in the society (Романова 2008, 54).

Observations of actions and behavior of specific individuals boosted the development of the explanation of the status of social inequality. Each person acquires a certain status when occupying a certain place in society. Social inequality is the inequality of statuses. It derives from both the ability of individuals to perform a certain social role (for example, to be competent to manage, possess appropriate knowledge and skills to be a doctor, a lawyer, etc.) and the possibilities which allow a person to achieve a particular position in society (property and capital ownership, origin, belonging to the influential political forces) (Романова 2008, 55).

According to this view, the first cause of social inequality lies in the unequal relation to the property and the distribution of wealth. This approach is most clearly manifested in Marxism. According to it the emergence of private property led to the social stratification and the formation of antagonistic classes. The exaggeration of the role of private property in the social stratification of society led Marx and his followers to the conclusion that it was possible to eliminate social inequality by establishing public ownership of the means of production.

The absence of a unified approach to explaining the origins of social inequality is the result of the fact that social inequality has always been considered on at least two levels. Firstly, as a property of society. Written history does not know of a society without social inequality. The struggle of people, parties, groups and classes is a struggle for the possession of bigger social opportunities, benefits and privileges. If the inequality is an inherent property of the society, therefore, it has a positive functional load. Society reproduces inequality, because it needs it as a source of life support and development.

Secondly, inequality is always perceived as unequal relations between people, groups. Therefore, the desire to find the origins of such unequal situation in the peculiarities of the person's position in society – property possession, possession of power, personal qualities of individuals – is only natural. This is a widespread approach nowadays.

Inequality has many faces and is manifested in various links of the single social organism: family, institution, enterprise, small and large social groups. It is essential for the organization of social life. Parents, having the advantage of experience, skills, available funds compared with their young children have the opportunity to influence the latter, making their socialization easier. The functioning of any enterprise is based on the division of labor into managing and subordination-performing labor. The

emergence of a leader in the collective contributes to its cohesion, becoming a stable formation, but at the same time is accompanied with the granting leader special rights (Лібанова 2012, 45).

All societies known to history were organized in a way that some social groups have always had a privileged position if compared with others, which was reflected in the unequal distribution of social benefits and responsibilities. In other words, social inequality is intrinsic to all societies without exception. Even ancient philosopher Plato argued that any city, no matter how small it may be, is actually divided into two halves – one for the poor and another for the rich, and they are at war with each other.

"Social stratification" is one of the basic concepts of modern sociology. Social stratification – the location of individuals and groups from the top down in horizontal layers (strata) on the basis of inequality in income, education level, amount of power, professional prestige. Stratification reflects social heterogeneity, division of society into many layers, inequality of social status of society's members and social groups, their social inequality (Євтушенко 2012).

Social differentiation is the process of emergence of functionally specialized institutions and division of labor. It is the basis of stratification. Highly developed society is characterized by a complex and differentiated apparatus, diverse and rich status-role-playing system. Some social statuses and roles are more preferred and productive for individuals and are more desirable and prestigious as a result whereas others are considered by the majority as something humiliating, coupled with a shortage of social prestige and low level of life in general. This does not imply that all statuses that emerged as a product of social differentiation are arranged in hierarchical order. Some of them, such as age, do not contain grounds for inequality.

Inequality between people exists in any society. This is quite natural and logical, given that people differ in their abilities, interests, life preferences, values, etc. Every society has rich and poor, educated and uneducated, enterprising and unenterprising, those with power and those who are deprived of it. In connection with this the problem of the origin of social inequality, attitude to it and ways to eliminate it have always caused an increased interest not only among philosophers and politicians, but also among ordinary people who see social inequality as injustice.

The inequality of people was explained in different ways in the history of social thought. Different scholars called it original inequality of souls, divine providence, the imperfection of human nature, functional necessity, comparing it with the organism. In

our opinion, the most significant approaches to the explanation of the concept of social inequality were the ones presented in Table 2.

