Poverty, Inequality and Subjective Quality of Life in Rural Russia during the Transition to a Market Economy: 1991–2006

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Abstract

Abstract Survey data is used to examine the relationship between changes in indicators of poverty and inequality in Russia and the subjective quality of life and mental health of rural residents in that country from 1991 to 2006. The effect of changes in incidences of poverty and inequality on the overall mental health of the rural population is straightforward, with a substantial lowering of symptoms of depression following the economic stabilization of Russia after 2000. The relationship between changing material conditions and average subjective assessments of quality of life during this same time period is more complex, with gains in material quality of life associated with gains in some life domains, not much change in others and in a loss in satisfaction with village life. Within the sample of households in the 2006 survey, incremental gains in income are associated with substantial gains in mental health outcomes. The effect of gains of income on subjective quality of life indicators also is positive but not as strong as in the case of mental health.

KEYWORDS: poverty, rural Russia, economic transition

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Introduction

A critical public policy issue in transitional economies is the relationship between the impact of economic programs on poverty and inequality, on the one hand, and the subjective experiences of well-being by ordinary citizens on the other. Economic policies are less likely to be supported if citizens do not personally experience a positive change in their lives, irrespective of the long-term projections of economists and other experts. Moreover, and perhaps most important in the long run, broader support for the liberalization of political institutions in societies with transitional economies is the fact that it is difficult to sustain reforms if individuals subjectively feel that their lives have not improved under them. Russia’s transition from a command economy to a market economy during the last decade of the twentieth century and the first decade of the current millennium offers a unique opportunity to examine these relationships.

This paper reports on a long-term series of surveys of the material and subjective psychological condition of rural Russian households. Altogether, 11 sample surveys in a total of 19 different Russian regions were conducted, beginning in the summer of 1991, shortly before the collapse of the Soviet Union, and continuing up to the present day (the summer of 2009). Five of these surveys, 1995, 1996, 1997, 1999, and 2003, were conducted as part of a panel study, while the remaining surveys were cross-sectional. Although the surveys are from different regions, they are sufficiently diverse to provide an over-time series of indicators of change in the conditions of rural Russian residents and the ways in

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1 Various surveys and support for analysis were funded in whole or part by the University of Missouri, Southern Methodist University, the Russian Academy of Sciences, National Science Foundation, the Ford Foundation, the Moscow Public Interest Fund, and the National Council for East European and Eurasian Research. A description of the methodology, including the questionnaires used in the surveys, is found in David J. O’Brien, and Valery V. Patsiorkovsky, *Measuring Social and Economic Change in Rural Russia: Surveys from 1991 to 2003* (Lanham, MD: Lexington, 2006).

2 The breakdown of regional representation in the surveys is as follows:
   - 1991 and 1993 cross-sectional surveys—Rostov oblast
   - 2001 cross-sectional survey—Novgorod oblast, Belgorod oblast, Krasnodarskii krai, Volgograd oblast, Chuvashia Republic
   - 2006 cross-sectional survey—Krasnodarskii krai, Voronezh oblast, Moscow oblast, Leningrad oblast, Kurgan oblast, Altai krai, Krasnoyarsk krai, Amur oblast, Republic of Tartarstan
   - 2008 and 2009 longitudinal surveys—Republic of Karelia, Kostroma oblast
which these individuals have subjectively responded to these changes. This paper
will focus on results from 1991 to 2006.

The first part of this paper will show five indicators of material change in
the lives of Russians living in the countryside: (1) changes in sources of income
from the early 1990s to the middle of the first decade of the twenty-first century,
which indicate that households are no longer in a “survival economy,” in which a
large portion of their income was consumption of what they produced, to the
current “mixed income” strategy that draws from salary and wages as well as
household enterprises; (2) the steep rise and then decline in the rate of poverty in
the villages; (3) the uneven rise and fall of inequality and eventual leveling off of
inequality between better off and worse off households; (4) gains in the
accumulation of some material assets and the absence of sustained growth in
others; and (5) the substantial increase in households obtaining loans for
household and farm improvements during the first half of the most recent decade.

