Is Economic Growth in Russia Really Pro-poor?

Dmitry Rudenko

(Tyumen State University, Russia)

Ann-Mari Satre

(Uppsala Centre for Russian and Eurasian Studies, Sweden)

Is economic growth in Russia really pro-poor?

Dmitry Rudenko

Tyumen State University

drudenko@inbox.ru

Ann-Mari Sätre

Institute for Russian and Eurasian Studies (IRES), Uppsala University

ann-mari.satre@ucrs.uu.se

Is Economic Growth in Russia Really Pro-poor?

Dmitry Rudenko[1], Ann-Mari Sätre[2]

Abstract

Mass poverty in Russia has declined since year 2000 because of economic growth. Yet, the growth has been highly uneven across sectors and regions in Russia. The official poverty headcount declined more than twofold from 29 percent in 2000 to 13.3 percent in 2007, but fell only slightly between 2008 and 2013 and started rising in 2014. Relative poverty instead dramatically rose till the global financial crisis of 2008, staying after which rather high throughout the whole period showing a substantially unchanged pattern. The decrease in real incomes, high inflation rates pushing up the subsistence minimum, freezing of social transfers and wages in the public sector have been the main reasons behind increasing poverty rates in Russia since 2014. The year 2015 and 2016 marked the largest decline in living standards and increase in poverty since the economic crisis of 1998-1999, largely ending the gains of poverty reduction years. Although the methodology of poverty estimation was changed in 2013 we may discuss the issue of a "lost decade" also with respect to the social dimension of Russia's development. This study investigates the impact of economic growth on inequality and poverty in Russia over the period 2000-2015. Using decomposition methods, we argue that the declines in the absolute poverty rate are largely accounted for by changes in the rate of economic growth rather than by distributional changes. We examine whether Russian economic growth is pro-poor over that period.

Keywords: pro-poor growth, poverty, inequality, poverty decomposition, Russia

---

[1] Institute of Finance and Economics, Tyumen State University
[2] Institute for Russian and Eurasian Studies (IRES), Uppsala University

1. Introduction

Formation of market economy in the early 1990th was accompanied by a radical increase in income inequality when a large proportion of the population fell into poverty in Russia. Mass poverty in Russia has declined since year 2000 because of economic growth. Yet, the growth has been highly uneven across sectors and regions in Russia. The official proportion of the poor declined more than twofold from 29 percent in 2000 to 13.3 percent in 2007. Despite the economic recovery of these years income inequality remained persistently high and continued to rise for most of the decade. Inequality is considered a significant factor that hinders economic growth in the modern (and future, post-crisis) world.

Two crises of 2008-2009 and 2014-2016 interrupted the process of incomes growth and led to a rise in the official poverty measures. The income inequality instead decreased this period mainly due to an increase in social transfers (primarily pensions) to low-income groups of the population, and to a decrease in income from entrepreneurial incomes and property, which affected the well-being of medium- and high-income groups (Ovcharova, 2018). The decrease in real incomes, high inflation rates pushing up the subsistence minimum, freezing of social transfers and wages in the public sector have been the main reasons behind increasing poverty rates in Russia since 2014. The year 2015 and 2016 marked the largest decline in living standards and increase in poverty since the economic crisis of 1998-1999, largely ending the gains of poverty reduction years. Although the methodology of poverty estimation was changed in 2013 we may discuss the issue of a "lost decade" also with respect to the social dimension of Russia's development. According to the Russian President's Decree, a twofold poverty reduction remains a key focus of policymakers till 2024. However, low rates of economic growth over the last decade were accompanied by stable inequality. In these circumstances, the problem of poverty acquires chronic and local character.

It is obvious that a high level of economic development facilitates the struggle against poverty, providing resources for this purpose. However, it is also possible that economic growth increases poverty. This can happen when inequality increases so much that the beneficial effects of growth is completely eliminated, so called immeserizing growth, the growth that provokes poverty (Kakwani and Pernia, 2000). Opponents of growth consider that there is virtually no reason to believe that economic growth helps to solve social problems. In many countries, mainly developed, the problem of poverty is a problem of distribution, rather than production. Moreover, high rates of growth can be related to environmental pollution and high stress, which would be prejudicial to physical and mental health.

So, it is necessary to determine the extent to which economic growth improves the status of the poor. Do the poor benefit to the same extent as the rest of the population? Following Dollar and Kraay (2002): "Economic growth is good for the poor", since average incomes of the poorest

quintile rise proportionally with average incomes of the rest. Changes in the income distribution (on average) are slight and moving too slowly to lead to substantial changes in the level of poverty. The evidence emphasizes the importance of economic growth for poverty reduction.

The dynamics of the official poverty and income inequality measures in modern Russia are presented in Figure 1.
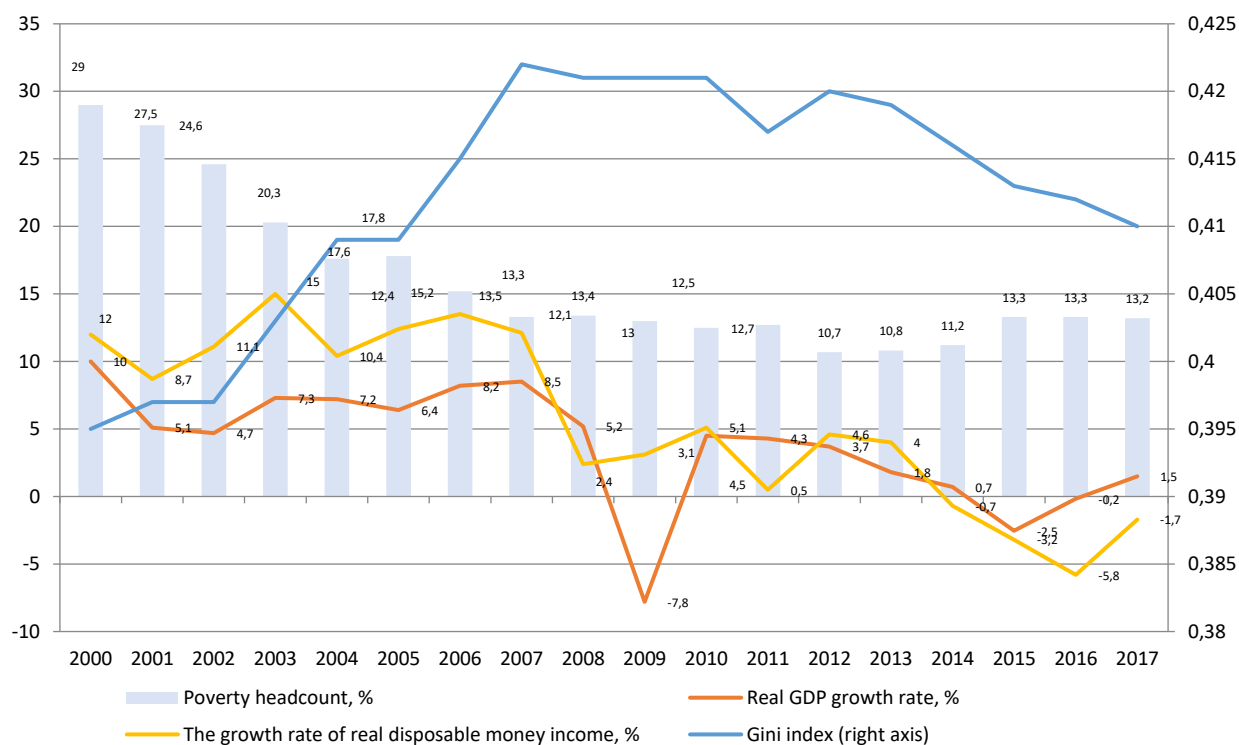

Figure 1. Official poverty and income inequality measures in Russia

Since 2000, there has been a steady decline in the share of the poor due to the effects of economic growth. The official poverty headcount declined more than twofold from 29% in 2000 to 13.3% in 2007, but fell only slightly between 2008 and 2013 and started even rising in 2014. The income inequality instead dramatically rose from 1995 till the global financial crisis of 2008, staying after which rather high throughout the whole period showing a substantially unchanged pattern.

