

Hundreds of thousands denied pensions in Russia

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Approximately 800,000 people have been kept off Russia's retirement rolls since the government implemented reforms in late 2018, according to the country's pension fund.

The changes, which are being instituted over the course of several years, raise the retirement age by five years for men and women. Based on the average size of Russia's pension in 2019, by one estimate those whose retirement is delayed by the full five years will lose 848,000 rubles in income or about \$13,200.

The pension reform is deeply unpopular. It has provoked widespread opposition, including street protests in 2018 and 2019. There are 42 million people receiving pensions in Russia currently and another 10 million nearing retirement age. Collectively, this constitutes about half of the country's adult population. In dozens of regions of the country, male life expectancy is lower than or very near to the new retirement age, meaning that many will never live long enough to see a pension.

In an effort to assuage social anger and drum up support for constitutional reforms he is seeking, President Vladimir Putin recently announced the indexing of pensions to inflation. This small increase in the size of Russian pensions will be placed, alongside other constitutional changes, on an April 2020 "consultative" ballot. The country's parliament has already given its stamp of approval in a Duma reading that lasted all of about two hours.

Earlier this month, the state pension fund declared that, in keeping with the anticipated constitutional reforms, as of February 1 it had raised pension outlays for some recipients—war veterans, individuals suffering from radiation exposure, and those who have been named heroes of the Soviet Union or Russia or heroes of socialist labor—by three percent. The total additional

cost for each of the 15 million people who fall into these categories comes to around 1500 rubles, about \$23.50. The pension fund is also increasing the burial allowance paid out to the family of deceased pensioners to 6,124 rubles, about \$95.

The miserable and absurd character of these changes found expression in a February 9 news broadcast, when an anchor with *Vesti-Kamchatka* lost her composure and began laughing while attempting to report the details of the government's new "social spending." For medicines, these pensioners have been allotted the equivalent of 900 rubles a month, about \$13.86. For visits to health sanatorium they will get 137 rubles a month, about \$2.15. And for transportation, including internationally for medical purposes, they can expect 128 rubles, about \$1.99. The footage showing reporter Alexandra Novikova's open derision was leaked online and has since spread across the internet.

Inflation in Russia for essential consumer items, particularly food, tends to outstrip that of the economy as whole, which means that pension increases often have little to no effect on the well-being of retirees. Overall, real incomes in the country have been falling for several years, counteracting the effect of a generally low unemployment rate. Currently, food costs are rising dramatically in Russia's far east, due to the closing of the border with China over fears of the coronavirus.

While Russian law establishes that pensioners cannot receive less than a "living minimum," this level is absurdly low. On average in 2019 it amounted to about 8800 rubles a month for the elderly, approximately \$137. Similar to what exists elsewhere around the world, retirees regularly have to choose between buying medicine, purchasing food, and covering their utility bills.

Five days ago, Russia's newly installed prime

minister, Mikhail Mishustin, declared the government's primary goal to be building "people's belief in the future." In an effort to boost Russia's growth rate, which hovers around a sclerotic 1.5 percent, and contain social anger over the gutting of social spending, the Kremlin has announced it will boost investment in so-called "national projects." The amounts promised for healthcare, education, and housing, should they even materialize, are paltry and will in no way reverse the decades-long attack on the living standards of the Russian working class.



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