

NTA transfers in Russia before and within the crisis time. Comparative analysis of the years 2013 and 2016

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Research framework



The main points of the research: 2013 and 2016

2013 is one of the most prosperous years in modern Russia economic history (max GDP and per capita incomes).

To 2014 the cumulative decline of investments, the decrease of oil prices and international sanctions (caused by Ukraine situation) lead to the economic crisis
The real disposable income to the end of 2016 was 9,5% lower than in 2013.

Research tasks:

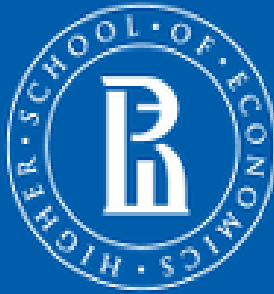
1. To follow the changes in LCD and transfer flows within the crisis;
2. To observe and explain the differences between Russian and EU (AGENTA Project)

Sources



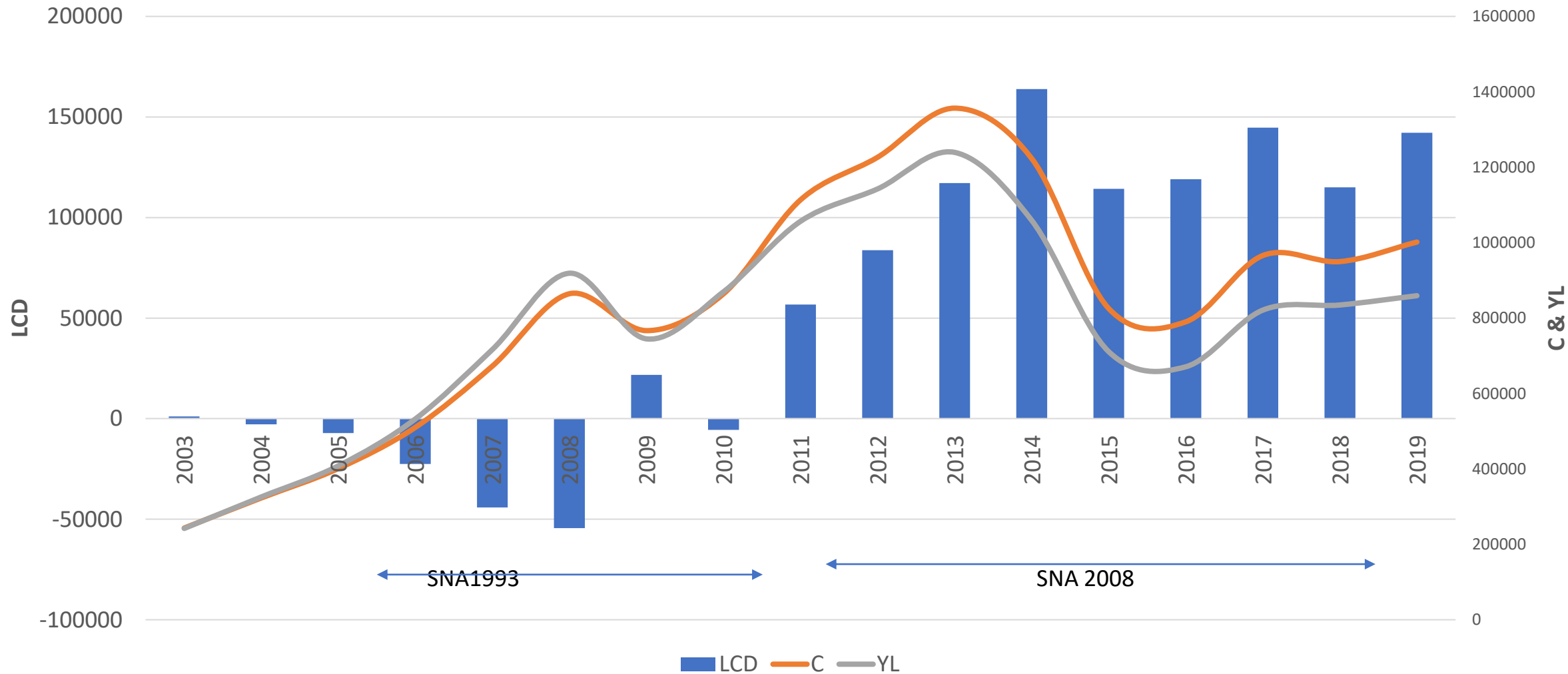
- SNA. The current revision for all the observed period from 2019-2020 readings.
- Administrative sources (for public mainly): Federal Treasury , Pension Fund, Ministry of Education, Fund of compulsory health insurance
- Surveys:
 1. Russian Longitudinal Monitoring Survey by HSE University
 2. 4 Different Rosstat household surveys
 3. Institute of education by HSE University surveys

NB! Some of the positions can be slightly modified after the final verification and harmonization: private education and intra-household transfers (as the data for them is taking from different surveys)



Russia comparisons between 2013 and 2016

Life cycle deficit, Consumption and Labour income in 2003-2019, Russia (mln USD)



National Transfer Accounts summary, aggregate value, Russia 2013 and 2016 (bln. USD PPP)



	2013				2016			
	All ages	0-19	20-64	65+	All ages	0-19	20-64	65+
LCD	191	402	-491	280	329	408	-392	313
Consumption	2213	411	1499	303	2185	416	1435	334
Less: Labour Income	2022	9	1990	23	1855	8	1827	21
Transfers	-15	407	-565	143	-17	381	-543	145
Public	13	192	-341	162	3	191	-357	169
Private	-28	215	-224	-19	-20	189	-186	-24
ABR	206	-6	74	138	346	28	151	168
Asset Income	718	-10	652	75	755	6	694	55
Less: Saving	511	-4	578	-62	409	-22	543	-112

National Transfer Accounts summary, per capita, Russia 2013 and 2016 (USD PPP)