Table 2. The main approaches of the scientists to the understanding of social inequality

Author	Approach to the understanding of social inequality
K. Marx	He linked social inequality with the emergence of private property and the conflict of interests of different classes and social groups.
R. Dahrendorf	He also believed that the economic and status inequality that was the basis of the ongoing conflict between groups and classes, and the struggle for the redistribution of power and status formed as a result of the market mechanism that regulated supply and demand.
P. Sorokin	He explained the inevitability of social inequality by the following factors: internal biopsychic differences of people, environment (natural and social) that objectively puts individuals into unequal conditions; joint collective life of individuals that requires the organization of attitudes and behaviors, which leads to the division of society into those who rule and those who are ruled.
T. Pearson	He explain that social inequality existed in every society because of the presence of hierarchic system of values. For example, American society's main social value is considered to be a success in business and career, so scientists in the area of technology, directors of factories, etc. have higher status and income, whereas in Europe the dominant value is the "preservation of cultural models" and the society gives special prestige to intellectuals-humanitarians, clergymen, university professors.

Source: П.А. Сорокин (1992), *Человек. Цивилизация. Общество*, Политиздат, Москва; Р. Дарендорф (1994), *Элементы теории социального конфликта*, http://ecsocman.hse.ru/data/968/645/1216/019_darendorf.pdf (28.12.2015); В.В. Вербець, О.А. Субот, Т.А. Христюк (2009), *Социология*, КОНДОР, Київ.

Social inequality, being inevitable and necessary, is manifested in all societies at all stages of historical development. Only the shape and the degree of social inequality change. Otherwise, individuals would have lost the incentive to engage in complicated and time-consuming, dangerous or boring activities and improve their qualification levels. Society uses income and prestige inequality to motivate individuals to have important, but difficult and unpleasant occupations, encourage more educated and talented individuals, etc.

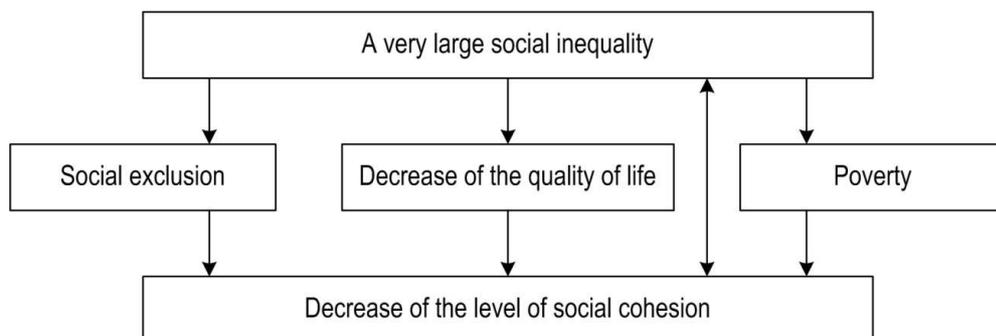
3. Social inequality in Ukraine and Europe

The problem of social inequality is one of the most acute and urgent problems in modern Ukraine. Division of the population into rich and poor in the absence of a significant middle class, which is the basis of economic stability and development of the state, is a feature of the social structure of Ukrainian society. The impact of social inequality on social cohesion is displayed in Figure 1.

Income of the population has traditionally been the basic component of measurement of socio-economic inequality in society. The problem of inequality is closely linked with the problem of social cohesion, social inclusion, and public trust.

Excessive social inequality that usually leads to social fragmentation hinders the development of society and progress. Awareness of material inequality deepens when achieving a certain level of prestige, power, status is perceived as unreasonable and unfair in society.

