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Research Article

**THE LIVING STANDARDS OF RUSSIAN POPULATION:  
DYNAMICS OF INTERREGIONAL DIFFERENTIATION**

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**Abstract:**

*The article deals with the research results of the dynamics for some basic indicators of the living standards in the Federal districts of Russia. The results novelty is determined by the identification of links between indicators characterizing the living standards of the population and the peculiarities of their interregional differentiation. It allowed to distinguish groups of Federal districts of Russia that have stable regularities of dynamics in indicators of the population living standards. The hypothesis that the regions creating large GRP volumes are able to provide higher population living standards, which requires balancing the elements of operating the socio-economic system and a certain perfection of the market mechanism was confirmed.*

**Keywords:** *living standards, dynamics, regions, indicators, differentiation, trends.*

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## INTRODUCTION:

The living standards in general refers to the degree of certain material goods availability for the population (or individual) of the country and its region, as well as their satisfaction with the amount of those goods that they can acquire (or use) in a given time period.

The population living standards is a multidimensional concept, estimated by a set of different indicators, including: value of income, expenditures, savings, wages, pensions, durables availability, etc. One of the basic indicators of the living standard is the ratio between real income and the value of the consumer basket.

The population living standards in the country and its regions is influenced by natural-geographical, political, social, economic and other factors. Models of socio-economic development of Russia and its regions from the point of view of search for growth path are investigated in many works [1;2;3]. Sanctions imposed by foreign countries, decline in prices for energy resources sale, deterioration of the investment situation, and inflation led to a slowdown in economic growth and affected negatively the quality and cost of living of the Russian population.

It is worth noting the ambiguity in the impact assessment of Western sanctions on the economy and living standards of the population. According to some authors, the imposition of sanctions has a negative impact on the Russian economy, which is confirmed by the relevant macro-indicators, causing a noticeable decrease in real incomes of the population living standards [4, p.48]. Other authors believe that sanctions worsen the economic situation of the country, however, they are not the source of its current continuous stagnation. Opportunities for economic growth, and therefore improvement of the population living standards must be primarily associated with the abandoning the outdated economic model, in guiding

not the mobilization strategy but market strengthening through the use of fiscal and monetary mechanisms, interaction between the state and private capital [5, p. 159].

Some authors argue for the use of sanctions as a positive impulse that can give the Russian economy a new growth rate [6, p. 14], which may in the future have a positive impact on the population living standards.

Despite the crisis manifestations, the country's economy demonstrates certain stability and ability to use its potential to maintain socio-economic indicators at the acceptable level. Thus, the UN study in 2018 to determine indices and indicators of developing human potential showed that by the living standards Norway, Switzerland and Australia took the first positions but Russia ranked the 49th place (out of 189 countries) [7]. Over the past two years, in this indicator Russia raised its rating by 20 points.

The current crisis developments and positive factors in the Russian economy have completely different impact on socio-economic status of its regions, and forming the corresponding indicator values for the population living standards [8, p. 63], which requires appropriate research and analysis.

The research objects were Federal districts of Russia: Central Federal District (CFD); Northwestern Federal District (NWFD); Southern Federal District (SFD); North Caucasian Federal District (NCFD); Volga Federal district (VFD); Ural Federal District (UFD); Far Eastern Federal District (FEFD); Siberian Federal District (SFD).

The dynamics of incomes, expenditures and savings of the population are important indicators of the population living standards (figure 1).