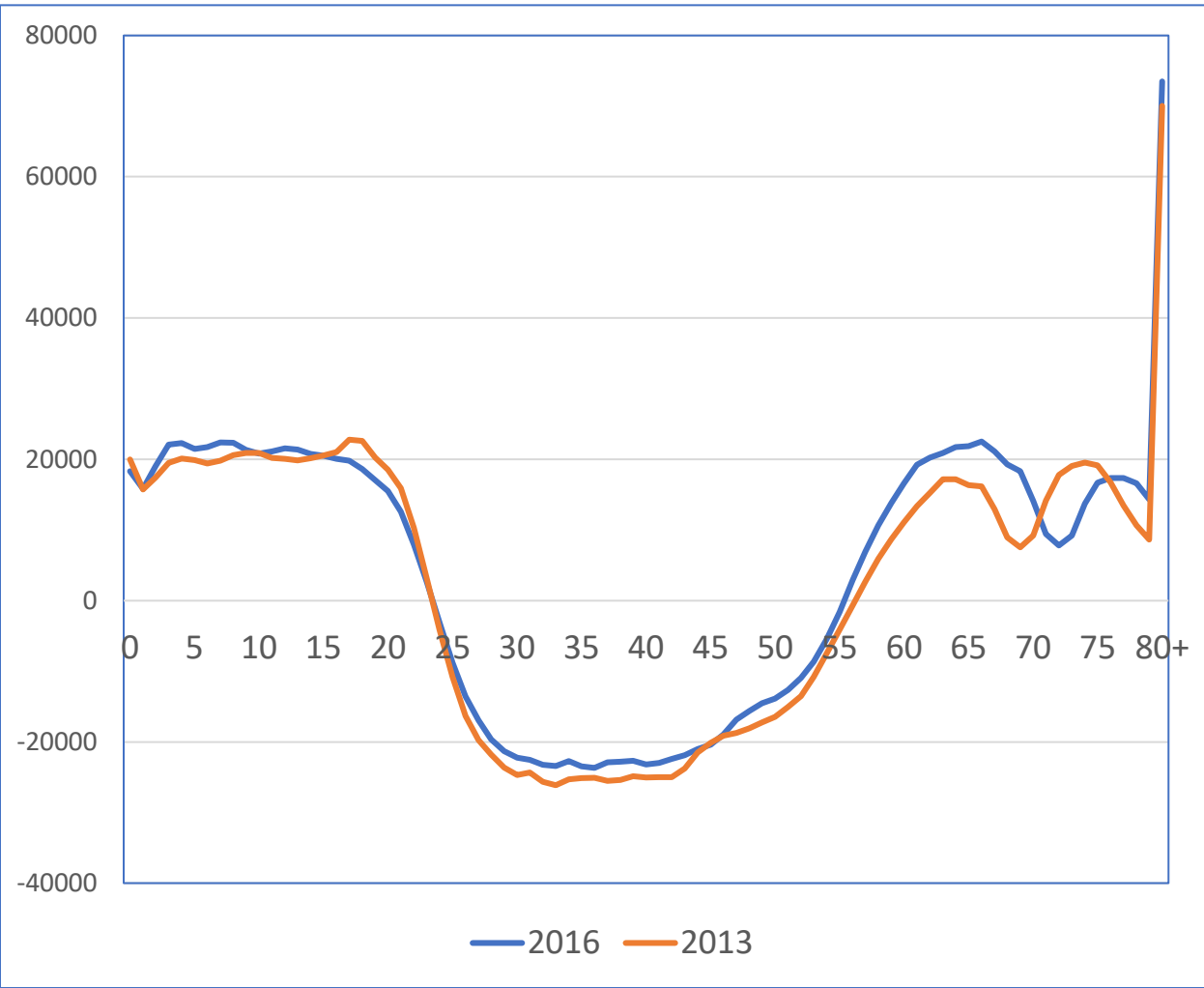
	2013				2016			
	All ages	0-19	20-64	65+	All ages	0-19	20-64	65+
LCD	1332	2799	-3420	1953	2245	2785	-2675	2135
Consumption	15422	2861	10447	2114	14895	2837	9781	2277
Less: Labour Income	14090	62	13867	161	12650	53	12456	141
Transfers	-107	2838	-3939	994	-117	2594	-3703	992
Public	88	1337	-2376	1126	19	1304	-2437	1152
Private	-194	1501	-1563	-132	-136	1291	-1266	-161
ABR	1439	-39	518	959	2362	190	1028	1144
Asset Income	5003	-67	4545	526	5149	43	4730	377
Less: Saving	3564	-28	4026	-434	2787	-148	3701	-767

Aggregate indicators (mln USD PPP)

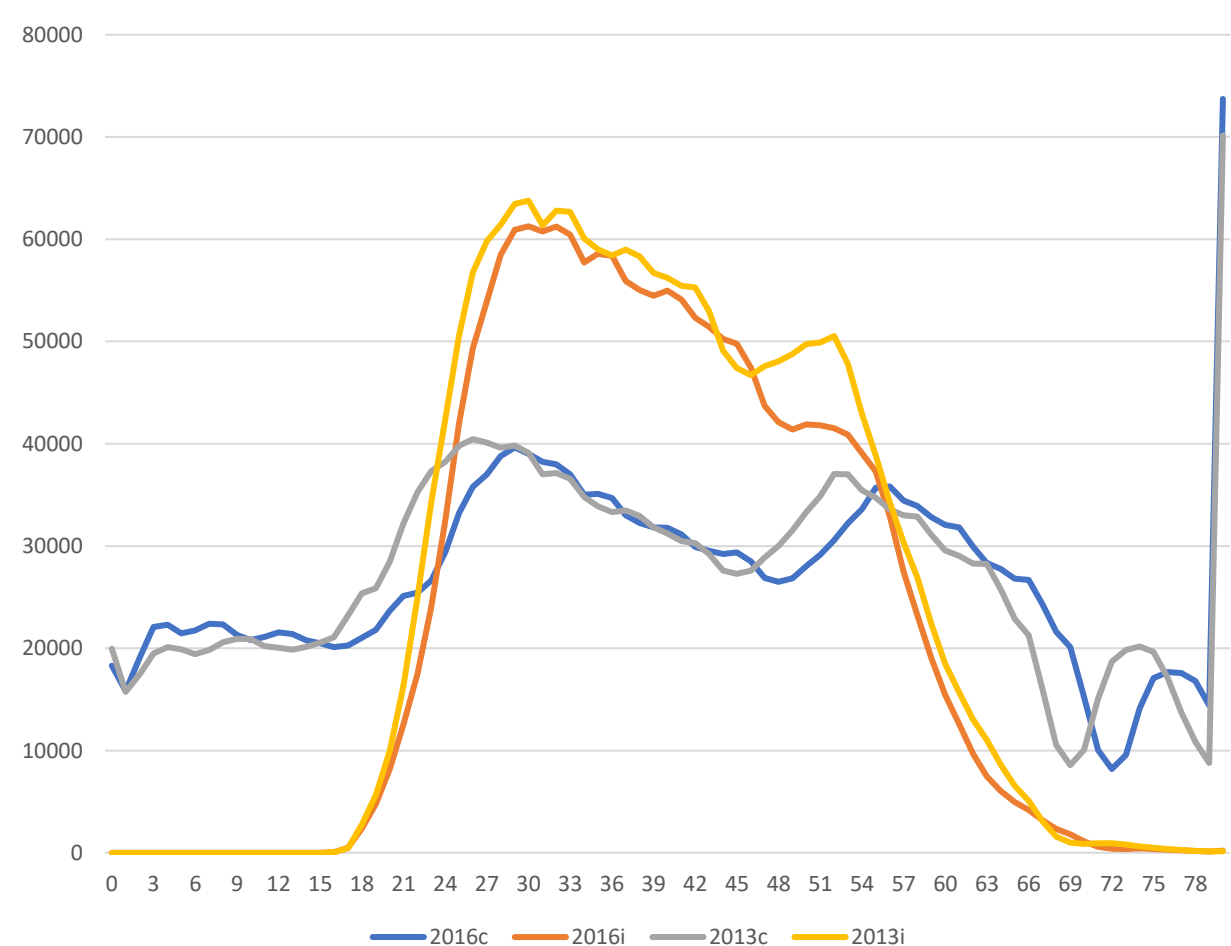
the effects of demographic waves on the pyramid are visible here