The high dependence of how poverty lines are actually defined is illustrated by a survey where people are asked to provide their own assessments of their situation. In 2015, while only two percent stated they have problems to make ends meet, almost 60 per cent indicate that they have problems to afford durables. This indicates that a majority of the population live close to the threshold of poverty, which makes them vulnerable to small changes. According to the same survey, people in rural areas as well as in towns state that their standard of living has decreased in 2010-2015. While five per cent state that their situation is substantially worse in 2015 compared to 2010, three per cent state the opposite. While 26 % state that their situation is somewhat worse, 21 per cent state that their situation has become somewhat better.

In line with Ovcharova et al (2014) we can distinguish four plus one stages of poverty dynamics in Russia connected with the macroeconomic situation in the country:

1. The structural economic crisis of 1990th that led to a sharp increase in poverty measures. The highest ever rate of the poverty in modern Russia was recorded in 1992 – one third of the Russians. Then it dropped to 20 percent in 1994. Kuznetcov and Nivorozhkina (2010) argue that it can be partially attributed to the change in poverty measurement methodology rather than a real wellbeing increase. The financial crisis of 1998 had intermitted the trend of poverty decline. Given the positive and pretty high rate of real disposable incomes growth (112 percent) and a little decline of income inequality in 2000, the increase of the number of people in poverty may be explained only by the shift to a more expansive subsistence minimum.

2. The prosperity era of 2000th when official poverty measures have been steadily decreasing caused by economic growth. The growth rate of real disposable income as well as real pensions exceeded the rate of real GDP growth and counteracted changes in income distribution that had tended to increase poverty. The Gini index rose from 0.395 in 2000 to 0.422 in 2007. A negligible poverty exacerbation in 2005 was again caused by the change in monitoring methodology.

3. The stagnation after the global financial crisis of 2008. The decade of prosperity in the national economy came to its end, the real disposable incomes has stopped rising as before. During the crisis poverty rates in Russia were preserved at the level of 13 percent. Little jumps in poverty rates in 2008 and 2011 were connected with subsistence minimum growing faster than incomes. The official poverty rate reached its minimum of 10.7 percent of population in 2012, and it would be even less in 2013 if only the methodology had not been revised.

4. The recession and domestic economic crisis of 2014-2016. The macroeconomic situation in Russia and drop in oil prices resulted in real disposable incomes started falling, for the first time after 1998-1999 financial crisis. As a result, poverty in Russia is on rise with 13.3% in 2015 against 10.8% in 2013. The number of Russians with incomes below the subsistence minimum level grew to 15.9 percent between the first quarter of 2014 and the first quarter of 2016.
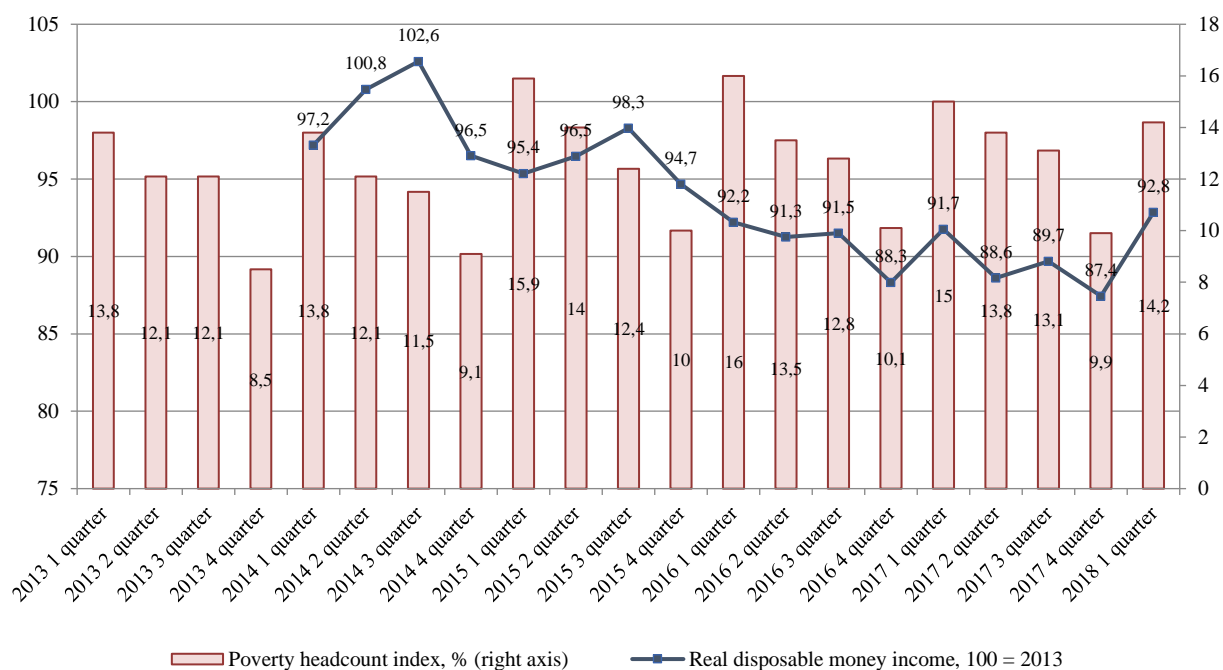
Figure 2. Official poverty and real disposable income dynamics, 2013-2018

5. The period after crisis. The quarterly data shows that the poverty has stopped rising in 2017 (comparing poverty for 3 months: 14.2 percent in 2018 against 16 percent in 2016).

The reality is that there is not much detailed information available about poverty trends in Russia, and their relationship with macroeconomic growth, especially about the situation after the national crisis of 2014. The aim of this paper is to provide new and detailed evidence about poverty trends in Russia for the period 2000-15, to understand how income, income inequality and poverty have been developing in Russia and what policy measures have been adopted to alleviate poverty and curb inequality. Changes in poverty over the last decade and the factors accounting for them are the subject of only a limited number of studies. Rosstat statistics show that the poverty rate decreased sharply over the decade prior to 2012 according to the poverty lines they use, but the reasons for this decrease have not been examined in detail.

The first research question is, what were the factors behind the change in poverty during the period from 2000 to 2016? To understand this, we decompose the change in poverty by income and inequality components using backstopped poverty line of 2016 (the procedure of subsistence minimum calculation has been updated several times since 1992 and therefore poverty lines are inconsistent over time) and Kolenikov-Shorrocks (2005) imitation model. We also give attention to the choice of poverty line and poverty measure comparing the Russian poverty with the poverty in other post-socialist countries. As poverty rates are of a significant magnitude and vary with the measure used we also apply data from independent authors (Ovcharova, 2018; Denisova, 2012; Karabchuk et. al., 2013; Bogomolova and Tapilina, 1999 etc.). The comparative analysis of the

official and independent data enabled us to conclude that there is ambiguity in the estimates of monetary poverty in Russia.

The second research question is, how effective are poverty reduction programs? To answer this question, we calculate pro-poor growth indices for FGT class of poverty measures (headcount, depth and severity) using Kakwani and Pernia (2000) approach. The social welfare programmes inherited from the Soviet Union were inadequately focused on deprivation. A considerable part of social transfers, both regular and one-off payments, has gone to benefits for families without recognition of 'needs'.

This paper makes one contribution to the literature. It estimates the poverty equivalent growth rates and pro-poor growth indexes based on decomposition of poverty changes into growth and redistribution components. We address all questions from the empirical perspective through an analysis of official aggregated Rosstat data as well as unofficial household survey data presented in RLMS-HSE. The RLMS covers a wide range of issues and produces an extensive base of socio-economic variables that can describe the structure of income and expenditure, the structure of food consumption, the level of material well-being of the population, education levels, investment, occupations, migration, health, etc. (Murashov and Ratnikova, 2016). We conclude that it is essential to formulate pro-poor policies along with growth-enhancing policies to alleviate both absolute and relative poverty in Russia.

