**Abstract**

**RS 39**

Title: “The assessment of dynamics of the economic well-being of the population of Russia and simulation of the impact of tax, economic and social policies on the household sector”.

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1. **The object of this research project** are Russian households and state tax-benefit policies. The subject of the research is the economic well-being of the population, living standards, inequality and professional standards in the area of social work.

2. **Goals of research** include: the analysis of dynamics of the economic well-being of the population of Russia and the simulation of the impact of tax, economic and social policies on the household sector, the standard of living and the quality of life. This project continues the study which began in 2013, and aims at providing the comprehensive information base for the simulation of the impact of public policies on the household sector in Russia.

3. **The methods applied in the project** include: multivariate analysis, econometric analysis, the index method, microsimulation models; innovative methods for measuring economic inequality (including the methodology of reconstruction of the general lognormal distribution); multi-dimensional approach to social stratification.

4. The **empirical base of research** consists of: the microdata of the National Population Census (2002, 2010); panel survey "Parents and children, men and women in family and society" (a part of the international Generations and Gender Survey, conducted in 2004, 2007 and 2011); cross-sectional survey "The comprehensive monitoring of living conditions" of the Federal State Statistics Service (FSSS) (2011); the European Social Survey (2010, 2012); the Russian Longitudinal Monitoring Survey of Higher School of Economics (1994-2013), the repeated cross-sectional survey "Moscow and the Muscovites" (2012-2014); the Household Budgets Survey (various years); the Labour Force Survey (various years); the Study of Global Aging and Adult Health (2007-2010).

5. **The results of the research**:

This study has allowed us to produce new empirical estimates of needs of households in terms of social protection at the national and regional level (Moscow-city). The analysis of changes in income inequality in Russia starting from mid-1990s, the analysis of determinants of income inequality at the micro level and the analysis of attitudes of the Russian population to income inequality have enabled us to test and confirm the hypothesis of an increase in the relative importance of factors associated with human capital and a reduction in the importance of ascriptive characteristics of households as a result of market transition. The study has provided the empirical evidence of a growth in the size of the middle class in Russia over the period of 2000-2013. The application of a new methodological approach has allowed us to produce more realistic estimates of inequality in the distribution of wealth in Russia than those provided by the Global Wealth Report. The assessment of the first order distributional consequences of various hypothetical reforms of the Personal Income Tax obtained using the microsimulation model “Stand-Russia” have demonstrated that a 2 p.p. increase in the flat tax rate would not have any significant impact on tax revenues, income distribution and poverty, whereas the introduction of a progressive tax scale would help to raise tax revenues, although without major changes in income distribution and poverty.

Population aging is one of the most important factors of future changes in the economic well-being of the Russian population. In Russia the most (even the only) important factor of aging is persistently low fertility. To be able to assess future trends and peculiarities of ageing in Russia, it is important to understand reasons of low fertility and possibilities to increase fertility by the instruments of family policy. Our study has proven growth of eventual childlessness in Russia, despite of its still low in comparison with other developed countries level. Furthermore, in Moscow eventual childlessness, and particularly voluntary childlessness, is higher than in other parts of Russia. Reconciliation policies aimed at improving compatibility between female employment and motherhood, including better availability of preschool institutions, positively influence on the probability of first and second births in Russia. The study has shown that characteristics of jobs, where women are employed, are also important; particularly, those related to greater flexibility of working schedule and place.

Population aging is the major challenge to establishing the balance in the Russian pension system in the long run. The study has described the socio-demographic profile of the elderly population of modern Russia at the end of 2010s. The data demonstrates a significant increase in qualifications and employment rate of the elderly people in Russia. The study has provided an application and validation of the methodology of an international Active Ageing Index (AAI) for Russia. The preliminary estimates show that the score of Russia in terms of potential for active aging roughly corresponds to the European average (15th place among 28 countries). Russia substantially lags behind European countries is the domain of an independent, healthy and secure life. The indicators which require a greatest progress include: a reduction in mortality rates and growth in the healthy life expectancy and an increase in the availability of healthcare. The forecasts of individual pension entitlements have shown that the introduction of the new pension formula in 2015 will not significantly improve the situation with pensions: the replacement ratio (the ratio of average pension to earnings) will decline; the growth rate of the real pension will be more modest that the growth rate we observed so far. Therefore, in the long run there is a possibility of a further reduction of the score in the domain of independent, healthy and secure life, within the AAI.

The deterioration of the situation in the pension system is likely to give an additional impulse to the ongoing transformation of the traditional views of the Russian population regarding the role of the family in the direction of weakening of the traditionally strong intergenerational relations and strengthening of the independence of young people. However, this study confirms the preservation of multigenerational family model in Russia and the importance of traditions of intergenerational social exchange as an instrument of economic support to families with children who are not adequately supported by other social institutions.

Based on the desk study of the existing theoretical and applied research on professional standards in social work, the analysis of semi-structured interviews and a small-scale survey, the study concludes that the reform of professional standards in social work can be strengthened by an increase in the status and number of the non-for-profit organizations in the market of social services and by an increase in their financial resources through mechanisms of tender projects. The adoption of professional standards will require establishing the training programmes for social workers and ensuring closer cooperation with the institutions of higher education and private foundations.

6. **Level of implementation, recommendations on implementation or outcomes of the implementation of the results**: the selected results of the project (for example, the analysis of the performance of the pension system and the analysis of income inequality) were used in the course of preparation of policy briefs and expert conclusions (some of which were prepared on demand on the Government of the Russian Federation).

**7. The area of application**

The results of this project can be useful for the Ministry of Labour and Social Development of the Russian Federation and other state agencies in the course of development of social, family and economic policies for Russia.