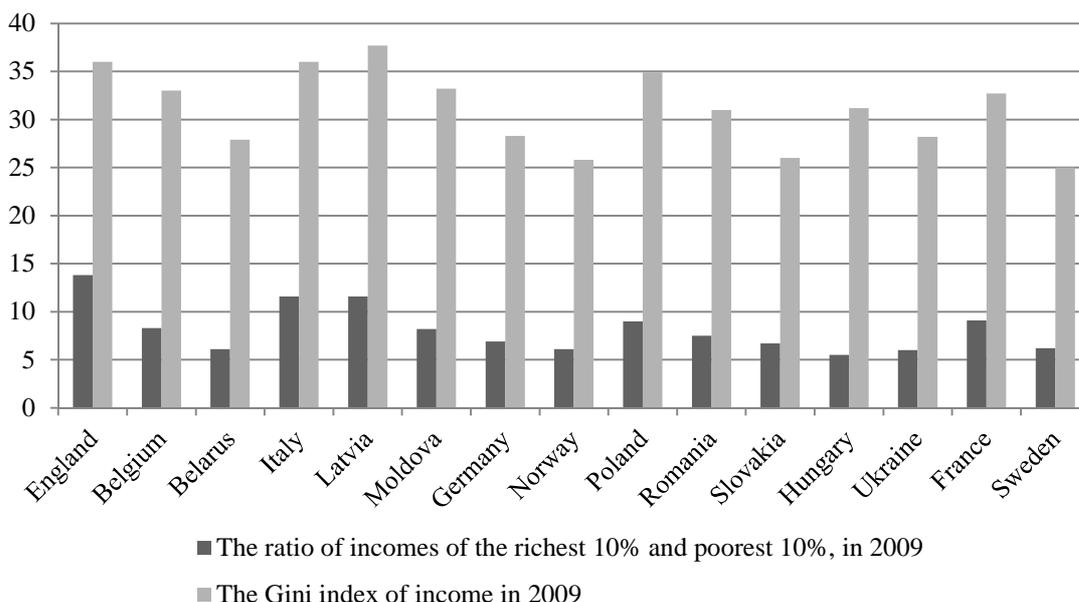
Figure 1. The impact of social inequality on social cohesion



Source: compiled by the authors.

Economic inequality in Ukraine is an interesting phenomenon. On the one hand, according to official statistics, our country is very equal among other countries, but on the other the surrounding reality and wellbeing of the population do not confirm this. According to UN data, the share of the richest 10% in Ukrainian gross income amounted to about 22.5%, while the share of the poorest 10% amounted to 3.8%. The gap may seem great – the rich get 6 times more income than the poor – but in most countries the gap is even greater. Even in Sweden which is famous for its generous social support it equals 6.2, that is, slightly more than in Ukraine (reflected in Figure 2).

Figure 2. Indicators of income inequality in Europe in 2009



Source: *Human Development Report 2015: Work for Human Development* (2015), <http://hdr.undp.org/en/content/income-gini-coefficient> (28.12.2015).

In countries of Eastern Europe such as Poland and Italy, the ratio between the income of the richest 10% and poorest 10% is, respectively, 9 and 10.3, that is much higher than in Ukraine. Even the state-capitalist Belarus, where there are almost no large private enterprises has a ratio of income between rich and poor of 6.1, still higher than in Ukraine.

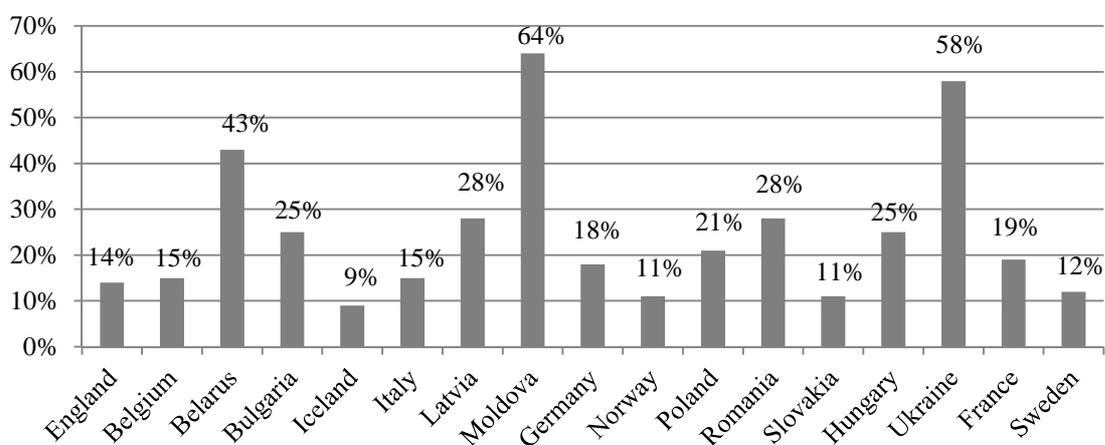
The first ratio (ratio of incomes of the richest and poorest) is not the best measure of inequality of income distribution – because it does not account for 80% of revenues of population. A so-called Gini index is used for a more thorough comparison. It can range from 0 to 100 (or from 0 to 1), where 0 means that all incomes are exactly equal, and 100 means that all gross income goes to only one person.