2. Data and definitions

The official poverty monitoring in Russia has been conducted by Federal State Statistics Service (FSSS) since 1992. The poverty methodology is now based on the absolute approach that compares selected indicators of well-being with poverty threshold calculated in line with the normative-statistical method. Given that the poverty line is officially defined on the basis of income, well-being estimation is provided also by using income measures – the mean per capita money income and the household disposable resource (resource takes into account not only all monetary but also non-monetary incomes in the form of in-kind subsidies and benefits). FSSS uses two sources for incomes monitoring – the Balance of Monetary Incomes and Expenditures and the Household Budget Survey. The first register provides official estimates of per capita money income collecting data on accrued wages, as well as money in circulation and bank deposits. The money income of population comprises gains of persons engaged in entrepreneurial business activity, paid remuneration of employees, social transfers (pensions, benefits, grant, insurance compensations and other transfers), property income in the form of interest on deposits, securities, dividends, and other income with adjustments made for hidden fund of wages. The second register

collects data on breakdown of population by levels of prosperity and gets weighting indicators to calculate a consumer price index. It is a two-stage random sample that covers more than 50,000 households drawn quarterly from throughout the country. The money income is derived by adding the increment in financial assets to cash expenditure collected from the sample. The money income of population comprises an amount of money (without using previously accumulated or borrowed money) at the disposal of households for their expenses and savings. It should be born in mind that the estimates of per capita income derived from the balance sheets and the household sample may vary significantly (Kolenikov and Shorrocks, 2005; Ovcharova et al, 2014).

There are several publicly available alternative and independent data sources on the income and expenditure of Russian households. Because of its open access, rich panel data, representativeness at the national level and transparent sample design the most well-known and frequently used one is the Russian Longitudinal Monitoring Survey (RLMS-HSE). Conducted every year since 1992 (except for 1997 and 1999), it contains an extensive list of individual and household characteristics. The panel character of the survey makes it possible to assess transition effects from poor to non-poor and vice versa (Kapelyuk, 2015), to analyze income mobility (Lukiyanova and Oshchepkov, 2012), poverty dynamics and consumption smoothing in Russia (Bogomolova and Topilina, 1999; Jovanovic, 2001; Gorodnichenko et al., 2008).

Another source is the National Households Survey of Welfare and Social Programs' Participation (NOBUS). With the sample of 44,529 households and 107,695 individuals it is more representative nationally and regionally, but fits only 2003 and cannot be used for poverty dynamics research. Such surveys as the Parents and children, men and women in family and society or the Socio-cultural portray of the region are also worth of mentioning.

Our poverty analysis is based the macro statistics official data as well as on thirteen (2003-2015) rounds of the Household Budget Survey conducted by the Federal State Statistics Service (Rosstat), the official statistical agency of Russia. It is a nationally representative household survey that is conducted every quarter. The households come from all Russian regions except for Chechen Republic, so it is representative both at the national level and at the regional level. Data for the most recent survey were gathered in the fourth quarter of 2015. The sample comprises 51,031 households, of which 35,096 reside in urban and 15,935 in rural areas. Two-stage probability sampling with stratification and random sampling on each stage was considered the most adequate for household sample totality.

We employ income per capita as a measure of welfare, that comprises gains of persons engaged in entrepreneurial business activity, paid remuneration of employees, social transfers (pensions, benefits, grant, insurance compensations and other transfers), property income in the form of interest on deposits, securities, dividends, and other income. We use the official Consumer

Price Index (2015 = 100) to deflate all household income data to 2015 prices. All data are converted to an annual basis.

The basic official indicator of poverty in Russia is a poverty headcount index (the population with money income below the subsistence minimum level) that is determined by comparing monthly household income with the household poverty line. All persons from households with a level of income that was lower than the poverty line were considered as poor. There is no adjusting for the economies of scale for the household.

The distributional data is created using the imitation modeling method by transformation of empiric distribution, obtained from the Household Budget Survey, into the data series of distribution, which corresponds to a value of grouping variable in the general population – mean per capita money income obtained from macroeconomic data on the Balance of Incomes and Expenditures. The basis of the imitation model is the hypothesis that a two-parameter log-normal model fits the raw data.

The poverty index, as measured by the class of FGT indices, can be written as

$$P_\alpha = \frac{1}{N} \sum_{i=1}^{N} \left(\frac{z - y_i}{x} \right)^\alpha I(y_i < z), \, \alpha \geq 0$$

where P_α – the poverty index, z is the poverty line, y_i is the measure of living standards of person i, N is the population size, and $I(y_i < z)$ is a binary indicator function equal to one if individual i is poor, and equal to zero otherwise. Parameter α summarizes poverty aversion: larger values give greater weight in the aggregate poverty index to poorer individuals (those with larger poverty gaps). The poverty rate (headcount ratio) is P_0. Although the poverty rate is the most commonly used measure of poverty, it does not account for the depth of poverty, unlike P_1, the normalized poverty gap index. P_2, the squared normalized gap index, is also sensitive to inequality among the poor.

Following Aivazian (1997), the distribution of Russian households by per capita income may in fact be adequately described with a mixture of log-normal laws. A similar point is made by Lopez and Serven (2006), who using a large cross country dataset spanning close to 800 country-year observations from industrial and developing countries on income/expenditure inequality formally test the null hypothesis of lognormality for the size distribution of income/expenditure. Their results suggest a rejection of the null hypothesis for per capita expenditure, but they are unable to reject the null for per capita income.

The advantage of this approach is that, with the data on the distribution of income by quintile shares, the poverty line and the average income, we can easily estimate any desired poverty measures (absolute or relative): poverty headcount, poverty gap and squared poverty gap. The last two are not officially presented by Russian Federal State Statistics Service.

First, we have estimated values of the Gini index and headcount, gap and squared gap indexes of poverty according to the log-normal model presented by Kolenikov and Shorrocks (2003).

$$H = F_{LN(\upsilon,\sigma^2)}(z) = \Phi\left(\frac{\ln z - \upsilon}{\sigma}\right) = \Phi\left(\frac{\ln(z/\mu)}{\sigma} + \frac{\sigma}{2}\right)$$

$$PG = H - \frac{\mu}{z}\Phi\left(\frac{\ln(z/\mu)}{\sigma} - \frac{\sigma}{2}\right)$$

$$SPG = H - \frac{2\mu}{z}\Phi\left(\frac{\ln(z/\mu)}{\sigma} - \frac{\sigma}{2}\right) + \frac{\mu^2\exp\left[\sigma^2\right]}{z^2}\Phi\left(\frac{\ln(z/\mu)}{\sigma} - \frac{3}{2}\sigma\right).$$

$$G = 2\Phi\left(\sigma/\sqrt{2}\right) - 1,$$

where H – the poverty headcount ratio (the proportion of population with money income below subsistence minimum level), z – the poverty line (subsistence minimum level), μ – per capita money income, υ – the average of $\log\mu$ and σ – the standard deviation of $\log\mu$, G – Gini index.

Most Rosstat-based studies of poverty in Russia use official poverty lines, though a few have used the EU's relative poverty line or the US absolute poverty line. The subsistence minimum level as the official poverty line is a value estimate of compulsory payments (dues) and a consumer basket calculated quarterly for the primary socio-demographic groups of population (working-age adults, pensioners and children). Compulsory payments and dues reckon for only the level of personal income tax, thus the component is represented exclusively in the subsistence minimum of working-age adults. In line with the procedure updated in 2013 the consumer basket covers a basic set of food (in physical terms), as well as non-food goods and services, cost of each is determined in relation to the cost of the minimum set of food products (in the volume of 50% from the cost of food products), which is necessary to satisfy nutritional requirements, ensure health of people and their life activities. The basic set of food is calculated as the cost, at current prices. Qualitative characteristics of nutrition have been upgraded as the rate of meat consumption has risen by a half times and the rate of fruit consumption has almost doubled. Caloric value of the new basket has also risen. Meanwhile the analysis of the subsistence minimum dynamics shows that the proportion of food items has risen indicating a return to the consumption model of a lower order (Ovcharova et al, 2014).

We use absolute poverty lines because they provide essential benchmarks for informing anti-poverty policies. Our goal is not only to identify the poor, but also changes in poverty over time, using a living standards threshold that is fixed in real terms. We acknowledge that there is also interest in poverty lines that increase as aggregate living standards rise. In order to compare results across poverty line definitions, we also employ US absolute method – a threefold increase

in the cost of the minimum food basket and relative OECD – the proportion of people living on less than 50% of average or 60% of the median income.

