

## UNEMPLOYMENT IN RUSSIA

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This article concerns records about unemployment rates in Russia for last years. It is about unemployment, about types and rates, how it changes and what about it said the head of our country.

Unemployment, as defined by the International Labour Organization, occurs when people are without jobs and they have actively looked for work within the past four weeks. The unemployment rate is a measure of the prevalence of unemployment and it is calculated as a percentage by dividing the number of unemployed individuals by all individuals currently in the labour force.

If respondents say they are both out of work and seeking employment, they are counted as unemployed members of the labor force. Jobless respondents who have chosen not to continue looking for work are considered out of the labor force and therefore are not counted as unemployed. Almost half of all unemployment spells end because people leave the labor force. Ironically, those who drop out of the labor force – whether because they are discouraged, have household responsibilities, or are sick – actually make unemployment rates look better; the unemployment rate includes only people within the labor force who are out of work.

Not all unemployment is the same. Unemployment can be long- or short-term. It can be frictional, meaning someone is between jobs. Or it may be structural, as when someone's skills are no longer demanded because of a change in technology or an industry downturn.

Cyclical Unemployment is defined as occurring "when the unemployment rate moves in the opposite direction as the GDP growth rate. So when GDP growth is small unemployment is high." When the economy goes into recession and workers are laid off, we have cyclical unemployment.

**Frictional Unemployment:** The Economics Glossary defines frictional unemployment as "unemployment that comes from people moving between jobs, careers, and locations." If a person quits his job as an economics researcher to try and find a job in the music industry, we would consider this to be frictional unemployment.

**Structural Unemployment:** The glossary defines structural unemployment as "unemployment that comes from there being an absence of demand for the workers that are available". Structural unemployment is often due to technological change. If the introduction of DVD players cause the sales of VCRs to plummet, many of the people who manufacture VCRs will suddenly be out of work.

By looking at these three types of unemployment, we can see why having some unemployment is a good thing.

Over 2 million people have lost their jobs in Russia since September of 2008. Officially, employees leave jobs "on their own free will" or "by agreement of the parties." According to the data of Russia's Federation of Independent Unions, approximately 20% of those laid off later return to their employer at a lower salary, Interfax reports.

During the period of March 17 through March 24 the number of officially registered unemployed in Russia has decreased by 0.6% to 2,261 million people. According to statistics provided by the Ministry of Public Health and Social Development, 1.03 million people have

lost their jobs since the beginning of the crisis. Only 293 thousand people regained employment, 167 thousand with their former employers.

“The analysis of organizations we monitor reveals that, unfortunately, the number of unemployed is not decreasing. In the first six months of the year we are observing growth of unemployment calculated according to the methodology of the International Labor Organization. If financial markets and our industry revive, then, of course, we expect that in the next six months unemployment will start decreasing,” says Mikhail Shmakov, head of the Federation of Independent Unions (FNPR) at his meeting with Prime Minister of Russia Vladimir Putin.

Specialists with the United Nations Population Fund think that there is still some risk of a new wave of unemployment in Russia. “The speed of increase in unemployment is now lower than the drop in GDP (Gross Domestic Product) and industrial recession; yet, previous crises show that such time lapse is normal. The crisis of unemployment has not yet occurred,” says the report of the Fund “Social and demographic development of Russia” issued in the beginning of April.

Growth of unemployment is hindered in Russia due to the policy for labor hoarding in the labor market conducted by all economic entities. Now, disguised unemployment remains common.

“Disguised unemployment is very attractive for employers many of which would be completely satisfied with sending two employees to unpaid leave instead of laying one person off. The economic effect remains the same, while there are no complaints from regional officials. I believe today this type of unemployment is not any lower than general unemployment in both absolute and relative terms, which is now approximately 7 million people,” stated Nikolai Volgin, chair of the department of labor and social policy of the Russian Academy of Public Administration to Interfax in the beginning of April.

According to FNPR monitoring in February and March (233 organizations), majority of companies with part time schedule for all or a part of the staff are in the construction and industrial manufacturing sector (16.4%), mechanical engineering (12.1%), radio and electronic sector (10.1%), agricultural complex (6.1%).

The Ministry of Public Health and Social Development is also concerned with growth of unemployment that may negatively affect the revival of Russian consumer activity observed lately. Officially, the level of registered unemployed in 2010 was expected to be 2 million 200 thousand people.

The official unemployment rate in Russia fell 1.6% to 1.86 million people in the week of July 1-7, the Ministry of Health and Social Development said.

“The number of unemployed citizens decreased in 81 Russian regions. The most significant reduction was registered in the Jewish Autonomous Area, the Republic of Tyva and the Yamalo-Nenets Autonomous Area,” the ministry said in a statement.

The official figures reflect the number of people registered with employment agencies and entitled to unemployment benefits. However, many Russians who lost their jobs are unwilling to register with employment agencies due to meager unemployment payments.

According to the figures available from the International Labor Organization (ILO), 5.6 million people were jobless in Russia as of June 1, 2010.

Russia's unemployment rate dropped to 7.5% from 8.4% year-on-year in 2010, the Federal Agency for Statistics said.

President Dmitry Medvedev said that the unemployment rate had returned to the pre-crisis level and that the government would proceed with its program to support the national labor market.

Medvedev said the crisis year of 2008 had helped the government find ways to boost employment by creating jobs, supporting labor centers and helping the unemployed start their own businesses.