**Abstract**

**RS-112**

Title: "Monitoring of Russian households’ poverty, incomes, social well-being, and consumer preferences dynamics"

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1. **Goal of research:** monitoring of official statistics and population survey data on poverty and welfare issues, estimating changes in consumer behavior, consumer preferences, and overall well-being of the population and various groups of households, assesing the cumulative impact of the economic recession of 2014-2017 on the household sector.
2. **Methodology:** monitoring of living standards of the population was carried out on the basis of the analysis of one-dimensional and multivariate distributions of official statistical indicators and data from population surveys. The study of certain aspects of the welfare of the population and its behavior against the backdrop of the economic downturn is based on the results of regression modeling, factor and cluster analysis.
3. **Empirical base of research:** the study is based on the Rosstat current statistics; data from regular Rosstat population surveys (Household Budget Survey, Labor Force Survey, Observation of Population Diets, etc.); data of population surveys on poverty and social well-being organized for the project; data from the HSE-RLMS surveys (1994-2016), "The Moscow population survey for the study of the change in demand for educational services" (2015), "Living standards and social well-being of the population" (2016), "Perception population of socio-economic changes in modern Russia "(2017); normative and legal documents regulating legal relations in the sphere of social protection and social services.
4. **Results of research:** The data of the official statistics up to the present time do not show a recovery growth in the living standard of the population. The cumulative decline in household incomes in real terms for the period from September 2014 to September 2017 was 7.6%; reduction of real wages — 6.3%, real pensions — 6.1%. Steady positive dynamics at the moment is observed only in relation to real wages (from the end of 2016). An analysis of the structure of money income of the population, in which an unprecedentedly high share of revenues from social payments is preserved, allows us to conclude that the reduction in real incomes of the population during 2017 is due to the fall in the real cost of non-pension social payments that are not indexed or indexed insufficiently, reduction in labor incomes in the segment of small enterprises and the non-observed economy, as well as a decrease in income from business and property.

The reduction in the inflation rate to a level comparable to the pre-crisis level (2012-2013), coupled with real wage growth, has led to a gradual revival of consumer markets in 2017. The impact of the economic recession in recent years has been manifested in the indicators of the standard of living and the consumer population of the regions at different times. The most economically developed regions (such as Moscow and the Moscow region, the Samara region) were the first to face a reduction in incomes and adjusted consumer activity in all commodity markets in a larger scale, which is explained, among other things, by significant adaptive reserves in connection with the relatively high initial consumer standards. The revival of consumer markets in these regions also occurred earlier than in others.

Subjective assessments of the material situation during 2017 showed a positive dynamics, but so far only in the relatively well-off segments of the population: no statistically significant changes in the indicators of subjective poverty have occurred since the beginning of 2016, but at the same time from this moment to autumn 2017 the share of citizens who positively assess their financial position has increased. At the same time, during the year the Russian population demonstrated growing concern over possible price increases (the RPORC fear indexes for the respective domain reached a level comparable to the peak of the 2015 fears), a decrease in labor incomes and own health, but showed more optimistic as compared to 2016 mood for future economic development prospects.

Passive options, such as savings and a refusal to consume goods, continue to dominate strategies for adaptation to income loss; they are used by all social groups of the population. However, during this year, while still denying themselves the consumption of certain food products and leisure activities, Russian families began to reduce the cost of education services, medical services, clothing and footwear less often. At the same time, compared to last year, households have become slightly more likely to use active strategies to attract additional sources of income, which may be due to both exhaustion of savings opportunities and the inability to defer further individual costs.

Families with children, despite improvements in their situation compared to last year, continue to remain a vulnerable group of the population. In the new economic conditions, families with children reduce consumption in all domains, both in basic categories of goods (food, clothing and footwear, transport), and in services and goods related to investment in human capital (health, education, paid services for care of children). A factor analysis of changes in the consumption of this group of families showed that the cuts, both for the main monthly expenses and for the additional ones, affected mostly representatives of families with children with relatively low income and educational potential.

In addition, families with children more often than other categories of families are holders of outstanding loans, both consumer and mortgage. Almost a fifth of families with children are in a state of over-lending, when more than 50% of the total monthly income goes to pay off debts, although the debt burden in this segment does not significantly differ from the average for the population as a whole, which indicates a greater discipline of families with children in this sphere. Families with children are more focused on improving housing conditions with the help of mortgages than others, therefore they require special attention and support in the conditions of falling incomes, when mortgage payments can place a serious burden on the family budget. Moreover, families with children can be a target group for approbation of various preferential programs of mortgage lending, since in general they are more conscientious borrowers than other population groups.