Table 1 shows the values in 2015 prices of official Rosstat's poverty line, an absolute US poverty line, two relative poverty lines, and the two anchored lines that we use. We focus on two absolute poverty line definitions. The '2000 poverty line' is derived by taking the poverty line announced by Rosstat for 2003 and expressing it in 2015 prices. The '2015 poverty line' is the Rosstat line for 2015, and is higher than the 2000 line (9701 rubles per month compared to 5669,7 rubles per month). The relative poverty lines are below the 2015 poverty line in the earlier years of the 2000-2005 period but well above both 2000 and 2015 poverty lines by 2015. In fact, the 60-per-cent-of-median line is the same as the 2000 poverty line in 2001 and about the same as the 2015 poverty line in 2006.

Table 1: Poverty lines (household incomes), Russian ruble per month, 2015 prices).

Year	Absolute poverty line		Relative poverty line		Achored poverty line	
	Official	US standard	50% of average	60% of median	2000 line	2015 line
2000	5669.6	10092.3	5344.2	4891.8	5669.7	9701
2001	5927.2	10076.8	6049.6	5547.8	5669.7	9701
2002	6209.1	9913.3	6777.8	6202.2	5669.7	9701
2003	6476.6	9858.9	7927.7	7194.1	5669.7	9701
2004	6521.2	9547.1	8796.9	7904.5	5669.7	9701
2005	7467.8	9892.6	10036.1	9026.6	5669.7	9701
2006	7768.3	10045.9	11573	10283.6	5669.7	9701
2007	7806.5	9979.6	12786.9	11262.2	5669.7	9701
2008	8227.6	11081.2	13381.9	11790.6	5669.7	9701
2009	8484.2	10821.1	13877.0	12249.6	5669.7	9701
2010	8609.1	10757.2	14341.6	12668.5	5669.7	9701
2011	9085.7	11294.2	14803.9	13138.5	5669.7	9701
2012	8714.3	10205.3	15541.8	13601.5	5669.7	9701
2013	9185.5	10611.5	16299.2	14446.9	5669.7	9701
2014	9089.3	10537.7	15675.6	13946.7	5669.7	9701
2015	9701	11004,9	15236,8	13631,0	5669,7	9701

3. Russian poverty trends

Poverty rates are of a significant magnitude and vary with the measure used. Measures based on absolute and relative poverty lines point out totally different results regarding poverty trends.

Taking the 2000 poverty line as the cut-off, we estimate the absolute poverty rate to decline by 27.5 percentage points between 2000 and 2015, from 31.1 % to 3.6 %. With the 2015 poverty line, the reduction is even more dramatic, a drop of 48.5 percentage points in the absolute poverty rate from 59.4 % to 13.5 %. By contrast, relative poverty rates remained much the same over the

same period (24.4 % compared to 25.4 %). If the average gap and average squared gap indices are used, there are the same patterns for the 2000–15 period as a whole, i.e. a large decline in absolute poverty with relative poverty broadly constant. See Table 2 and 3 for the full set of the poverty estimates broken down by year and FGT poverty index.

Table 2: Poverty index estimates, by poverty line and year.

Year	Absolute poverty line		Relative poverty line		Achored poverty line	
	Official	US standard	50% of average	60% of median	2000 line	2015 line
2000	29.0	61.4	28.4	24.4	31.1	59.4
2001	27.5	54.8	28.3	24.5	25.4	52.7
2002	24.6	47.8	28.4	24.4	20.8	46.6
2003	20.3	39.8	29.1	24.8	15.9	39.0
2004	17.6	33.7	29.8	25.2	13.4	34.4
2005	17.7	29.2	29.8	25.2	10.0	28.3
2006	15.2	24.7	30.8	25.7	7.8	23.3
2007	13.3	21.2	31.4	25.9	6.5	20.2
2008	13.4	23.4	31.4	25.9	5.8	18.6
2009	13.0	20.9	31.1	25.7	5.1	17.1
2010	12.5	19.5	31.1	25.8	4.7	16.1
2011	12.7	19.8	30.9	25.7	4.2	14.9
2012	10.7	15.1	31.0	25.3	3.7	13.6
2013	10.8	14.8	31.0	25.8	3.3	12.3
2014	11.2	15.6	30.9	25.8	3.6	13.2
2015	13.3	17.4	30.3	25.4	3.6	13.5

Table 3: Poverty gap and squared poverty gap indexes.

Year	Poverty gap				Squared poverty gap			
	Official line	2000 line	2015 line	60% of median	Official line	2000 line	2015 line	60% of median
2000	10.48	10.48	25.36	7.72	4.91	4.91	13.95	3.47
2001	8.90	8.10	21.28	7.74	4.07	3.66	11.27	3.47
2002	7.74	6.32	17.88	7.72	3.47	2.76	9.16	3.46
2003	6.35	4.65	14.20	7.98	2.80	1.98	7.04	3.63
2004	5.38	3.85	12.21	8.20	2.35	1.61	5.95	3.77
2005	5.43	2.74	9.51	8.22	2.37	1.11	4.46	3.78
2006	4.63	2.07	7.57	8.53	2.01	0.83	3.48	3.99
2007	3.91	1.70	6.41	8.72	1.67	0.67	2.91	4.11
2008	3.98	1.49	5.81	8.73	1.71	0.58	2.60	4.12
2009	3.82	1.29	5.24	8.60	1.63	0.50	2.31	4.04
2010	3.65	1.17	4.86	8.61	1.55	0.45	2.12	4.05
2011	3.76	1.02	4.41	8.55	1.59	0.38	1.90	4.00
2012	3.05	0.90	3.99	8.41	1.27	0.34	1.70	3.93
2013	3.09	0.78	3.55	8.63	1.29	0.29	1.50	4.05
2014	3.27	0.86	3.84	8.60	1.36	0.32	1.63	4.02
2015	3.90	0.86	3.90	8.37	1.65	0.31	1.65	3.88

Tables also reveal that the decline in poverty occurred at a relatively fast rate before 2008 and the rate of decline slowed thereafter. According to our 2000 poverty line, the absolute poverty rate declined by 25.4 percentage points between 2000 and 2008, and by 2.5 percentage points between 2008 and 2013. After 2013 the poverty has risen by 0.3 percentage points. With the 2015 line, the corresponding changes are 40.8 percentage points, 6.3 and 1.2 percentage points. Given the turning point in 2008 and 2013, we divide the period as a whole into three sub-periods: one of rapid decline in absolute poverty (2000 to 2008), one with a much smaller decline (2008 to 2013) and one with a rise in poverty (2013 to 2015).

