**Abstract**

**RS-24**

Title: "Monitoring socio-economic behavior of households in the quarantine economy during the COVID-19 pandemic"

Head of the Project: P.M. Kozyreva, Ya.M. Roshchina

Department/Institute**:** Center for Longitudinal Studies, Institute for Social Policy

1. **Goal of research** is 1)to create a panel database “Russia Longitudinal Monitoring Survey of Higher School of Economics (RLMS-HSE)” that spans the period from 1994 to 2020 and 2) to analyze the impact of the COVID-19 pandemic on the socio-economic well-being of Russian households in 2020.
2. **Methodology:** quantitative analysis of the series of nationally representative household-based surveys “Russia Longitudinal Monitoring Survey of Higher School of Economics (RLMS-HSE)”. The repeated observations of the same economic units (individuals and households) made annually on the basis of a uniform survey methodology ensure the panel nature of the RLMS-HSE data. Probabilistic, stratified, multistage territorial sampling of the surveys is representative at the national level.
3. **Empirical base of research:** a panel database “­­­Russia Longitudinal Monitoring Survey of Higher School of Economics (RLMS-HSE)”, which includes 29 rounds of observations completed in the period between 1994 and 2020.
4. **Results of research:**

In 2020, after a few years of stagnation, the Russian economy was hit hard by recession. The COVID-19 pandemic and quarantine restrictions severely affected all sectors of the economy. As a result, Russia’s GDP contracted by 3%, while the annual consumer price index (CPI) inflation rate reached 4.9%.

In 2020, an average real household income plunged by 30.4%, falling back to the level of 2005. A work-related household income dropped by 31.3%. The decline in average earnings amounted to 25.4% in state-owned enterprises, 35.3% in privately-owned firms and 38.7% in public-private companies.

A household income from government transfers dropped for the first time since 1998. In 2020, households received 29-percent less in government transfer payments compared to 2019. A household income received from domestic production and informal employment in cash contracted by 25.2%. A household income received in-kind hit an all-time low after a considerable decline of 24.5% in 2019 and another sharp drop of 36.6% in 2020. A household income from private transfers (assistance received from relatives and charitable donations) also went down by 10% in 2019 and then plummeted by 31% in 2020.

The share of government transfer payments in an average monthly household income was down from 41.1% in 2019 to 41.6% in 2020; the share of earnings remained stable and amounted to 47%; income in cash from domestic production and informal employment accounted for 4.4% both in 2019 and 2020, while the share of in-kind income decreased from to 2.0 to 1.8%; the share of private transfers also went down slightly, from 5.0 to 4.7%

An economic downturn of 2020 hardly affected income inequality on the household level. In 2020, the top 20 percent of households earned 2.6 times more than the bottoms 20 percent, which was at the same level compared to 2019 and 0.1 percentage points less compared to 2018.

After a slight uptick in 2019, household expenditures decreased by 30% in 2020. It was the most significant decline in household expenditures during the period between 1994 and 2020. After a few years of stagnation, average household spending on food fell by 32.9%. Average spending on durable goods decreased by 28.5%. As a result, by the end of 2020, food expenditures accounted for 40.5% of monthly household spending.

The spending gap between the top and the bottom 20 percent of households increased. Compared to low-income families, well-off households spent 4.7 times more in 2019 and 5.1 times more in 2020. Although the difference in food expenditures decreased slightly in 2020 – from 2.2 to 2.1 times, – the gap in spending on durable goods rose considerably – from 7.2 to 8 times.

The unemployment rate fell from 3.6% in 2019 to 3.4% in 2020. However, while unemployment decreased from 3.3 to 2.8% among men, it went up slightly – from 4.0 to 4.1% – among women. Unlike 2019 when short-term unemployment was on the rise, the key concern of 2020 became people staying out of work longer than several months. In December of 2020, three quarters of the unemployed reported being between jobs for three months or longer.

In 2020, the workforce participation rate declined from 81.5 to 80.9% of the adult population. After a slight uptick in the numbers of working retirees in 2019, the share of those staying in the workforce after retirement declined from 19.9 to 19.2% among men and from 24.6 to 23.7% among women.

Men continued to outperform women when it comes to participation in the paid labor force and average earnings. Furthermore, in 2020 the share of wage-earners rose from 79.4 to 79.9% among men but drop from 72.3 to 71.5% among women. Despite being, on average, more educated, women continued to earn about three quarters of men’s income.

In 2020, the number of workers who had wage arrears increased from 1.1 to 2.5%. But an average amount of money due in back pay dropped and was 1.6 times lower compared to 2019. Women were less affected by delayed wage payments and had a smaller portion of their earnings in back pay. The share of retirees failing to receive their monthly pension payments rose from 2.6 to 6.5% among men and from 2.8 to 4.1% among women.

