

## LIVING STANDARDS OF THE POLULATION IN RUSSIA IN AUGUST 2014

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*Household real disposable income saw no increase within the first eight months in 2014 relative to the corresponding period last year, whereas in the period between January 2013 and August 2013 it increased more than 4% relative to the corresponding period in 2012. The level of inequality slightly improved in H1 2014 compared to H1 2013.*

**Household income.** Household nominal money income per capita amounted to Rb 28714 in August 2014, up 11.5% compared with August 2013. Household nominal money income per capita increased 2.0% compared to July 2014.

Household real disposable money income<sup>1</sup> increased 3.9% in August this year compared with August last year and was up 3.3% compared to July 2014.

Household real disposable money income increased only 0.7% within the first eight months in 2014 compared with the period of January 2013 to August 2013, markedly lower than 4,2% growth observed in the same period in 2013 relative to the same period in 2012.

Near-zero growth rates of household money income within the first eight months in 2014 was to a certain degree associated with low growth rates of wages.

Monthly average accrued wages per employee amounted to Rb 31540 in August 2014, up by 9.1% compared with the value reported in August 2013 and down by 3% compared with that in July 2014.

Real accrued wages in August 2014 contracted by 3.2% compared to July 2014, and increased just 1.4% compared with August 2013.

Within the first eight months in 2014 real accrued wages increased 2.9% compared with the corresponding period last year, whereas in 2013 it increased 5.6%.

Wages of public sector employees kept increasing: in the period of January 2014 to July 2014 monthly average accrued wages reached the following values:

- in the healthcare sector and public service sector: 93% of the monthly average accrued wages paid in the manufacturing sector (it was 87% in the same period in 2013),
- in the education sector: 89% and (85%) respectively.

However, the wage raise is patchy by category of employees and state-run institutions' form of ownership.

Table 1

### DYNAMICS OF REAL DISPOSABLE MONEY INCOME, %

	As a percentage of	
	the value observed in the corresponding period last year	the previous period value
2013		
January	100.4	49.2
February	105.7	132.1
March	109.6	103.7
1st quarter	105.6	76.1
April	108.1	106.2
May	99.7	86.7
June	101.8	115.3
2nd quarter	103.2	113.0
1st half of the year	104.3	
July	104.1	95.1
August	103.6	101.9
January–August	104.2	
September	99.9	96.0
3rd quarter	102.5	99.4
October	105.1	105.1
November	101.0	103.2
December	102.1	140.9
4th quarter	102.6	119.9
Year	103.2	
2014		
January	99.5	48.1
February	100.5	133.6
March	93.1	96.0
1st quarter	97.5	72.6
April	102.0	116.3
May	106.6	90.7
June	97.2	105.2
2nd quarter	101.7	117.8
1st half of the year	99.8	
July	102.5	100.3
August	103.9	103.3
January–August	100.7	

Source: the data provided by the Federal State Statistics Service (Rosstat).

In H1 2014, the relation of certain categories of public sector employees' wages whose target value

<sup>1</sup> Revenues cleared from mandatory payments and contributions and adjusted to the consumer price index

Table 2

## DYNAMICS OF MONTHLY AVERAGE ACCRUED WAGES PER EMPLOYEE, %

	Nominal		Real	
	as a percentage of the value observed in the corresponding period last year	as a percentage of the previous period value	as a percentage of the value observed in the corresponding period last year	as a percentage of the previous period value
2013				
January	112.9	73.4	105.4	72.7
February	110.8	99.6	103.3	99.0
March	112.5	107.9	105.1	107.5
1st quarter	111.9	90.4	104.5	88.7
April	116.4	104.7	108.5	104.2
May	112.4	99.0	104.7	98.4
June	112.6	104.3	105.3	103.9
2nd quarter	113.8	110.6	106.2	109.0
1st half of the year	112.9		105.4	
July	113.3	97.6	106.4	96.8
August	113.7	96.9	106.8	96.8
January–August	113.0		105.6	
September	112.8	100.4	106.3	100.2
3rd quarter	113.2	97.8	106.4	96.4
October	112.0	102.5	105.4	101.9
November	110.9	101.4	104.1	100.8
December	109.3	130.9	102.7	130.2
4th quarter	110.6	113.2	103.9	111.7
Year	111.9		104.8	
2014				
January	111.6	74.7	105.2	74.3
February	111.1	99.1	104.6	98.4
March	111.0	108.0	103.8	106.9
1st quarter	111.1	90.3	104.4	88.6
April	110.8	104.7	103.2	103.8
May	109.9	98.0	102.1	97.1
June	110.1	104.7	102.1	104.1
2nd quarter	110.2	109.7	102.4	107.1
1st half of the year	110.6		103.4	
July	109.0	96.4	101.4	95.9
August	109.1	97.0	101.4	96.8
January–August	110.2		102.9	