In 2009 Gini index was equal to 28.2 in Ukraine – a little bit higher than in Sweden (25.1) and in Belarus (25.8). In most other European countries this index is still higher. If compared with Poland and Russia, where the Gini index is 34.9 and 37.5 respectively Ukraine looks like a country with relatively high economic equality.

However, such informal Ukrainian realities, as the payment of wages "in envelopes" and minimization of official business profits further reinforce the inequality of incomes, and consequently have a negative impact on the social cohesion of the Ukrainian society. The reason for this is a repressive tax system, inadequately high pension taxes on salaries and other problems that the government creates for the private sector. According to the estimations of Professor Friedrich Schneider of the University of Vienna, one of the most competent experts in the shadow economy, the shadow economy in Ukraine is over 55% of GDP (*Корреспондент: Україна...* 2012). For comparison, in Poland it was equal to 26.3% of GDP and in Hungary it was equal to 23.4% of GDP. Unfortunately, there is no reliable way to estimate the distribution of shadow incomes. However, the factors that cause high level of shadow economy in Ukraine show that this distribution is very uneven. The highest incomes – incomes from businesses – in the country are minimized. Wages in sectors with a high labor content and, accordingly, high wages, are paid fully or partly "in envelopes", because high pension taxes encourages employers to do so. Finally, huge corruption incomes of Ukrainian officials, which by definition are very unevenly distributed with respect to the total population, are also the part of the shadow economy.

Experts have different assessments of the extent of poverty in Ukraine, referring to the different methods of calculation. According to the absolute concept of poverty in accordance with international criteria proposed by the UN 2.9% of Ukrainians were considered to be poor in 2013. 9.9% of Ukrainians were considered to be poor according to the criterion of the minimum subsistence level. According to the relative criterion the share of the poor in Ukraine amounted to 25.4% in 2013. According to sociological data of a competent European institutions "Eurobarometer" – 58%. Figure 3 shows the percentage of poor people according to the European methodology.

Figure 3. The percentage of poor people in Europe in 2013



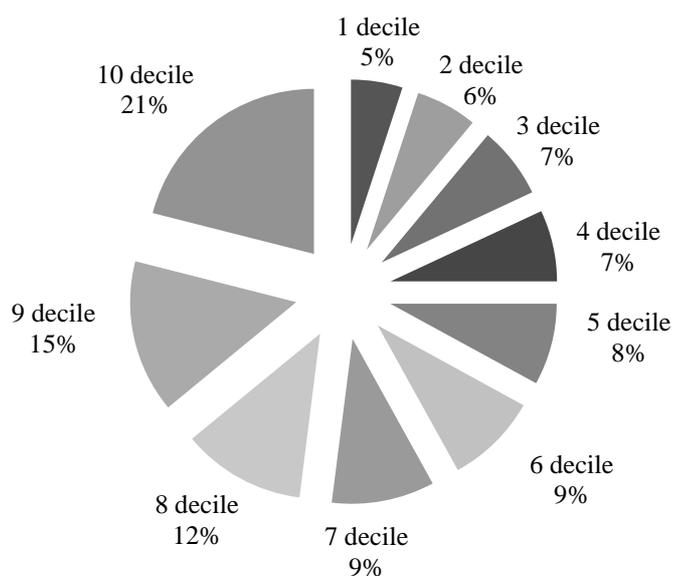
Source: Eurostat, 2015.