The second part of the paper will examine how the mental health and
outlook toward life of rural residents has been affected by the material changes
described above. This includes a standardized indicator of the presence of
“depressed mood”—the Center for the Epidemiological Study of Depression
(CES-D) scale\(^3\)—which shows a substantial improvement in the mental health of

\(^3\) Lenore Radloff, “The CES-D Scale: A Self-Report Depression Scale for Research in the General
Wheaton, and Donald A. Lloyd, “The Epidemiology of Social Stress,” \textit{American Sociological
Review} 60 (1) (1995): 104-125. In our surveys we employed a modified version of the CES-D
scale that includes 11 of the 20 items from the original scale. The scale is constructed from
respondents self-reporting of how often—most times (5–7 days), moderate (3–4 days), sometimes
(1–2 days), rarely (0 days)—during the last week they have felt the following:

1—I felt that everything I did was an effort
2—I felt fearful
3—I enjoyed life
4—I felt lonely
5—I felt sad
6—I was happy
7—I could not get going
8—I did not feel like eating; my appetite was poor
9—I felt hopeful about the future
10—I felt depressed
11—I felt that people disliked me

To allow for comparison of the scores on the modified scale with the scores of persons who have
responded to the full scale in previous studies, a conversion formula was employed. This formula

\url{http://www.psoccommons.org/ppp/vol3/iss2/art4}
village residents over time. The other set of subjective quality of life indicators\textsuperscript{4} presents a more complex picture, showing improvements in respondents’ assessments of the direction of the country after the beginning of the Putin Presidency, but, at the same time, a decline in their overall levels of satisfaction with the village and an essentially unchanged assessment of life in general.

The final section will describe an emerging class structure in rural Russia and examine how differences in income among rural residents affect their mental health and subjective quality of life. The strongest effects of income differences are on mental health, as measured by the depression scale, but there are also some statistically significant effects on subjective quality of life indicators.

Subjective Quality of Life Measures as Indicators of the Impact of Social Change

In this study we have selected a variety of indicators of subjective quality of life to reflect the reality that objective material conditions are likely to have different levels of impact on various aspects of an individual’s subjective experience of life. Our measure of depressed mood, the CES-D scale, for example, comes closest to measuring the manner in which adverse material conditions can create stress in an individual’s life that makes depression, in the clinical sense, more likely. This is important in understanding how dramatic structural change, such as “shock therapy,” can generate serious mental health problems. Conversely, improvements in material conditions can generate improvements in mental health and thus reduce the societal costs for treatment.

\[\text{standard CES-D} = (1.866 \times \text{modified CES-D}) + 0.5318\] transforms the scores from the truncated scale to what the numbers would have been if the full scale were used. Previous research has shown a correlation of 0.95 between scores on the truncated and full scales. See Michael W. O’Hara, Frank J. Kohout, and Robert B. Wallace, “Depression among the Rural Elderly: A Study of Prevalence and Correlates,” \textit{Journal of Nervous and Mental Disease} 173 (10) (1985): 582-589; Larry D. Dershem, Valery V. Patsiorkovski, and David J. O’Brien, “The Use of the CES-D for Measuring Symptoms of Depression in Three Rural Russian Villages,” \textit{Social Indicators Research} 39 (1) (1996): 1-20; David J. O’Brien, Valery V. Patrsikovski, Larry Dershen, and Oksana Lylova, “Household Production and Symptoms of Stress in Post-Soviet Russian Villages,” \textit{Rural Sociology} 61 (4) (1996): 674-698; and O’Brien and Patsiorkovsky, \textit{Measuring Social and Economic Change in Rural Russia}, 147-157.

Subjective quality of life indicators that ask respondents to rate their level of satisfaction on different life domains—e.g., household income, life in the village, and life in the country—as well as their lives in general, sensitize us to a much more complex set of phenomena. These indicators do not measure, by themselves, an overall psychological state of mind, but they do tell us how government policies that affect material conditions may have a differential impact on various aspects of a person’s life. Thus, for example, an improvement in income, because of improved macro-economic conditions in a country, may be associated with a rise in satisfaction with household income but, at the same time, if individuals are working harder these improvements may be associated with a decline in neighborliness and collective action at the local level which, in turn, may be associated with a decline in satisfaction with village life. In short, we need to look at a range of subjective quality of life indicators to measure the full impact of material changes over time, including the ways in which these changes influence various strata in the population.