LCD 2013 and 2016



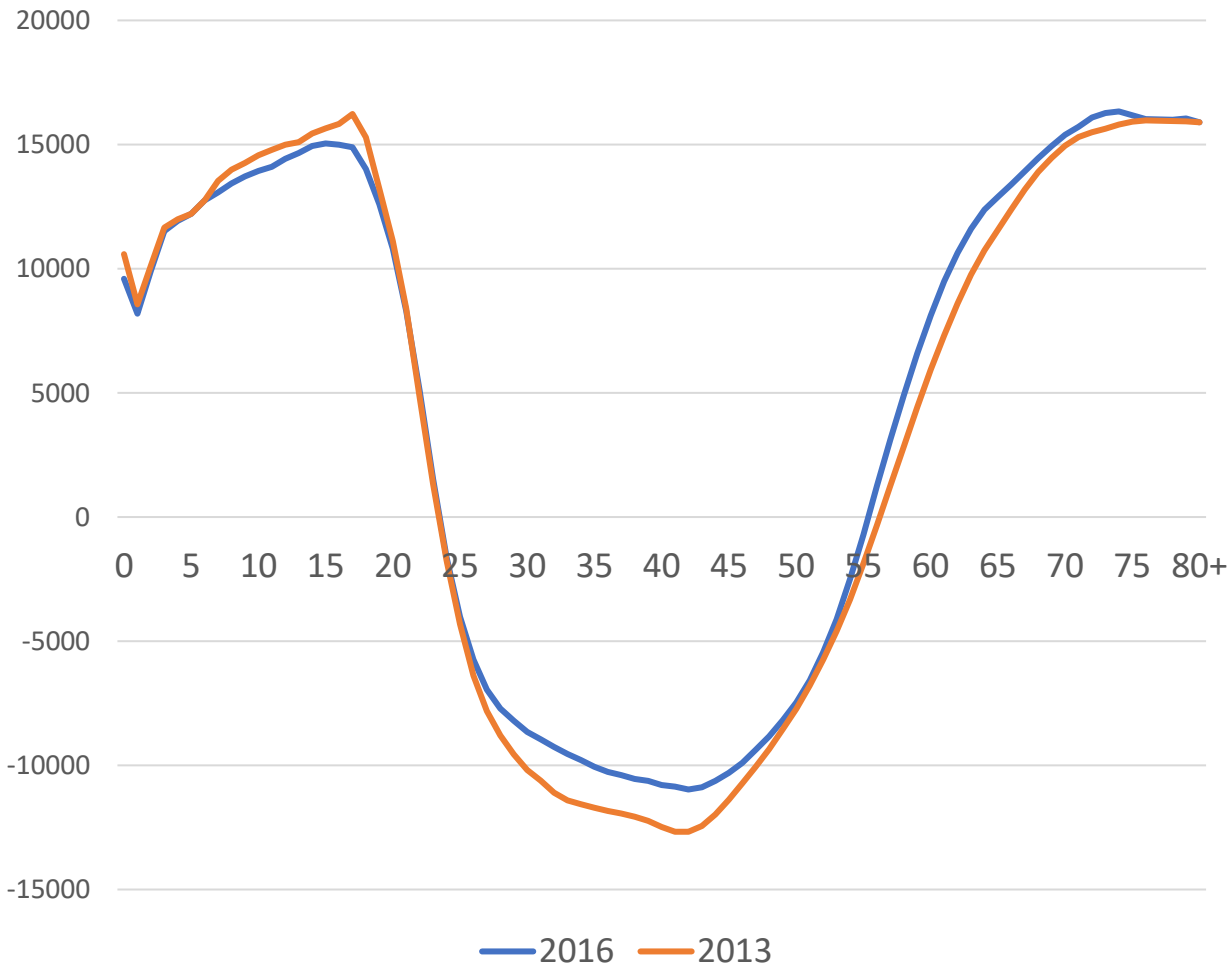
Consumption and Labour Income



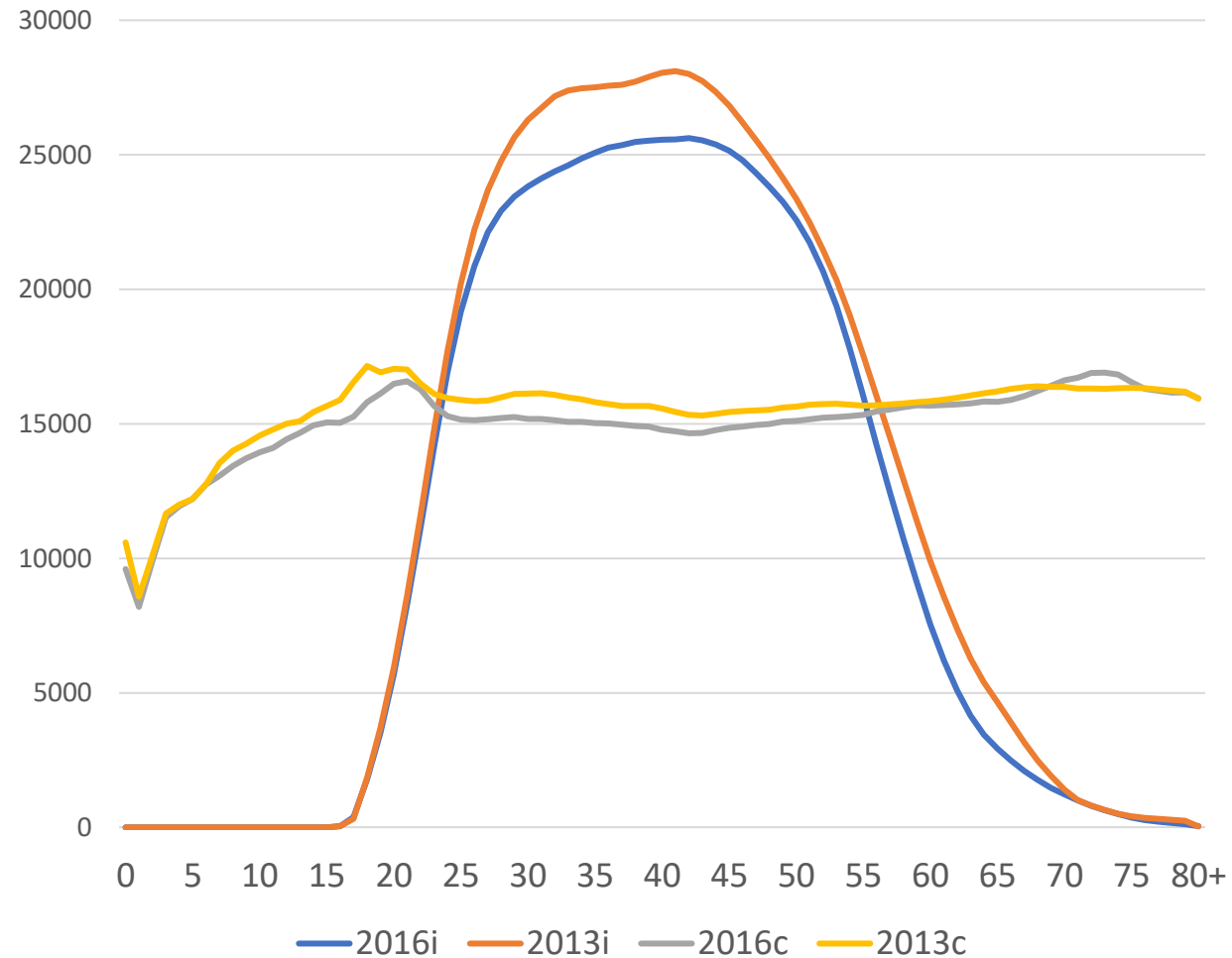
Per Capita indicators, 2013 and 2016 (USD PPP)



