

Section 4

Social sphere

4.1. Labor Market: employment, unemployment, and labor shortages¹

The labor market in recent years has been shaped by demographic trends, shifts in migration flows, and growing demand for labor.

The growth in aggregate labor demand has been driven by shifts in the structure of the labor force and employment, a preference for flexible forms of employment, and changes in labor compensation. The structure of labor supply and demand over the past five years has been significantly influenced, first, by the active development of economic activity in online formats, remote work, and platform-based employment; second, sanctions-related shocks, which led to the expansion of existing and the creation of new niches and jobs in industry, the transport and logistics sector, the foreign trade sector, and the information and financial services sectors; and third, the involvement of the working-age population in national security tasks.

Due to the integration of potential labor into the economy and changes in the retirement age, the number of employed in the economy increased by 2.3% in 2023; however, as the pool of human resources was exhausted by these factors, a slowdown in the growth of this indicator was already observed starting in 2024. The situation in the labor market in 2023–2025, amid record-high employment and low unemployment, was shaped by modest changes in labor productivity, exacerbating the imbalance between supply and demand and, consequently, leading to a structural deficit in the labor market (*Table 1*).

As economic activity picked up, the unemployment rate (according to ILO methodology) declined steadily—from 3.9% in 2022 and 2.5% in 2024 to 2.2% in 2025. The number of officially registered unemployed people with employment services fell to a historically low level (*Table 2*).

The structure of labor demand has undergone significant transformation in recent years amid the emergence of new types and formats of economic activity and technologies; however, the supply of labor has been constrained by the slow pace of training for skilled workers and those in mass-market occupations. Conse-

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Table 1

**Labor productivity index by major economic sector for 2020–2024,
% on the previous year**

	2020	2021	2022	2023	2024
Economy-wide	99.5	103.9	97.1	102.4	103.4
Agriculture, forestry, hunting, fishing, and aquaculture	99.8	101.9	108.3	102.3	102.7
Extraction of minerals	97.5	96.4	97.0	97.5	96.4
Manufacturing	97.5	104.5	104.3	97.5	104.5
Supply of electricity, gas and vapor	101.5	101.1	104.5	101.5	101.1
Water supply, wastewater disposal, waste management	95.3	101.9	102.0	95.3	101.9
Construction	103.7	106.0	102.8	103.7	106.0
Wholesale and retail sales	87.2	104.2	105.4	87.2	104.2
Transport and storage	98.0	101.3	100.3	98.0	101.3
Hospitality and catering	102.6	104.1	102.6	102.6	104.1
Information and communication	102.6	104.8	92.8	102.6	104.8
Real estate transactions	99.4	103.5	102.4	99.4	103.5
Professional, scientific, and technical activities	97.1	101.7	99.8	97.1	101.7
Administrative activities	97.5	96.4	97.0	97.5	96.4

Source: Rosstat.

Table 2

Labor market in 2021–2025: labor force, employment, and unemployment rate

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
	People mn								
Labor force	75.3	74.9	76.0	76.1	76.1	75.5	76.1	76.5	76.4
Employed in economy	71.7	72.0	73.6	74.2	74.4	73.7	74.4	74.8	74.7
Unemployed (according to WLO methodology)	3.6	3.0	2.4	1.9	1.7	1.8	1.7	1.6	1.6
Potential labor force	1.3	1.0	0.8	0.8					
	% on corresponding period of the previous year								
Labor force	100.6	99.4	101.5	100.1	100.0	100	100	100.2	99.9
Employed in economy	101.6	100.4	102.3	100.8	100.3	100.4	100.4	100.5	100.1
Potential labor force	74.6	81.9	81.6	100.0					
	% on the number of employed								
General unemployment level	4.8	3.9	3.2	2.5	2.2	2.3	2.2	2.1	2.2
Registered unemployment level	1.0	0.8	0.6	0.5	0.3	0.3	0.3	0.3	0.3
Unemployment level with potential labor force	6.4	5.2	4.2	3.5					

Source: Rosstat.

quently, rising labor costs — as a factor in retaining and attracting skilled personnel — encouraged companies to invest in labor productivity depending on market conditions, competition, and business models. With high employment rates, wage disparities intensified competition for jobs, influenced sectoral and institutional labor mobility, and affected labor turnover dynamics in the economy.