Material Changes in the Lives of Russian Villagers

There have been many criticisms of the development of democratic and market institutions in post-Soviet Russia. The complaints about the slide away from democracy have included the efforts of Vladimir Putin to gain control of media outlets, limit the ability of foreign non-governmental organizations to operate in Russia, silence powerful oligarch adversaries (e.g., the Khodorkovsky imprisonment), eliminate virtually all political opposition, and, most recently, have himself selected as Prime Minister by his hand-picked newly elected President Medvedev. The limitations of Russian reforms of market institutions have included charges of corruption, crony capitalism, the failure of the court system to protect property rights, and various types of intimidation of foreign investors in the energy sector.5

Despite these obvious flaws in the institutional environment in Russia, however, there is evidence that substantial changes have occurred which have integrated the country further into the global economy, especially if they are

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assessed in relation to the Soviet-era command economy. Writing in the mid-1990s, during the early reform period, a scholar who had spent a number of decades studying the Soviet economy noted that: “Today it is easy to forget how fundamental the institutional changes have been in Russia. The transformation has been so far-reaching that it is hard to remember how absurd the old communist system actually was, and the current debate therefore focuses on the shortcomings of the new system.”

A more recent World Bank assessment of how far Russia has moved toward a market economy concludes that:

“In the 15 years since the Soviet Union’s collapse and the start of its economic transition, the institutions and structure of the Russian economy have greatly changed. Although much can be said about the inconsistency of the transformation and the incompleteness of many structural reforms, there is little doubt that Russia has moved from a centrally planned economy to a genuine market economy. All three main goals of economic reform initiated 15 years ago have been largely achieved. Prices are liberalized. Privatization is more or less complete. And the economy is now at least as open to international competition as many other market economies.”

Two critical questions remain, however: First, to what extent have the macro-level changes described above filtered down to the grassroots level of households in the countryside? Second, to what extent do changes in material conditions affect the subjective psychological condition of rural Russians?

During a significant part of the Yeltsin presidency, rural households focused on “survival” as the economic system of Russia as a whole contracted. Nonetheless, the Yeltsin presidency did lay the groundwork for major institutional change which was taken up by his successor, Vladimir Putin. Putin, who Yeltsin appointed as Prime Minister in August of 1999, became acting President on January 1, 2000 and was elected president in March of 2000. The election of Putin in 2000 and his re-election in 2004 marked the beginning of a period of steady economic growth, averaging over 7 percent a year during 2000 through 2009. This growth was driven to a considerable extent by high energy prices, but also by political stability and citizens’ belief in the legitimacy of institutions in support of

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a market economy.

For rural households, the primary effect of the “shock therapy” reforms during the early Yeltsin years was the elimination of government controls on wholesale prices, including inputs, equipment, and products, the liberation of retail prices on most, but not all, food products, and the reduction of other material and monetary support to the agricultural sector. Caught in a vicious price scissors, the traditional places of employment in the communist system, the collective and state farms, did not have cash to pay their employees and as a result households were forced to rely even more upon the production and sales from their personal plots in order to survive.

By necessity, most households relied almost exclusively on their own human and social capital (i.e., household labor and social exchange helping networks) to provide income from their private plots. This adaptation was built upon what Szelenyi and Kostello would term a *compensatory mechanism* in the Soviet agricultural system—i.e. a supplement to an inefficient state production system and a way of reducing discontent among workers on the collective farms. While rural residents reacted very negatively to the sudden loss of the traditional Soviet-era salary and social service supports, the institutional changes introduced by the Russian central government did create a positive incentive for rural households to become more entrepreneurial. Rural residents were not opposed to capitalism per se but rather to the clumsy and insensitive way in which the urban reformers in Moscow imposed the new institutional arrangements on them.