Using the Balance of Monetary Incomes and Expenditures as a data source Rosstat reassesses incomes by the hidden part that is the same along the whole distribution. But empirical studies show a higher concentration of unaccounted income among the non-poor especially the highest decile. Thus, according to Ovcharova et. al. (2014) the official methodology used by Rosstat underestimates inequality and poverty in Russia. For this reason, poverty estimates derived from survey data tend to differ from the official estimates. As stated by Denisova (2012) Rosstat measures are consumption-based, but surveys allow calculating both income-based and consumption-based relative and absolute poverty measures. The comparative analysis of the official and independent data enabled us to conclude that there is ambiguity in the estimates of monetary poverty in Russia. The discrepancy of poverty estimates is observed even among the same authors (Figure 3).
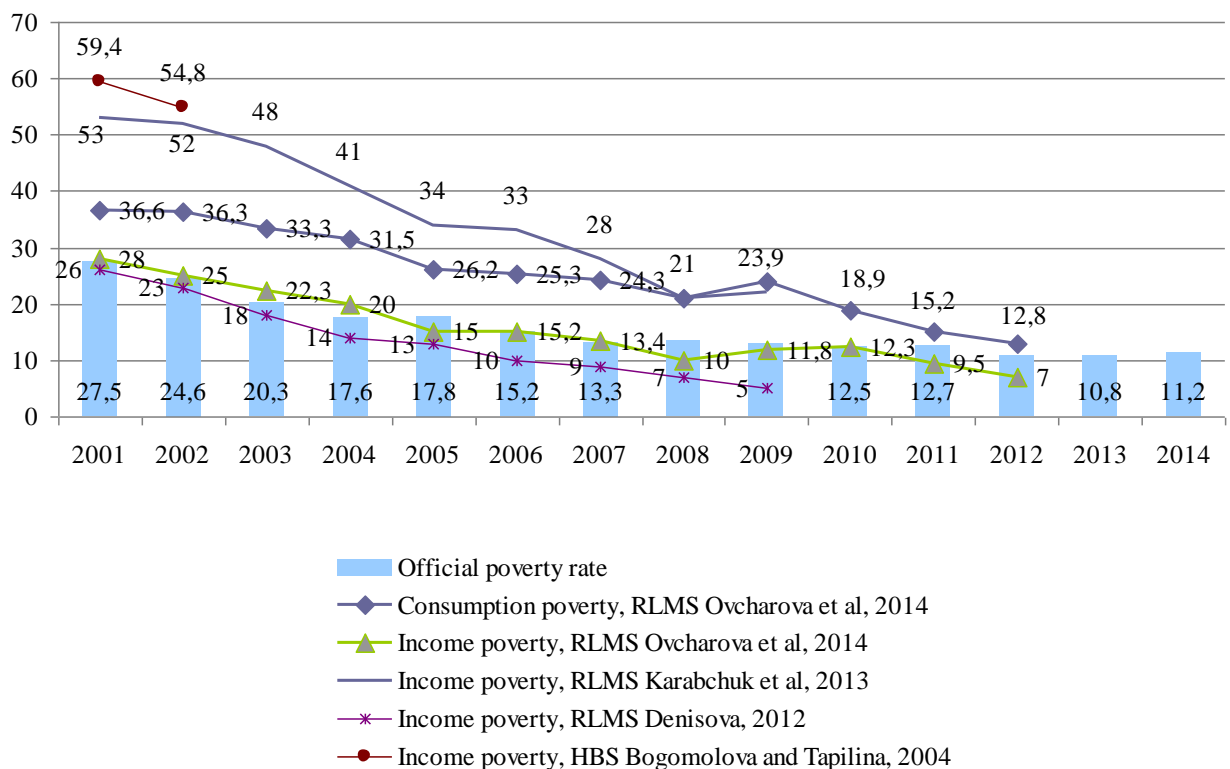

Figure 3. Absolute poverty estimates from independent data sources

Poverty rates are of a significant magnitude and vary with the measure used. Consumption-based estimates tend to be higher. As noted by Karabchuk et. al. (2013) possible bias results from are possible because respondents tend to underreport their incomes in the answers to the questionnaire. In addition, it is worth emphasizing the general problem of selection bias for all household surveys toward the poor.

4. Decomposition of poverty changes

What were the factors for change in poverty during the period from 2000 to 2015? To understand this, we decompose the change in poverty by income and inequality components using backstopped poverty line of 2015 and 2000 (the procedure of subsistence minimum calculation has been updated several times since 1992 and therefore poverty lines are inconsistent over time) and Kolenikov-Shorrocks (2005) imitation model.

It has been common to view poverty reduction as reflecting the effects of economic growth and changes in the distribution of living standards. We proceed from the premise that poverty is fully determined by three parameters – the level of per capita income (the mean income of the distribution), the poverty line and the Lorenz curve representing the structure of relative income inequalities.

$$P_\alpha = P(L_t, \mu_t, z),$$

where P_α – the poverty index, z is the poverty line (assumed fixed), μt is the mean income and Lt describes the Lorenz curve for year t. The growth component is the change in poverty associated with a change in mean income while holding the Lorenz curve constant; the redistribution component is the change in poverty associated with a change in the Lorenz curve while holding average income constant.

The framework of analysis has its origins in the decomposition of changes in poverty into growth and redistribution components proposed by Ravallion and Datt (1992). The level of poverty may change due to a change in the mean income μ, or due to a change in relative inequalities

$$\frac{dP_\alpha}{P_\alpha} = \eta_\alpha \frac{d(\mu/z)}{(\mu/z)} + \varepsilon_\alpha \frac{dG}{G} = \frac{Gr}{P_\alpha} + \frac{R}{P_\alpha},$$

where η_α – the pure growth elasticity of poverty, ε_α – the inequality elasticity of poverty, Gr – the growth component of a change in the poverty measure; R – the redistribution component of a change in the poverty measure.

The growth component of a change in the poverty measure is defined as the change in poverty due to a change in the mean while the distribution of income does not change. The

redistribution component is the change in poverty when the Lorenz curve changes in the absence of growth.

The pure growth elasticity of poverty η_α which is the percentage change in poverty in response to a growth rate 1 percent provided inequality of income measured by Lorenz curve does not change can be defined as

$$\eta_\alpha = \frac{Gr}{\partial(\mu/z)} \frac{(\mu/z)}{P_\alpha}.$$

As an increase in average income reduces poverty, net growth elasticity is always negative. The inequality elasticity of poverty ε_α which is the percentage change in poverty in response to a percent change in the Gini index provided average income does not change can be defined as

$$\varepsilon_\alpha = \frac{R}{\partial G} \frac{G}{P_\alpha}.$$

The inequality elasticity of poverty decreases monotonically with the initial level of inequality. On the one hand, efforts of a society with a high level of initial inequality to reduce poverty may be futile. On the other hand, a further increase in inequality in such a society weakly affects the poor. In general, the lower initial level of inequality will fight against poverty be more productive.

On dividing the poverty change equation by the growth rate of real mean income $d(\mu/z)/(\mu/z)$ gives the total poverty elasticity

$$\delta_\alpha = \eta_\alpha + \varepsilon_\alpha \lambda,$$

where δ_α – the total poverty elasticity, λ – the growth elasticity of inequality, which measures the percentage change in the Gini index when there is a growth rate of 1 percent.

When λ is positive (negative), the growth process is accompanied by an increase (decrease) in inequality. The total poverty elasticity measures the impact of growth on poverty when inequality can also change with growth. It measures the percentage change in poverty when there is a growth rate of 1 percent.

Our decomposition of poverty changes into growth and distribution components is undertaken separately for three sub-periods 2000-08, 2008-13 and 2013-15 and for both the 2000 and 2015 anchored poverty lines, and three FGT poverty indices. See Table 4. We discuss the estimates based on the headcount ratio ($P0$) and then consider how the results differ if $P1$ and $P2$ are used instead.

Table 4: Growth (G) and redistribution (R) components of poverty change, Russia, 2000-2015 (percentage points), by FGT poverty index and absolute poverty line.

	P_0			P_1			P_2		
Sub-period	T	G	R	T	G	R	T	G	R

2015 poverty line									
2000-2008	-40.76	-42.90	2.14	-19.56	-21.21	1.65	-11.35	-12.58	1.23
2008-2013	-6.26	-5.92	-0.33	-2.26	-2.12	-0.14	-1.10	-1.03	-0.08
2013-2015	1.16	1.83	-0.67	0.35	0.62	-0.27	0.15	0.29	-0.14
2000 poverty line									
2000-2008	-25.36	-27.67	2.31	-8.99	-10.18	1.19	-4.33	-5.05	0.72
2008-2013	-2.52	-2.34	-0.18	-0.71	-0.65	-0.06	-0.29	-0.27	-0.03
2013-2015	0.33	0.66	-0.33	0.08	0.18	-0.10	0.03	0.07	-0.04

Over the first two sub-periods we find that both the growth and redistribution components were strong, with exactly opposite effects. For example, with the 2015 poverty line, whereas 42.9 percentage points of the 40.8 percentage point decrease in the poverty rate is attributed to income growth, and increase by 2.14 percentage points is attributed to redistribution. If the 2000 poverty line is used, the corresponding estimates are 27.7 percentage points and 2.31 percentage points (with the total change 25.36 percentage points). Over the full period we find that both the growth and redistribution components were strong, with exactly opposite effects. Changes in distribution tended to increase poverty, but there was sufficient growth in the average per capita income to counteract their effect. The bulk of the adverse distributional effect was before the financial crisis of 2008. Our results are consistent with those of Azevedo et al. (2013) that growth explains most of the observed reduction in poverty for 14 of the 16 countries that they considered (Latin American countries, Bangladesh, Moldova, Romania, Peru, and Thailand), Seker and Jenkins (2015) for Turkey, Balcázar et al. (2016) for India, Morley (2017) for Peru, Kudebayeva and Barrientos (2017) for Kazakhstan.

