Analysis

Changing Social and Economic Conditions in Rural Russian Villages, 1991–2008

By David J. O'Brien, Columbia, MO and Valeriy Patsiorkovskiy, Moscow

Abstract

The immediate post-Soviet period was a time of severe hardship for most rural residents of Russia. In recent years, however, both material and psychological conditions have improved markedly. Nonetheless, there is considerable unevenness in the economic and social development of the Russian countryside. Results from our surveys of rural households provide an overview of these developments.

An Overview of Changes in Rural Russia Since 1991

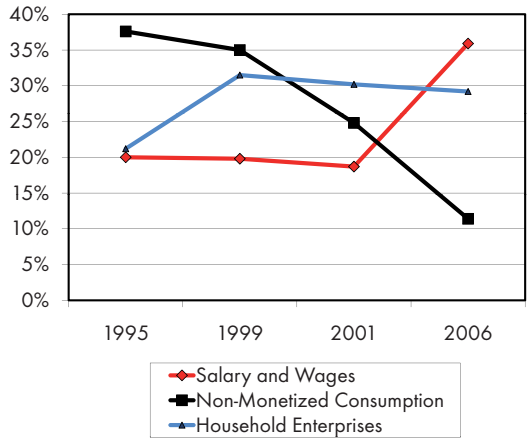
Rural residents constitute roughly 27 percent of the total population of Russia. The Russian countryside is extremely diverse in natural conditions, agricultural output, social and economic development and ethnic composition. The variety of rural settings ranges from the highly productive agricultural region in the black earth zone in southern European Russia to heavily forested regions in the Northwest to polar regions. We conducted most of our research in agricultural regions of rural Russia, although in 2008 we began a project in forest-resource-dependent areas in Karelia and Kostroma.

Our research findings are based on a total of ten surveys, from 1991 to 2006, which were funded by the US National Science Foundation, the Ford Foundation, and other foundations. The surveys were conducted in 15 different regions using a stratified sampling strategy to reflect the proportion of different household types in rural Russia.

Material Changes in Rural Villages

The material conditions of life for rural Russians during much of the 1990s were quite difficult and could be best characterized as a period of "survival." Since 1999, however, rural incomes have experienced a sustained improvement, as they have throughout Russia and indicators of poverty have shown a sharp decrease. In 1993, 69 percent of rural respondents in our surveys fell under the government's minimum level of subsistence, but this figure dropped to 25 percent in 2003 (the official government figure for rural poverty in 2003 was slightly higher, at 32.5 percent, but was still well below the 1993 figure). Our surveys indicated that the percentage of households owning automobiles increased from 11.5 to 34.5 percent from 1991 to 2003 and almost half (48 percent) of these households had initiated a substantial construction project, either increasing the size of their dwelling or improving structures for livestock or processing value-added food.

Figure 1. Changing Contributions to Rural Russian Household Income 1995–2006



Source: 1995 & 1999 Russian Village Surveys; 2001 & 2006 NCEEER Surveys

The composition of household economies also has changed during the post-Soviet period. The three trend lines in Figure 1 indicate the relative weight of different sources of income at different points in time. The proportion of income that is "non-monetary consumption" income refers primarily to the food that is grown and consumed by the household. This type of income was highest during the early, most difficult, period of post-Soviet reform, when households used what they produced themselves to survive. Non-monetary income, as a proportion of total household income remains high from 1995 (37.6 percent) to 1999 (35 percent), but drops considerably after 2000 (24.8 percent in the 2001 survey) and in the 2006 survey is less than one-third (11.4 percent) of the amount shown in the 1995 survey.

The second trend line of interest is the one showing the proportion of income that is derived from house-

hold enterprises. Slightly more than one-fifth (21.2 percent) of rural household income in 1995 was derived from this source. As the former collective farms struggled to survive and oftentimes could not pay their employees, the small private plots that had been merely tolerated during the Soviet period became the source of entrepreneurial creativity. Households learned to make value-added products and earn income from a wide variety of small businesses and services. The 1999 survey shows a substantial increase in this source of income, accounting for 31.5 percent of total household income. But, the proportion of income generated by household enterprises leveled off and dipped slightly in the subsequent two surveys that were conducted at the beginning of this decade; 30.2 percent in 2001 and 29.2 percent in 2006.

