

Wages fall and poverty rises in Russia as government axes services

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The Russian Ministry of Finance has announced it expects that the country's economy will contract by 2.5 percent in 2015. Russia's ruling elite intends to force the working class to pay for the recession.

President Vladimir Putin signaled this on April 27 when he declared to a meeting of the Council of Legislators that one of the causes of the downturn was the fact that recent wage growth exceeded the growth of labor productivity. According to Putin, this, as well as budgetary imbalances caused by the decline in oil prices and state income, must be corrected by slashing expenditures.

In fact, when inflation is taken into account, wages have declined in Russia, falling by 13.2 percent between April of this year and the same month last year. This is the sharpest drop since 1999. Deputy Minister of Labor Lyubov Yeltsova announced in May that her ministry expects a 9.8 percent fall in real wages in Russia in 2015 and does not expect growth in real wages until 2018.

Inflation, which the Central Bank expects to be 12 to 14 percent for the year, is eating away at the population's earnings. In Moscow, for instance, the authorities are hiking housing utility costs by an average of 10 percent starting July 1.

Official poverty is on the rise in Russia. According to data published last week by the Russian Federal State Statistics Service (FSSS), the number of Russians with incomes below the minimum subsistence level grew by 15.6 percent between the first quarter of 2014 and the first quarter of 2015. They now make up 15.9 percent of the country's population.

Professor Tatyana Maleva of the Higher School of Economics explained to the online newspaper Gazeta.ru that the so-called minimum subsistence level does not provide an accurate measurement of hardship

because it does not take fully into account inflation in the cost of medicine.

In addition, the published poverty figures do not include the territories of Crimea and Sevastopol, which Russia annexed from Ukraine in 2014. Crimea, according to figures published in April in the newspaper RBC, is the poorest Russian region, with the lowest ratio of average wages to the minimum subsistence level of the 85 Russian regions. Sevastopol ranked 82nd on the same list.

According to the World Bank's *Global Monitoring Report 2014/2015: Ending Poverty and Sharing Prosperity*, approximately 45 percent of the Russian population lived on less than \$10 per day in 2014.

At the same time as indices of hardship mount, a report by the Accounts Chamber of the Russian Federation published in April reveals the devastating impact of the Kremlin's 2012 "optimization" policies, which were ostensibly aimed at improving social conditions. Instead, the government acknowledges that the measures have "led to a decline in the accessibility of services and a worsening of the results of federal and local government organizations" and "a deterioration of the quality of life of the population."

In addition to causing a crisis in public health, "optimization" has led to the closure of hundreds of libraries and thousands of community recreation centers, with many more closures slated for 2015. The number of libraries in the country is less than 20 percent of the regulatory minimum. Federal, regional, and local cultural institutions cut a total of 81,499 staff in 2014, or 12.2 percent of the total.

The year 2014 saw the closure of 592 educational institutions and reorganization of 2,030 more. Eight hundred and seventy more schools are to be shuttered before 2018, although statistical predictions estimate

that there will be 2.5 million more school students by 2020-21.

Despite a recent upturn in Russia's birth rate, which President Putin and his supporters frequently cite as a sign of their achievements, between 2015 and 2018, 5.6 percent of preschools are to be shuttered, as are 6 percent of primary and secondary schools, 3.6 percent of extended education schools, 16.1 percent of vocational schools, and 14.7 percent of orphanages and other institutions for children without parents or guardians.

Conditions have continued to deteriorate in rural Russia. The Accounts Chamber report found that 9,500 towns with a population between 300 and 1,500 have no preschool facilities, and 877 towns are located over 25 kilometers from the nearest preschool. One-third of these towns have no public transportation. Nearly 6,000 towns with a population between 300 and 1,500 have no primary or secondary schools.

According to government target figures, the percentage of children and young adults age 5-18 in school or professional education should be 99 percent, but the actual number is much below that level and has been falling. In Stavropol Krai, this indicator stands at 55.3 percent in urban areas and 5.16 percent in rural areas. In Voronezh Oblast, it is 53.5 percent in urban areas and 23 percent in rural areas.

There were overall cuts of 18,800 educational workers in Russia in 2014. Of those who lost their jobs, barely more than half have found new jobs.

Accounts Chamber auditor Aleksandr Filipenko noted that many educators work multiple jobs. "For example, an educator at a vocational school will have 1,500 and more hours of instruction per year, instead of the standard 720 hours," he observed.

The total number of social service agency employees in the country was cut in 2014 by 6.5 percent. The pace of job cuts will rise in the coming years, with reductions set to affect 33 regions of the country. The cuts will be accompanied by an increased workload for those workers who remain. The average wage for a social worker in Russia is just \$355 a month.

Some 3,500 protesters gathered in Moscow on June 6 with demands for increased funding for scientific research and education, self-governance, autonomy in education and science, and respect for academic freedoms.



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