

THE LIVING STANDARDS OF THE POPULATION OF THE RUSSIAN FEDERATION

S.Misikhina

Over the first 9 months of 2013, the real disposable money income of the population rose by 3.6% on the corresponding period of 2012. The highest rate of wage growth was observed in the budget-funded sector, as a result of the implementation of the RF President's Edicts of 7 May 2012. The money income inequality index over the period of January–September 2013 somewhat increased. The poverty level indices for the first half-year of 2013 turned out to be higher than the corresponding indices for Q1 2012 due to alterations introduced in the subsistence level estimation methodology.

The money income of the population. In September 2013, the average nominal monthly charged wage was at the level of Rb 29,811, having increased on August by 2%. Due to a low inflation rate (in September, consumer prices rose on August by 0.2%), the increase displayed by the level of the real average monthly charged wage was slightly less than that of the average nominal monthly charged wage, and amounted to 1.8%. As the pension level had been raised no further since the April indexation, the average size of allotted monthly pension in September 2013 practically remained at its August level, thus amounting to Rb 10,045. In real terms, the average pension amounted to 99.9% of its August level.

The slight increase of the average monthly wage and the zero growth of the average pension resulted in a corresponding upward movement of the nominal per capita index of the population's money income, which mostly appears to be the upshot of the shrinkage in the population's other types of income, and to a lesser degree – of the growth in wage arrears.

The volume of outstanding average monthly arrears of wages over September 2013 rose by 6.1% on August, thus amounting to Rb 2,679m. This index was pushed up by the increased number of workers whose earnings were in arrears – from 77 thousand to 83 thousand, while the amount of arrears of wages per employee remained practically unchanged.

The population's nominal per capita money income in September 2013 amounted to Rb 24,209, which represents a 3.6% decline on August 2013. Over the course of September, the real disposable money income of the population dropped by 4.3% compared with August.

On the whole over the first 9 months of 2013, the average monthly wage in nominal terms increased on the corresponding period of the previous year by 13.2%, the average allotted monthly pension – by 9.7%, and the population's average monthly per capita money income in nominal terms – by 11.0%. When taken in real terms, growth of the population's money

income over the first 9 months of 2013 is as follows: the average monthly wage rose by 5.9%; the average pension – by 2.7%; and the population's average monthly money income – by 3.6%.

The movement of the real disposable money income index over the January–September periods of 2012 and 2013 is shown in *Table 1*.

Table 1

CHANGES IN THE REAL DISPOSABLE MONEY INCOME, %

	As percentage of	
	corresponding period of previous year	of previous period
2012		
Q1	101.6	76.0
Q2	104.4	115.9
1st half year	103.1	
July	100.3	93.3
August	109.3	104.0
September	105.3	99.0
Q3	104.9	100.9
January–September	103.8	
2013		
Q1	106.2	76.3
Q2	103.4	112.9
1st half year	104.7	
July	104.2	94.7
August	102.1	101.9
September	98.7	95.7
Q3	101.7	99.2
January–September	103.6	

Source: data released by Rosstat.

As a result of the upward adjustment of salaries and wages in the budget-funded sector (covered, among other sources, also by dotations allocated from the federal budget), in January–August 2013 the highest growth rate was displayed by the average nominal monthly charged wage indices (less welfare benefits) in the sectors of public education (123.5%), and public healthcare and social services (118%).

The salary growth rates in the budget-funded sector over the period of January–August 2013 could be

rivalled only by those in the petroleum product industry (119.6%) and the industry of recreation, entertainment, culture and sports (118.4%).

However, this growth in the budget-funded sector appears less impressive when set against Russia's average monthly wage indices. Over the first 8 months of 2013, by comparison with the corresponding period of 2012, the ratio between the average wage in the budget-funded sector and Russia's average monthly wage increased as follows:

- in public education – from 69% to 76%,
- in the sector of public healthcare and social services – from 77% to 80%.

However, these officially published data seem to be somewhat understated when compared with the information released by Konstantin Laikam, Deputy Head of the Federal State Statistics Service (*Rosstat*), at the press conference held by *RIA Novosti*. According to Mr. Laikam, over the first 9 months of 2013, the average monthly salary of Russian schoolteachers amounted to more than Rb 27,556, which pushed the ratio between the average salary in public education and Russia's average monthly wage up to 95%¹. If this information is correct, this may mean that September saw a very noticeable upsurge in the average salary index in the public education sector, as a result of which its growth over September was higher than in the previous months; another reason may be that the salary level calculation methodology applied for the purpose of monitoring the RF President's Edicts of 7 May 2012 differs from the methodology applied by *Rosstat* in its follow-up of the movement of the average monthly charged wage index (less welfare benefits).

Socioeconomic differentiation. In 2013, the creeping upward trend in money income inequality remained unchanged. Over the first 9 months of 2013, the income inequality indices rose on the period of January–September 2012 as follows:

- the Gini coefficient: from 0.413 to 0.415;
- the ratio of the average income of the richest 10% to the poorest 10% (R/P 10%): from 15.7 to 15.8.

The increasing inequality in the distribution of the population's money incomes has largely been caused by the increasing share of the fifth quintile (highest incomes) and the shrinking share of the second quintile in the aggregate volume of population's money income. The income growth in the fifth quintile occurred in the segment representing 10% of the wealthiest population group.

Subsistence level and poverty. The subsistence level indices in Q1 2013 were as follows: monthly average for total population – Rb 7,372; monthly average for able-bodied population – Rb 7,941; monthly average for retired population – Rb 6,043; and monthly average for children – Rb 7,104.

The poverty index in the first half-year of 2013 was at the level of 18.4m, or 13.0% of total population, while in the first half-year of 2012 it amounted to 17.7m, or 12.5% respectively. However, these values by no means point to overall poverty growth in the Russian Federation. The worsening indices largely reflect the alterations introduced in the subsistence level estimation methodology after 1 January 2013, which resulted in the index's upward adjustment.

Table 3

NUMBER OF PEOPLE WITH INCOMES BELOW SUBSISTENCE LEVEL

	Million	As % of total population
2012		
Q1	19.1	13.5
Q2	16.4	11.5
1st half year	17.7	12.5
Year	15.6	11.0
2013		
Q1	19.6	13.8
Q2	17.2	12.1
1st half year	18.4	13.0

Source: data released by *Rosstat*.

¹ The average salary of school teachers across the Russian Federation over the first 9 months of 2013 amounted to Rb 27 thousand (*RIA Novosti*). See <http://ria.ru/society/20131119/978023013.html>.