An assessment of the situation in the labor market shows that, despite severe demographic constraints, the labor shortage has remained structural in nature. The potential for underutilized labor resources in 2025 was determined by factors from the previous year: the extent of underemployment (13.3% of the total number of employees in organizations), the unemployment rate taking into account the potential labor force (3.5%), and the proportion of workers in the informal sector (18.3% of the total number of employed in the economy).

The structural labor shortage in 2023–2025 was driven by an accelerated shift caused by rising output in the manufacturing sector; active investment and construction activity; changes in interregional interactions within the new geo-economic landscape; and new forms of employment. Rapidly changing requirements for professional skills and knowledge when filling vacant positions exacerbated the imbalance between supply and demand across skill levels. The structure of demand shifted from the traditionally high demand for specialists in information and communication technologies and financial and insurance technologies to segments of the labor market such as engineering and technical personnel, skilled workers, and traditional mass occupations. The shortage of personnel, against the backdrop of expanding production and an increase in government orders, became particularly acute in the machine-building, chemical, metallurgical, and investment-construction sectors. With the reorientation of trade and economic chains and cargo flows, the demand for personnel in the transport and logistics sector has increased, especially in the Far Eastern and southern regions of the country.

Changes in the number of employees in specific economic sectors and the nature of labor turnover indicated that professional mobility toward more dynamically developing sectors of the economy remained intact. Given the limited labor pool and the growth in government orders, some production facilities switched to a multi-shift work schedule. The average length of the workday at the end of the first quarter of 2025 reached its highest level in the past two decades.

As organizations' demand for workers grew, the nature of competition for personnel in the labor market changed. The problem was exacerbated by a lack of skills and competencies to fill vacant positions. As the number of officially registered unemployed declined, the ratio of job seekers to 100 vacancies reported to employment services in 2025 stood at 23.2 people, compared to 19.7 people in 2024.

The primary untapped potential for reducing the labor shortage remains the growth of labor productivity through the development of effective business process management models aimed at improving staff qualifications and strengthening internal staff rotation, intensifying labor, and automating workplaces.

4.2. Domestic market: consumption and household income¹

In 2025, strong growth in nominal and real household disposable income and government final consumption expenditure played a key role in mitigating inflationary shocks and maintaining social stability. In 2024, growth rates for nominal and real disposable income hit their highest levels in the past decade; in 2025, despite a slowdown in economic activity, household income growth also showed steady annual and quarterly growth: real household cash income increased by 7.7% compared to the previous year, real wages by 4.4%, and real pension benefits by 2.8% (*Table 3*).

Table 3

**Key indicators of household income for 2021–2025,
% on the corresponding period of the previous year**

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
Household cash income	111.1	118.7	113.1	119.4	117.0	119.3	120.7	115.1	113.1
Real cash income	103.9	104.0	106.5	109.9	107.7	108.3	109.7	108.0	106.0
Real disposable income	103.3	104.5	106.1	108.2	107.4	107.1	110.1	107.7	105.8
Nominal wages	111.5	114.1	114.6	119.0	113.5	113.8	114.9	114.0	111.2
Real wages	104.5	100.3	108.2	109.7	104.4	103.4	104.6	105.3	104.3
Ral amount of pensions awarded	98.9/ 104.1	99.1/ 94.2	103.3	99.2	102.8	101.3	101.9	103.2	104.7

Source: Rosstat.

As household incomes rose, the structure of GDP allocation shifted: the share of final consumption expenditure increased to 71.0% in 2025, up from 64.4% in 2022. Given that the dynamics of final consumption expenditure in the Russian economy are characterized by extreme irregularity, the simultaneous growth of household spending and government consumption expenditure shaped consumer behavior in 2025. While in 2023 and 2024 the average annual growth rate of household income reached 7.8%, in 2025 it fell to 3.4%, while the growth rate of government consumption expenditure fell from 3.1% to 1.6%, maintaining its outpacing dynamics relative to GDP and its key role in economic growth and structural transformation (*Table 4*).