Using grain that they received from the large enterprises as in-kind payment for labor, many households increased the number of livestock and the size of their vegetable and fruit gardens and began to produce value-added dairy products, such as sour cream. These products were then sold in regional farmers’ markets. The increased output by households, coupled with the decline in large enterprise production, due to the severe dislocations caused by the re-structuring of the agrarian sector, resulted in a substantial increase in the proportion of Russian agricultural output accounted for by households. From 1992 to 1995, for example, the proportion of output by households increased from 31.8 to 47.9

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percent of total output, measured in ruble value. This proportion increased to a peak of 58.6 percent in 1998, after which it declined to 51.0 percent in 2004,\textsuperscript{10} to 49.6 percent in 2007, and to 42 percent in 2008.\textsuperscript{11}

 Nonetheless, during the Yeltsin administration several important formal institutional changes were introduced that were intended to increase incentives for the development of private agriculture. These changes included:

- For the first time, in December 1991, the right to leave a large farm (the re-organized collective and state farms) and the right to receive land shares upon leaving
- In October of 1993 the legalization of private land ownership: the right to buy and sell agricultural land
- Presidential Decrees in 1992 and 1993 authorizing legal agreements to rent land
- In March of 1996, the right to receive a land deed

The election of Vladimir Putin in 2000 accelerated the process of institutionalizing the market economy in the countryside. Whereas the Yeltsin period was largely characterized by tearing down existing Soviet-era institutions, with the resulting chaos, the Putin period was characterized by the development of new market institutional supports and a general goal of social, political, and economic stability. These included:

- In June of 2001, a Land Code that replaced the 1991 Soviet-era code
- In July of 2002, a law regulating the procedure to be used in rural land transactions
- In 2003, separate laws on private farms and private plots
- In December of 2006, a federal law regulating Agricultural Development.

In addition, starting in 2006 a new program designed to stimulate agricultural development was introduced as part of the National Projects (\textit{nationaliye proekty}). This original program, with substantial government

\textsuperscript{10} Rossiia v tsifrakh 2005 (Moscow: Rosstat, 2005), 210.
\textsuperscript{11} Rossiia v tsifrakh 2008 (Moscow: Rosstat, 2008), 234.
financial support, brought large capital investments to the agricultural sector in order to increase agricultural production, in particular animal husbandry. Along with a goal of “food security,” substantial amounts of money have been spent on projects designed to improve the general quality of life in rural areas, thus encouraging younger, more educated persons with families to locate in those areas. Included here are programs to improve housing, water quality, and delivery of natural gas, as well as better access to quality medical care, education, and housing. The aforementioned changes, along with other improvements in the processing of contracts and other business transfers, as well as the often-cited increase in oil and gas export prices, further stabilized the Russian economy and have produced positive growth in the agrarian sector, even after the national economy began to contract.13

The contribution of household production to total Russia agriculture remains significant, still accounting for 84 percent of potatoes, 71 percent of vegetables, 43 percent of the dead weight of cattle and poultry, and 52 percent of milk production in 2008.14 Yet, there appear to be limits as to how far small-scale household enterprises can grow, in terms of their contribution both to the national economy and to household income.

Changing Contributions to Rural Household Income

The stabilization of the Russian economy after 2000 has created other sources of income for rural households. In contrast to the early years of the post-Soviet economy, in which households were forced to obtain almost all of their income through the informal economy, much of the income growth of recent years has been located within the formal economy, due to the monetization of incomes, economic growth, and a more reasonable and predictable tax code. This trend is shown in Figure 1, which is drawn from several years of surveys of rural Russian households.

14 Rossiia v tsifrakh 2009 (Moscow: Rosstat, 2009), 238.
The line indicating the proportion of household income that is "non-monetized," i.e., food produced and consumed by the household, dropped from 1995 to 1999 and fell at an even greater rate in the 2001 and 2006 surveys. In the immediate sense, this means that the rural household economy is no longer merely based on a survival strategy. With respect to the larger macro-picture, these changes are a reflection of the stabilization and later growth of the rural economy as well as the Russian economy in general.

The second trend to note is the increase in household enterprise income—i.e., any income from household self-employment activities, including both food production and other businesses—from 1995 to 1999 but a leveling off of this source of income in 2001 and 2006. This corresponds to the third trend represented by the line showing the increase in salary and wages as a proportion of household income from 2001 to 2006. Salary and wages accounted for only one fifth of household income in the 1995 survey, reflecting the decline of

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employment resulting from the financial crises facing the large enterprises after 1991, but in 2006 this was the source of more than a third (36 percent) of household income. Moreover, even during the worldwide economic crisis in 2008–2009, it appears that the agricultural sector has done much better than other sectors of the Russian economy. In 2008 agriculture was the only industry in Russia that increased output: a total increase of 9 percent over the preceding year. Large farms and private farmers increased their proportion of total national farm output to 49 and 9 percent respectively, up from 40 and 4 percent compared to 2002.

