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

M. Denisenko, V. Kozlov

Institute of Demography, National Research University – Higher school of Economics (Moscow, Russia)

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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)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2016</th>
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<tbody>
<tr>
<td></td>
<td>All ages</td>
<td>0-19</td>
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<tr>
<td>LCD</td>
<td>191</td>
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<tr>
<td>Consumption</td>
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<tr>
<td>Less: Labour Income</td>
<td>2022</td>
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<tr>
<td>Transfers</td>
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<td>407</td>
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<tr>
<td>Public</td>
<td>13</td>
<td>192</td>
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<tr>
<td>ABR</td>
<td>206</td>
<td>-6</td>
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<tr>
<td>Asset Income</td>
<td>718</td>
<td>-10</td>
</tr>
<tr>
<td>Less: Saving</td>
<td>511</td>
<td>-4</td>
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</table>
### National Transfer Accounts summary, per capita, Russia 2013 and 2016 (USD PPP)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2016</th>
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<tbody>
<tr>
<td></td>
<td>All ages</td>
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<td>Public</td>
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<td>ABR</td>
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<td>-39</td>
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<td>Asset Income</td>
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<tr>
<td>Less: Saving</td>
<td>3564</td>
<td>-28</td>
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</table>
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 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 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

Austria  
Bulgaria  
EU25 Country Avg.  
Estonia  
Germany  
Hungary  
Poland  
Russia 2013  
Russia 2016  
Romania  
Sweden  
Russia 2013  
Russia 2016
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.
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.
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
- NTTA 2013/2014 and 2018/2019
- challenges: harmonization of the different surveys, regular adjustment of SNA by different standards