**Poverty in Russia in 2020-2021: relation and characteristics of groups of officially and subjectively poor**

Crisis periods are traditionally accompanied by a decline in the standard of living of the population, an increase in unemployment, poverty, protests and other socio-economic shocks. The interest in the topic of poverty is justified by pessimistic forecasts of the country's economic growth in the coming years, which may lead to assumptions about changes in the structure of Russian society and living standards in the long term. An analysis of the situation in 2020-2021 against the dynamics of previous years can give an idea of the expected and already occurring trends in the field of poverty.

For a comprehensive understanding of the situation, we examined poverty from the standpoint of two different methodological approaches: on the one hand, we analyzed a group of poor according to an official (monetary) criterion[[1]](#footnote-1); on the other hand, we paid attention to the measure of “social well-being” - subjective poverty[[2]](#footnote-2). Consideration of the two metrics provides an understanding of the measure of consistency between official poverty and citizens' assessment of their financial situation and the specifics of each of these poverty measurements, and the discrepancy between the two metrics may indicate the risk of disagreement of the population with the policy. In the study conducted on the basis of the RLMS-HSE database, the dynamics of official and subjective poverty were examined, the ratio of the two groups was estimated and changes in portraits and living conditions in poverty groups in recent years were analyzed.

Russian authors have already studied the phenomenon of subjective poverty. It is known from studies[[3]](#footnote-3) that subjective poverty in Russia is characterized by a greater prevalence (in comparison with the official one), and it is mostly represented by pensioners and older people with multiple deprivations and health issues. The group of officially poor includes representatives of a younger age, families with young children living in a rural area. The groups also differ in the deprivations they experience: there are more people in official poverty who experience housing deprivation, and the subjectively poor are characterized by deprivation in goods of daily consumption. We assessed to what extent the living conditions and portraits of groups have changed during the crisis period of 2020-2021 in comparison with the more prosperous 2017-2019.

The study showed that during the crisis periods of 2020-2021 there is no increase in official poverty, and there are several possible explanations for this:

• The change in the methodology for official poverty measurement (the transition to a relative monetary poverty criterion - 44.2% of median income) has lowered the poverty line with a high increase in inflation;

• Nominal income growth[[4]](#footnote-4);

• Partial compensation for the possible increase in poverty by state policy - targeted support for families with children and unemployed citizens[[5]](#footnote-5).

According to estimates based on the RLMS-HSE data, its dynamics of subjective poverty dffers: subjective poverty falls in 2020 by 2% VS more prosperous 2019, and then in 2021 it goes up again, reaching 39%. Thus, there is an inconsistency of poverty metrics in 2021: an increase in subjective poverty and a simultaneous decline in official poverty.

We highlight following trends in changing portraits and living conditions of the two groups of poverty:

• Official poverty flows to regional centers: from 23% in 2017 the share of poor living in regional centers reaches 29% in 2021. However, the rural type of residence among the representatives of the official monetary poverty group still remains prevalent.

• 2020 was marked by cuts, reduced wages and forced vacations, which affected both groups of the poor equally. The group of subjectively poor was most concerned about job loss in 2020 (70% of respondents), in 2021 the indicator drops to 64%, while in official poverty there are no significant changes in the level of anxiety, but at the level of the general trend, the changes are also downward.

• Satisfaction with wages, conditions and opportunities for professional growth of the population as a whole increases after 2019, but this concerns both groups of the poor to a somewhat lesser extent than Russians as a whole.

• There is a decrease in unemployment among the officially poor: 5% of the officially poor were registered as unemployed in the employment service and received unemployment benefits in 2020 (2.4% of the population as a whole), and their share fell to 2% in 2021.

• The deterioration of the financial situation is declared by the population as a whole to the greatest extent in 2020 than in 2019 and 2021. Official poor are less likely to determine it than representatives of subjective poverty.

•Officially poor group continues to be relatively more deprived in the housing aspect in 2021 compared to 2019, and subjectively poor - in the possibilities of updating clothes and access to the Internet (however, the prevalence of the latter deprivation decreases over time). Both groups of the poor have become less likely to spend on entertainment, which reflects trends characteristic of the entire population.

The further dynamics of official poverty will largely depend on new measurement methodologies and the focus of government support. The dynamics of subjective poverty, however, is likely to be different, since in addition to the financial situation (and its self-assessment), it is associated with a broader and more comprehensive assessment of the population's own well-being.

1. The official poverty indicator was calculated based on a comparison of household disposable income and its subsistence minimum (taking into account the region of residence and gender and age composition). In a situation where the disposable income is lower than the subsistence minimum, the household is defined by us as poor according to the official approach. [↑](#footnote-ref-1)
2. The indicator of subjective poverty was calculated based on the ladder question (assessment of one's own position in the hierarchy of "poverty-wealth" from 1 (lowest) to 10 (highest)). Subjectively poor are respondents who noted their own position at three and below. [↑](#footnote-ref-2)
3. For example studies of N. Tikhonova, E. Slobodenyk, V. Zharomsky. [↑](#footnote-ref-3)
4. Rosstat provides information on the poverty line in the fourth quarter of 2021.
URL: <https://rosstat.gov.ru/folder/313/document/157001> [↑](#footnote-ref-4)
5. The Financial Situation of Russians in a Pandemic: The Impact of State Support. Economic policy. 2021. Vol.16. No. 6. P.70-93. [↑](#footnote-ref-5)