While household enterprise income apparently has reached a limit insofar as its contribution to total household income is concerned, it is by no means insignificant. Rather, the solid contributions of both household enterprise and salary and wage income to total income indicate the development of a “mixed” rural household economy that bears some similarities to what has occurred in rural areas of wealthier Western countries.

Rural Poverty

A second indicator of positive changes in the material condition of life in the Russian countryside is found in the rates of poverty in surveys of village residents from 1991 to 2006. The indicator of poverty here is the percent of respondents who fall below the official government minimum subsistence level and thus is based on per capita income in the household. These results are shown in Figure 2.

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16 Rossiia v tsifrakh 2009, 232.
The huge jump in the percentage of households officially labeled as poor from the time of the 1991 survey, which was conducted in the summer shortly before the aborted putsch that led to the collapse of the Soviet Union, to the next survey which was conducted during the second year (1993) of market-oriented “shock therapy”—from 7.9 percent to 69 percent—is an obvious indicator of how devastating the transition to the post-Soviet economy was for ordinary rural residents. The rate of poverty begins to decrease as rural households adjusted to the new economic exigencies by building up their household enterprises (see the increase in household enterprise as a proportion of household total income, reported in Figure 1), which is reflected in the decline in the poverty rate to 62.8 percent in 1995 and 28 percent in 1997. The poverty rate increased to 49.5 percent in the 1999 survey, which followed the collapse of the ruble in 1998, but subsequently has fallen in each successive survey, to 46.5 percent in 2001, 25.4 percent in 2003, and 15.4 percent in 2006.

**Income Inequality**

Another indicator of material conditions at the village level is the extent to which the re-structuring of the rural economy has affected the level of economic inequality between households. One of the main complaints about the post-Soviet
reforms during the early to mid-1990s was that they widened the income gap between citizens and thereby intensified resentments about the very idea of a market economy and its association with a certain Western view of democracy. Figure 3 shows how many times the income of the top 10 percent of household incomes exceeds the income of the bottom 10 percent of income earners in the various surveys conducted from 1991 to 2006.

![Figure 3. Income Differentiation of Top and Bottom 10% of Households in Russian Village Surveys - 1991 to 2006](image)

The trend line does show a doubling of the gap between the top and bottom income earners from 2.7 times in 1991 to 6.7 times in 1993. This gap increased even further in the 1995 survey, to 9.4 times, but dropped to 5.6 times in 1997 before increasing in 1999, again following the collapse of the ruble, before leveling off in the last three surveys, 5.6 in 2001, 6.3 in 2003, and 5.1 in 2006. This trend is entirely consistent with the trend in poverty that was shown in Figure 2. That is, a substantial rise immediately following the introduction of the institutions of a market economy, some amelioration as the decade of the 1990s proceeded, with a spike following the economic crisis of 1998, but a substantial leveling off following the stabilization of the Russian economy and political system following the election of Vladimir Putin in 2000.
Household Acquisition of Physical Assets

Another indicator of change in material conditions is the ability of households to acquire various types of physical assets. Figure 4 shows a substantial growth in ownership of automobiles from the time of the first survey in 1991 up to 2006.

Of particular note is the steep rise in the trend after the year 2000, which is consistent with the indicators of positive trends shown earlier in Figures 1–3. This shift is important because in addition to the greater need for private vehicles for
transportation in the countryside—unlike urban areas where individuals can access high-quality public transportation—rural households use their automobiles to haul feed for livestock and to take produce to market. There is a much more modest gain in the number of households owning tractors, an expensive capital investment, but the increase from close to 0 in 1991 to 10 percent in 2006 is still substantively significant, meaning that one out of ten “peasant households” now has a type of equipment associated with “family farms” in the Western sense of the term.

The trend lines with respect to household plumbing present a mixed picture. On the one hand, there is a substantial gain in access to water within the household, indicated by a trend that is similar to increase in automobile ownership. On the other hand, the increase in the proportion of households with sewage facilities does not show any gain from the time of the 2003 to the 2006 surveys. The latter indicator shows that despite some substantial improvements in the material lives of Russians in the countryside, living conditions there depart markedly from what would be considered “normal” or “expected” in rural regions in Western countries.

