**Abstract**

**RS-177**

Title: «Poverty, inequality, social stratification and income policy for the population»

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**The object of the study** is Russian population.

1. **Goal of research:** evaluation of the poverty and inequality level, description of the specific issues of income stratification in Russia and evaluation of income support policy influence onthe population.
2. **Methodology:** the descriptive analysis of the data, provided by the international organizations (World Bank, UN etc.), – for cross-country comparisons and the analysis of inequality level; the analyses of open data of Federal State Statistic Service – for the welfare and poverty assessment and cross-regional comparison; descriptive statistics and mathematical modeling based on the survey data – for the evaluation of poverty level, profiles and poverty factors in Russia, for the welfare estimations, for the investments in human capital assessment and the evaluation of the effects of universal benefit implementation.
3. **Empirical base of research:** the data of Statistical Survey of Income and Participation in Social Programs (VNDN) for 2016 and 2019; the data of Household Budget Survey (NBS) for 2020; the data of Russian Longitudinal Monitoring Survey (RLMS) for 2020; the data of International Social Survey Programme for 2019; the data of the World Bank, OECD, UN concerning the inequality and welfare level; open data of Federal State Statistic Service and other organizations that provide the relevant information.
4. **Results of the research:**

The problems of poverty and inequality are still relevant in Russia and all over the world. The data provided by different international organizations demonstrate a slight reduction of inequality among the countries, however, show that the gap between the richest and the poorest in each country is still large. And the tendency doesn’t depend on the indicators used. The COVID-19 pandemic deepened the existing problems and, in spite all the social support measures, caused the increase in the number of the poor in the whole world. Russia experienced a slight growth of the real wages and pensions, due to that the number of the poor decreased a bit. But there was also a decrease in the entrepreneurial income, income from property and the increase of unemployment. The data show that the inequality can be reduced in case of increasing spending on the social policy, education and healthcare.

When poverty is analyzed, not only its level but also poverty profiles are considered. The actual data of the Statistical Survey of Income and Participation in Social Programs (VNDN) characterize the pre-pandemic situation and prove the idea that families with children, those with employed in informal sector, unemployed and having low education level have the highest poverty risks, as well as people living in rural areas. Besides this, the prevalence of the problems that poor people face (so-called “poverty factors”) was evaluated. The situations of the lack of money to satisfy the basic needs (that are indicated by the subsistence minimum level) were considered. The comparison of the data for 2016 and 2019 shows that these factors are stable. The drawbacks of the social policy is one the core problems, the number of the families suffering from it decreased from 2016 to 2019, but even now about one fifth of all the households face it. A bit fewer households have the problem of poor capitalization of the human capital, about 1/10 of the families suffer from the absence of the labor income and almost the same number of the households do not have enough money to cover the needs of children and parents in the family. Only the problem of low level of human capital is not wide-spread.

When cross-regional comparisons are performed the positive trends concerning poverty reduction and income growth can be seen. The complex approach for poverty definition was used in the study (combining absolute and relative monetary approaches and subjective one) based on the data for 2015-2020. The data demonstrate the reduction of the percentage of people living in the extreme poverty (have no ability to purchase food and clothing and pay for housing and communal services) in most of the regions, but the share of those who can’t live as most of the current society members, increases. During the period considered the poverty level reduced in 67 regions, that was accompanied by the increase of subsistence minimum level, that proves the idea about the increase in the standards of living. When social support is analyzed, the tendencies are similar for most of the regions: the social policy is primarily focused on those who can pretend on state social support and on the families with children.

The build-up of the human capital can be one of the tools for inequality and poverty reduction. The data of Russian Longitudinal Monitoring Survey (RLMS) and the data of International Social Survey Programme show that paying for children’ education is the most popular form of the human capital investments. Paying for the medical services is less popular. And the Russians relatively rare pay for the educational services for the adults and health-improvement services. A bit less than half of all the children take part in any extra classes, that depend on child’s gender; the girls take part mostly in creative lessons, while boys go in for sports. The practices of acquiring human capital are rather widespread: 44% of the population report about taking part in any of them. But the share of those who try to increase the return on already available human capital is higher, such people tend to look for extra job or for another job with higher wages.

At the macro-level the inequality reduction can be positively influenced by «wage-led growth» model. The data demonstrates that the weak domestic demand and high level of uncertainty are the main problems for the Russian economy. The high level of uncertainty is expected for the next years, due to that the new model for economic growth is required. The stimulation of the demand of the low-income population seems to be an effective measure, but in this case the increase of the salaries and other income is required.

At the micro-level the possible effects of universal basic benefit implementation are considered. In case of such measure usage, the income of all the poor population is increased up to the subsistence minimum level. The results of the assessment of such effects are to some extent restricted by the limited knowledge about the procedures of the payment. But the results of modelling based on VNDN data show the significant poverty decrease by 2030 in case of this benefit usage. But the careful consideration of all the aspects of this measure is necessary: the means test, informational support, the forms of payment should by clear. To analyze all these issues the previous experience gathered during monetization of benefits, social pension benefits and social certificates should be taken into account. Besides this, the forecast is highly dependent on actual economic growth indicators.

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 2021, as well as presented at various scientific and practical events. The results of this work can be used to advise public authorities how to fight with poverty and to develop the social policy measures aimed at poverty reduction.