According to the UN and the European Sociological Service "Eurobarometer" in 2013 the poverty rate in Europe ranged from 9% in Iceland to 64% in Moldova (people whose income is less than 60% of the average in the country are considered poor in the EU. Also all the social payments are taken into account). And the monthly salary, which is considered an indicator of poverty differs significantly in European countries: Romania – 97 euros; Bulgaria – 108 Euro; Poland – 200 euros; Germany – 912 Euro; Sweden – 1014 euros and Luxembourg – 1545 euros (maximum rate among European countries). Although poverty indicators in Ukraine vary according to different methodologies, all estimates indicate one thing – despite the great potential and resources, Ukraine remains one of the poorest countries in Europe.

The distribution of the total resources of households of Ukraine demonstrates that it increases towards the wealthiest. If the proportion of the total resources between 1 and 7 deciles increases quite equally (approximately by 1%), the gap between the 9, 8 and 7 deciles is 3%, and between the last two deciles – 6% (see Figure 4).

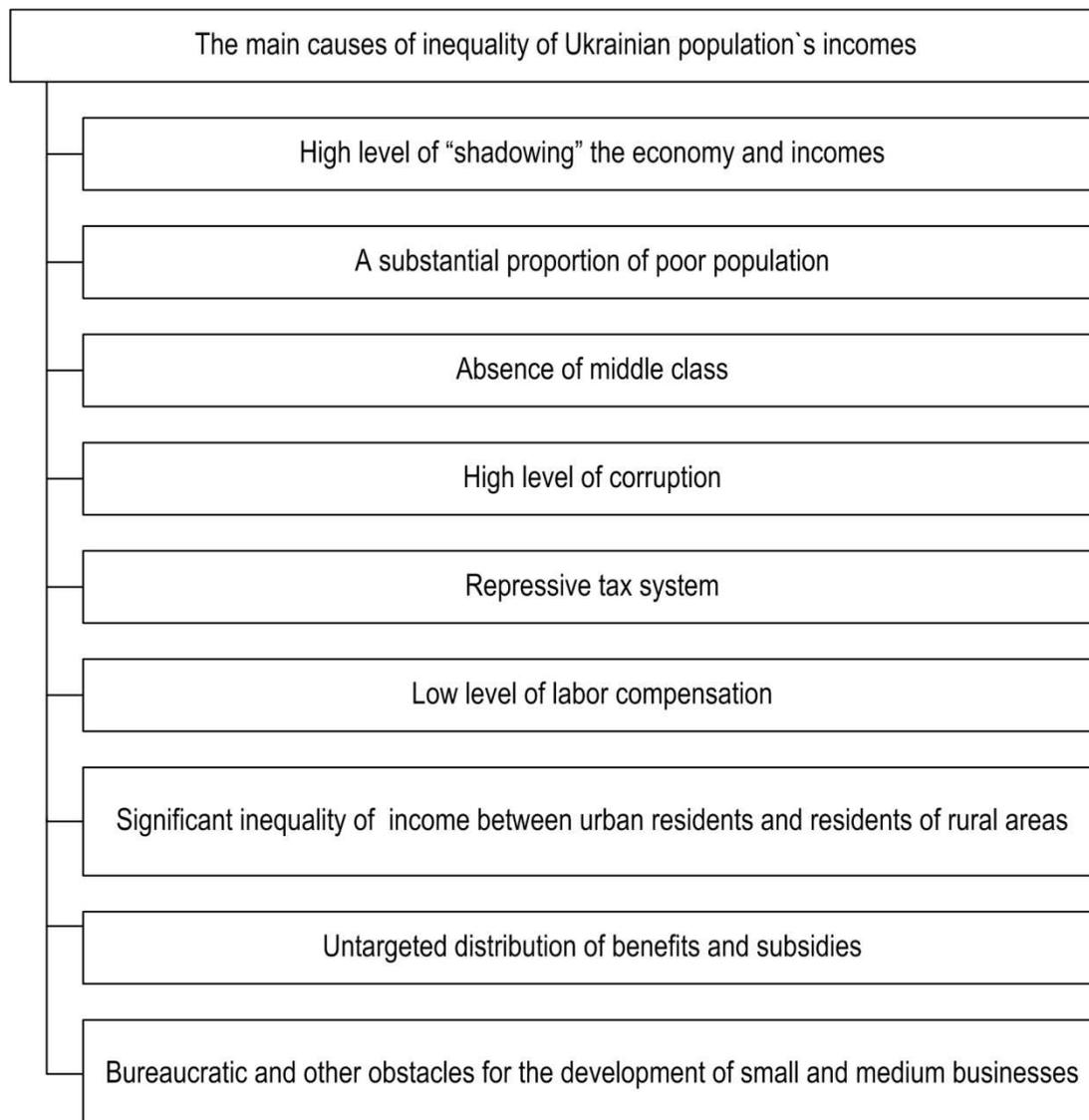
Figure 4 data reflect the fact that Ukraine doesn't have clearly marked medium income group of the population (the middle class), whose resources would be significantly different from the resources of the poor strata: the total share of resources population of decile 8 owns is only 2.2 times higher than the share of population of decile 1. The population of decile 10 owns more than a fifth of the total resources of households Ukraine. The main reason that hinder the formation of the middle class is the "clan principle" of building economic relations in the country and the economy as a whole. By today clans have organized a peculiar economic pyramids that are intertwined with crime and the authorities. Several such pyramids hold most parts of the power system, especially the executive. They have become monopolist and set their own rules of the game in all sectors of the economy, having a decisive impact on the production – through rates, benefits etc.

