

## THE LIVING STANDARDS OF THE POPULATION OF THE RUSSIAN FEDERATION IN JANUARY 2015

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*In January 2015, the real disposable money income of the population shrank by 0.8% on January 2014. The RF Government launched its 'Plan of Priority Measures Designed to Ensure Sustainable Development of the Economy and Social Stability in 2015', which addresses the sphere of employment and social protection of the population.*

**Consumer prices** in January 2015 rose by 3.9% on December 2014, which amounts to one-third of the per annum consumer price growth rate forecasted by the RF Ministry of Economic Development for the year 2015 (for reference: in January 2014, consumer prices rose by only 0.6% on December 2013). The price growth rate in January 2015 visibly accelerated by comparison with December 2014, when the Consumer Price Index (CPI) had amounted to 102.6%. The prices in January 2015 demonstrated the highest growth rate – by 5.7%. Over the period from 1 through 16 February 2015, consumer prices gained another 1.3%. Thus, the inflation rate on the consumer market over the entire one-and-a-half month period amounted to 5.2%.

On 25 February 2015, Russia's biggest retail chains belonging to the Retail Companies Association (ACORT) put forth a draft agreement whereby prices of the foodstuffs included in the consumer basket were to be frozen for a period of 1–2 months<sup>1</sup>. The list of foodstuffs covered by that agreement includes some meat and dairy products, frozen unviscerated whole fish, sugar, salt, bread, sunflower oil, some cereals, potatoes, cabbage, carrots, apples. The goal is to freeze the prices of foodstuffs consumed by low-income population groups in those areas where these retail chains are operating.

On 26 February, the Federal Antimonopoly Service (RF FAS) approved the agreement, noting that it reflects the awareness of the retail chains of their social responsibilities. Deputy Head of the RF FAS Andrey Kashevarov believes that the retail chains are not going to raise the prices of other foodstuffs sold by them in order to compensate for the related losses<sup>2</sup>.

However, it is likely that the prices of 'healthy' foods (fruits and vegetables (excluding potatoes, carrots, cabbage and apples), milk and low-fat dairy products, olive oil, etc.) will inevitably go up. These foods are, more typically, part of the diet of medium-income population groups striving to pursue a healthy lifestyle,

and it is they who are going to pay for the affordable consumer basket for the low-income strata (because the high-income consumers cannot be expected to shop regularly at *Dixy* or *Magnit* stores – the retailers that signed the price freezing agreement).

The rapid growth of consumer prices over the period of January–February 2015 is expected to translate itself into a noticeable increase of the subsistence level indices in Q1 2015.

**The population income.** The nominal per capita index of the population's money income in January 2015 amounted to Rb 21,005, which represents a 12.8% rise on January 2014, while dropping nearly by half on December 2014. The decline on December 2014 largely represents a seasonal trend reflecting the payment of year-end money bonuses by employers, etc. Thus, in January 2014, the nominal per capita money income index amounted to only 46.8% of its value for December 2013.

The upward movement of the Consumer Price Index resulted in a continued decline, in January 2015, of the real money income of the population, which had started in 2014. The real disposable money income of the population<sup>3</sup> in January 2015 dropped 0.8% compared with January 2014, and by 50% compared with December 2014.

The average nominal monthly charged wage in January 2015 amounted to Rb 31,180, thus increasing by 5.8% on January 2014 (a year ago, the increase of that index had amounted to 11.6%) and declining by 26% on December 2014.

The real average monthly charged wage in January 2015 dropped by 8% on January 2014, and by 28.7% on December 2014.

As of 1 February 2015, the volume of outstanding average monthly arrears of wages in the sectors included in our surveys (which occur in the main due to companies' equity shortages) amounted to less than 1% of their total wages funds. The number of workers whose earnings were in arrears was 71 thousand.

1 Tass.ru/economika/1789319.

2 Tass.ru/economika/1793136.

3 The amount of income cleared of mandatory payments and deductions and adjusted by the Consumer Price Index.

**Implementation of the 'Plan of High Priority Measures Designed to Ensure Sustainable Development of the Economy and Social Stability in 2015' in the sphere of employment and social protection of the population**

In the framework of the 'Plan of High Priority Measures Designed to Ensure Sustainable Development of the Economy and Social Stability in 2015' approved by Order of the Government of the Russian Federation of 27 January 2015, No 98-r it was envisaged that, from 1 February 2015, insurance-based pensions 'were to be adjusted upward by the consumer price index growth'. So, from 1 February 2015, the size of insurance-based pension was increased by 11.4% for more than 39m pensioners. According to data released by the RF Pension Fund, today the average amount of insurance-based labor pension (including the basic pension portion) is Rb 12.9 thousand, that of disability pension is approximately Rb 7.9 thousand, and that of survivor pension is approximately Rb 8 thousand.

It is planned that some other measures designed to ensure social stability will also be implemented in 2015. These include measures aiming at altering the structure of employment.

On 22 January 2015, the Government of the Russian Federation issued its Decree No 35 'On Additional Measures in the Sphere of Employment Designed to Reduce Tension on the Labor Market'. The Decree also outlines the conditions for the granting of subsidies in 2015 to RF subjects in order to enable them to implement some additional measures designed to reduce tension in the labor market.

The Russian Federation's subjects will be allocated funding to cover the costs associated with the implementation of the following measures:

- temporary employment of those workers who are at risk of being dismissed by their employer, and of individuals in search of employment;

- provision of jobs, by private recruitment agencies, to those workers who are at risk of being dismissed by their employer;
- accelerated professional training and internship programs for those workers who are at risk of being dismissed by their employer, and for individuals in search of employment;
- promotion of recruitment of young people in the course of implementation of social projects;
- welfare-covered employment of disabled persons.
- It should be noted that the following major criteria are applied to the selection of candidates for subsidies among RF subjects:
  - the presence in their territory of workers who are at risk of being subject to mass-scale dismissal by their employers;
  - the existence of a plan (or program) for assigning the jobs currently held by foreign citizens to those Russian citizens who are at risk of being dismissed by their employer;
  - the inclusion, in their programs, of those organizations that are implementing programs aimed at boosting labor productivity, cost optimization programs and (or) human resources development programs, and (or) implementing import substitution projects;
  - priority orientation of the planned additional measures to parents of underage children;
  - the inclusion, in the regional programs, of measures designed to conduce to redistribution of available labor resources between types of economic activity.

In the framework of anti-crisis social support measures it is planned that, in late February 2015, special federal laws should be enacted whereby the right to a one-time payment in the amount of Rb 20 thousand (as part of maternal (or family) capital is to be granted in 2015 to citizens, and special budget allocations are to be earmarked for covering the cost of technical rehabilitation equipment provided to disabled persons. ●