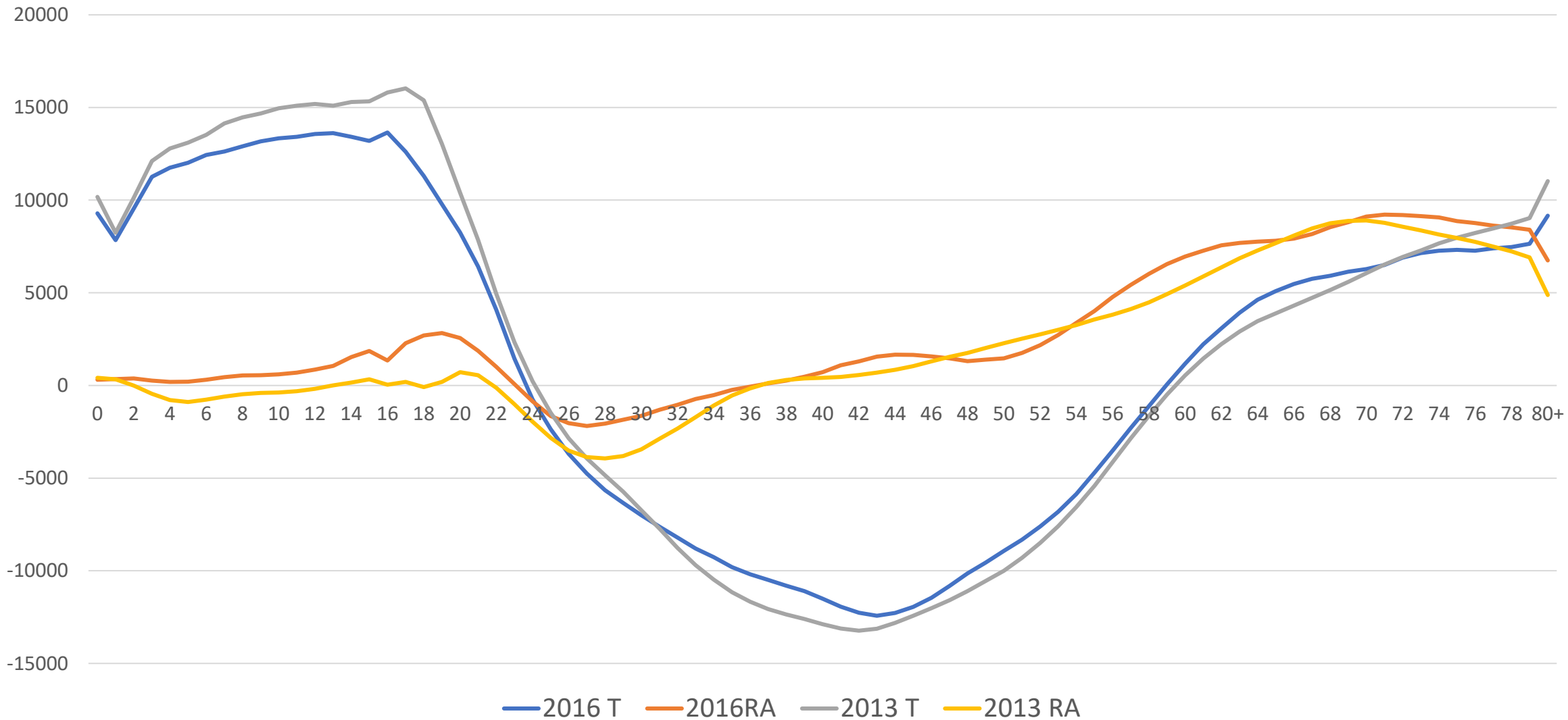
LCD



Consumption and Labour Income

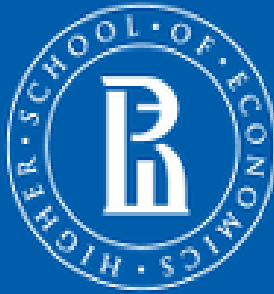


Net Transfer and Asset-based Reallocations , per capita (USD PPP)



Short conclusion

- The labor income due to the crisis even after PPP adjustment dropped for all the age groups, but the consumption declined in lower proportion (for older ages even increased or stayed without changes)
- The deficit is mainly financed by asset-based reallocations (decrease in savings)



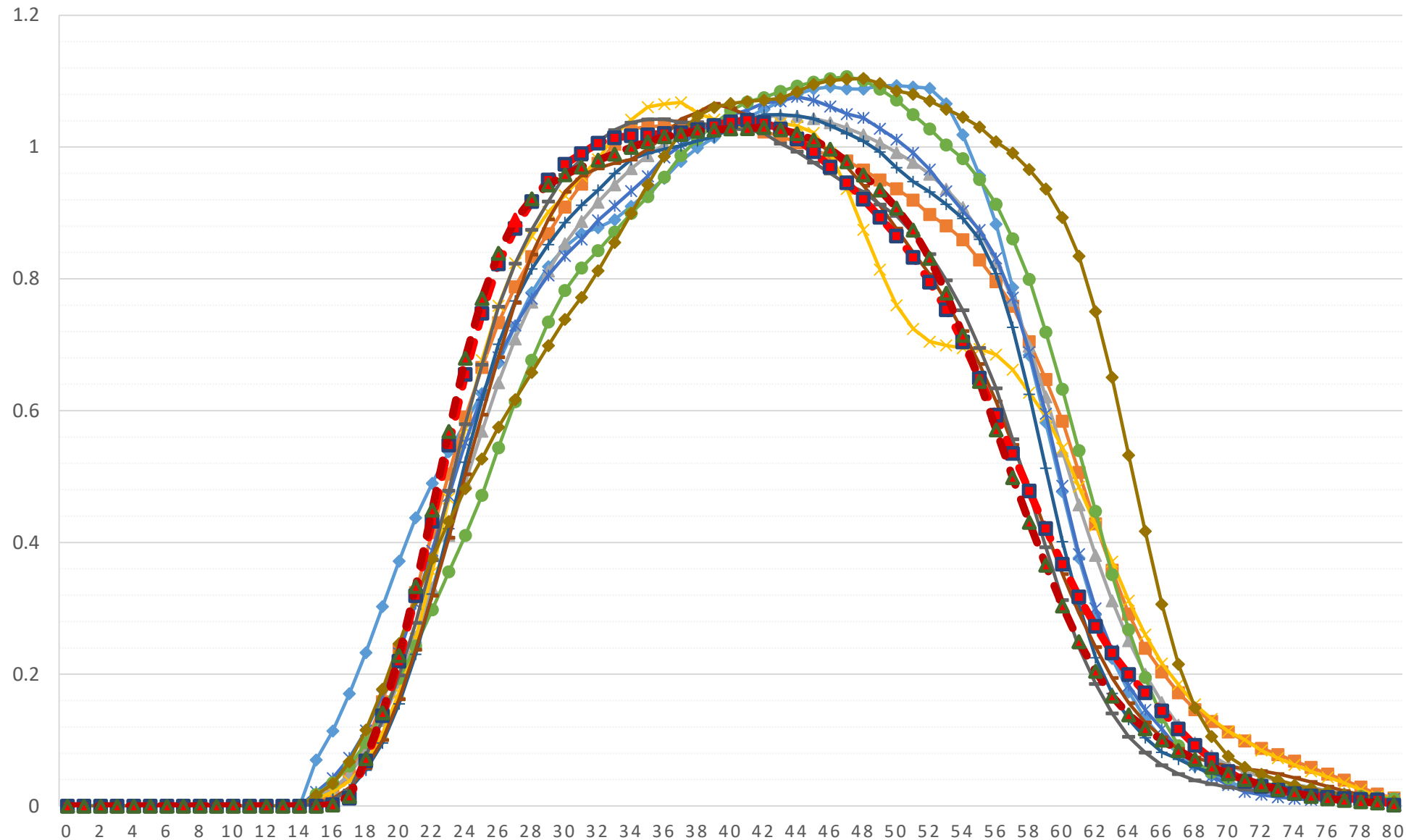
***Russia (2013, 2016) vs. AGENTA Project (2010)
results: similarities and discrepancies***

Life cycle deficit



- In Russia: the period without life cycle deficit: [24; 55] – 2016 and [24; 56] – 2013
- In EU-25: [27; 57] - however for some countries (e.g. Sweden) the differences are more pronounced
- The similarity is explained mainly by lower consumption for the older ages

