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Inequality in social standard of living in the international context

Abstract
Socio-economic development of each country depends on the most important factor of economic growth, i.e. human capital. The problems of effective human capital functioning and development is intimately connected with social standard of living which is the main indicator of both social, economic and political well-being of any country. At the present stage of the development of global socio-economic system, achieving a high or acceptable standard of living is a priority for the developed world economies. At the same time, trying to solve the problems of economic growth developing countries do not make effective decisions to reduce social inequalities in living standard. Thus, studying the issues of inequality in living standard remains relevant in terms of specifying objectives, directions, and selection of social policy scope and activities. The article presents methodical guidelines to address the issues of measuring inequalities in social standard of living, which, in today's globalized world, are indicators reflecting the relationship between economic growth and social balance in the society. To do this, it is proposed to use the indicators characterizing human development and social benefits received by the population. The comparative analysis of the countries has been substantiated. It gives an opportunity to structure the main factors affecting the social standard of living and to synthesize these factors' unevenness. Both world country ranking of social standard of living in terms of its main indicators, the reasons of inequalities in social standard of living and the basic mechanisms of effective social policy developing have been analyzed.
Keywords: Standard of Living; Social Inequality; Human Development Index; Human Capital
JEL Classification: D31; F20; O40
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Нерівність у рівні життя населення в міжнародному контексті
Анотація
У статті представлені методичні рекомендації щодо вимірювання нерівності рівня життя населення, що в сучасному глобалізованому світі є показником, який відображає взаємозв'язок між темпами економічного росту й соціальною рівновагою в суспільстві. З цією метою пропонується використовувати показники, що характеризують розвиток людського потенціалу й отриманих населенням соціальних благ. Обґрунтовано проведення порівняльного аналізу країн для структурування основних факторів, що впливають на рівень життя населення, і синтез їхньої нерівномірності.
Ключові слова: рівень життя; соціальна нерівність; індекс людського розвитку; людський капітал.

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Неравенство в уровне жизни населения в международном контексте
Аннотация
В статье представлены методические рекомендации по решению вопросов измерения неравенства в уровне жизни населения, которые в современном глобализованном мире являются показателем, отражающим взаимосвязь между темпами экономического роста и социальным равновесием в обществе. Для этого предлагается использовать показатели, характеризующие развитие человеческого потенциала и полученных населением социальных благ. Обосновано проведение сравнительного анализ стран, позволяющее структурировать основные составляющие уровня жизни населения, и синтез их неравномерностии.
Ключевые слова: уровень жизни; социальное неравенство; индекс человеческого развития; человеческий капитал

1. Introduction. In many countries, modern society development is characterized by the differentiation in social sphere; largely, it depends on the level of stratification of the population and living standards. Having limited resources governments seek to provide adequate living conditions for population. It is no mere chance that the UN developed minimum social standard of living and the main indicators of their assessment. Therefore, an important area of social sphere regulation is improving the mechanisms for smoothing out inequalities in the level and quality of life. At the same time, the formation of effective tools to control inequality in social standard of living remains an urgent problem for many countries. Consequently, the study of the degree of inequality in the standard of living in different countries in accordance with the principles of social life organization and taking into account the interests of all social groups is of strong research interest.

2. Problem statement. In all countries, the issues of social welfare are inextricably connected with the social standard of living, which is the main indicator of both social, economic and political well-being of the country. At the same time, trying to solve the problems of economic growth, developing countries do not make effective decisions to reduce social inequalities in living standard. Thus, studying the issues of inequality in living standards remains relevant in terms of specifying objectives, directions and selection of social policy scope and activities.

3. Brief literature review. Theoretical basis and scientific background of the category of «standard of living» and its main constituent elements are defined and developed by such foreign scientists as A. Pigou (Pigou, 1932) [1], D. Bell (Bell, 1973) [2], D. Miller (Miller , 1999) [3] A. Swift (Swift, 1997) [4].

Theoretical studies in the area of inequalities of the standard of living and the main indicators of their measuring are represented in the works of J. Poterba (Poterba, 1989) [5], D. Slesnick (Slesnick, 1993) [6], D. Cutler and L. Katz (Cutler and Katz , 1992) [7].

In recent years, B. Mayer and J. Sullivan (Meyer and Sullivan, 2003) [8], G. Becker and N. Tomes (Becker and Tomes, 1986) [9] have been studying the practical aspects of measuring inequalities in the standard of living.