Figure 4. The wealth of households of Ukraine in deciles in 2013



Source: Libanova, 2014.

The main causes of a significant inequality of Ukrainian citizens' incomes, which negatively affects social cohesion, can be identified with the help of the abovementioned analysis of statistical data and scientific researches in this area (Figure 5).

Figure 5. The main causes of inequality of Ukrainian population`s incomes

Source: compiled by the authors.

4. Conclusions

The problem of inequality is closely linked with the problem of social cohesion, social inclusion, and public trust. Excessive social inequality that usually produces a social fragmentation hinders the development of society and progress. Awareness of material inequality deepens when achieving a certain level of prestige, power, status is perceived as unreasonable and unfair in society. Therefore, the government needs to influence social inequality through social policy in order to increase the level of social cohesion.

Existing social payments and benefits only lead to increased welfare mentality, not to the decrease of population's incomes differentiation. This is a very negative impact on the level of social cohesion of the Ukrainian society. Despite numerous

beliefs about the need for equitable distribution of income, only a small part of the population needs state support in a market economy. Equal opportunities to realize interests of employable individuals should be established. Moreover, equality of conditions of human existence is hardly possible to provide in practice.

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Аннотация

Влияние социального неравенства на социальную сплоченность общества

В статье рассмотрено социальное неравенство и его влияние на социальную сплоченность общества. Освещены основные подходы к пониманию социального неравенства. Проанализированы основные показатели такого неравенства в Украине: индекс Джини, соотношение доходов богатых и бедных, процент бедности. Проведено сравнение данных показателей с аналогичными показателями европейских стран и определены основные причины значительного неравенства в украинском обществе.

Ключевые слова: социальное неравенство, социальная сплоченность, социальная стратификация, неравенство доходов, социальная политика.

Abstract

The impact of social inequality on social cohesion

The article deals with social inequality and its impact on social cohesion. It highlights the major approaches to understanding social inequality. Analyzed main indicators of the inequality in Ukraine: the Gini index, the ratio of income between rich and poor, the percentage of poverty. A comparison of these indicators with those of the European countries and the main reasons for a considerable inequality in Ukrainian society.

Keywords: social inequality, social cohesion, social stratification, income inequality, social policy.