Labor income, normalized



Labor income maximum is achieved earlier and decreases at relatively young ages

The age of retirement is much lower in Russia (the Pension reform is organized in 2018)

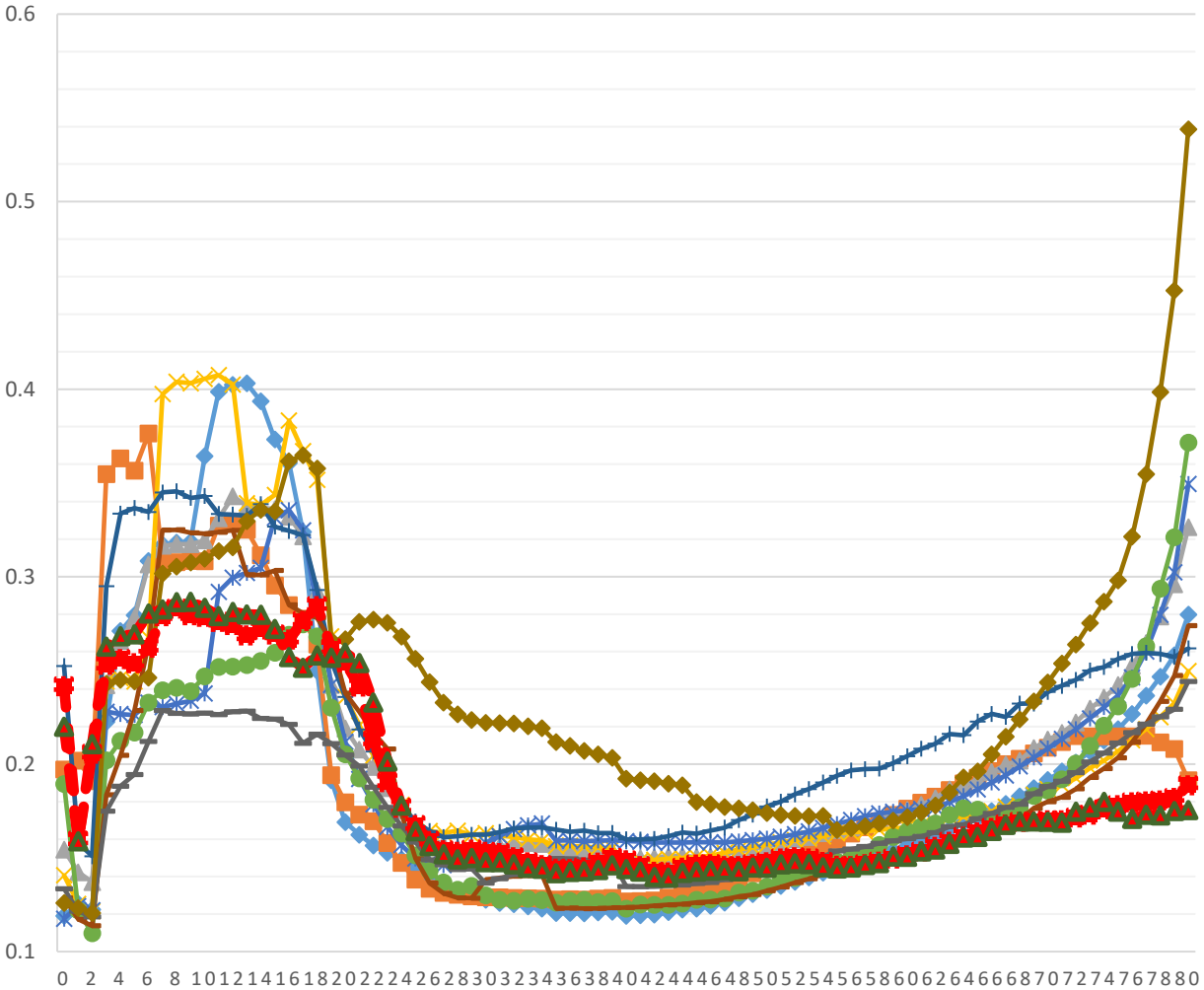
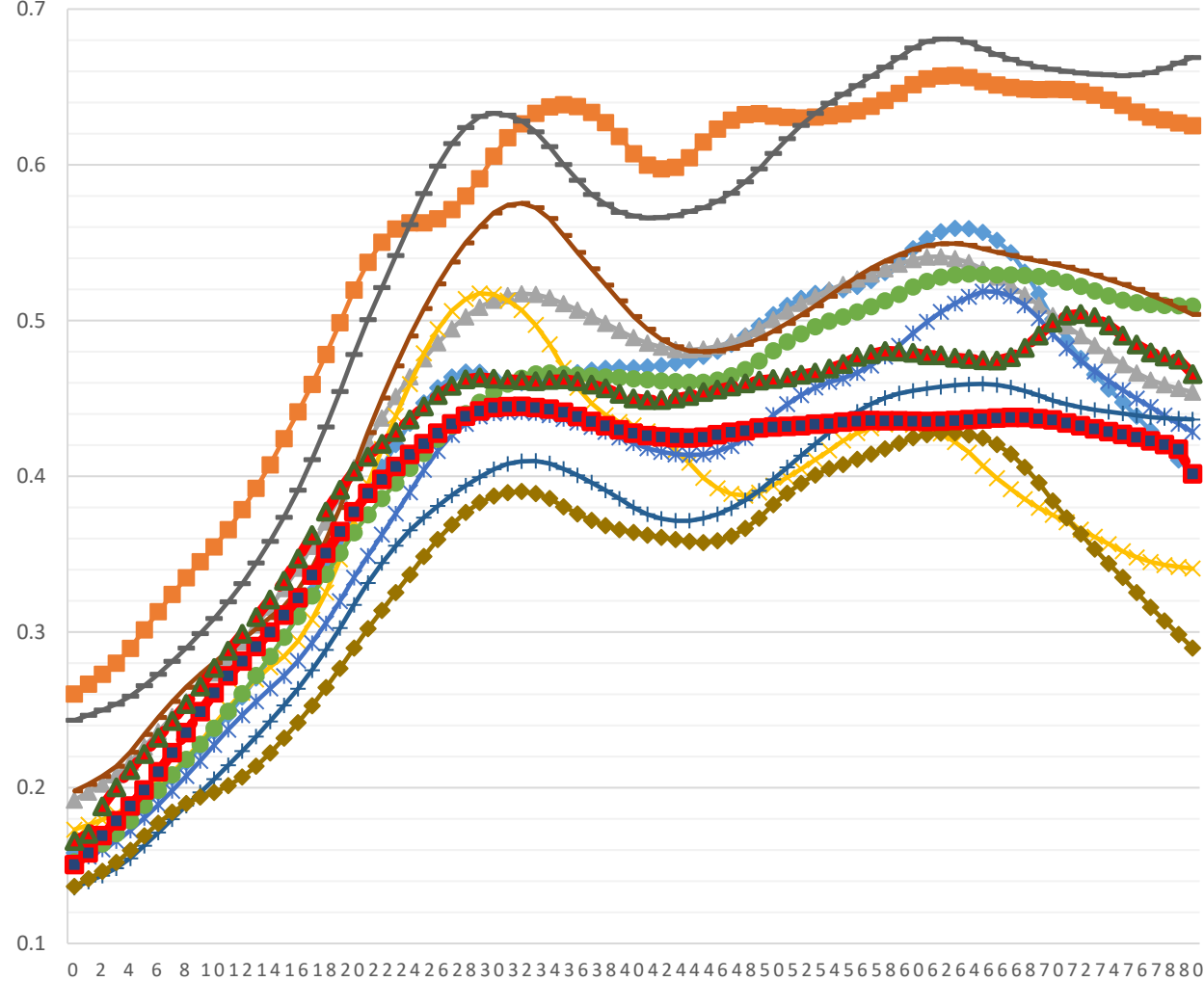
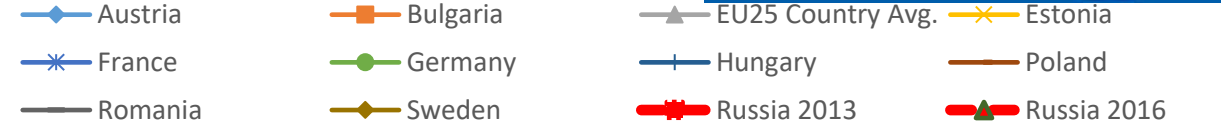
Close to some E. European countries