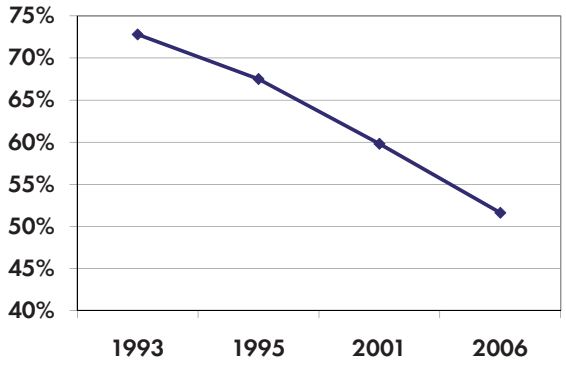
The third trend line shows the contributions of salary and wages, i.e., working for others, to household income. Salary and wage income contributes roughly the same proportion to total household income as does income from household enterprises in 1995 (20 and 21.2 percent, respectively) and declines slightly while household enterprise income accounts for a much larger share of total household income in the next two surveys (19.8 and 31.5 percent in 1999 and 18.7 and 30.2 percent in 2001). In the 2006 survey, however, we can see a substantial shift in household economies, when salary and wage income increased to 35.9 percent while household enterprise income dipped slightly to 29.2 percent of total household income.

The growth of income from salary and wages reflects the overall improvement in the Russian economy. Household enterprise income continues to play a critical role in rural economies, but the survival economy of the early nineteen nineties has been replaced by a "mixed economy," which combines household self-employment with income derived from working for others.

The Psychological Mood in the Countryside

Our surveys contain two sets of indicators of how rural Russians subjectively have experienced their lives at different times during the post-Soviet period. One indicator is a standard measure of "psychological mood", the CES-D scale which has been used in the USA and other countries. The CES-D scale used a series of questions in which respondents are asked to tell the interviewer how often they have experienced different symptoms of "depressed mood" – e.g., I felt fearful, I felt lonely, I did not feel like eating, etc. – in the last week (5–7 days, 3–4 days, 1–2 days). Figure 2 shows the trend in depression scores in our surveys from 1995 to 2006.

Figure 2. Percent of Rural Russian Respondents Scoring 16 or Greater on the CES-D Scale by Year

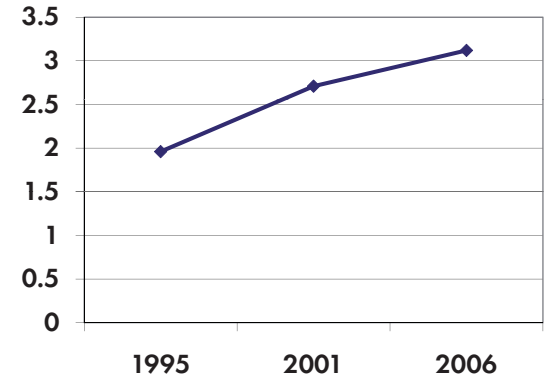


Source: Russian Village Surveys, 1993 and 1995; NCEEER Surveys, 2001 and 2006

The percentage of respondents exhibiting symptoms of depression, as measured by the standardized CES-D scale dropped from 72.8 percent in 1993 to 59.8 percent in 2001 and 50 percent in 2006. While the CES-D number from the 2006 survey is still extremely high, especially compared to populations in rural areas of the United States or Western Europe, it nonetheless shows a considerable improvement in the mood of ordinary people as institutional reforms have taken hold in the Russian countryside.

Another indicator, shown in Figure 3, is the change in level of satisfaction with the direction of the country.

Figure 3. Rural Russians' Satisfaction with the Situation in their Country by Year
Satisfied-Disatisfied (Scale 1–5; 5=Most Satisfied)



Source: Russian Village Survey, 1995; NCEEER Surveys, 2001 and 2006

On a standardized quality of life scale, with a range of 1 to 5, the mean score for "satisfaction with the over-

all situation in the country" rose from 1.96 in the 1995 survey to 3.12 in the 2006 survey, a shift in the positive direction that is substantively as well as statistically significant.

