

Socioeconomic Processes in the Cis Countries

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Abstract

Proposed instruments used to measure inequality in living standards in five CIS countries: Azerbaijan, Belarus, Kazakhstan, Russia and Ukraine. Compared countries in the aggregate represent most of the economic and human potential of community; In addition, a number of them are consolidated with each other with deeper forms of integration. Currently differentiation of incomes of the population estimated by the traditional factors (index- numbers): funds and Gini, which is determined by socioeconomic inequality.

Keywords: Poverty rate, living standarts, distribution of incomes

1. Introduction

During the period after the collapse of the USSR, the methodological instruments of estimation of poverty in the countries that joined in the CIS, was different, and standards for the identification of socioeconomic population groups, which differ depending on the income level of the quality of life, has not been worked out. Differentiation of income of population is estimated by traditional statistical coefficients (index- numbers): funds and Gini, which is determined by socioeconomic inequality and other population groups:

$$G = \frac{\sum_{i=1}^n \sum_{j=1}^n |y_i - y_j|}{2n^2 \bar{y}} \quad (1),$$

where G — Gini index, X_k — cumulated share of population (population previously prioritized by rising of income), Y_k — part of income, which in the aggregate get x_k , n — number of households, y_k — part of income of households in combined income, \bar{y} — arithmetical average of parts of income of households.

2. National Methodological Approaches to the Definition of Poverty

As a criterion in the assessment of quality of life and poverty of Republic of Azerbaijan use data on per capita consumer expenditures. They are calculated on the basis of household cash expenditures, and the cost of product consumption from private farming. Using consumer expenditures as a criterion has both advantages (these data are less underreported than income data) and disadvantages (not taken into account savings that can be used by households for consumption).

It should have in view that using consumer expenditures as a consideration a large part of the rural population could fall into the category of the poor, though often their consumption is above the standard as food mostly comes from private farms. For this reason, the practice of recalculation of size of non-cash income is applied. For internally displaced persons cost of the governmental grant and benefits is also taken into account. Poverty is expressed by a single figure in the republic, and is measured on the basis of the subsistence minimum. To provide social assistance to the most people in need in Azerbaijan adopted the "Law of level of need criterion."

Criterion of poverty (poverty) in the Republic of Belarus is the per capita budget of the subsistence minimum, calculated as attributable to one member of a family of four the average value of the subsistence minimum - a minimum set of goods and services necessary to ensure the viability of the family and the preservation of the health of its members, as well as compulsory payments and contributions. The budget of the subsistence minimum is calculated on a quarterly basis by the Ministry of Labor and Social Protection of the Republic of Belarus in the prices of the last month of the quarter. The poverty rate is calculated for the whole country; on areas of the Republic of Belarus and Minsk; in rural and urban; in towns and cities; for households with children (of which one, two, three or more children) and households, as part of that do not have children (one of them separately by the families of pensioners); for household consisting of

one, two, three, five or more persons [2, 3].

In the assessment of quality of life and poverty of Republic of Kazakhstan apply data of population income used for consumption. Income used for consumption is the amount of money spent on consumption (excluding investment by the public and savings), the cost of own production consumed with personal subsidiary plot, as well as the amount of social transfers in kind. In the system of national statistics, level of the subsistence minimum, used to assess the proportion of the population with incomes lower than the level of consumer basket (CB) varies in regions. For measuring poverty at the household level accepted equivalence scale of household incomes: 1.0; 0.8; 0.8, ..., rather take into account saving of expense due to the effect of cohabitation and all household members, except the first, are assigned a coefficient of 0.8 [4, 5].

Since 1992 Russian Federation has used the results (quarterly) of Household Budget Survey (HBS) as an information base for the formation of inequality and poverty. The screening program is oriented to obtain the information of household expenditure, and (since 1997) does not contain a direct measure of the total amount of income. Assessment of the level of income of each household in the survey carried out by simple calculation. The indicators characterizing the level of income at the disposal of households during the survey are available resources and cash income. In accordance with the current methodology the calculations of readings of population distribution by income level are made using the method of simulation modeling by converting an empirical distribution obtained on the basis of HBS data in a number of distribution that corresponds to a grouping index in the total population (per capita cash income derived according to the balance of cash income and expenditure).