Source: the data provided by the Rosstat.

is set in the Russian President's Executive Order of May 7, 2012 No. 597 *On Measures to Implement State Social Policy*, to the average wages in a constituent territory of the Russian Federation was as follows:

- in the education sector: from 76.7% for teaching staff employed at institutions of supplementary education of children<sup>1</sup> (no raise in wages was observed compared with the first quarter) to 90.4% for teaching staff at preschool educational institutions (PSEI<sup>2</sup>) (the value saw

a 2.4 p.p. decline compared with Q1 2014), 107.7% for teaching staff at general educational institutions (99.1% in Q1 2014) and 144.2% for teaching staff at higher vocational education institutions (127.1% in Q1 2014);

- in the healthcare sector: from 54.2% for paramedical personnel (49.5% in Q1 2014) to 143.3% for medical doctors and college-educated staff providing medical services at medical institutions (141.2% in Q1 2014).

The Russian President's Executive Order of May 7, 2012, № 597 established that in 2012 average wages of the teaching staff employed at general educational institutions was to increase up to the average wages

1 The relation of the average wages paid to teaching staff at a constituent territory of the Russian Federation.

2 The relation of the average wages paid in the general education sector at a constituent territory of the Russian Federation.

in a respective region. This target value was nearly achieved in practice in Q1 2014 (wages of this category of employees accounted for 99.1% of the average wages at a constituent territory of the Russian Federation) and outstripped in the first half of this year. It is important that the target value at municipal high schools has been achieved – in Q1 2014 the wages at municipal high schools accounted for 89.5% of the average wages in a respective region.

Additionally, the Russian President's Executive Order of May 7, 2012, No. 597 provided for increasing the amount of average wages of PSEI teaching staff up to the amount of average wages paid at general education institutions in a respective region in 2013. This goal was nearly achieved by the end of 2013: average wages of PSEI teaching staff in 2013 accounted for 94.9% of the average wages paid at general education institutions in a respective region. However, in H1 2014 the situation began to worsen: the level of average wages of PSEI teaching staff dropped to 90.4% of the average wages paid at general education institutions in a respective region. At the same time, the level of teaching staff's wages paid at preschool educational institutions account for only 87.3% of the average wages paid at general education institutions and 130.5% at regional institutions.

Average amount of pension entitlements in July 2014 amounted to Rb 10872, remaining at the level observed in June 2014 and increasing by 8.4% compared to that in July 2013. Actual amount of pension benefits in July 2014 shrank by 0.5% compared to June

2014, up only 0.9% compared to the value observed in July 2013.

In the period of January 2014 to July 2014 the actual amount of pension benefits increased 1.8% compared to the corresponding period last year while within the first seven months of 2013 it gained 2.6% compared with the same period in 2012.

Pension benefits of working old-age and disabled pensioners whose employers paid insurance contributions in 2013 and/or in Q1 2014 were upgraded this year in August. The upgrade, based on the data provided by the Pension Fund of the Russian Federation, covered almost 14 million persons, or 37% of those entitled to work pension. This will be a minor increase though: e.g., in 2013 it averaged Rb 172.

Furthermore, pension benefits of persons who receive their pension savings as urgent pension benefit and as the so-called funded component of the work pension increased 2.3% and 2.9% respectively in August 2014.

**Socio-economic differentiation.** According to the preliminary data, inequality in household income slightly improved in H1 2014 compared with the same period in 2013:

- Gini coefficient: from 0.414 to 0.413;
- R/P 10% ratio: from 15.7 to 15.6 times.

In H1 2014, the ratio of the average income of the richest 10% to the poorest 10% in the total volume of household money income remained unchanged, at a level of 30.4% and 1.9% respectively. ●