**Abstract**

**RS-143**

Title: «Analysis of socio-economic mobility and perspectives of middle class expansion»

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**The object of the study** is Russian middle class.

1. **Goal of research:** evaluation of size and mobility of middle class in contemporary Russia, and the description of paid services consumption by this group of population as an indicator of readiness to invest in human capital.
2. **Methodology:** research methodology is based on theoretical and methodological analysis of literature devoted to middle-class studies; one-dimensional and multi-dimensional data distributions of answers collected during longitudal and cross-sectional surveys are used to evaluate middle class structure and dynamics; regression model is used to find out the factors that increase the probability of investments in human capital.
3. **Empirical base of research:** the data of Russian Longitudinal Monitoring Survey (RLMS) from 2000 to 2017; the results of special survey among middle class representatives “Changes in the volume of paid educational services consumption by middle class and their readiness to invest in human capital development”, conducted in 2018 on behalf of NRU HSE; scientific and expert literature concerning the topic under scrutiny.
4. **Results of the research**: Middle class studies have a long history starting from antique philosophers who saw the importance of interlayer between the poorest and the richest, that assures the stability of state and society. The idea was later developed in works by D. Diderot, O. Comte, T. Weblen, M. Halbwachs etc. The notion of middle class can also be found in classical works of social scientists like K. Marx (who treated the relation to means of production as a core of class structure) and M. Weber (for whom not only the material property but also the power and prestige are stratification criteria). E.O. Wright and J. Goldthorpe are among their most well-known followers. Speaking about middle class, social theorists meant primarily entrepreneurs. But changes in economy, especially emergence of managers and workers with high qualification, caused the development of new theories that united them in so-called “new middle class”.

Middle class research in Russia has its own peculiarities. During the prevalence of Soviet ideology, the idea of two-class social structure and the triumph of working class over exploiters was supported. The disintegration of the USSR caused building up new social structure, where the formation of middle class was seen as one of the indicators of reforms’ success, that made evident that “normal” society was built up.

Since 1990th there were several attempts to study the structure of Russian society and understand whether middle class really exists, who are its members and what is their position in the society. Almost all the studies were based on complex approaches to middle class identification that included welfare and socio-professional characteristics evaluation.

Speaking about the latest studies on middle class, one can see their common trait – the heterogeneity of middle class. The researchers identify the different levels of this object. At the same time identification criteria are rather close in all cases: they cover professional status, material well-being and education and sometimes are accompanied by some other issues.

Consumption of paid services by middle class requires special attention of researches: from one side it can be treated as one of criteria to identify man or household as middle class representative, from the other side - it’s the result of being a part of this social category. In foreign studies consumption of paid services rarely appears to be the main focus of the research. But it can be touched upon as a part of life-style description. Examples of such studies can be found in Africa, Singapore, Portugal and India.

In Russia the range of paid services that attract researchers’ attention is very wide. First of all, the authors refer to the services connected with investments in human capital. Paying for education and readiness to do it (for both – own education and education for their children) is the specific trait of Russian middle class. They also are more concerned about their health and ready to pay for medical care and medical insurance. They are also more likely to pay for different leisure activities: spend holidays not in their own place, visit theaters, cinemas, cafes and other entertainment centers in their everyday life. Besides this middle class is also seen as an accelerator of financial services development: its members are more active in the field of credit and other bank products usage.

RLMS data gives the ability to study the dynamics and mobility of Russian middle class adopting the methodology of middle class identification scheme proposed in “Middle classes in Russia”[[1]](#footnote-1). According to this approach middle class is defined by three criteria: material well-being, socio-professional status and self-identification. The interception of all three criteria shows the core of middle class, combination of two of them – semi core, fitting only one criteria marks the periphery. Generalized middle class is defined as a sum of core and semi core, while adding periphery to it draws the borders of aggregate middle class. Current study covers the years 2000-2017, that makes possible to analyze which changes size and structure of middle class underwent at different stages of economic cycle.

During the 2000th the stable growth of the share of Russian middle class was seen. But 2010 became the turning point, while the core of middle class started narrowing and share of aggregate middle class started falling. Under newest crisis conditions middle class didn’t experience dramatic changes, however in 2015 there was a light decrease in its volume. The reason roots not only in material well-being but also in socio-professional status. And in 2017 the self-identification also reduced the number of middle-class members. Analysis of middle class structure provides the ability to highlight the main achievement of 2000th in the light of the topic discussed: groups that differ by socio-professional status and middle-class self-identification became closer to each other.

Assessment of middle class mobility gives less optimistic results. According to the data of monitor, during years 2000-2015 the mobility of middle class composition was high. Significant growth of generalized middle class was also accompanied by both joining new households and outflow of old ones. Moving from one year to the other only half of generalized middle class didn’t change. The most significant disposal started in 2015 – the newest economic crisis became the hardest challenge for middle class for the last 17 years.

According to RLMS data 2000-2017 among the middle class the share of customers of different kinds of paid services, connected with investment in human capital (incl., education, medical care, leisure) is higher than among those who are not included in middle class. In the field of consumption the periphery of middle class is closer to non-middle class households, but in several cases the trend for periphery follows the one for middle class. That provides the ability to make an assumption that in Russia middle class periphery being restricted by their capabilities is still oriented towards middle class consumption style.

Binary logistic regression model that was built during the research also demonstrated that households from generalized middle class more often than others invest in human capital development. The results of testing the variable describing the time period show the highest level of consumption of paid services in 2017. According to the model, even in 2013 the population invested less in the services connected with human capital development. Year 2017 became the period when population after serious economy demonstrated the increase in spendings. That can be considered an evidence that current situation is perceived not as a short crisis period but as new economic condition under which people expect to live for several years.

Data of special survey among middle class members also demonstrate the interest of middle class to educational services. Among all the respondents 48% took any activities to improve their qualification during last 3 years. Plans of middle class members also include increasing the volume of human capital: 50% of them plan to get education not connected with their work, 43% - to improve qualification in current work. Middle class survey also showed the readiness of middle class members to pay for services connected with human capital development: their own or capital or their children’s. Reasons to appeal for different kinds of services vary from one to another: in medical care getting service quickly is most important, while in education people are ready to pay for quality. Paid services are rarely connected with the wish to get services together with other people from middle class. In other words, paid services usage isn’t perceived as some status indicator. Moreover, there is a group of respondents from middle-class who don’t plan to pay for services under any conditions.

Middle class is open for innovative goods and services. Its members feel most positive about innovations in medicine and transport sphere, less positive – about innovations in education. Older respondents are most interested in innovations in medicines and medical care. Such innovation as Internet is wide-spread. About 90% of respondents use it, 95% do it on everyday basis.

1. **Level of implementation, recommendations on implementation or outcomes of the implementation of the results:** some results of the study were used in the preparation of analytical notes and expert opinions in 2018, as well as presented at various scientific and practical events. The results of this work can be used to advise public authorities and to develop the methodology for further studies of middle class in contemporary Russia.

1. Средний класс в России: количественные и качественные оценки / Авт. коллектив Е.М. Аврамова, Л.М. Григорьев, Т.П. Космарская, Т.М. Малева (руководитель), М.В. Михайлюк, Л.Н. Овчарова, В.В. Радаев, М.Ю. Урнов / БЭА. М.: ТЕИС, 2000. [↑](#footnote-ref-1)