The main contribution of this methods is based on the hypothesis for correlation of cash income logarithmically normal (two-parameter model) distribution pattern of population. Based on the obtained number of population distribution in terms of per capita income formed attribute data on the distribution of total cash income for quantile groups, the main coefficients (index numbers) income differentials and poverty rates in the general population (in Russia and the subjects of the Russian Federation) and demographic (age-sexually) groups (in Russia). Poverty indicators for socioeconomic groups of the population and households are formed on the basis of the results of the HBS without adjustment for the relevant macroeconomic indicator of cash income. Given the size of the deviation between the results of the HBS and macroeconomic indicator, indicator of poor participation rates, differentiated by socioeconomic groups (on the basis of HBS) and the population as a whole (on the model), have a relatively high divergence on the level. In forming the indicators characterizing the level of poverty, are used the category of indigent (households) having per capita incomes lower than the level of the subsistence minimum (absolute poverty line). In the general population and the age-sex groups the comparison is made on macroeconomic indicators of per capita income and the corresponding level of the subsistence minimum. By socioeconomic groups of population (households) per capita income (disposable resources and cash income) proportions with the calculated level of the subsistence minimum for a particular household, on the basis of his place of residence and demography[1].

Until 2010 in Ukraine, the poverty line was determined by the relative criterion and was set at 75% of the median total equivalent expenditures. Total expenditures include cash expenditures; benefits, subsidies and compensations that the household get in cash and in kind; incomes in kind from private farming. For measuring poverty at the household level adopted equivalent scale: 1.0; 0.7; 0.7, rather all members of the household (irrespective of age and status), except the first, are assigned a coefficient of 0.7. Along with the relative low-income poverty threshold for a comprehensive assessment of the situation the subsistence minimum confirmed by the state level which serves the basis for the establishment of social guarantees is applied.

In Russia and the CIS countries in the official social policy generally apply only subsistence minimums. Currently in the compared countries national statistical authorities apply different approaches to determine the national levels of the subsistence minimum and determine the levels of poverty. This required a decision on the choice of comparable databases and, though to varying degrees, the transformation of national databases on Azerbaijan, Belarus, Kazakhstan, Russia and Ukraine [7].

3. Classifications of the Population in Terms of Standard of Living

Several model distributions of the population of the countries compared to economic groups with different levels of living were built. The basis of the formation of these groups was based on the income used for consumption, and regulatory consumer basket of consumer budgets of different levels of material prosperity. Distribution of the population by income group in percentage is presented in table 1.

Table 1. Distribution of the population by income group (model 1 in the national social standards)

Income groups	Russia	Ukraine	Kazakhstan	Belarus	Azerbaijan
Before CB	20,5	25,6	26,7	12,1	13,2
CB-3CB	52,9	67,0	66,8	55,2	85,4
3CB-7CB	22,5	7,3	6,4	28,2	1,3
7CB-11CB	3,1	0,1	0,1	3,6	0,1
>11CB	1,0	0,0	0,0	0,9	0,0

The results of the analysis of groups of the population of households according to the I model present the following:

1. In Russia, Ukraine, Kazakhstan, Belarus and Azerbaijan was dominated by those most in need with low incomes and socioeconomic population. In Belarus - 67.3, in Russia - 73.4, in Ukraine - 92.6, in Kazakhstan - 93.5, while in Azerbaijan - 98.6 of the population in 2008 lived in households with incomes less than the socially acceptable consumer budgets;
2. Middle and upper class socioeconomic groups in Russia, Ukraine, Kazakhstan, Belarus and Azerbaijan were presented slightly.