Changes in the competitive environment of the domestic market, shifts in the structure of household income by sector and type of economic activity, and the emergence of new niches and institutional structures in economic circula-

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Table 4

Final consumption expenditure as a share of gross domestic product in 2021–2025:
growth rates and share

	% on total in current prices					% on previous year in comparable prices				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
GDP	100	100	100	100	100	105.9	98.6	104.1	104.9	101.0
Including:										
Expenditure on final consumption	67.7	64.3	68.4	68.7	71.0	107.8	99.1	107.4	105.5	102.9
Households	49.8	46.8	49.5	49.7	51.1	109.8	98.0	108.7	106.8	103.4
State administration	17.3	17.1	18.4	18.5	19.4	102.9	102.0	104.0	102.2	101.6
Non-commercial organizations servicing households	0.6	0.4	0.5	0.5	0.5	106.8	100.7	100.1	99.2	105.0

Source: Rosstat.

Table 5

Composition of household cash income in 2021–2025, % of total

Period	Cash income total	Including				
		Income from business activities	Compensation for employees	Social benefits	Property income	Other cash receipts
2021	100	5.7	57.2	20.6	5.7	10.8
2022	100	5.7	57.5	20.0	7.8	9.0
2023	100	6.9	60.7	17.9	7.1	7.4
2024	100	6.7	60.0	16.6	9.6	7.1
2025						
Year		7.0	59.2	16.2	11.0	6.6
Q1	100	7.6	60.8	16.7	10.8	4.1
Q2	100	7.0	57.3	16.6	11.7	7.4
Q3	100	7.1	58.5	16.4	11.8	6.2
Q4	100	6.5	60.2	15.3	9.9	8.1

Source: Rosstat.

tion have led to an increase in the contribution to household income growth in 2025 from entrepreneurial activity to 7.0% and from property to 11.0%, while the strengthening of economic activity and employment led to an increase in wages for salaried workers to nearly 60%. The outpacing growth of labor income in 2022–2025 was accompanied by a relative decrease in social benefits within the structure of household income — from 20% to 16.2% (Table 5).

Table 6

Investment potential and investment activity of the population in 2021–2025

	% GDP					Rb trillion				
	2021	2022	2023	2024	2025	2021	2022	2023	2024	2025
Individual deposits	25.9	23.5	25.7	29.1	31.4	34.8	36.8	45.3	58,6	67,0
Loans to individuals	18.5	17.7	19.6	18.5	18.1	25.4	27.8	34.2	37,6	38,7
Of these, mortgage loans	4.2	3.1	4.5	2.4	2.1	5.7	4.8	7.8	4,9	4,5
	% on households cash income									
Individual deposits	49.4	44.1	48.1	52.9	51.1					
Loans to individuals	36.1	33.4	36.4	33.9	29.5					
Of these, mortgage loans	8.0	6.0	8.8	4.4	3.4					

Sources: Bank of Russia; Rosstat.

In 2025, household cash income totaled Rb131.2 trillion (+17.0% compared to 2024), while cash expenditures amounted to Rb112.8 trillion (+11.3%); of this amount, Rb91.9 trillion (+9.9%). The growth in household savings increased compared to the previous year and amounted to Rb18.5 trillion, versus Rb10.8 trillion (+71.3%) a year earlier. With the acceleration in the growth of household cash income and increased financial activity, against the backdrop of rising interest rates on deposits, the consumer behavior of individuals was characterized by a shift toward a savings-oriented model.

The population’s investment potential developed alongside a continuing trend toward an increasing share of deposits in their income. In 2025, the growth of the share of deposits held by individuals to 51.1% of their cash income and 31.4% of GDP was driven by attractive interest rates offered by the banking system amid persistently high inflation. The population’s investment activity in the credit market was supported by government measures under housing construction mortgage lending programs, including subsidized mortgages. However, against the backdrop of changes to subsidized mortgage programs, rising interest rates, and tighter regulation in 2025, the number of mortgage loans issued fell by 25.7% (to Rb968,200) and their total volume by 8.9% (to Rb4.5 trillion) (*Table 6*).

Stronger incentives to save led to a shift in the structure and focus of household current consumption expenditures. Quarterly data on the structure of household spending throughout the year showed a steady decline in the share of current consumption expenditures, and by the end of 2025, this figure stood at 70.0% compared to 77.0% in 2023 (*Table 7*).