Among Russian scientists who have been studying theoretical and practical aspects of inequalities in living standards are S. A. Aivazyan (2001) [10], I. V. Bestuzhev-Lada (1979) [11], D S. Lvov (2005) [12].

Nevertheless, despite the fact that a significant number of scientific papers are devoted to the analysis of the mentioned issues, certain problems still remain controversial. These problems are related to the use of complex indicators of human development assessment as measuring tools of inequality in living standards across the world.

4. The target of the article is to develop theoretical principles and scientific and practical tools for studying inequality in the social standard of living in the conditions of economic transformation by stimulating the development of human potential in the countries of the world.

5. Results. The world economic systems is characterized by the intensification of integration processes and forced human migration due to the aggravation of the military and political situation and economic crises. Therefore, in the international context, the issues of inequality measuring in the standard of living are gaining growing importance. The slowdown in economic growth is reflected in the depth of uneven development of this indicator both in cross-countries comparisons and within the country among its territorial entities.

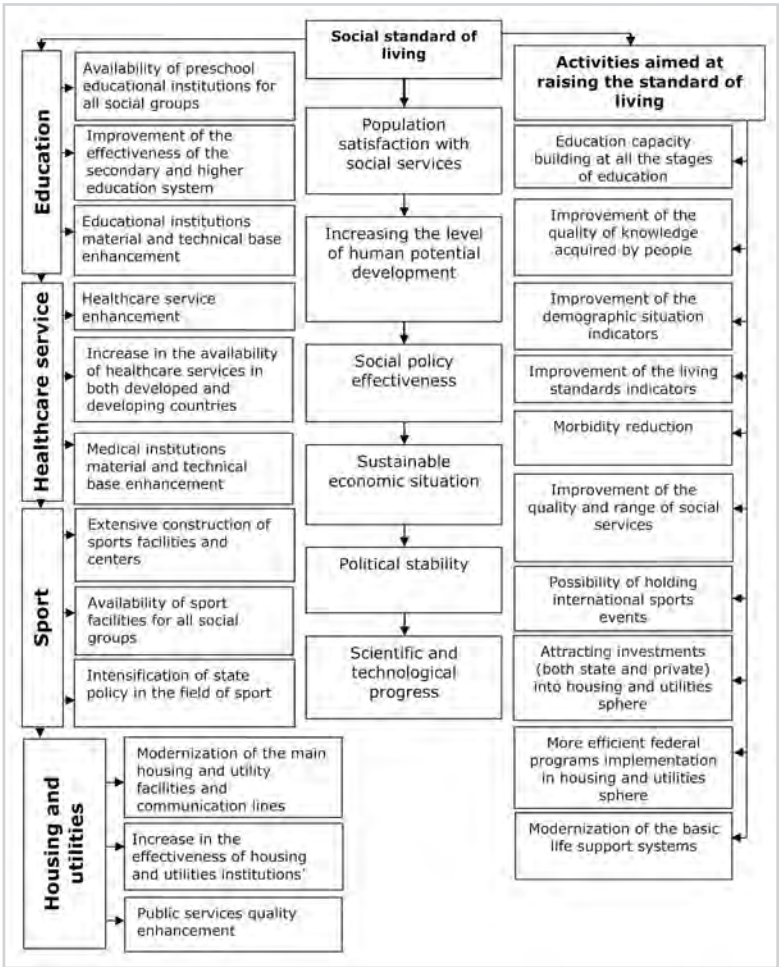

Fig. 1: **The basic factors affecting the standard of living development**
Source: Developed by the author

Currently, in the works of Russian and foreign researchers there is no unified approach to the definition of the category of «standard of living» and constituent structural elements influencing it. The comparative analysis of scientific literature shows that the content of the category under consideration has been changing in the course of the historical development and the impact of technological progress on the formation of people's needs. The conducted analysis led us to the conclusion that the standard of living is a degree of population's welfare and satisfaction with the consumed material and cultural goods and services on the basis of structural elements accumulating of social, economic and ecological environment of the residential territory development [13; 14].

Figure 1 shows the basic factors affecting the standard of living development systematized by the author. The degree of inequality in the standard of the population's living affects the material consumption development and the degree of satisfaction of the needs of the country's population.

The level of social welfare and the degree of its uneven development in territorial aspect are formed in accordance with the development of economic, social, and political space of the country [15].