Table 2. Distribution of the population by income group (model 2, in Russian social standards)

Income groups	Russia	Ukraine	Kazakhstan	Belarus	Azerbaijan
Before CB	20,5	37,2	69,6	20,0	41,6
CB-3CB	52,9	58,6	30,0	58,1	57,9
3CB-7CB	22,5	4,2	0,4	19,8	0,5
7CB-11CB	3,1	0,0	0,0	1,8	0,0
>11CB	1,0	0,0	0,0	0,4	0,0

The results of the analysis of groupings of the population of households in the 2 model in Table 2 present that if we take the distribution of living standards, national standards for Russia, Belarus to the two lower income socioeconomic groups of the population was 78.1 of the population, in Ukraine - 95.8, in Azerbaijan - 99.5, in Kazakhstan - 99.6 of the population. In the distribution of living standards of the population of Ukraine, Kazakhstan, Belarus and Azerbaijan low-income people dominated more than in Russia.

Results of the analysis of the population groupings of households according to the third model in table 3 presented; that Russia and Belarus have been observed close distribution of the population by income group. If we take the distribution of living standards, national standards in Belarus, the Russian to the two lower socioeconomic groups would apply 63 of the population, in Belarus - 67.3. And 29.7 of the population in Russia and 28.2 in Belarus would belong to the transitional social strata. Middle and upper class socioeconomic groups were, respectively, 7.4 and 4.5 of the population of compared countries [6, 8].

Table 3. Distribution of the population by income group (model 3, in national social standards of the Republic of Belarus)

Income groups	Belarus	Russia
Before CB	12,1	13,2
CB-3CB	55,2	49,8
3CB-7CB	28,2	29,7
7CB-11CB	3,6	5,3
>11CB	0,9	2,1

Table 4. Distribution of the population by income group (model 3, in national social standards of Ukraine)

Income groups	Ukraine	Russia
Before CB	25,6	14,1
CB-3CB	67,0	50,4
3CB-7CB	7,3	28,6
7CB-11CB	0,1	5,1
>11CB	0,0	1,8

The results of the analysis of groupings of the population of households according to the third model in table 4 present that if we take the distribution of the population by income group, national standards of Ukraine, in Russia to the two lower socioeconomic groups would apply 64.5 of the population, and in Ukraine - 92.6. And 28.6 of the population in Russia and 7.3 - in Ukraine would belong to the transitional layers. For the middle and upper class socioeconomic groups would apply respectively 6.9 and 0.1 of the population of compared countries [10].

The results of the analysis of groupings of the population of households according to the third model in table 5 present that if we take the distribution of the population in terms of living standards, national standards in Azerbaijan, in Russia to two lower socioeconomic groups of the population would apply 57.9 of the population, and in Azerbaijan - 98.6. And 32.7 in Russia and 1,3 in Azerbaijan would belong to the transitional segments of the population. For the middle and the upper class socioeconomic groups belonged respectively 9.4 and 0.1 of the population of compared countries.

Table 5. Distribution of the population by income group (model 3, in national social standards of Azerbaijan)

Income groups	Azerbaijan	Russia
Before CB	13,2	10,6
CB-3CB	85,4	47,3
3CB-7CB	1,3	32,7
7CB-11CB	0,1	6,6
>11CB	0,0	2,8

Distribution of the population by income group (model 3, in national social standards in Kazakhstan are presented in table 6.

If we take the distribution of the population by income group in Kazakhstan, in Russia to the two lower layers of the population belonged to 45.7, and in Kazakhstan - 93.5. And 38.7 of the population in Russia and 6.4 - in Kazakhstan belong to the transitional layers. For the middle and upper class socioeconomic groups would apply respectively 15.6 and 0.1 of the population of compared countries [9].

Table 6. Distribution of the population by income group (model 3, in national social standards of Kazakhstan)

Income groups	Kazakhstan	Russia
Before CB	26,7	6,0
CB-3CB	66,8	39,7
3CB-7CB	6,4	38,7
7CB-11CB	0,1	10,2
>11CB	0,0	5,4

4. Conclusions

The overall conclusion is that, despite the differences in living standards, all five compared countries are still far from optimal market model of the distribution of population in standard of living. All this is necessary to observe, having in view that in this publication normative standards of income are lower than in the developed capitalist countries. They reflect the state of their national transitional economies, in order to consider all previously reservations relating to individual compared countries.

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