As household incomes rose, a shift in the structure of consumer demand was observed. With retail sales increasing by 2.6% in 2025 compared to the previous year, sales of non-food goods grew by 3.1% and those of food goods by 2.2%. The imbalance in effective demand for goods and services overall, which arose amid rising

Table 7

Breakdown of household income allocation between current expenditures and savings, 2021–2025, % of total

	2021	2022	2023	2024	2025				
					Year	Q1	Q2	Q3	Q4
Revenues — total	100	100	100	100	100	100	100	100	100
Consumer spending	80.2	75.4	77.0	74.5	70.0	78.9	70.3	71.6	62.1
Including:									
Mandatory payments and contributions	15.5	15.1	14.8	15.8	15.9	15.2	16.0	17.0	15.7
Increase/decrease in household savings in deposits and securities, real estate purchases, changes in outstanding loans and accounts of sole proprietors, and cash on hand	4.3	8.6	8.2	9.7	14.1	5.9	13.7	11.4	22.2

Source: Rosstat.

Table 8

Growth in consumer market turnover for goods and services, 2022–2025, % on corresponding period of the previous year

	2022	2023	2024					2025				
			Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4
Aggregate consumer market turnover index		108.0	107.1	110.7	107.8	106.0	105.1	102.9	102.7	102.1	102.5	104.1
Including:												
Retail sales	93,5	108.0	107.7	111.5	108.5	106.3	105.1	102.6	102.6	101.6	102.1	104.0
Food products	98,3	104.4	105.9	108.1	106.7	105.5	103.8	102.2	103.1	102.0	101.7	102.2
Non-food products	89,4	111.5	109.3	114.9	110.2	108.0	106.4	103.1	102.0	101.3	102.8	105.8
Paid services to population	105,0	106.9	104.3	105.0	105.0	103.4	103.9	102.7	102.3	102.4	102.5	103.5
Catering (restaurants, cafes, bars)	107,6	113.9	111.9	109.9	111.2	113.4	112.0	108.7	107.1	109.1	108.9	109.6

Source: Rosstat.

household purchasing power, combined with limited supply in the consumer market, put pressure on price levels and changes. The consumer services sector (with a 2.7% increase in volume in 2025 compared to the previous year) and the food service sector (up 8.7%) demonstrated sustained positive growth (*Table 8*).

The situation was exacerbated by growing income inequality. Given the differences in the rate of change in individual incomes across social groups and status, the income concentration ratio increased from 0.408 in 2024 to 0.411 in 2025, while the fund ratio rose from 15.1 to 15.6 times, respectively. The average amount of pensions awarded in 2025 amounted to 24.3% of the average gross wages of employe-

es in organizations, compared to 26.0% in 2023. Thus, inflationary pressure shifted toward low-income population groups.

When analyzing the direction and structure of household final consumption expenditures over the period under review, it is necessary to take into account the problems accumulated over the past decade regarding the stagnation of living standards, which were addressed through the indexation of wages in the public sector, increases in the minimum wage, and social benefits.

The simultaneous expansion of social guarantees and targeted support for low-income groups, alongside wage growth, led to a reduction in the number of people with cash incomes below the poverty line/subsistence minimum from 12.2 million in 2023 to 9.8 million in 2025 and a decrease in their share of the total population from 8.3% to 6.7%, respectively. Poverty alleviation was attributed to both active social support for the population and the stimulation of entrepreneurial activity, high employment, and a steady decline in the overall unemployment rate, along with an expansion of employment opportunities.

4.3. Key trends in the development of higher education in 2025¹

Over recent years, the higher education system has seen a concentration of student enrollment, student numbers, academic staff, and financial resources in the universities in a limited number of oblasts of the Russian Federation. However, this process takes place amid ongoing attempts to redistribute student flows in favor of regional university systems trying to provide regional economies with higher-educated specialists, as it is declared. Moreover, this policy is supported by the desire to retain qualified young people by implementing the described measures in the RF oblasts in order to improve their demographic situation. In other words, it is an attempt to address not only personnel issues but also long-term development challenges in the oblasts through specific educational policies. However, the effectiveness of the declared measures is low, as people make decisions that contradict the stated policy. And, even more importantly, the federal budget's funding of oblastal higher education systems is also inconsistent with this policy.

4.3.1. Admission to Russian Universities in 2017–2025: Key trends

In 2017, 50% of the total (budget and fee-based) admission to bachelor and specialist programs at Russian universities was concentrated in 12 RF oblasts (*Table 9*).

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