Private and Public Consumption, normalized



Private

Public



Consumption



- **Private consumption:**

- Relatively smooth
- Growing for the older ages (in 2016 higher than in EU average)

- **Public consumption (unusual health and education consumption):**

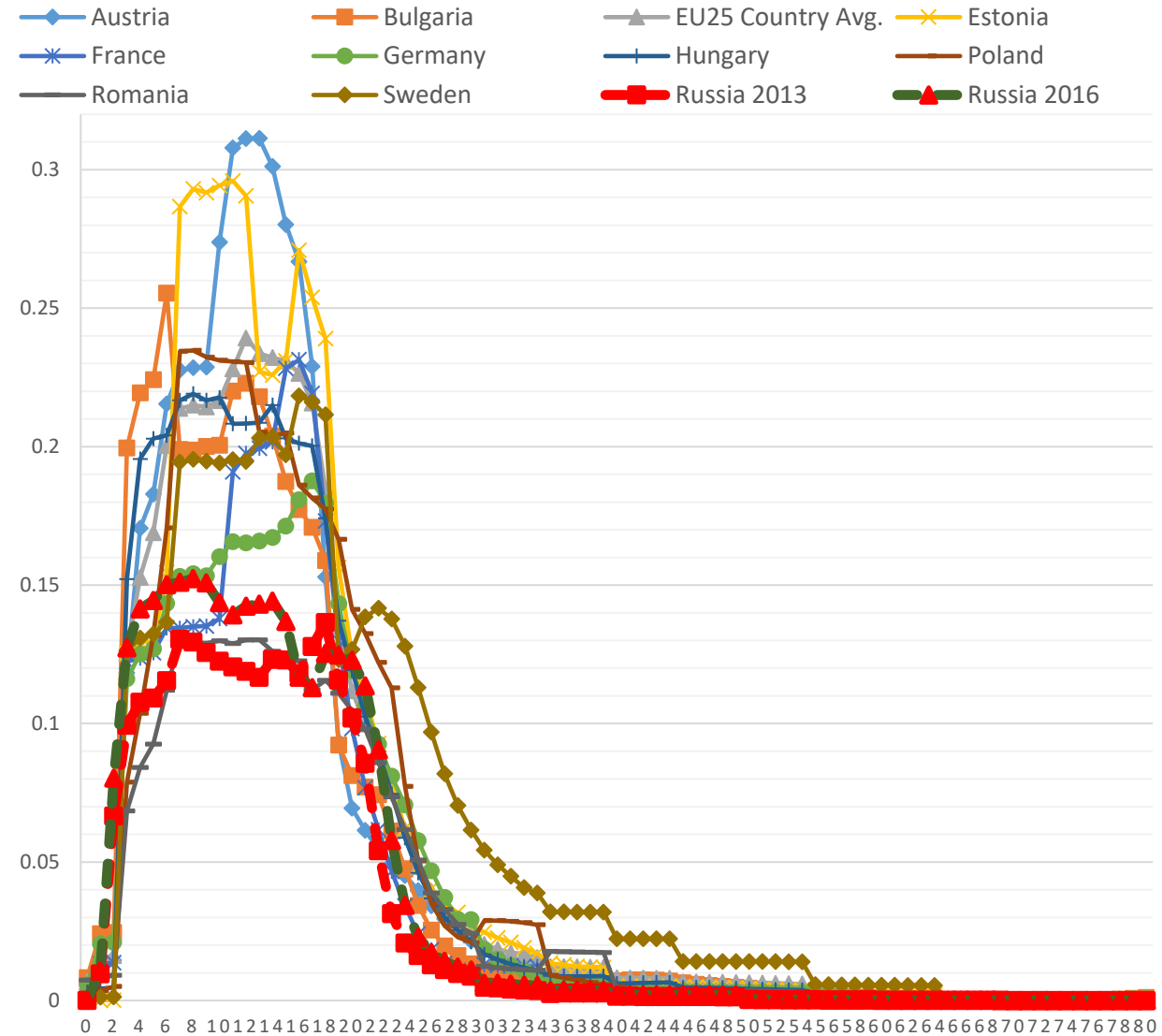
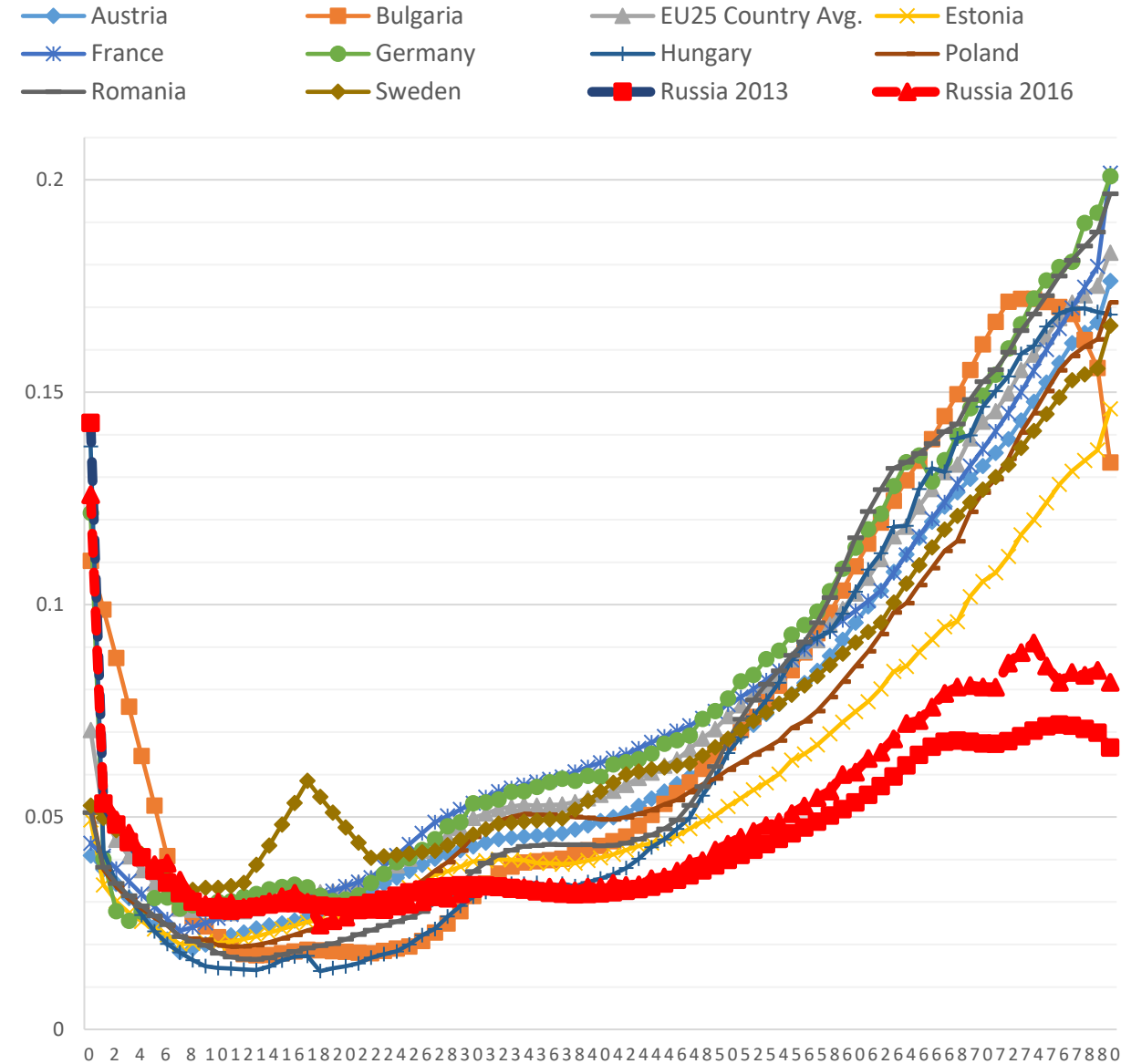
- Education: close to EU by form, but lower due to low SNA expenses for it, *Russian features: 2 peaks - in pre-school and early school ages and within tertiary education, the gap is growing due to 'commercial' universities 'sanitation campaign' (2013-2018) and early childhood development programs implementation (mainly private or out-of-pocket)*
- Health: traditionally high at 0 age (as in Hungary); very low, but growing for older ages – *it could be one of the explanation for a relatively high mortality in RF with very low infant and maternal mortality*