Families with children prefer investing in human capital, refusing to save. This determines the importance of non-monetary support measures for this group, such as: expanding access to health care, educational services and childcare and care services, whose consumption has declined in the past two years. Unsatisfied demand for this type of services forms a request for the development of the non-state preschool education sector, including that provided through measures to support state co-financing.

Analysis of the systems of social support for families with children over a sample of 16 regions of the Russian Federation with reduced budget resources but with relatively favorable indicators of child poverty showed their high heterogeneity in all the parameters, including the following: diversity of measures, targeting vulnerable categories, entry criteria and size of payments. The evaluation system proposed within the framework of the project made it possible to take into account the extent to which the characteristics of the social support system for families with children in the region correspond to the ideas about the best ways to provide social support measures. The greatest final assessment was received by three northern regions: the Murmansk and Magadan regions and the Chukotka Autonomous District. At the same time, there are interesting experiences and practices of implementing social support in other regions, with smaller values for the final assessment. However, it is not appropriate to link the results to the notions of the effectiveness of the social support system, because they do not take into account the indicators of the level of budget expenditures, actual coverage of recipients, etc.

An in-depth analysis of consumer behavior in selected goods and services markets showed that during the economic recession of 2014-2016, Russian households began to save on the purchase of paid medical services and, to a lesser extent, medicines. Having access to free alternatives, albeit of inferior quality, citizens began to refuse paid medical care. In 2016, there was a recovery in the level of consumption of paid outpatient care, which is associated with the restoration of income in resourcefull households, which are the main consumers of these services. In addition, during the economic downturn, the prevalence of informal payments decreased, primarily in hospitals. In general, the decrease in the consumption of paid medical services is more typical for the population with low income and low needs for medical care. The recovery in the level of consumption of medical services and medicines in 2016 began in three groups of households: with higher incomes, higher education, or poor health.

The study of consumer behavior in the sphere of nutrition revealed a significant increase in the share of food expenditures in the structure of the total expenditure of the population in 2014-2016. At the same time, the most stable increase in the indicators is observed in the least well-off groups of the population, while in the more affluent groups as early as 2016 the dynamics of these indicators changed: they stabilized in the middle income class segment and began to decline in the most affluent strata. At the same time, the qualitative characteristics of nutrition are changing: against the background of a reduction in the population's incomes in the structure of food expenditures, the share of spending on products such as meat and meat products, fish, fresh vegetables and fruits is decreasing, and growing — for bread and bakery products, grains. These trends are opposite to what was observed against the background of the growth of the general level of welfare in the 2000s.

Finally, a study of the population's adaptive behavior in the labor market during the economic recession of 2014-2016 showed that in the absence of significant changes in levels of employment and unemployment during this period, however, there was a deterioration in the working conditions of workers and an increase in the level of employment in the informal sector. Thus, in comparison with 2013, during the recession, the share of workers that faced a decline in wages or a reduction in labor time on the initiative of the employer or were sent on leave without pay increased, and these tendencies manifested more clearly in the informal segment of the labor market, where workers' rights are less protected.

During the current economic downturn, higher chances of retaining or raising financial position were determined by promotion, education, and orientation to high earnings. Promotion was combined with a more positive assessment of the material situation, its improvement in subsequent periods and an optimistic forecast for 2017. The acquisition of vocational education determined twice the higher chances of an optimistic position regarding the material situation of the family in the coming year, and workers engaged in self-education much more often pointed to the growth of their well-being even in the period of the general economic recession. Thus, the obtained results show that investments in additional education can be successful in an active adaptation strategy to unfavorable economic conditions, and development of this direction can become one of the tasks of state employment policy at the stage of slowing down and recession of the economy.

1. **Level of implementation, recommendations on implementation or outcomes of the implementation of the results:** the results of the research were presented at various scientific and practical events, including at meetings of the Public Chamber of the Russian Federation, the Ministry of Labor and Social Protection of the Russian Federation, the Council under the Government of the Russian Federation on the issues of guardianship in the social sphere, and were regularly covered in media reports. Selected research materials are published in the monitoring format on the website of the Higher School of Economics.