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INDEPENDENT NEWS FROM RUSSIA

Russia's Official Job Losses Pass 1M Since Coronavirus Outbreak

Unemployment claims have jumped 85%, but true numbers are likely much higher.

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Russia has not seen record-breaking spikes in unemployment as in the U.S. **Alexander Nemenov / AFP**

More than one million Russians have registered as unemployed since the outbreak of the coronavirus pandemic, Labor Minister Anton Kotyakov said Monday.

Some 2.4 million are now officially registered as jobless, Kotyakov said in a video conference with President Vladimir Putin — an increase of more than 85% since March.

Up to 220,000 were registering as unemployed every week during the beginning of May, when Russia was still in its non-working period, Kotyakov said. The weekly increase was running at about 155,000 during the first two weeks of June, despite the lifting of many quarantine measures across the country.

Before the crisis, official unemployment was around 1.3 million, based on official figures cited by Russian news agency RIA Novosti.

That number is the narrowest interpretation of unemployment, based only on those who have officially registered with Russian authorities. Data from Russia's federal statistics agency Rosstat showed 4.5 million out of work at the end of May — a calculation that includes those who have not been able to officially register but are still actively seeking work. That was up from 3.4 million before the crisis.

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Yet economists say the true level of unemployment could be significantly higher still. Both definitions only count people deemed to be "economically active" — those who are out of work, looking for a job and able to start immediately. Because of Russia's large shadow economy, jobs — and job losses — in the informal sector are hard to quantify under either measurement, and economists say true out-of-work figures usually run three to five times higher.

President Vladimir Putin responded to the figures by saying that unemployment in Russia has "not grown as dramatically as in other countries." In the U.S., unemployment hit its highest level since the Second World War, the Federal Reserve said recently.

"The Russian labor market is notorious for being less flexible than others, so here we see a reduction in salaries rather than layoffs like in Europe or the U.S.," said Oleg Zamulin, director of macroeconomic research at Sberbank.

Another factor in Russia's unemployment story is the role of the government as a jobs provider.

"Russia's savior in this case is its main weakness — the dominance of the state sector as an employer. If we include the state-owned companies, as much as 50% is estimated to be employed in the state sector (there is no official number), which is under orders not to lay anyone off," consultants Macro Advisory noted in a recent report.

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