**Household Acquisition of Credit**

Figures 1–4 present an overall picture of considerable material improvement in post-Soviet rural Russia, especially after the beginning of the current century. This change in conditions is reflected in our final indicator, in which households in the nine-region 2006 survey were asked if they had taken out a loan for a major household improvement, related either to the house itself or for some type of construction of a facility to improve their capacity for agricultural production such as farm buildings for storage, processing, or housing livestock (see Figure 5). The respondents were asked further to identify the year in which the loan was obtained. We can see that very few of these households obtained loans during the 1990s but that there has been a substantial growth of this activity during the first decade of this century. This trend is especially significant because the acquisition of credit is dependent on two factors which are indicators themselves of the growth in the legitimacy of market institutions: i.e., the ability of borrowers to have secure property rights to use as collateral and the trust by both lenders and
borrowers that loan contract provisions will be supported by third-party government enforcement mechanisms.\textsuperscript{19}

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{figure5.png}
\caption{Number of Households in a Nine Region Survey Obtaining a Loan by Year N=900 (Source: 2006 NCEEER Survey)}
\end{figure}

\section*{Changes in Mental Health and Subjective Quality of Life}

As political scientists and sociologists have long observed, it is not just material conditions that affect the political and/or economic stability of a nation or region within a nation, but also how residents subjectively perceive these changes. Thus, the critical question is whether there is some correspondence between changes in external material conditions and changes in the internal psychological life of individuals? The answer to this question can be found in a number of indicators in

our surveys of the subjective state of rural Russians at different points in time during the post-Soviet period.

**An Indicator of Change in Rural Mental Health**

The CES-D scale, which is a self-report indicator of “depressed mood” in a “normal” (i.e., non-clinical) population, provides a good benchmark for the way in which a cross-section of people experience life during especially challenging economic times (see endnote 3). Figure 6 shows the percentage of respondents who scored 16 or higher on the CES-D scale (the cutoff point indicating the presence of “depressed mood”) at four different points in time during the post-Soviet period (the CES-D scale was not included in the 1991 survey): 72.8 percent in 1993, 67.5 percent in 1995, 59.8 percent in 2001, and 50 percent in 2006.

![Figure 6. Percent of Respondents in Russian Village Samples Scoring > 16 on the CES-D Scale from 1993 to 2006](image)

The 50 percent figure for 2006 is very high, compared to the proportion of samples showing depressed mood in surveys in rural areas in Western countries,
even during times of economic crisis. Nonetheless, the decline in symptoms of depression of almost 23 percent from 1993 to 2006 is a clear indication that improvements in material conditions in a given year are associated with corresponding improvements in mental health.

Subjective Quality of Life Indicators

Another set of indicators of how rural residents experienced changing material conditions is their subjective assessment of specific domains of their lives as well as their lives in general (see endnote 4). These indicators are shown in Figure 7.

![Figure 7. Respondents' Assessments of the Quality of their Lives in Different Domains and Life in General in Russian Village Surveys - 1995 to 2006](image)

By and large, the quality of life indicators do not appear to be as strongly affected by changing economic conditions as the CES-D depression measure.

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shown in Figure 6. Respondents’ ratings of their satisfaction with their life in general, for example, did not fluctuate very much from the 1995 survey to the 2006 survey. Respondents’ satisfaction with their income has fluctuated more than satisfaction with life in general, but the average rating for this domain in 2006 is the same as it was in the 1997 survey. There are, however, two domain exceptions, satisfaction with the village and satisfaction with the country, the former showing a substantial decline over time and the latter showing a substantial improvement during the same time period.

In 1995 the village received, on average, the highest level of satisfaction of any life domain (4.25 on a scale of 1–5, compared to 3.63 for life in general). The decline in satisfaction with the village by the time of the 2006 survey (3.63 compared to 3.62 for life in general), in spite of the positive material improvements occurring there, may reflect local residents’ sentiments about the loss of a sense of village community following the collapse of the Soviet Union. In general, households are much busier now, trying to compete in the marketplace, and do not have as much time for informal socializing and participation in village festivals as they did in the Soviet period. At the same time, however, satisfaction with the country has moved in the opposite direction, from 1.96 in 1995 to 3.12 in 2006. The latter is consistent with findings of other studies that show Russian citizens in general having much more positive attitudes toward the national government following the beginning of the Putin administration in 2000.21

Levels of Household Income, Mental Health, and Subjective Quality of Life

Up to this point our analysis has focused on changes in average levels of material and subjective quality of life in the Russian countryside. By and large, the picture we have presented shows considerable improvement in life for most rural households. As shown earlier in Figures 2 and 3, however, there are substantial differences in the degree to which individual households have benefited from market reforms, and these differences, which have persisted over the time period of our surveys, illustrate an emerging class structure in Russian villages.