Between 2013 and 2015 when poverty rose, the growth component again played the dominant role. However, by contrast with the earlier period, the redistribution component is now negative rather than positive. The change in distribution had a poverty-decreasing effect and this was larger for the higher absolute poverty threshold.

While the growth component dominates the redistribution component, the relative importance of the two can vary according to which measure of poverty is used. If poverty indices P1 and P2 are used for the decompositions, the results are similar to those for P0, with one exception. That is, as before, the redistribution component accounts for a much smaller share of total poverty change than does the growth component, and for both periods. What is different with P1 and P2 is that the redistribution component for 2008-2013 is negative – contributing a small poverty-reducing impetus – rather than positive. Thus, distributional changes over this period are such that they equalized the distribution of poverty gaps even though they were also increasing the proportion of persons poor (by a small amount). This result is broadly consistent with the fact that

the aggregate inequality of income increased between 2000 and 2007 (or 2008 depending on the measure) and increased between 2010 and 2012.

5. Pro-poor growth in Russia

The concept of pro-poor growth reflects the idea that economic growth should affect all the segments of society and this is why the term "inclusive growth" is also often used (Deutsch and Silber 2011). Pro-poor growth was defined by UN as growth, which leads to a significant reduction in poverty (UN, 2000). However, this does not give a formal definition of clear quantitative criteria for a "significant" reduction of poverty. Despite the fact that there are various ways of understanding the term "pro-poor" (Kakwani and Pernia, 2000; Ravallion and Chen, 2003; Kraay, 2006), the debate has come down to two very different concepts – absolute and relative. The first argues that growth is pro-poor when it raises the incomes of the poor. Kraay (2006) advocates that growth is pro-poor if the poverty measure of interest falls. Using absolute definition growth will always be pro-poor except when the incomes of the poor are stagnant or decline leading to an increase in the poverty measure. Supporters of the relative concept offer to link pro-poor growth with income distribution. Growth can be labeled "pro-poor" only if it raises the incomes of the poor proportionately more than it raises the average income in society. So, the absolute income gains of the poor must exceed those received by the non-poor. Such growth will undoubtedly be accompanied by a decrease in inequality (White and Anderson, 2001). Thus, not only economic growth but also the policy of income redistribution affects poverty. Many authors offer measures of pro-poor growth, so we can select various "degrees" of pro-poor growth, for example, using the proposed by Kakwani and Pernia (2000) index of "pro-poor growth". Deutsch and Silber (2011) conclude that whatever approach one selects it should be clear that the answer to the question "was growth pro-poor?" will depend on the measure of poverty that is selected and the poverty line that is adopted. It is recognized that the pro-poor growth should enable the poor to participate actively in economic activities and to receive some benefit from this participation. The author stand by the concept of relative pro-poor growth, which implies an increase in the proportion of the poor in the total distribution of the national income.

Although there have been only a few empirical studies on pro-poor growth in Russia, they have contradictory results. On the one hand, a large group of studies have highlighted that Russian economic growth has not been pro-poor over the last decade. Following Takeda (2010), who had examined the effect of economic growth on poverty reduction in Russia based on the elasticity of poverty to real per capita gross domestic product, using Russian regional data for 1995-2006, growth benefited the richer regions (or people) more. As a result, from the regional point of view,

she concluded that the growth after the 1998 financial crisis had not been pro-poor in Russia. Shvareva and Kononova (2007) find that the inflation burden was higher for the poor, so the inflation in Russia stood one of the factors that increased social inequality. They also have argued that economic growth could be characterized as pro-rich growth because major gains from economic growth were distributed in favor of the wealthy. In contrast, other studies have found that income growth in Russia was strongly pro-poor in 2000-2005 (Lukiyanova and Oshchepkov, 2012). The differences in these empirical results may be attributed to different data sources used in the analysis.

Following Kakwani and Pernia (2000), the degree of pro-poor (pro-rich) growth can be measured by an index of pro-poor growth

$$\phi = \delta_\alpha / \eta_\alpha ,$$

where ϕ – the index of pro-poor growth. If $\phi > 1$, the growth process is considered to be pro-poor. If $\phi = 1$ and $\phi = 0$, the growth process is accompanied by a zero change in inequality and poverty, respectively. When $1 < \phi < 0$, economic growth reduces poverty, but the "inequality effect" of economic growth is negative so that the poor benefit proportionately less from economic growth than the non-poor. This can be characterized as trickle-down growth. If $\phi < 0$, economic growth actually. In case of an economic recession, the pro-poor index is inverted to be $\eta_\alpha / \delta_\alpha$. A growth episode is called pro-poor only if inequality declines or remains unchanged.

After determining the factor contribution to poverty changes (Table 4), we have calculated pro-poor growth indexes (Table 5).

Table 5: The pro-poor growth indexes.

Period	Total poverty elasticity	Explained by		Pro-poor growth index	Poverty equivalent growth rate
		Poverty elasticity of growth	Poverty elasticity of inequality		
2015 poverty line: P_0					
2000-2008	-0.457	-0.481	0.024	0.950	11.55
2008-2013	-1.543	-1.461	-0.082	1.056	2.64
2013-2015	-1.445	-2.273	0.828	1.573	-1.32
2015 poverty line: P_1					
2000-2008	-0.513	-0.556	0.043	0.922	11.20
2008-2013	-1.785	-1.670	-0.114	1.069	2.67
2013-2015	-1.506	-2.678	1.173	1.779	-1.49
2015 poverty line: P_2					
2000-2008	-0.541	-0.599	0.059	0.902	10.97
2008-2013	-1.946	-1.807	-0.139	1.077	2.69
2013-2015	-1.525	-2.968	1.443	1.946	-1.63
2000 poverty line: P_0					
2000-2008	-0.542	-0.591	0.049	0.916	11.14
2008-2013	-2.002	-1.857	-0.144	1.078	2.69
2013-2015	-1.562	-3.104	1.542	1.987	-1.67
2000 poverty line:P_1					
2000-2008	-0.570	-0.646	0.076	0.883	10.73

2008-2013	-2.192	-2.014	-0.178	1.088	2.72
2013-2015	-1.533	-3.461	1.929	2.258	-1.89
2000 poverty line:P_2					
2000-2008	-0.586	-0.684	0.098	0.857	10.42
2008-2013	-2.326	-2.122	-0.204	1.096	2.74
2013-2015	-1.490	-3.729	2.238	2.502	-2.10

The results in table 5 show that economic growth over 2000-2015 had a different character to overcome poverty. The largest (in absolute) value of the pure growth elasticity of poverty can be observed in 2013-2015, while the lowest – in 2000-2008. According to the index for the whole period the poor did not participate fully in the growth that occurred. Growth in Russia has not been strictly pro-poor, although it has resulted in considerable poverty reduction. Poverty reduction would have been even faster if the country had avoided policies with adverse consequences on income distribution. For instance, if the Lorenz curve had been at the 2000 level the poverty headcount would have been 15% of the total population.

In the aftermath of the financial crisis 2008, the high positive growth rates achieved by the Russian economy had slowed down. The annual growth rate of real disposable money income fell from 12.4% in 2000-2007 to 3% in 2008-2013. The decline in annual growth of real GDP was even more dramatic – from 7% in 2000-2007 to 1,8% in 2008-2013. The results in Table 1 show that the crisis had also reduced the inequality – the Gini index fell from 0.422 in 2007 to 0.417 in 2011. The economic growth over that period may be characterized as strictly pro-poor which resulted in a fluctuation of pro-poor growth index from 1.056 to 1.096 over 2008-2013. Thus, the economic crisis adversely affected the nonpoor proportionally more than the poor.

The conclusion that economic growth is not conducive enough to poverty reduction, consistent with research on economic growth in the context of the industrial structure of the Russian economy. The resource intensive type of the economy is keeping the inequality high. However, as noted in Shkaratan (2009) "the key socio-economic problem is that for a society based on the commodity economy, do not need a middle class which forms the majority of the population and occupied an innovation-oriented activities". Thus, different indicators confirm that inequality has intensified during the period of economic growth of 2000-2008. This is a consequence of a very uneven distribution of "fruits" of economic growth and revenues from high commodity prices to different social groups and regions.

