Entry to and Exit from Poverty in Russia: Evidence from Longitudinal Data

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Abstract

Long-term sustainability requires social stability and hence could be undermined by high poverty levels. Still more than twenty five million Russians have incomes that are lower than subsistence level. Effective policies to fight poverty are to be based on clear understanding of its determinants and are to distinguish between measures to prevent from slipping into poverty, and measures to get out of poverty for those who are poor. The study is the first attempt to investigate how entry to poverty and exit from poverty in Russia are shaped, and what are the determinants of the processes.

We study entry and exit to poverty using survival analysis and utilizing the Russian Longitudinal Monitoring Survey (RLMS) panel for 1994-2004. The study allows obtaining some important insights. In particular, it shows that the two processes have both symmetries and important asymmetries, with an example of one of the most interesting results being the asymmetry in the influence of economic periods. It turns out that economic growth lowers chances to slip into poverty but also reduces hazards from poverty. This implies that households in poverty in the era of economic upturn are those with serious problems and are to be paid special attention to.

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