The Emerging Structure of Inequality in Rural Russia

The introduction of some principles of a market economy has meant, however, that rural regions that have less immediate potential for job creation, especially in northern areas, have been less able to retain population than areas in southern regions where there is more opportunity to operate an efficient market-based agricultural economy. In Vologda, in the North of Russia, and in Tver' in the Central Region, for example, the rural population declined by 17.1 and 13.0 percent, respectively, from 1989 to 2002, while in Belgorod oblast in the Black Earth Region the rural population increased 2.5 percent and in Rostov oblast, in the North Caucasus Region, population increased 15.4 percent, aided by an influx of ethnic Russian refugees from areas of ethnic tension in Central Asia and the Caucasus.

An additional factor accounting for differences in quality of life between regions has been the institutional responses of regional governments to central government reforms. While many regional governments have resisted reforms, either by attempting to replace central government subsidies to the large farms with their own subsidies or by pretending that the reforms will go away somehow, those regional governments that have been most effective in helping household economies have developed comprehensive community development strategies.

In 1994, for example, the Belgorod oblast government created a special fund to assist peasant households to improve existing homes or to build new homes and buildings for storing grain, silage, or for keeping animals. This fund for the support of individual buildings in rural areas lends money to peasant households and they repay their debt in food that they produce, such as meat, milk, eggs, cottage cheese, or sour cream.

Household Income and Inequality between Regions

The structure of household income in high, medium and low income regions in our 2006 survey are shown in Table 1 on page 19. The second column shows that there is considerable variation in mean per capita income between regions, with households in Amur oblast, having incomes 2.3 times greater than households in Krasnodar krai. The average per capita income of the two highest regions combined, Amur oblast and Altai krai, is 1.7 times higher than the combined average for the two lowest regions, Krasnodar krai and Voronezh.

To control for regional differences in the cost of living, the third column shows the percentage by which the average per capita income in a region is either above or below the minimum consumption basket (a government set of indicators of where the poverty line is located) for that region. The average income of households in the lowest income region, Krasnodar krai, a region with high agricultural output, is 26.4 percent below the minimum basket figure, compared with the average income of households in the highest income region, Amur oblast, a region with mining and road construction employment opportunities, is 39.6 percent above the basket figure for that region.

Columns 4 and 5 show the mean amounts of total household income that are accounted for by salary and wages and household enterprises in each of the regions. Households in Amur oblast receive higher amounts of income from both salary and wages and household enterprises than do households in any other region. Households in the other region in the highest total income category, Altai krai, receive approximately equal amounts of income from salary and wages.

The importance of the mixed household economy is illustrated by examining the remaining seven regions in the sample. With the exception of Krasnodar krai, in which households receive well below average income from both salary and wages and household enterprises, all of the low and middle income regions appear to have some type of imbalance with respect to how households receive income. In the other low income region, Voronezh oblast, another high agricultural output region, household enterprise income is considerably above average and contributes more than 50 percent of total household income, but salary and wage income is less than half of the average for the total sample and only contributes less than one-quarter of total household income.

The relationship between different sources of income in the middle income category is quite interesting. Households in Tartarstan, Moscow oblast and Leningrad oblast all receive well above average income from salary and wages, which clearly pushes overall household income much higher than in the low income regions, but below average income from household enterprises pushes them below the high income region level. Conversely, households in Kurgan oblast and Krasnoyarsk krai receive above average income from

household enterprises, but below average income from salary and wages.