Thus, objectively, inequalities in the standard of living are inherent in the countries with both developed and emerging economies. Their presence and characteristics can be assessed by means of diverse set of techniques, which are used in Russian and foreign practices. Quantitative estimation of inequalities level allows taking it into account when developing state economic policy, softening differentiation or, on the contrary, stimulating the creation of effectiveness poles. The most important factors affecting the degree of inequalities in the standard of living include state of the economy and social sphere, demographic situation, availability of infrastructure, production structure and the level of its development, peculiarities of economic and geographical location [16].

For measuring the inequality in the standard of living in the scientific and practical literature, there are many quantitative and qualitative approaches, most of which are based on the indicators developed by various institutions and organizations, such as UN, UNESCO, the World Health Organization (WHO). Forlhema Institute, Dalhousie University, the research center of social indicators research project «Political atlas», etc. The analysis of international indicators used to measure inequality in living standards allowed classifying them into two main groups: indicators based on statistical indicators; indicators based on expert assessments.

Thus, these indicators, characterizing the different components of the standard of living of the population, themselves include the system indicators of complex evaluation of human life. The organizations involved in the fight against poverty are enabled to use results of country differentiation based on international indices.

The most frequent indicators used to assess inequality in the standard of living are those developed by the United Nations in 1978: indicators characterizing the household incomes in the cross-country section. The analysis of these indicators' dynamics shows that low swings in the social standard of living changes are peculiar to developed countries (the US, Japan, France, the UK, Sweden, Canada, etc.). A reverse situation, where the swings are large, indicating a significant inequality in the standard of living, is typical for developing countries (Russia, India, China, Brazil, Ukraine, Belarus, etc.),

Each year Legatum Institute ranks the world countries according to the standard of living. With regard to these analyses, the most prosperous country in the world is Norway, which annually since 2008 ranks first in the list. In this study, the analysis of complex indicators characterizing the standard of living

and its unequal development in the international context has been carried out.

Comparative analysis of countries by the basic indicators characterizing the standard of living is presented in Table 1.

Ten of the leading countries are variable, but most of the countries remain within the group (for example, Australia, Iceland, USA, Canada, Netherlands, Switzerland, and others), although changing their position in the group of the 10 best countries in terms of HDI.

In the top of five countries which are characterized by a high level of development includes Russia, and in 2015 Russia and Belarus shared the first place in this group. Regarding Ukraine may be noted that it changed its position from the category of countries with medium level of development of the HDI to the category of countries with high levels of HDI, and in 2014 and 2015, was mentioned the increase of its HDI values.

For the next group of countries with medium HDI over the past 6 years included countries such as Armenia, Jordan, Kazakhstan, Mongolia, Moldova, Egypt, and others. You can clearly notice the variability of the top five countries in this group, indicating that the non-uniformity of the HDI index. The rating of the countries with low HDI form Kenya, Nepal, Solomon Islands, Pakistan, Malawi, Honduras, Myanmar and others.

We have provided comprehensive analysis of indicators of living standards and inequality in the international context (Table 1), the growth rate, which declined in all countries, and progress are unstable. So, in 2014 the US and the UK have fallen by one point in the ranking compared to the previous year, while Russia has risen by ten points, especially on the level of education. Belarus and Ukraine in the rankings lost nearly ten points.

According to the life quality index, the leader is Switzerland. It is in the first place, though the value of the index does not have a stable character, since in 2013 and 2015, the index increases as compared with the previous period, and decreased in 2014. If we analyze the 10 leading countries in quality of life index, in 2015 compared to previous years it downed the United Arab Emirates and Japan and vice versa risen above the positions of Spain and Portugal.

In general, during the period under review, the quality of life index decreased in Canada, New Zealand, while the Netherlands in 2015 have a rapid growth in the 6 position by comparison with the previous year. The United States and Sweden, on the other hand, had a decline by 7 positions of the index. In general, with regard to Russia, it is in the bottom of the list at a given index with countries such as Ukraine and China, but the value of the index increases.

Analysis of health care index shows that in the period from 2012 to 2015, there is no clear leader, in general, there is a negative trend. Hence, in 2012, occupying the first place, Japan had the value of 96.11 and in 2015 - 87.07 that is 9.04 points less. However, the health care index of such countries, as Denmark, Japan, Thailand, Belgium, Israel, France and Austria have always been in the top of ten.

In Russia, there is a positive trend in the level of the index, however, the gap with the leaders is very significant (about two times).

On the basis of the index of education, we can conclude that the leaders in this index are Australia and New Zealand, though the whole value of the index has a negative trend. The highest growth rate is observed in Canada, the Netherlands, Singapore, the Czech and Slovak Republics. The fall of the education index is typical for France, Spain, Taiwan, and Korea. In Russia, there is a slight increase in the education index for the period under review. As in 2015, Russia moved up to 7 positions compared with 2014.

