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Veröffentlichungsversion / Published Version

Zeitschriftenartikel / journal article

**Empfohlene Zitierung / Suggested Citation:**

Sätre, A.-M. (2021). Poverty and Women's Social Work in Russia. *Russian Analytical Digest*, 263, 2-4. <https://doi.org/10.3929/ethz-b-000468854>

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## Poverty and Women's Social Work in Russia

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DOI: 10.3929/ethz-b-000468854

### Abstract

Although poverty in Russia has been trending downward since the early 2000s, certain worrying elements of persistent poverty are likely to continue. Women are working across networks to address social marginalization in Russia. They have been able to mobilize voluntary contributions, but stronger support from the government is needed as well. The president has promised to increase support, but evidence thereof remains to be seen. In addition, there are many potential scenarios in terms of the effects of the COVID-19 pandemic on women and poverty in Russia, but it is as yet too early to evaluate the consequences.

### On Poverty, Cycles of Poverty, and Their Causes

After increasing throughout the 1990s, the Russian poverty rate fell in the early 2000s. The official proportion of the poor declined from over 30 percent in 1999 to 13.3 percent in 2007. The crises of 2008–09 and 2014–16 interrupted the process of falling poverty: in 2019 the poverty rate was once again over 13 percent. The initial shocks of 1991–92 immediately following the dissolution of the USSR, a major financial crisis in 1998–99, and the international economic crisis of 2008–09 represented setbacks to households, enterprises, and the government in Russia. The 2014–16 crisis in Russia, resulting from the falling international price of oil and economic sanctions imposed on Russia by the European Union (EU) and the US following the Russian seizure and annexation of the Crimean Peninsula in March 2014, has also had significant consequences.

The post-Soviet transition entailed a dramatic decline in living standards for most people. The increasing incidence and severity of poverty was associated with a significant fall in cash income. The real wages of the poor were eroded, as wage arrears were quite frequent in the aftermath of transition. Wage disparities increased: an increasing number of households found that their wages were now below subsistence level, with the minimum wage set at a level lower than the minimum pension. With wages often impossible to live on, many Russians took on a second or even a third job, leaving no reserve for outside changes. The smallest backlash could cause ordinary households to fall into deep poverty. This phenomenon can unfortunately still be seen some 25 years later. Adjustment in the labor market has also taken the form of declines in employment and increasing numbers of people in short-term work and on involuntary leave.

The high number of working people with low wages clearly remains an important characteristic of ordinary life in contemporary Russia. While wage differentiation has increased, the disparity in the relative wages

of male-dominated and female-dominated sectors has largely remained, and women today, just as in the Soviet times, earn about 30 percent less than men on average. Wages also remain low in sectors that were not priorities of the Soviet economy, while the heavy reliance on natural resources persists. This is the result of a failure of the economic system: the system has been unable to promote the development of the non-oil economic branches, which employ a large share of the population, and thus increase the capacity of those branches to pay decent wages. Continued low wages and the loss of social services has meant that it is common for ordinary people's expenses to be higher than their incomes, trapping people in vicious cycles of poverty.

### COVID-19 and Poverty

There are a few different reasons why the COVID-19 pandemic is likely to cause already vulnerable people to fall into poverty. One reason is problems related to limited access to medicines. Another is effects related to poor workers' rights and working conditions. One new group faced with poverty are those running small businesses that already earned very little and could not afford employees. Another is those working without contracts, who are not entitled to support from social services or unemployment benefits. Those who cannot pay rent will lose their flats.

Nevertheless, Russia has resources to fight the COVID-19 pandemic. In March–April 2020, Russia adopted two anti-crisis economic packages. These were composed of fiscal benefits, a mixture of social benefits, increased unemployment benefits, credit subsidies for individual citizens, tax concessions for smaller firms and corporate subsidies. These relief packages notwithstanding, the poverty rate is expected to increase significantly in 2020 due to the economic downturn caused by the COVID-19 pandemic.

A tendency toward increased violence in private homes has been noted during the pandemic, while the

possibility of escaping to shelters is limited due to quarantine restrictions.

The closing of borders as a result of the COVID-19 pandemic has affected migrant workers, especially those coming from Central Asia and the Caucasus. For instance, Azerbaijani labor migrants in Russia have been affected by the closing of workplaces in Russia. Some of them have been locked in due to quarantine restrictions and caught in a situation in which they have lost their jobs and salaries, but are unable to return to their own countries.

### Gender and Poverty

In the Soviet Union, female politicians were often responsible for social policies, and women continue to hold this responsibility at all political levels in post-Soviet Russia. It also seems clear that female officials view women's organizations as allies in the social sphere, being potential providers of social services and filling gaps in the badly shredded Russian safety net.

Gender is closely related to poverty. The feminization of poverty is widespread: women earn lower wages than men on average; more women than men have incomes below the poverty line; it is often women who work as social workers, who receive very low pay; women perform most of the unpaid work within households; and it is quite evident that most single parents are women. It is also clear that the Soviet-era gender segregation of the labor market persists: women dominate in education, health, social services and textile manufacturing, where average wages are substantially lower than the national average.