Regional Differences in Mental Health and Subjective Quality of Life

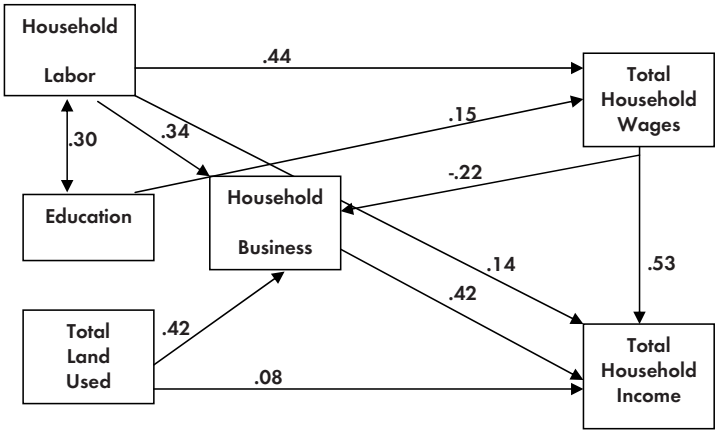
Table 1 on page 19 contains two indicators with which to examine the impact of regional differences in the structure of household income on mental health and subjective quality of life. Column 6 shows that scores on the CES-D depression scale are strongly associated with the average level of income in different regions. The average CES-D score in the low income regions of 23.7 is well above the cutoff point for showing depressive symptoms (16), while the average score for the households in the middle income regions is less than one point above the cutoff point at 16.9 and the score of 12.8 in the households in the high income regions is well below the cutoff point. In fact, the average CES-D scores for households in the high income regions is slightly less than half as high as the average scores in the low income regions.

Column 7 shows a similar association between the overall regional income level regions and the subjective assessment of the quality of life in the country in that region. There is a statistically significant improvement in assessments of the direction of the country as we move from low to middle and high income regions.

Household Capital and Inequality

Figure 4 contains arrows, based on an AMOS structural equation model, that show the direct and indirect relationships between three types of household capital – household labor, education and total amount of land cultivated on a household's total income. The numbers in the model are standardized regression coefficients that indicate the strength of the relationships.

Figure 4. Contributions to Rural Russian Household Income in 2006 (N=900). Source: NCEEER 9 Region Survey



Higher household income is associated with both household enterprise income and income from working for others (wages and salary); betas = .42 and .53, respectively. This indicates that the rural economy in Russia is becoming more "mixed" in terms of how households generate income. The fact that households are no longer dependent only on their own enterprises is another indicator of health in the Russian economy as a whole and offers some hope for the development and maintenance of sustainable rural communities.

Most interesting are the direct and indirect effects of different types of household capital on total income. Although education is typically considered the most important form of household human capital in most economic analyses, it appears to be the least important form of capital in differentiating income between households; it only has a modest (beta = .15) indirect effect on total income through its association with wages and salaries.

The most salient features of this type of enterprise are the enormous demands for hand labor and high level of cooperation between household members, which is characterized by the term peasant moral economy. Household labor has a much larger effect than education on total household income. This includes a modest direct positive effect (beta = .14) and two stronger indirect effects, one operating through salary and wages (betas = .44 and .53) and the other operating through household business enterprises (betas = .34 and .42).

The third type of household capital in the model, size of land used by the household, has both direct and indirect effects on total household income. There is a modest direct effect of land on total household income (beta = .08) and a much stronger indirect effect on total household income through its positive relationship with income from household enterprises (betas = .42 and .42).

Most important, there is no statistically significant relationship between either household labor or education and the total amount of land used by the household. An increase in the amount of land used is not a simple function either of education or family life cycle, but operates independently as a manifestation of the level of a household's "entrepreneurial spirit."

The Future

Although our work has highlighted improvements in the quality of life in the Russian countryside, there are several conditions that cause us to have some concerns about the future. The first is the development of new forms of inequality between regions and between

households that we described above. Addressing these inequalities will require some significant actions and material resources by the Russian government as well as from regional and local actors. We are currently working with the Ford Foundation on a project that is attempting to identify ways to bring alternative employment opportunities to forest-dependent regions that have been among the most disadvantaged in the post-Soviet rural economy and are very much aware of the difficulties in bringing about the conditions, and especially, attitudes, necessary to stimulate new forms of rural entrepreneurship.

The Russian government's National Project, which addresses smaller scale agricultural enterprises as well as the large enterprises, which had been the exclusive interest of the central government, is a step in the right direction. The most important unknown, however, is the effect of the current financial crisis, which is affecting not only the Russian financial system, but is causing a dramatic drop in oil revenues, which in turn, severely limits the ability of the government to provide the resources necessary to bring further improvements to rural villages, especially providing the material and social wherewithal to attract younger and more educated migrants to these areas.