The main element of international competitiveness is to ensure a decent standard and quality of living. Therefore, countries that have the leading positions are most attractive. The study identifies a number of key issues hindering the improvement of people's level of life, namely: low life expectancy and inefficient health care system; small income associated with a deep gap between the rich strata of the population that do not exceed 10% of the world population and the poor who make up almost 50%; low level of education.

Tab. 1 (beginning): **Comparative analysis of countries by the basic indicators characterizing the standard of living**

	Country	2012	Country	2013	Country	2014	Country	2015
Indicators based on statistical indicators								
Human Development Index (HDI)								
Countries with very high levels of HDI								
1	Norway	0.942	Norway	0.955	Norway	0.944	Norway	0.944
2	Australia	0.932	Australia	0.938	Australia	0.933	Australia	0.935
3	Switzerland	0.927	USA	0.937	Switzerland	0.917	Switzerland	0.930
4	Denmark	0.921	Netherlands	0.921	Netherlands	0.915	Denmark	0.923
5	Switzerland	0.920	Germany	0.920	USA	0.914	Netherlands	0.922
6	Germany	0.915	New Zealand	0.919	Germany	0.911	Germany	0.916
7	USA	0.912	Ireland	0.916	New Zealand	0.910	Ireland	0.916
8	Ireland	0.910	Sweden	0.916	Canada	0.902	USA	0.915
9	Canada	0.910	Switzerland	0.913	Singapore	0.901	Canada	0.913
10	New Zealand	0.909	Japan	0.912	Denmark	0.900	New Zealand	0.913
Countries with high level HDI								
1	Belarus	0.796	Denmark	0.901	Uruguay	0.790	Belarus	0.798
2	Russia	0.795	Israel	0.900	Bahamas	0.789	Russia	0.798
3	Oman	0.793	Belgium	0.897	Montenegro	0.789	Oman	0.793
4	Barbados	0.793	Singapore	0.895	Belarus	0.786	Romania	0.793
5	Romania	0.789	Austria	0.895	Romania	0.785	Uruguay	0.793
6	Uruguay	0.788	Russia	0.788	Russia	0.778	-	-
7	Ukraine	0.743	-	-	Ukraine	0.734	Ukraine	0.747
Countries with medium level HDI								
1	Botswana	0.691	Kazakhstan	0.754	Maldives	0.698	Botswana	0.698
2	Egypt	0.688	Spain	0.749	Mongolia	0.698	Moldova	0.693
3	Palestine	0.685	Venezuela	0.748	Turkmenistan	0.698	Egypt	0.690
4	Moldova	0.683	Saint Kitts and Nevis	0.745	Samoa	0.694	Turkmenistan	0.688
5	Turkmenistan	0.677	Lebanon	0.745	Palestine	0.686	Gabon	0.684
6	-	-	Ukraine	0.740	-	-	-	-
Countries with low level HDI								
1	Nepal	0.540	Guiana	0.636	Nepal	0.540	Kenya	0.548
2	Kenya	0.539	Botswana	0.634	Pakistan	0.537	Nepal	0.548
3	Pakistan	0.532	Honduras	0.632	Kenya	0.535	Pakistan	0.538
4	Myanmar	0.528	South Africa	0.629	Swaziland	0.530	Myanmar	0.536
5	Angola	0.524	Kiribati	0.629	Angola	0.526	Angola	0.532
Quality of life index								
1	Switzerland	194.11	Switzerland	215.71	Switzerland	206.23	Switzerland	222.94
2	Germany	184.42	Germany	204.84	USA	195.55	Germany	195.94
3	Norway	183.43	USA	199.56	Germany	192.69	Sweden	193.86
4	United Arab Emirates	177.07	Sweden	191.36	Sweden	180.92	USA	192.49
5	New Zealand	174.28	Canada	186.03	Finland	178.88	Finland	190.25
6	Sweden	171.72	United Arab Emirates	186.01	Denmark	178.55	Denmark	190.18
7	Canada	164.99	Denmark	182.29	Canada	178.29	Austria	182.62
8	Denmark	163.12	Norway	173.86	Australia	175.98	Australia	180.81
9	Australia	162.03	Qatar	169.92	United Arab Emirates	173.27	Canada	177.63
10	Austria	159.89	Austria	167.39	Austria	171.82	New Zealand	175.51
.....								
47	Russia	-7.39	57. Ukraine	31.86	58. China	30.30	72. Russia	28.38
48	Ukraine	-14.61	58. China	31.50	61. Ukraine	22.22	75. Ukraine	20.10
51	China	-49.55	60. Russia	18.5	64. Russia	16.53	76. China	15.99