During the COVID-19 pandemic, it has most often been women who have stayed at home to take care of children when schools and kindergartens are closed. They have had to work from home or find other ways of earning money in this difficult situation. The majority of mid- and low-level employees in the health care sector are also women. During the pandemic, many of them have been overworked and faced the risk of infection. In addition, most social services staff (who have been exposed to an increased workload during the pandemic) are women. Many of them are quite poorly paid and have bad working conditions.

There exists a preponderance of evidence that women often have the capability to cope with transformation and take responsibility for finding solutions to everyday problems within households. In the post-Soviet space, women have maintained and even developed the "entrepreneurial skills" that they displayed in the Soviet era. The men, meanwhile, have struggled to fulfill the expectation that they will be the primary breadwinners and have often failed in their attempts to build businesses.

### Inequality

The first period of transition was marked by increasing income inequality. The Gini coefficient of income inequality suggests that inequality remains high in 2020, and wealth concentration is even more evident. Since the early 1990s, the trend has been clear: publicly owned wealth has been declining and private wealth increasing. Looking at the number of Russian billionaires, their wealth as a percentage of national income rose rapidly from about one percent in the year 2000 to 42 percent in 2008. Following the global financial crisis, the percentage fell to about 27 percent in 2010 before rising to 40 percent in 2013; it then fell again due to the decline in the oil price. As for the asset-poor part of the population, they clearly lost a major share of their wealth in the period 1995–2015. One reason for this might be that they sold off assets in order to cover their daily expenses. More concretely, they may have sold off vouchers—which were distributed to workers and pensioners during privatization—or gardening plots.

### Women's Role in Social Policy

It has probably been fruitful to give women responsibility for solving social problems in Russia—to rely on women's loyalty and willingness to promote non-governmental organizations (NGOs) with social aims. Women have addressed social problems that have not been solved through the state's social policy. Women in social services or local administration often go beyond the scope of their formal duties in their efforts to tackle social issues. Despite all the problems with the functioning of the system, there are local tendencies toward collaboration between women inside and outside administration who seek to solve social problems, including those caused by the COVID-19 pandemic. But it is still mostly about charity rather than empowerment. Women who are responsible for social welfare must themselves find sponsors for their regular activities. They have created their own support networks for this, combining old networks from Soviet times with new ones featuring entrepreneurs and NGOs. They use connections with authorities and donors and apply for project funding to try to secure resources.

### Poverty on the Agenda

Russia's president stated before his reelection in 2018 that poverty should be more than halved between 2017 and 2024, falling from 31.2 percent to 6.2 percent. This statement has since been followed by official documents laying out concrete measures and new state programs. These include directives about how to increase incomes through stricter wage-setting principles, higher wages in the budget sector, the indexation of wages, and yearly increases in pensions. Direc-

tives also include higher social benefits to families with children, including additional support to those below the poverty line. The consumption basket, which provides the basis for the minimum subsistence level, is to be redefined. Special programs directed at poor families in outlying regions are to be created. Some concrete goals are specified: for example, that life expectancy should reach 80 years by 2030. Another measurable goal mentioned is that five million families should obtain improved housing each year.

In another speech just before the vote on the new constitution in Summer 2020, the president guaranteed nine types of compensation to the Russian population for the effects of the COVID-19 pandemic. These promises included an additional one-time payout of 10,000 rubles in 2020 for each child, extended extra payments for doctors and social workers working with COVID-19, extra payments to families in which both spouses are unemployed, beneficial loans for buying newly-built flats, 100 billion rubles to the regions for handling the effects of the pandemic, and a two-percent income tax hike for those earning more than five million rubles per year.

### Considerations

Although a general downward trend in poverty has been noted in Russia since the early 2000s, poverty has increased in recent years. The poverty rate is expected to further increase in 2020 due to the economic downturn caused by the COVID-19 pandemic.

#### *About the Author*

Dr. Ann-Mari Sätre is Associate Professor of Economics and Research Director at Institute for Russian and Eurasian Studies (IRES), Uppsala University. She specializes in the structure and performance of the Soviet/Russian economy; her current research focuses on poverty, women's work, and processes of social marginalization in Russia. She has published extensively on Soviet/Russian political economy. Her most recent book is *The Politics of Poverty in Contemporary Russia* (Routledge, 2019).

Certain worrying elements of persistent poverty within some population groups are likely to continue, while levels of inequality in general also remain high. This leaves some groups of people in a situation of chronic poverty in which expenses are constantly higher than income. In his speeches to the nation before the presidential election in the spring of 2018, Vladimir Putin stated that poverty in Russia would be more than halved in the next six years, and in 2020 he guaranteed compensation for the economic consequences of the COVID-19 pandemic.

As for Russian social policy, citizens are compensated for losses in social entitlements using the state's income from oil and gas. Russia does not have a developed welfare state but social policy has helped to improve the lives of ordinary people, for example with respect to housing conditions. The state relies heavily on women's unpaid work, which is also a risk. It remains to be seen how well the government's new compensations will meet existing needs. No matter how active the women who take on responsibility for social welfare, whether formally or informally, this activity will not be enough to solve the basic problems of poverty in Russia. Voluntary agency is clearly not enough; stronger support from the government is needed as well, as has become particularly clear during the COVID-19 pandemic.