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Medvedev Defends Canceling Pension Increase as Elections Loom

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Russia's Prime Minister Dmitry Medvedev (C) meets with pensioners in Lipetsk on Aug. 30, 2016.
Yekaterina Shtukina / TASS

The government's decision not to index pensions at the level of inflation is "absolutely fair," Russian Prime Minister Dmitry Medvedev told pensioners Tuesday.

Russian authorities have increased pensions by 4 percent this year, rather than the 12.9 percent increase needed to match the official inflation rate. A sharp rise in inflation has caused the real value of pensions to fall for the first time since 1999.

Russian law requiring pensions to be indexed to the previous year's level of actual inflation. The Kremlin is set to instead with a one-off payment of 5000 rubles ($77) in January 2017 to make up for the shortfall.

Speaking to elderly and disabled residents at a rehabilitation center Tuesday, Medvedev

denied that the deal was unfair to pensioners, arguing that a single payment was appropriate under current tough economic circumstances, the RBC newspaper reported Tuesday.

"[This way] you can buy something for the festivities and have money left over for something else," he said. "It's better than if the payment was spread thinly and the difference wouldn't be felt at all."

Some 43 million Russians will receive the payment, including state employees, the disabled and pensioners working part-time, at a cost of 200 billion rubles ($3 billion dollars) to the state budget. The decision not to index pensions in 2016 will save the government up to 160 million rubles ($2.4 billion), RBC reported last week.

Medvedev has repeatedly struggled to win over elderly voters, being mocked after telling Crimean pensioners in May that there was "just no money" to index pensions, but urging them to "hang in there."

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