Nonetheless, our surveys and personal contacts with rural Russians over a period of 17 years have demonstrated to us that these are people with tremendous resilience who have an uncanny capacity to survive in the face of serious obstacles.

About the authors:
David J. O'Brien is a Professor at the Department of Rural Sociology at the University of Missouri-Columbia, MO, USA.
Valeriy Patsiorkovskiy is a Professor at the Institute for the Socio-Economic Studies of Population, Russian Academy of Sciences, Moscow.

Literature:
D. J. O'Brien & V. V. Patsiorkovsky, *Measuring Social and Economic Change in Rural Russia: Surveys from 1991 to 2003* (Lanham, Maryland: Lexington Press, 2006).
D. J. O'Brien, S. K. Wegren and V. V. Patsiorkovsky, "Mechanisms of Stratification in Post-Soviet Russian Villages," *Problems of Post-Communism* 54 (2007): 37–46.
D. J. O'Brien, V. V. Patsiorkovsky and S. K. Wegren, "Household Capital, Sources of Income and Stratification in Rural Russian Villages," *East European Countryside* (2008).
V. Patsiorkovsky, *Selskaia Rossia 1991–2001* (Moscow: Finansy i Statistika, 2003).
V. Patsiorkovsky and V. Patsiorkovskaya, "Semia i domokhoziaiistvo v selskoii mestnosti. / Rossia 2002–2005," pp. 81–92, in Sotsial'no-demograficheskaya situatsia (Moscow: Nauka, 2008).
The National Project: http://www.rost.ru/projects/agriculture/

Table 1. Per Capita Income, Salary and Wage Income, Household Enterprise Income, Symptoms of Depression and Satisfaction with the Country in Nine Russian Regions (N=900)

	Mean Monthly Per Capita Income (in rubles) & Rank in Sample (in parentheses)	% Per Capita Income < or > Regional Consumption Basket & Rank in Sample (in parentheses)	Mean Monthly Household Salary & Wage Income (in rubles) & Rank in Sample (in parentheses)	Mean Monthly Household Enterprise Income (in rubles) & Rank in Sample (in parentheses)	Mean CES-D Mood Scale[a] 16+ indicator of depressed mood	Satisfaction with the Country[b] Scale:1–5
Krasnodarskii krai	3,347 (9)	-26.4 (9)	4,159 (8)	3,683 (6)	24.8	2.4
Voronezh oblast	4,634 (8)	7.3 (8)	2,703 (9)	5,670 (4)	22.6	2.6
Low Income Regions	*3,991 (8.5)*	*-9.55 (8.5)*	*3,431 (8.5)*	*4,677 (5)*	*23.7*	*2.5*
Republic of Tartarstan	4,817 (7)	22.3 (3)	6,298 (4)	3,677 (7)	19.1	3.4
Kurgan oblast	4971 (6)	19.9 (5)	5,217 (7)	5,243 (5)	15.3	3.2
Krasnoyarsk krai	5,655 (5)	14.3 (7)	5,284 (6)	6,054 (2)	13.4	3.5
Moscow oblast	5,694 (4)	16.5 (6)	6,735 (3)	1,825 (9)	18.9	3.0
Leningrad oblast	5,736 (3)	22.0 (4)	9,093 (2)	2,180 ((8)	17.6	3.0
Middle Income Regions	*5,375 (5)*	*19.0 (5)*	*6,525 (4.4)*	*3,796 (6.2)*	*16.9*	*3.2*
Altai krai	5,983 (2)	30.6 (2)	5,575 (5)	5,897 (3)	15.3	3.3
Amur oblast	7,693 (1)	39.6 (1)	10,224 (1)	8,940 (1)	10.4	3.6
High Income Regions	*6,838*	*35.1 (1.5)*	*7,900 (3)*	*7,1418 (2)*	*12.8*	*3.5*
Total Sample	***5,392***	***17.4***	***6,143***	***4,797***	***17.5***	***3.1***

[a] *F(2)=55.695, p<.001; Scheffe – Low Regions > Middle Income Regions, Middle Income Regions > High Income Regions*

[b] *F(2)= 97.710, p < .001; Scheffe – Middle Income Regions > Low Income Regions, High Income Regions > Middle Income Regions*