The share of households struggling to pay rent or utility bills declined from 6.2% in 2019 to 5.8% in 2020. The average amount of an outstanding debt fell by considerable 38%, almost offsetting a 43-percent increase of 2019.

In 2020, a positive trend in reported life satisfaction reversed. While the proportion of those generally satisfied with their life increased from 49.6 to 52.0% in 2019, it went down to 51% in 2020. However, the share of those unsatisfied also declined to 22.4%.

There was little change in the subjective assessment of household economic conditions. The proportion of respondents satisfied with the financial circumstances of their families fell by 0.3 percentage points to 23.3%, while the share of those unsatisfied declined by 0.9 percentage points to 55.3%.

On the contrary, the proportion of respondents who noticed an improvement in their financial circumstances significantly decreased. It dropped from 18.1 to 11.9%, while the share of those who reported negative changes went up from 21.3 to 28.8%. The proportion of respondents reporting no changes fell by 0.9 percentage points to 59.3%.

The share of respondents who believed that the living standards of their families would improve next year increased from 19.6 to 21.8% in 2019 but then dropped to 15.9% in 2020. The share of those expecting their living standards to fall returned to the 2018 level of 13%. The proportion of respondents who expected no changes in the foreseeable future went up from 49.5% in 2018 to 50.2% in 2020.

In 2020, the proportion of respondents who felt anxious about losing their jobs rose from 61.0% in 2019 to 63.9% in 2020. The share of those who believed that their position was secure declined from 24.4 to 21.5%. More respondents felt uncertain about their chances to find a new job had they lost the current one. The share of those who assessed their chances as good or fairly good went down from 35.5% in 2019 to 32.0% in 2020. The proportion of those doubting their employment prospects grew from 43.1 to 46.0%.

In 2020, there was an increase in the share of employees leaving their jobs as a result of lay-offs and company closures (from 12.8 to 13.9%), or retirement (from 7.0 to 10.5%). In contrast, there was a decline in the share of those who quit because of poor health (from 14.5 to 12.2%), low wages (13.6 to 12.5%), unsatisfactory working conditions (from 9.5 to 7.7%), or a contract termination (from 5.5 to 2.8%).

In 2020, the most common way to find a new job was to ask a friend (83.8%), search job boards, including those online (64.9%), directly contact a company (51.3%), or ask relatives for assistance (54.5%). State employment agencies gained popularity, with 20.2% of respondents having been using their services in 2019 and 38.3% in 2020.

In 2020, there was another increase in job satisfaction. A higher proportion of workers felt satisfied with their job in general (the share rose from 70.0 to 71.9%), working conditions (from 70.3 to 71.7%), and career opportunities (from 51.7 to 55.3%). Although low wages remained the leading cause of discontent at the workplace, the overall satisfaction with the pay level increased.

In 2020, when Russian coronavirus vaccines were yet to be approved for public use, an overwhelming majority of the population considered mask-wearing, hand-washing and social distancing measures to be effective ways of protecting against COVID-19. An approval rating of these measures was reasonably high among all age groups and at all levels of education. It was also strongly associated with poor health. Unfortunately, with the exception of masks, which became mandatory in some regions of Russia in autumn 2020, public behavior did not necessarily match the attitude.

There were a considerable number of people who adhered to the bare minimum of protection (mask-wearing and hand-washing). Men, young people, people with high self-assessed health, the employed, skilled and unskilled workers, rural residents, people with low trust in public institutions, and people demonstrating a high propensity for risk and neuroticism (emotional volatility) were among those neglecting most of the protective measures. These people also were more likely to express doubts about getting vaccinated when the vaccine would be available. However, the overall rate of COVID-19 vaccine hesitancy was noticeably high among all Russians (41.8%).

Although some lockdown restrictions were introduced to curb the spread of COVID-19, they did not affect the working conditions of 62.1% of Russians. About 16% of Russians stayed out of jobs without being dismissed, and another 15% switched to teleworking or a mixed working schedule (teleworking, but with occasional office visits). More than half of employees did not notice any change in their workload or productivity when they worked from home. Women were more likely to report an increased workload but less likely to experience a decrease in productivity. If given a choice, women would prefer teleworking or a mixed working schedule.

1. **Level of implementation, recommendations on implementation or outcomes of the implementation of the results**

The database “Russia Longitudinal Monitoring Survey of HSE” (RLMS–HSE), 1994–2020, with documentation in Russian and English, is publicly available at http://www.hse.ru/rlms.

Since 2010, RLMS-HSE data became a valuable source of information for more than 1600 scholarly works published in Russian, English and other languages; more than 40% of these publications were included in citation databases Web of Science and Scopus. The complete list of publications is available at https://www.hse.ru/rlms/publ.