New OECD Publication Reviews Social Challenges Facing Russia

Russia’s difficult transition to a market economy has resulted in serious hardship for many of its citizens. A new OECD publication, *The Social Crisis in the Russian Federation*, addresses some of the issues facing Russia and presents policy recommendations for tackling them. To tackle rising poverty, it concludes, labor market reforms are particularly urgent. While the state sector remains hampered by laws designed to preserve uneconomic jobs, the private sector is characterised by precarious employment, lack of contractual agreements and inadequate worker protection.

Real GDP fell by about 45% between 1990 and 1998 and unemployment has soared. But data suggest that the working poor are more numerous than those who are poor because of unemployment, as a result of plunging real earnings. The re-emergence of infectious diseases such as tuberculosis and diphtheria is particularly alarming. Spending on social programmes has fallen as a proportion of GDP and Russia has no effective social security net to help individuals hit by hard times. The official poverty rate reached a historic high of close to 38% in early 1999. In parallel, Russia’s population declined by more than 5.7 million between 1992 and 1999, largely due to rising mortality rates and falling life expectancy.

Looking ahead, the OECD recommends economic restructuring based on sound competition and stable budgetary policies. But this will only be possible if Russia can develop public institutions that inspire confidence in the rule of law while at the same time easing the difficulties facing the most exposed categories of its population.

Journalists may obtain this report from the OECD Media Relations Division (request by fax: 33 1 45 24 80 03 or news.contact@oecd.org).

For further information on the publication, journalists are invited to contact Jean-Pierre Garson, Head of the Non-members Economies Division in the Directorate for Education, Employment, Labour and Social Affairs (Tel: 33 1 45 24 91 74 or jean-pierre.garson@oecd.org) or Jacob Arfwedson in the OECD Media Relations Division (Tel: 33 1 45 24 81 03 or jacob.arfwedson@oecd.org).

“*The Social Crisis in the Russian Federation*”

146 pages, OECD, Paris 2001

Electronic version available (PDF)

€30; FF196.79; US$26; DM58.67

ISBN 92-64-18639-5  (14 01 06 1)