Source: Compiled by the author using the data from the Work for Human Development Report (http://hdr.undp.org and http://www.numbeo.com/quality-of-life/rankings_by_country.jsp) [17; 18]

Table 1 continues in the page 18

Continuation of the Table 1

Tab. 1 (continuation): **Comparative analysis of countries by the basic indicators characterizing the standard of living**

	Country	2012	Country	2013	Country	2014	Country	2015
Indicators based on expert assessments								
Health care index								
1	Japan	96.11	Thailand	94.73	Denmark	85.62	Japan	87.07
2	Indonesia	94.12	Israel	87.04	Thailand	85.44	Bahrain	84.44
3	Thailand	92.59	Denmark	86.13	Japan	85.03	Taiwan	84.29
4	Israel	91.67	France	85.62	France	82.28	France	82.58
5	Denmark	89.81	Panama	82.41	Austria	79.67	Thailand	82.47
6	Colombia	88.89	Belgium	81.48	The Republic of Korea	79.17	Panama	82.14
7	New Zealand	86.81	Austria	81.45	Taiwan	78.33	Hong Kong	80.60
8	Sweden	86.76	Taiwan	81.25	Belgium	78.04	Denmark	79.28
9	Austria	83.18	The Republic of Korea	80.56	New Zealand	77.83	Dominican Republic	78.70
10	Slovenia	82.87	Norway	80.51	Argentina	76.75	Austria	78.42
49.	Ukraine	40.28	41. China	60.86	33. China	65.12	56. China	58.74
50.	China	36.15	59. Ukraine	47.89	63. Ukraine	47.10	71. **Russia**	51.80
51.	**Russia**	35.52	66. **Russia**	39.34	65. **Russia**	43.58	80. Ukraine	44.27
Index of education								
1	New Zealand	2.859	New Zealand	2.870	Australia	2.713	Australia	2.700
2	Australia	2.650	Australia	2.686	Canada	2.597	Canada	2.633
3	Canada	2.650	Canada	2.631	Denmark	2.450	Denmark	2.435
4	Taiwan	2.609	Norway	2.550	Netherlands	2.436	Netherlands	2.381
5	USA	2.519	USA	2.528	Norway	2.382	Norway	2.379
6	Norway	2.440	Finland	2.457	Finland	2.274	New Zealand	2.289
7	The Republic of Korea	2.430	The Republic of Korea	2.384	New Zealand	2.233	Finland	2.230
8	Finland	2.430	Spain	2.382	Ireland	2.181	Ireland	2.203
9	Slovenia	2.329	Slovenia	2.359	Iceland	2.172	USA	2.195
10	Spain	2.240	Taiwan	2.275	Germany	2.094	Iceland	2.174
26	**Russia**	1.603	26. **Russia**	1.634	36. **Russia**	1.187	29. **Russia**	1.503
28	Ukraine	1.460	31. Ukraine	1.489	40. Ukraine	1.029	37. Ukraine	1.195
46	China	0.730	50. China	0.758	54. China	0.383	55. China	0.386

Source: Compiled by the author using the data from the Work for Human Development Report (http://hdr.undp.org and http://www.numbeo.com/quality-of-life/rankings_by_country.jsp) [17; 18]

Revealing imbalances in the standard of living is a top priority for the governments around the world. This problem should be solved comprehensively, including availability to study and get quality education, to get quality healthcare services, to work in a comfortable environment, to be well-paid, to live in a favourable environmental conditions, etc [19]. The process of smoothing inequalities in the social standard of living should be based on the targeted public policy, which should include the direction of reducing the gap between the most affluent countries and the poor, encouraging the population in economic activity through the use of legal, administrative, political, economic and other instruments to ensure statutory minimum level and quality of life.

Conclusions. The paper presents various indicators that measure the inequality in the standard of living of the population of countries, which shows the effectiveness of public administration and implementation of the principles of social partnership in society. Procedure for selection of promising directions of the state social policy in reducing inequality in the standard of living is justified. The analysis characterizing the standard of living around the world on key indicators of the population led to the conclusion about the presence of worsening trends towards deeper inequality in the standard of living of the population.

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