Total health and education, normalized

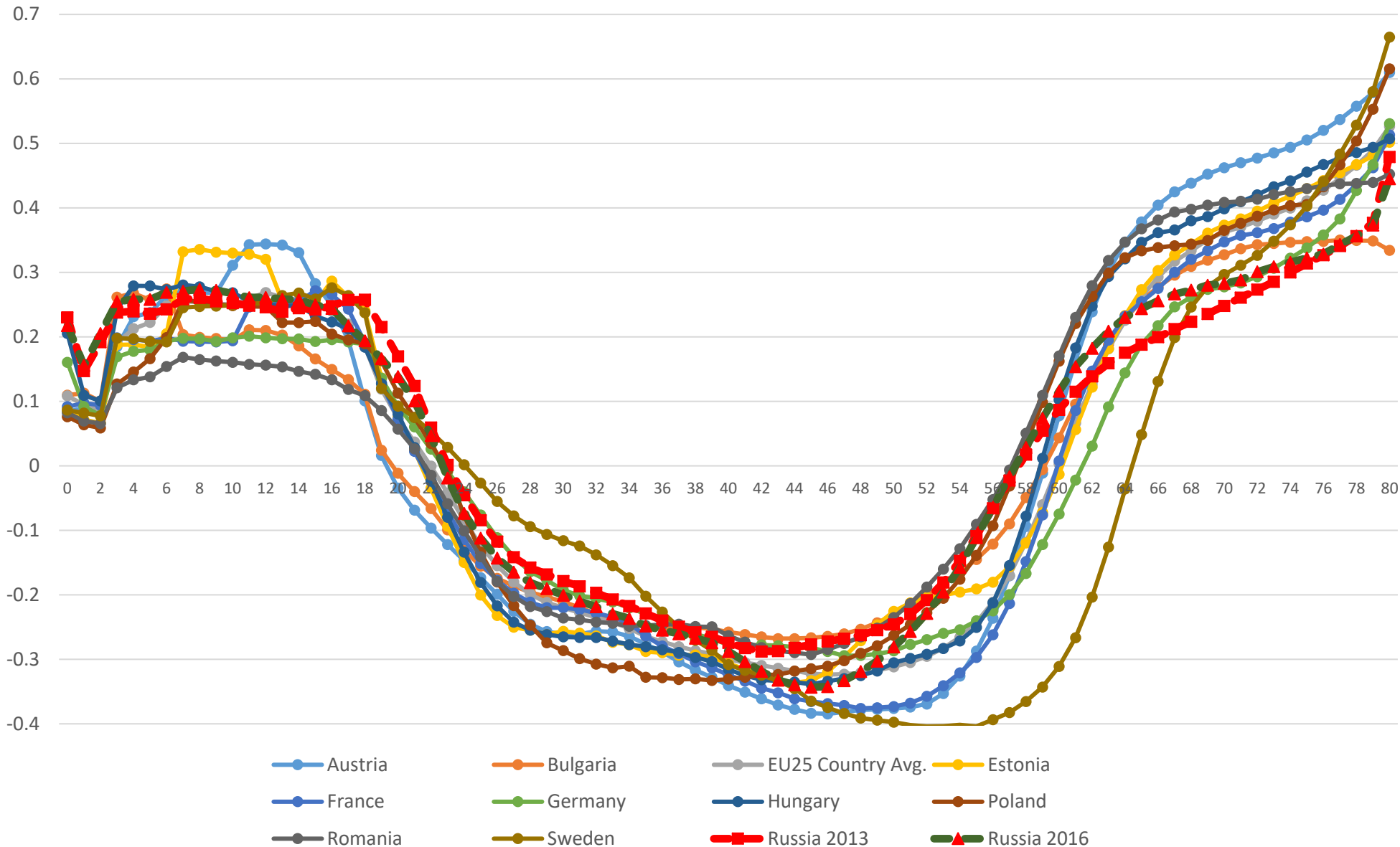


Health

Education



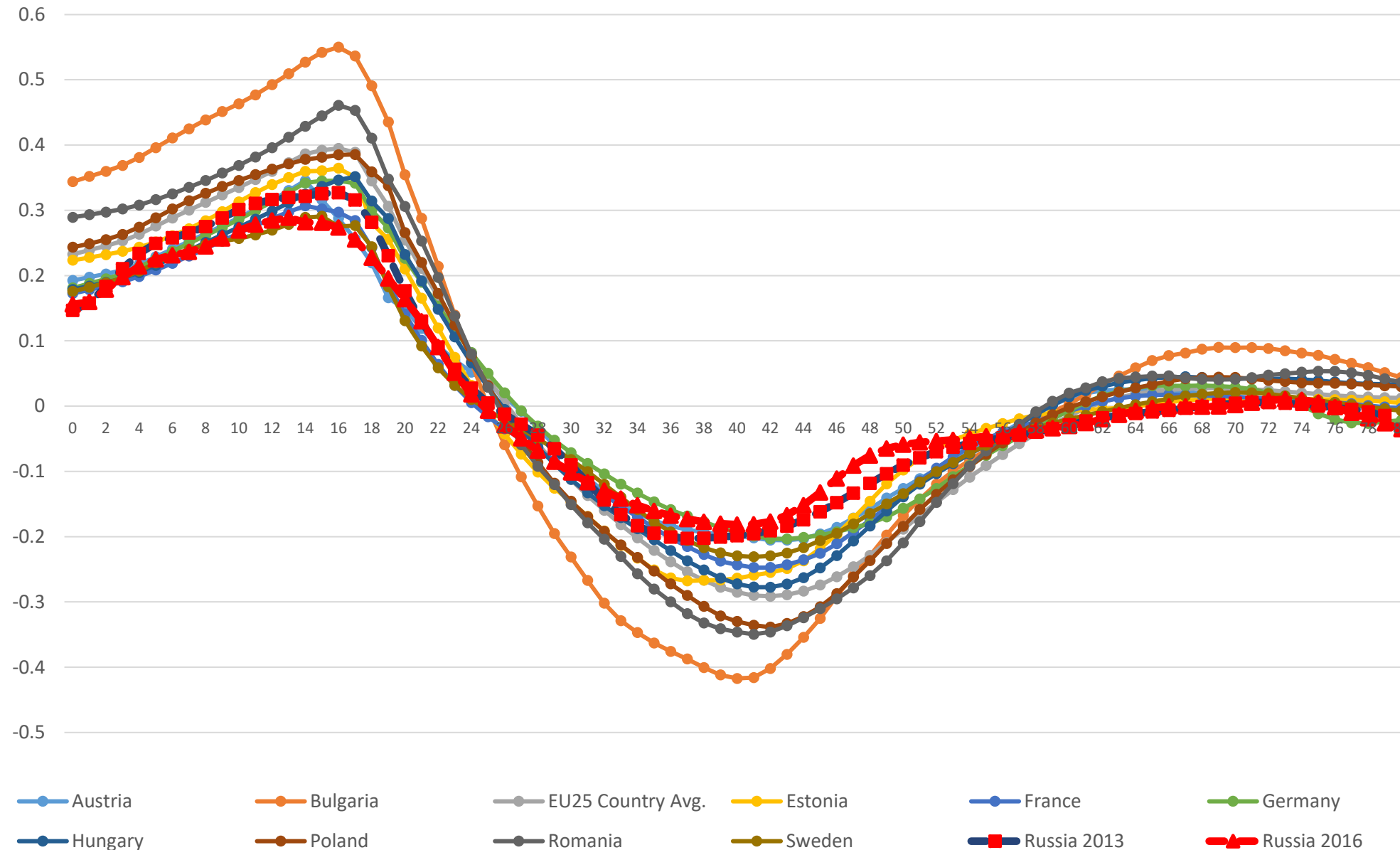
Net public transfers, normalized



Close to EU, especially Eastern European picture with lower figures for the older ages (the situation is improving)

The spike for the age 80+ is explained by the doubling pensions after achieving this threshold

Net intrahousehold transfers

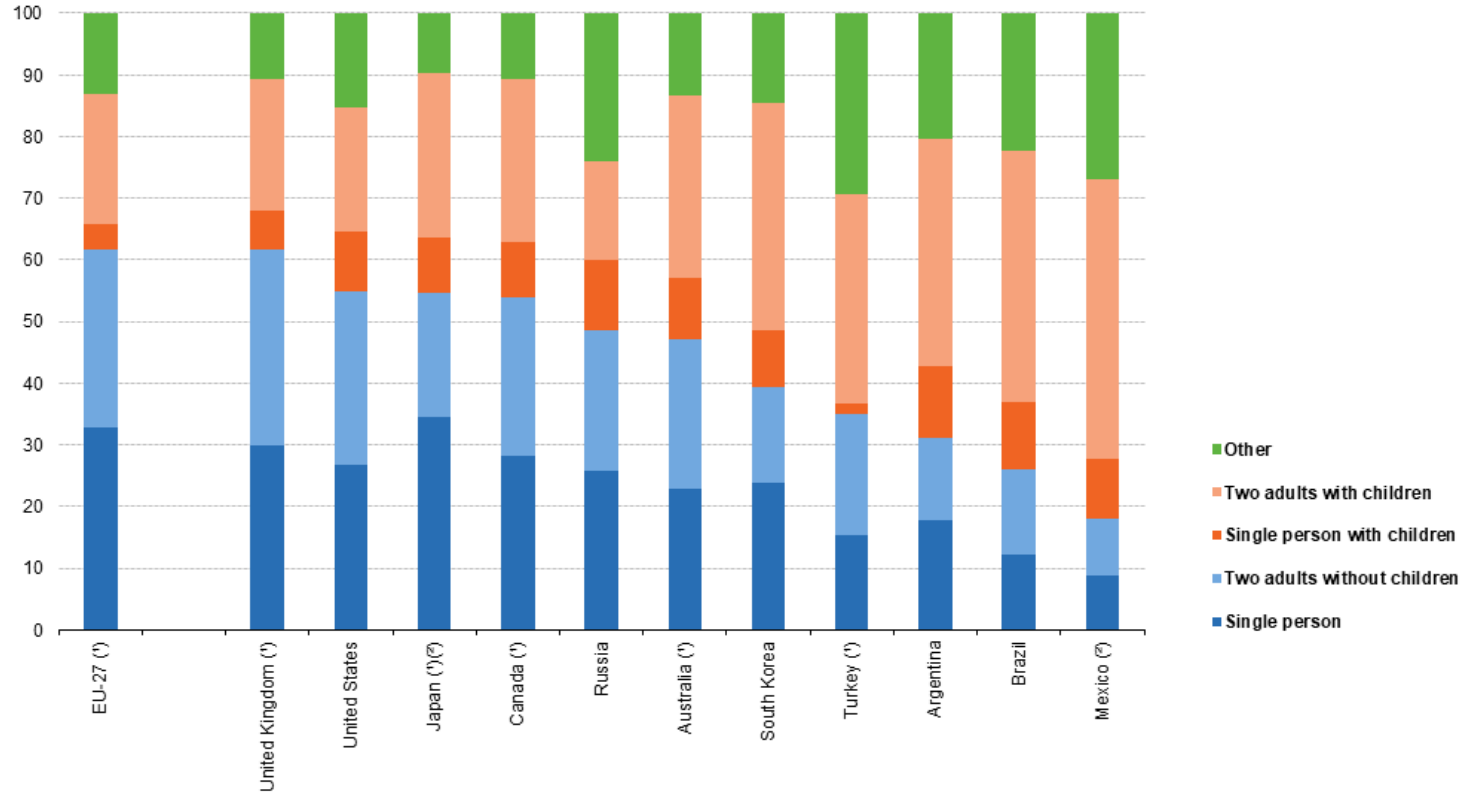


Close to Eastern European picture., but:

- out-transfers at the labor age are lower,
 - in-transfers at older age are lower,
 - in-transfers at the labor age are higher –
- Explanations: the joint transfers from older generations towards younger, more generations in one hh*

Household types and size

Types of households, 2010
(% of total)



HH size in Russia – 2,6 that is higher than in most of the European countries (a bit lower than in Poland and Romania), but the composition could be more multigenerational

Note: ranked on the combined share of a single person and two persons without children. Argentina, China, India, Indonesia, Saudi Arabia and South Africa, not available.

(*) Japan: 2015. Australia and Canada: 2016. Turkey: 2017. EU-27 (estimates) and the United Kingdom (provisional): 2018.

(*) Other includes unknown.

Source: Eurostat (online data code: ilc_lvph02), the United Nations Department of Economic and Social Affairs, Statistics Division (Demographic Statistics; Demographic and Social Statistics) and national surveys

Conclusion

- The crisis did not lead to the serious decline in consumption in PPP due to the ABR wide usage
- The private consumption at the older ages is increasing despite of the economic difficulties
- The consumption of elderly is still relatively low and nevertheless the older generation resources are used as a source of the intra- and inter-family transfers
- The profiles in Russia look like Eastern European, and as the social system in Russia is developing at the same direction, we can expect the convergence soon for the main parts of the balance

Further development of the NTA Russia:

- the materials for the dynamics 2011-2019, NTA by social-economic groups (2013, 2016) are ready
- NNTA 2013/2014 and 2018/2019
- challenges: harmonization of the different surveys, regular adjustment of SNA by different standards