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Poverty Hits 'Critical' Level – Government

By The Moscow Times

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Poverty in Russia has reached "critical" levels, a deputy prime minister said, after government data showed a sharp increase in the number of people living below the poverty line.

"Unfortunately, predictions are coming true: According to official statistics, the number of poor people has reached 22 million. This is critical," Deputy Prime Minister Olga Golodets told news channel Rossia-24 Monday night, Interfax reported. Golodets is responsible for overseeing the government's social policy.

Earlier, a report by state statistics service Rosstat said that the number of people living below the poverty line reached 22.9 million in the first quarter of this year, compared with 19.8 million in the same period in 2014. Russia had a population of 143.75 million people at the end of 2014, Rosstat said.

Rising poverty levels have been driven in part by inflation, which hit a 13-year high of 16.9

percent earlier this year. Price increases were fueled by an embargo on food imports from countries that sanctioned Moscow over its role in the Ukraine crisis and a steep fall in the value of the ruble, which raised the cost of imported goods and services.

Inflation eased to 15.3 percent year-on-year in June, according to Rosstat. Real wages, meanwhile, were down 7.3 percent in May compared to the same period last year.

While the official unemployment rate was a relatively low 5.6 percent in May, according to Rosstat, partial unemployment is rising fast. The number of part-time workers rocketed up 8 percent in the first week of June, Labor Minister Maxim Topilin said earlier this month, with more than 331,00 people officially working part time.

Russia's economy is expected to shrink by 3 percent this year as Western sanctions and a steep fall in the price of oil, Russia's top export, strangle investment.

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