

Russians' Incomes Fall for First Time Since 2000

By [The Moscow Times](#)

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Russians' real incomes shrank last year for the first time since 2000 as surging inflation overpowered nominal wage rises, according to official data.

Real incomes in December fell 7.3 percent compared to the same month in 2013, contributing to an overall decline of 1 percent for the year, the state statistics service Rosstat said.

The decline is a reversal for President Vladimir Putin, whose 15-year dominance of Russian politics was built on economic stability and fast-rising living standards.

Russia is now on the cusp of a recession, with the economy expected to contract by up to 5 percent this year. Western sanctions over Putin's decision to annex Crimea last year and support separatists in eastern Ukraine have combined with a collapse in the price of oil, Russia's key export, to more-than-halve the value of the country's ruble currency since last

summer. Fueled by ruble devaluation, inflation has skyrocketed, hitting 11.4 percent last year.

Real wages are likely to shrink further. Russia's Economic Development Ministry last month forecast that real incomes would fall by 2.8 percent this year as inflation continues to grow. Media reports on Thursday cited analysts estimating contractions of up to 10 percent.

According to Rosstat, Russians on average earned 32,600 rubles — or \$470 at current exchange rates — per month last year, 9.2 percent more in nominal terms than in 2013.

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