

Middle class in Russia is 15% of the whole population

Rosgosstrakh Strategic Research Centre (SRC) made a regular estimation of the middle class. At the same time the results for the period of 2007-2011 were adjusted. Distribution of households by income was based on the property, auto, tourism and other market analyses and on statistic data for goods consumption.

The middle class is considered to be a social group with a sustainable income, able to satisfy a wide range of social and material needs.

In developed countries middle class is a majority of population, but in developing states its number may be lower. Usually population between “rich” and “poor” with a high degree of education and qualification are included in the middle class. We assume that there are particular groups of goods that depending on how affordable they are determine the position of the household. These goods are:

- Private housing, fully supplied for family's needs
- New mid-range car
- Paid health care
- Paid education
- Traveling

Middle class is interested in social stability and legality, as well as in effective governance and efficient business environment. In contrast to the “rich” middle class people have low personal influence on authorities and are not able to use their status to obtain profit. In contrast to the “poor” middle class doesn't require substantial financial support from governments.

The bigger the middle class is, the more economical activity, sustainability and efficiency the society

shows. Due to this issue estimation of the middle class has indeed big social value.

According to our estimates the lower income limit of the middle class household is \$50 000 a year, the upper limit is \$300 000.

Results show that in 2012 there were 8.2 million households (15.6% of the whole Russian population) with an income over \$50 000 and 274 thousand households (0.5% of the population) with more than \$300 000 income (see the table below).

Social poll is another approach to measure the middle class. At the SRC poll, respondents had to refer themselves to one of the following groups:

1. Not able to provide sustenance
2. Able to provide sustenance
3. Able to afford major appliances, but not a car
4. Able to afford a car, but not a housing
5. Able to buy a new housing

We assume private mid-range car to be a specific feature of the middle class. So, the fourth and fifth groups form Russian middle class. As for the moment, 19% of population refer themselves to these groups (see the chart below). This estimate is close to the previous one that was based on the consumption of goods (16%).

Dynamics of the middle class shows that economical crisis of 2008-2010 is mostly overcome in Russia. In 2012 the number of middle class exceeded the pre-crisis level of 2008. On the other side growth rate became lower.

Number of households with the income that exceeds the stated amount

Income of the household, \$thousand per year	2007	2008	2009	2010	2011	2012
50	3.6	6.0	2.9	4.3	6.8	8.2
100	1.3	2.2	1.1	1.9	2.8	3.4
200	0.3	0.4	0.2	0.4	0.5	0.7
300	0.09	0.14	0.07	0.20	0.22	0.27
500	na	0.03	0.02	0.03	0.06	0.07

Number of households with the income that exceeds the stated amount, % of the whole population

Income of the household, \$thousand per year	2007	2008	2009	2010	2011	2012
50	6.8%	11.4%	5.4%	8.1%	12.9%	15.6%
100	2.5%	4.2%	2.1%	3.6%	5.4%	6.5%
200	0.5%	0.8%	0.4%	0.7%	1.0%	1.3%
300	0.2%	0.3%	0.1%	0.4%	0.4%	0.5%
500		0.06%	0.04%	0.05%	0.12%	0.13%

