POPULATION'S MATERIAL WELL-BEING ASSESSMENT[1]

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Optimism registered in H1 2015 about the extent and duration of crisis phenomena gave way to growth in negative expectations. The latest survey carried out within the frameworks of permanent research in social well-being of the Russians by the RANEPA's Institute of Social Analysis and Forecasting points to that explicitly. The share of those who believe that the situation changed much for the worse rose by 12% as compared to November 2015 and amounted to last year's values when panic sentiments of the end of 2014 – beginning of 2015 were observed.

Table 1

DISTRIBUTION OF ANSWERS TO THE QUESTION: "HOW WILL THE ECONOMIC SITUATION CHANGE IN THE COUNTRY?", % BY COLUMN

Nature of change	The share of respondents who chose the respective answer, %		
	February 2015	November 2015	February 2016
The situation will change for the better soon	22.2	23.0	11.8
No further deterioration, the situation is getting stable	25.4	25.9	16.5
The situation will be changing for the worse within 1-2 years	24.5	22.3	37.1
The situation will be changing for the worse for over 2 years	11.5	13.8	20.8
Difficult to answer	16.4	15.0	13.8

As compared to previous surveys, the share of optimists believing that the situation will soon change for the better decreased by 50%. The share of those who believe that the crisis is going to last for over 1–2 years has doubled. The general nature of the dynamics of perceptions about the duration of the crisis is negative. At the same time, there are virtually no large-scale sentiments of apprehension that a full-scale economic crisis is on the way. There is a high extent of uncertainty in assessment of the prospects of exit from the crisis: the evidence of that is the fact that 14% of respondents found it difficult to answer that question.

Throughout the entire period of surveys, the share of households who think they are invulnerable to the crisis has not virtually changed, but it is within the range of only 10%.

The share of those directly affected by the crisis (either greatly or slightly) is aggregately rather high: in February 2016 it exceeded by 3 p.p. the value of November 2015 and amounted to 78%. Growth took place due to those who were affected the most.

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So, negative effects of the crisis (job losses, cuts in wages and salaries and partial employment) are gradually spreading over a large number of population strata and economic activities.

Table 2

DISTRIBUTION OF ANSWERS TO THE QUESTION: "DID CHANGES IN THE ECONOMIC SITUATION IN RUSSIA AFFECT YOUR FAMILY AND YOU?", % BY COLUMN

Nature of change	The share of respondents who chose the respective answer, %		
	February 2015	November 2015	February 2016
Did not affect and are unlikely to affect	6.2	8.2	7.0
Did not affect so far, but may affect in future	24.3	11.4	13.4
Affected slightly	46.1	44.7	44.4
Affected greatly	20.2	31.1	33.9
Difficult to answer	3.2	4.6	1.3

For the time being, such an extent of crisis phenomena affecting more and more people does not suggest revision of the existing model of economic and, in particular, labor behavior, but, on the contrary, makes a large number of Russians believe that they should just wait till this unfavorable period is over without taking any efforts, that is, cuts in consumption of goods and services alone would be sufficient enough.

Generally, the monitoring's data point to explicit shrinkage of consumer activities not only among low-income people, but also middle-class and relatively high-income people[1].

Table 3

REDUCTION/RISKS OF REDUCTION OF EXPENDITURES DEPENDING ON THE LEVEL OF MATERIAL WELL-BEING, % BY LINE[2]

Level of material security (self-evaluation)	Reduction of expenditures			
	have already happened		may happen in future	
	February 2015	February 2016	February 2015	February 2016
On relatively expensive goods				
Low	38.6	50.3	8.3	9.7
Average	39.4	37.3	21.6	21.5
Above average	17.4	18.6	30.8	28.3
Generally	34.8	39.2	19.6	18.2
On medicine				
Low	28.7	36.0	32.9	28.7
Average	21.0	14.5	31.4	32.5
Above average	8.1	8.1	19.9	26.3
Generally	20.7	21.4	29.6	30.2
On education services				
Low	7.6	9.7	6.2	7.6
Average	7.6	7.6	8.2	9.2
Above average	7.5	5.5	5.6	8.1
Generally	7.6	8.0	7.1	8.4

1 High-income groups are not normally among respondents of large-scale surveys, so it is people with a higher income as compared to other groups of the population that are meant hear.

2 Line amount is not equal to 100 as the data on those who did not consume respective goods and services before the crisis and those who found it difficult to answer are not provided.

Use of the unfavorable period for promotion of human capital growth (investments in education and healthcare) is not wide-spread – maximum 15% of respondents. Utilization of a personal subsidiary plot for receiving income is more popular: in February 2016 24% of households said that they were going to resume that activity again.

It is to be noted that explicit institutional factors are behind domination of passive forms of households' adaptation to negative developments. The options which were available to people during the transformation crisis of the 1990s are now virtually exhausted.

Disorderly trade was ousted by large retail store chains, while depreciation of the ruble and a drop in households' solvent demand make that sector of the economy unprofitable. In any case, it cannot create as many jobs as existed in the 1990s when shuttle trade was on the rise.

Small business without investments, but with a large number of administrative barriers which emerged in the past decade and became a curse for small business entrepreneurship in Russia does not create new jobs, nor is it able to produce sources of subsistence to large social groups of the population.

Unofficial employment was a creation of the 1990s and played an important role in households' adaptation to a social stress. However, the fact that in the past few years the extent of unofficial employment does not depend directly on economic parameters and even if it depends there is a substantial time lag suggests that unofficial employment volumes are in equilibrium which is adequate to the existing pattern of the economy and the labor market. Due to the above, the unofficial economic sector is unlikely to react vigorously to the economic crisis by creating new unofficial jobs and play a serious damping role.

At present, institutional capacities which had an important adaptive role to play during the crisis of the 1990s are not available to people.

The latest outputs of the monitoring point to the fact that the commodity-based economy which was formed in the past 15 years had an impact on formation of large-scale models of socio-economic behavior. People proceeded from the fact that, first, growth in personal and family well-being took place on its own regardless of efforts aimed at promotion of competitive edge and labor efficiency and, second, the state was behind the source of growth in personal and family well-being. It was growth in parental orientations and relevant behavior models that gave rise to such perceptions. Implementation of those models was of rational nature when the economic situation was favorable, but it is counterproductive during the crisis. The problem consists in the fact that change in earlier dominating behavior models is complicated due to a lack of institutional environment for implementation of behavior models based on self-fulfillment, utilization of own social development resources and individual competitiveness.