6. Social policy in Russia

Across Russia, the sudden emergence of large-scale poverty in the 1990s was exacerbated by the fact that the social welfare programmes inherited from the Soviet Union were inadequately

focused on deprivation. The notion of 'targeting' state financial resources to individuals on the basis of material need was unfamiliar, and existing welfare programmes thus could not cushion shocks to income and well-being during the 1990s. Furthermore, since that time Russia has confronted the challenge of reforming its social protection systems in conditions of limited budgetary resources. Considerable resistance to change has also appeared from a range of stakeholders: public protests broke out across Russia in 2005 when the Government attempted to replace a range of subsidies and free benefits for pensioners, veterans and other groups with cash payments.

Russia has used budgetary reserves amassed from natural resources to raise pensions and social payments at regular intervals. Profits from oil and gas were deposited into a stabilisation fund, established in 2004. The fund, the value of which increased rapidly, was split into a Reserve Fund and a National Welfare Fund in 2008 (Appel 2008). In 2005, the Government launched national programmes on healthcare, housing, education and agriculture, to be implemented by the regional governors. Regions and individuals have to apply to take part in them. The main elements of this policy were to regain and keep control over the oil resources and then redistribute a substantial part of the oil profits for socio-economic development.

The poverty phenomenon in the 1990s opened up a new profession of social work experts along with resources allocated to social security (Iarskaia-Smirnova and Romanov, 2002). Means-tested schemes became the dominant form of social support, which meant that targets for support were diverted from families to general groups (Kravchenko, 2008). Regardless of their employment status, all individuals are eligible by law for a basic pension and free health care. Such moves as increasing pensions by 35 per cent in 2010 have ensured that real disposable incomes actually rose, despite the economic downturn in the years of financial crisis. Wages for teachers, librarians and cultural workers have been raised, and should – according to the government's plan – continuously rise until 2017. This principle of universal coverage of the provisions is, however, accompanied with a low level of provision. Welfare has been financed by oil and gas revenues rather than tax revenues. This means that access to welfare services is not conditional upon formal employment and personal contributions. This also implies that individual taxpayers are alienated from the state and that government bureaucrats are not accountable to taxpayers. An additional problem is wide use of illegal workers, who are outside of social programmes.

A considerable part of social transfers, both regular and one-off payments, has gone to benefits for families without recognition of 'needs'. Until 2012, expenditures on social policy in Russia was adjusted for inflation. During 2013- 2015 such adjustments were not made, despite an increase in inflation rates. Increased attention to social inequality was reflected in an increased

share of the federal budget to social policy, from 51 per cent in 2007 to 58 per cent in 2013 (Zubarevich and Gorina, 2015). Nevertheless, despite GDP falling in 2015, leading to considerable cuts in most budget expenditures, the budget for social policy was increased in nominal terms.

The formal conditions and procedures regulate who has the right to access social services. There are also many documents demonstrating the size of the different benefits, and depicting their adjustment to compensate for price increases. Social services administration provide information to groups entitled to support about their rights. At the same time it is evident that hierarchical structures in social service have many negative effects, among others that recipients have low trust in authorities. Also, there exist problems of enforcement, as for example it appears that it is difficult for social services to allocate help to the most needy. The poor have to apply for benefits themselves, but many do not fulfil the requirements.

The 'maternity capital' reform (*Federal'nyi Zakon No*. 256-FZ 2006) came into force in Russia in 2007. It is aimed to encourage women to give birth to a second or even a third child by providing families with a substantial financial incentive. In addition to the state support system come the regional programmes, i.e. subsidies for families, for their living and for education, and extra roubles for a third child. Families can also get land for free to build homes. It is important for local administration to be active in order to get any federal funding. This funding is mostly based on the system of local co-financing.

The financial distribution of social benefits has been the main means of regulating poverty. Resources allocated to poverty relief have generally, however, been insufficient, in as much as social benefits' payments fail to cover basic expenditures. It appears that social policy has not been primarily devoted to combating poverty, either at times of economic growth, or during times of crisis; instead, social support is regarded as a form of compensation for increased costs. Although the National Priority Programmes included resources for social policies in Russia, they were not really aimed at improving the situation of the poor.

Birth grants are, for example, contingent on child-bearing only. Policy changes further increased birth grants and family allowances, incorporating clear incentives for second and third children. The Maternity Capital programme is perhaps the most important ingredient. This programme was to be ended by the end of 2016, but recently in a speech, president Putin announced that it will be extended to 2018. Above all, the National Priority Programmes and demographic policies have entailed new interventions in employment, housing and health care in order to reach the state's demographic goals. These national policies are targeted towards women, young children and families across Russia. It is difficult to judge whether these programmes are to benefit some regions more than others. Differences exist between communities as some programmes – for example, the programme for young families – require participation and even co-

funding of local authorities, and their activity varies from one community to another. Building activity has experienced a boost in many small localities, including family houses, as well as larger buildings for veterans and workers among others. Roads and pavements have also been repaired, and schools and houses of culture have received their share of increased state funding.

Kindergartens are also being built again in small towns and villages, after a 20 year break. Differences exist between communities, as some programmes, for example, the programme for young families, require participation and even co-funding from local authorities, and their activity varies from one community to another.

Transfers were rather stable in monetary terms during 2013-15. In 2015, 60 % of the Russian Reserve Fund was to be used to finance the budget deficit. The temporary solution of financing social policy through the Reserve Fund appears to provide a warning, however, that there will be further cuts in social expenditures to come, and that this could be harmful to parts of the Russian population.

The foster family programme has enabled many married couples to take foster children and to earn a moderate income, making it possible to renovate and often extend their home. Foster families are a part of Russia's new family policy which aims to close children's homes and to move children to live in foster families. The need for children's homes was very high in the 1990s when poverty increased. Reports circulated in the media about street children in cities, Russian children were adopted by foreigners and children's homes were filled with temporarily or permanently residing children. Many fathers died too early and often parents lost their ability to take care of their sons and daughters.

Increasing number of children in children's homes was followed by new legislation aiming to move children into foster families instead of children's homes. This change in direction is clear. In 2012 the number of children in the care of foster parents or guardians exceeded the number in residential care in Russia, pointing to incremental change.

This reform has implied possibilities for many to improve their incomes in the countryside, as besides the various benefits they can get, one of the parents is entitled to get a salary. With at least one salary in the family, it may be easier to start some form of business by the other parent. If you become a family with many children you are entitled to participate in state programmes that give you land to build your own house. People in smaller villages seem often to be willing to take foster children, it gives them work and the possibility to continue living in these villages. With more children in smaller villages, the survival of local schools is promoted, and possibly other aspects of village development as well.

However, it appears that the national programmes have helped those who are already above the threshold and not primarily the poorest groups (Sätre et.al., 2014). On the other hand, the foster

care reform and other reforms indicate a change in child policy, both in terms of increasing efforts to decrease child poverty and in terms of upbringing policies. Eventually such changes might lead out of the vicious circle where poverty feeds poverty. However, the practice of large institutions for people with deviant characteristics seems to be continuing with weak prospects for them to be socialized to life outside such institutions.

7. Conclusion

Our headline result about poverty trends in Russia between 2000 and 2015 is that absolute poverty rates declined substantially over the period taken as a whole. Changes in relative poverty were negligible throughout. However, there were three distinct sub-periods: between 2000 and 2008 when absolute poverty declined rapidly, between 2008 and 2013, when the decline was small, and between 2013 and 2015 when poverty rose. These results are robust to the choice of the absolute poverty line and poverty index. Our analysis shows that the declines in poverty in first two periods are primarily attributable to growth rather than to redistribution. Our main finding suggests that growth can be named pro-poor in Russia only after the 2008 global financial crisis.

References

Aivazyan, S.A. (1997). The model for the formation of population distribution in terms of per capita income in Russia. *Economics and Mathematical Methods*, 4, 74-86.

Azevedo, J. P., Inchauste, G., Olivieri, S., Saavedra, J., and Winkler, H. (2013). *Is labor income responsible for poverty reduction? A decomposition approach*. The World Bank.