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The Emergence of New Class Structure in Rural Russia

Chart 1 shows the proportion of each of five income strata in the villages in the 2006 nine-region survey. Each stratum is defined by the total level of per capita household income in relation to the official government estimate of the minimum level of per capita income necessary for subsistence, i.e., the poverty level. The poorest stratum, those households that fall below the subsistence level, accounts for 15 percent of the total village population. As shown earlier in Figure 2, this is a marked improvement from the 69 percent of households in poverty in the 1993 survey. The next stratum, 1–1.99 times the minimum household subsistence level, accounts for 30 percent of the sample. This stratum can be considered as a group of households that are transitional in the sense of either just emerging from poverty or being at risk of falling below the poverty line.
The next three strata represent an emerging village middle class. The stratum of households earning 2–2.99 times the subsistence level accounts for 35 percent of the village households, the next highest stratum, 3–3.99, accounts for 15 percent, and the highest stratum of households, making 4 or more times the subsistence level, accounts for 5 percent of the households in the sample. Altogether, the three highest earning strata, the new middle class, comprise 55 percent of the village households, which is a considerable achievement given the hardships of the 1990s.

**Household Income and Symptoms of Depression**

Figure 8 shows the mean CES-D scores of respondents living in households with different levels of per capita monthly income (in rubles). There is an almost perfect negative relationship between CES-D score and level of income.

![Figure 8. Mean CES-D Scores of Respondents in Four Per Capita Income Groups in the 2006 Nine Region Rural Village Survey](image)

Respondents in the lowest income quartile have an average CES-D score of 22.3 that is well above the cutoff point for symptoms of depression. Respondents in the next higher income quartile have, on average, lower CES-D scores but they are still above the cutoff point for depression. The third highest

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income group has a mean level of CES-D scores (15.9) which is slightly below the cutoff point and respondents in the highest income quartile have an average score of 13.2 which is well below the cutoff point. In short, each major increment of household income appears to have a marked positive effect on the mental health of individuals in that household.

**Household Income and Subjective Quality of Life Indicators**

Figure 9 shows the assessments of quality of life in various life domains by respondents in the four income quartiles. On all four dimensions—income, village, country, and life in general—there is a positive relationship between level of subjective satisfaction and level of household income. Not surprisingly, the strongest differences between income groups are found in evaluations of household income: on average, 2.5 for the lowest and 3.14 for the highest income groups. For the remainder of the quality of life indicators, there is a positive gain as we move from the first to the second quartiles but there is not much additional improvement associated with increased household income.

**Figure 9. Mean Assessments of Quality of Life in Selected Life Domains and Life in General by Respondents in Four Per Capita Income Groups in the 2006 Nine Region Rural Village Survey**
Discussion

In a recent article published in *Slavic Review*, Colton and Hale conclude from their analysis of voting and political attitude studies that a vast swath of the Russian citizenry supports what they term a “hybrid regime” that contains both authoritarian and democratic features. This support, for Putin and then for Medvedev (and Putin), they argue, is based not only on economic gains in their personal lives but in a confidence that the regime is moving Russia forward, both domestically and on the world stage. They observe that:

“Our findings are thus consistent with an interpretation that voters (as they report their personal experiences) have frequently been rewarding Putin not so much for actually making their own lives better as for halting the decline in living standards and holding out hope for the future. And the fact that voters perceive more economic improvement in the national economy than they personally experience is likely at least partly the product of the state-controlled media, which generally portray national economic developments in a positive light. Putin’s high job performance rating, however, also reflects other of his achievements in voter eyes, including the restoration of Russia’s standing in the world and the restoration of order. Nevertheless, we do concur with other studies that ‘the economy’ in general is one of the most important factors behind the Putin electoral phenomenon and Medvedev’s 2008 presidential victory.”

