The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russia Showing Average Inequality

By Roland Oliphant

October 26, 2011



Income inequality in Russia is in line with international standards in terms of GDP per capita, according to a research note from Renaissance Capital.

"Claims about Russia's outsize income inequalities are simply wrong, and the current level of income inequality in Russia is just fine," Renaissance Capital analyst Ivan Chakarov wrote in an e-mailed summary of his findings, which he produced with Renaissance analyst Natalya Suseyeva.

That's not what Prime Minister Vladimir Putin thinks. Announcing his candidacy for the presidency at the United Russia party congress in September, the prime minister called for an "open discussion" of the country's "dangerous level of social inequality," a pledge that the party has adopted in its platform ahead of the State Duma elections next month.

Putin's thinking seems to be in line with public perceptions. Writing in Novaya Gazeta in September, Lev Gudkov of independent pollster Levada Center said most respondents (62 percent) in a recent poll named inflation and the impoverishment of the general population as

the greatest threat to the country.

The analysts took the Gini coefficient, a measure of inequality where zero is perfect equality and 1 is perfect inequality, and plotted it against various countries' GDP per capita.

Russia has a 0.42 Gini coefficient, according to the State Statistics Service. Looking at other countries with similar GDP per capita, Chakarov found that Russia is comparable to China (0.42, according to the World Bank), worse than India (0.37), and considerably more egalitarian than Brazil (0.55).

Though considerably less equal than higher-income countries like Germany (0.28), France (0.33) and Sweden (0.25), Russia came out almost exactly in line with the mean when he plotted the Gini scores against per-capita GDP.

Interestingly, inequality has not shifted an inch over the inter-crisis boom years, when the increase in real income should have had a big impact on reducing the gap between the haves and have-nots.

The exception is in Moscow, where the State Statistics Service figures show that inequality has fallen from 0.6 in 1995 to 0.5 in 2011.

But the capital remains the center of inequality for the country. Eliminating Moscow from the equation, Russia's overall Gini score would fall "somewhere below 0.4," Suseyeva said.

Academic research suggests that higher inequality rates tend to be associated with political and economic volatility, high murder and divorce rates, and lower happiness, Chakarov said in the note.

"Compared with other countries, it is not that high given GDP per capita. That's what we meant when we said it's 'about right,'" Suseyeva said by phone when asked about the disparity between the analysts' findings and public concern.

Original url: https://www.themoscowtimes.com/2011/10/26/russia-showing-average-inequality-a10425