Balcázar, C. F., Desai, S., Murgai, R., and Narayan, A. (2016). *Why did poverty decline in India? A nonparametric decomposition exercise*. The World Bank.

Bogomolova, T. and Topilina, V. (1999). Income mobility in Russia in the mid-1990s. EERC Working Paper 11.

Bogomolova, T. and Tapilina, V. (2004). Poverty in modern Russia: scale and territorial differentiation. *ECO*, 11, 41-56.

Denisova, I. (2012). Income Distribution and Poverty in Russia, OECD Social, Employment and Migration Working Papers, No. 132, OECD Publishing, Paris,

Deutsch, J. and S. and Jaques G. (2011), On Various Ways of Measuring Pro-Poor Growth. *Economics: The Open-Access, Open-Assessment E-Journal*, 5, 13.

Dollar, D. and Kraay, A. (2002). Growth is good for the poor. *Journal of Economic Growth*, 7 (3), 195-225.

E l-laithy, Heba and Lokshin, Michael and Banerji, Arup (2003). Poverty and Economic Growth in Egypt (1995-2000), World Bank Policy Research Working Paper, 3068.

Fedorenko, N.P. (2005). Poverty and wealth in modern Russia. *Economic science of modern Russia*, (3), 21-30.

Gorodnichenko, Y., Sabirianova, P.K. and Stolyarov, D. (2008). A Bumpy Ride Along the Kuznets Curve: Consumption and Income Inequality Dynamics in Russia. Mimeo.

Granberg, L., and Sätre, A. (2016). The other Russia: Local experience and societal change. *The other Russia: Local experience and societal change* (pp. 1-194) doi:10.4324/9781315567259

Grosse, M., Harttgen, K. and Klasen, S. (2008). Measuring Pro-Poor Growth in Non-Income Dimensions, *World Development*, 36 (6), 1021-1047.

Gustafsson, B., Shi, L. and Nivorozhkina, L. (2011). Why household incomes are more unequally distributed in China than in Russia? *Cambridge Journal of Economics*, 35, 897-920.

Gustafsson, B., Shi, L., Nivorozhkina, L. and Wan, H. (2015). Yuan and Roubles: Comparing Wage Determination in Urban China and Russia at the Beginning of the New Millennium. *China Economic Review*, 35, 248-265.

Iarskaia-Smirnova, E., and Romanov, P. (2002). "A salary is not important here": the professionalization of social work in contemporary Russia. *Social Policy and Administration*, 36 (2), 123-141.

Ivanov, V.N. and Suvorov, A.V. (2006). Inequality and poverty: the experience of solving problems in Russia and abroad. *Studies on Russian Economic Development*, (3), 132-149.

Jovanovic, B. (2001). Russian roller coaster: expenditure inequality and instability in Russia (1994–1998). *Review of Income and Wealth*, 47, 251–272.

Kakwani N., Pernia E.M. (2000). What is pro-poor growth? *Asian development review*, 18 (1), 1-16.

Kapelyuk, S. (2015). The effect of minimum wage on poverty: Evidence from RLMS-HSE data. *Economics of transition*, 23 (2), 389-423.

Karabchuk TS, Pashinova TR, Soboleva N.E. (2013). Poverty of households in Russia: What do the RLMS HSE data say. *The world of Russia: Sociology, ethnology*, 22 (1), 155-175.

Kiruta, A. and Sheviakov, A. (2001). Economic inequality, standards of living, and poverty in Russia: measurement and causal dependencies. EERC Working paper 97-290E.

Kolenikov, S.O. and Shorrocks, A.F. (2003). A decomposition analysis of regional poverty in Russia. Helsinki, UNU-WIDER Discussion Paper 74, 44 p.

Kraay, A. (2006). When is growth pro-poor? Evidence from a panel of countries. *Journal of Development Economics*, 80 (1), 198-227.

Kudebayeva, A., and Barrientos, A. (2017). A Decade of Poverty Reduction in Kazakhstan 2001–2009: Growth and/or Redistribution?. *Journal of International Development*, 29 (8), 1166-1186.

Kuznetcov, N.G. and Nivorozhkina, L.I. (2010). Poverty Reduction in Russia: Dynamics and Structure. *South-Eastern Europe Journal of Economics*, 8 (2), 227-240

Lokshin, M. (2009). A survey of poverty research in Russia: Does it follow the scientific method? *Economic Systems*, 33 (3), 191-212.

Lokshin, M. and Popkin, B. (1999). The emerging underclass in the Russian Federation: income dynamics, (1992–1996). *Economic Development and Cultural Change*, 47, 803–829.

Lokshin, M. and Ravallion, M. (2000). Welfare impacts of Russia's 1998 financial crisis and the response of the public safety net. *Economics of Transition,* 8, 269–295.

Lokshin, M. and Ravallion, M. (2004). Household income dynamics in two transition economies. Studies in Nonlinear Dynamics and Econometrics 8, 1–31.

Lopez, J.H. and Serven, L. (2006). A normal relationship? Poverty, growth and inequality. World Bank Policy Research Working Paper 3814.

Lukiyanova, A. (2011). Wage inequality in Russian economic transition (1991–2008): Stylized facts and explanations. *Journal of the New Economic Association*, 12, 124-147.

Lukiyanova, A. (2015). Earnings inequality and informal employment in Russia. *Economics of Transition*, 23 (2), 469-516.

Lukiyanova, A., and Oshchepkov, A. (2012). Income mobility in Russia (2000–2005). *Economic Systems*, 36 (1), 46-64.

Morley, S. (2017). Changes in rural poverty in Perú 2004–2012. *Latin American Economic Review*, 26 (1), 1.

Murashov, Y. and Ratnikova, T. (2016). Under-reported income of Russian households. *Russian Journal of Economics*, 2 (1), 56-85.

Ravallion, M., and Datt, G. (1991). Growth and redistributive components of changes in poverty measures. A decomposition with applications to Brazil and India in 1980s. Living Standards Measurement Study Working, Washington D.C.: The World Bank, 83.

Ravallion, M. and Chen, S. (2003). Measuring pro-poor growth. *Economics Letters*, 78 (1), 93-99.

Rudenko, D.Yu. (2014). A Comprehensive Approach to the Study of Poverty in the Region. *Regional research of Russia*, 4 (5), 141-149.

Sätre, A. (2014). Attitudes, poverty and agency in Russia and Ukraine. *Debatte, 22* (3), 266-268.

Sätre, A., Soldatkin, A., and Varyzgina, A. (2014). Families' ways of coping with poverty in small-town Russia. Debatte, 22(3), 307-328.

Şeker, S.D., and Jenkins, S.P. (2015). Poverty trends in Turkey. *The Journal of Economic Inequality*, 13 (3), 401-424.

Sheviakov, A.Y. (2005). Social policy and distribution relations: problems and ways of reforming. *Economic science of modern Russia*, (3), 55-66.

Shkaratan O.I. (2009). Socio-economic inequality and its reproduction in modern Russia. M .: ZAO OLMA Media Group, 560 p.

Shvareva, N. and Kononova, V. (2007). Impact of economic growth on poverty reduction: the Russian experience of 2001-2005. In Scientific papers of the Institute for Complex Strategic Studies, Moscow: Institute for Complex Strategic Studies, 8-33.

Takeda, Y., Uegaki, A., and Tabata, S. (2010). Is Russia's economic growth pro-poor? The Elusive Balance: Regional Powers and the Search for Sustainable Development, Sapporo: Slavic Research Center, Hokkaido University, 129-142.

The population of Russia in 2017: incomes, expenses and social well-being. Monitoring of the HSE. Results of the year / ed. Ovcharova, L.N. Moscow: NRU HSE, 2018.

UN (2000). A Better World for All. Progress towards the international development goals. New York.

White, H., and Anderson, E. (2001). Growth versus distribution: does the pattern of growth matter? *Development Policy Review*, 19 (3), 267-289.

Zubarevich, N.V. and Gorina, E.A. (2016). Social expenditures in Russia: federal and regional budgets. M.: HSE Higher School of Economics, 2015.

Zubarevich, N. (2017). Economic, Social, and Budget Problems of the Russian Regions in 2013-16. The Journal of Comparative Economic Studies, 12, 53-78.