Our findings from surveys of the Russian countryside, of a portion of the citizenry that historically was quite conservative and indeed was quite hostile to the government in the early years of post-Soviet reform, are, by and large, consistent with Colton and Hale’s findings. Material conditions, as measured by the development of a mixed household economy with multiple income sources, the reduction of poverty, the stabilization of inequality (which even at its worst was much lower than in metropolitan areas), and the acquisition of durable material goods, such as automobiles, are concrete indicators of the stabilization of rural economy, especially in the first decade of the present century.

The critical issue for us, as for Colton and Hale, is how these changes have been assessed by average citizens. One of the most important indicators, in our view, is the substantial increase in ability and willingness of small householders, who are the overwhelming majority of our sample, to obtain credit for long-term

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22 Colton and Hale, “The Putin Vote: Presidential Electorates in a Hybrid Regime.”
23 Ibid., 503.
improvements to homesteads. To anyone familiar with the anxiety and search for immediate tools for survival in the early 1990s, this is quite a dramatic turn around.

The marked decline in stress levels, as measured by the CES-D depression scale, is a powerful indicator that these material changes have had positive effects on the psychological well-being of at least a significant portion of the rural population. At the same time, however, we found that differences in household income were strongly associated with the presence of symptoms of depression: in particular, that the bottom half of income earning households, on average, scored above the threshold for depressed mood. In Western Europe or North America, this proportion of a population showing signs of mental illness would be cause for alarm.

The subjective quality of life indicators are especially intriguing because they reflect the complex picture of reform which appears in qualitative accounts and personal encounters with Russians in general, as well as persons living in rural areas. The significant gain in satisfaction with the direction of Russia suggests that there is a substantial amount of hopefulness about the future among at least a portion of the population which again is especially striking in contrast to the gloomy outlook in the early and mid-1990s. At the same time, however, the decline in satisfaction with the village indicates a significant loss associated with the new competitive marketplace mentality. These same conversations are frequently heard among citizens in Western nations as well.

On a more general level, the findings we have presented have a bearing on the ongoing debates about the effects of “neo-liberal” economic policies on the lives of ordinary human beings in transitional economies. The Russian case shows that the human toll of “shock therapy” was not only the loss of material conditions of life, but, as shown by the extremely high CES-D scores in the early 1990s, extremely negative consequences for mental health as well. At the same time, however, the movement away from pure neo-liberal policies to the partly authoritarian but not anti-market economic policies of the Putin administration produced not only gains in material conditions but also in the general psychological mood of rural Russians. These consequences, as we noted earlier, have resulted in high levels of ordinary citizen support for a regime that many Western observers have looked at with disdain. The gulf in this instance between the political liberalism of Western intellectual elites and the views of ordinary
citizens is, we suspect, not restricted to Russia or even post-communist transitional societies.

At the same time, there is one important finding in Russian surveys that tends to support the nineteenth-century European conservatives’ critique of liberal economics: namely, that a significant cost of the incursion of the marketplace into ordinary life is the loss of community. The fact that our respondents became less depressed and more satisfied with the incomes and their county as poverty and inequality was reduced is significant, but so too is their declining satisfaction with life in their village communities.24

Conclusion

Studies of poverty have focused primarily on the impact of specific public policies on objective indicators of poverty and other material correlates, such as infant deaths, disease, and mortality. This focus is certainly understandable and measurable. We have shown, however, that the subjective consequences of public policy which are ostensibly aimed at material conditions can produce substantial changes in mental health and the way that individuals assess the quality of their lives, the local areas in which they live, and the direction in which their country is headed. These impacts are also measurable. This is crucial information for policymakers since it provides not only an empirical basis for the full range of effects of a given policy on how happy individuals are likely to be with these policies but also the likelihood that they will support and/or resist programs for economic change.

Our findings suggest that greater attention should be given to the development of indicators of mental health and subjective quality of life. Most important, these indicators can be used in baseline studies at the outset of policy changes so that the full range of incremental gains and/or losses which result from a given policy may be monitored over time.

24 This critique became a focal point in the emergence of the discipline of sociology in the nineteenth century. See, for example, Robert A. Nisbet, The Sociological Tradition (New York: Basic Books, 1966).
References