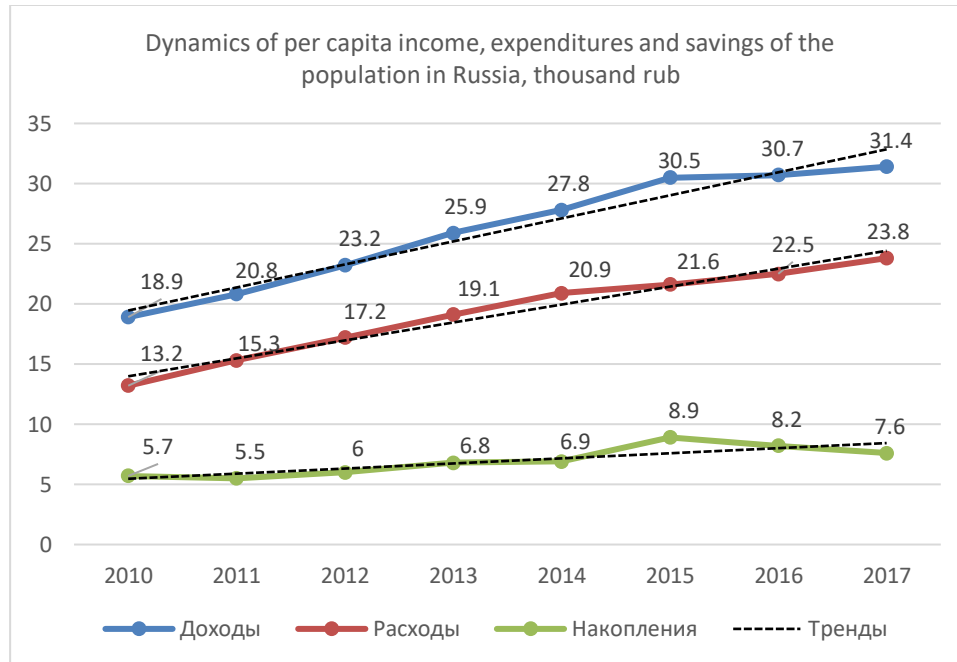


Figure 1 Dynamics of income, expenditures and savings of the population in Russia<sup>1</sup>

As can be seen, all trend indicators have upward regularities, which indicate their growth. In addition, the savings value is characterized by low values and clearly marked decline since 2015. The correlation coefficient between the dynamics of income and expenditures is 0,991, which shows a high correlation ratio between the indicators (income determines the level of expenditure).

Money incomes include the income of entrepreneurs, the gross payroll of employees, various social benefits (in the form of pensions, benefits, scholarships, insurance claims and other payments), etc. Among the

monetary expenditures of the population, the totality of consumer expenditure, the sum of obligatory payments and various dues (taxes, fees, payments, etc.). The difference between income and expenditures forms the amount of savings.

The dynamics of per capita income by Federal districts of Russia relative to the average in the country gives more detailed information for the analysis (figure 2).

[1] Made by authors according to: [9, P. 190-191; 230-231].

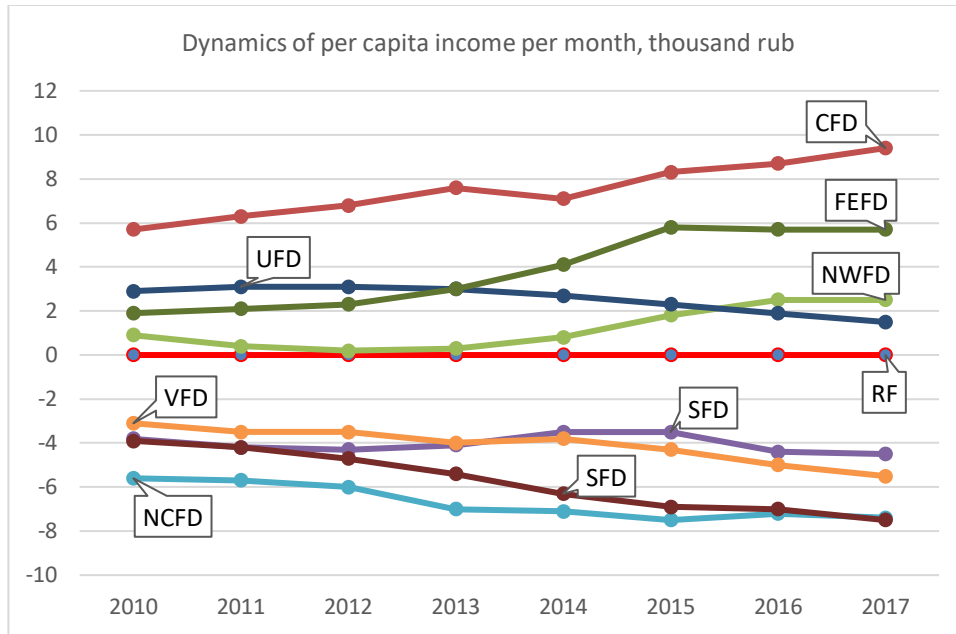


Figure 2 Dynamics of per capita income by Federal districts of Russia<sup>2</sup>

It follows from the figure that up to 2015-2016 there was a possibility in the country to select two groups of Federal Districts with stable regularities in dynamics. First, these are districts with per capita income above the average in Russia and characterized by higher development trends. However, after 2016-2016 the dynamics vector of these regions, except for CFA, changed into the downward, due to the occurrence of factors that have a negative impact on their development.

Secondly, the districts (VFD; SFD; SFD; NCFD) characterized by income indicators are chronically below the national average. At the same time, over

many years the trend of per capita income in such districts lags behind the national average, and, moreover, the value of such a lag is steadily increasing. For example, per capita income in Russia in 2010 amounted to 18,9 thousand rub and in NCFD – 13,3 thousand rub (spread was 5,6 thousand rub). In 2017, the data were, respectively, 31,4 thousand rub and 24,0 thousand rub (spread increased to 7,4 thousand rub).

[2] Made by authors according to: [9, P. 190-191].

The dynamics of per capita expenditures in the regions of Russia also characterizes the ambiguity of their situation (figure 3).

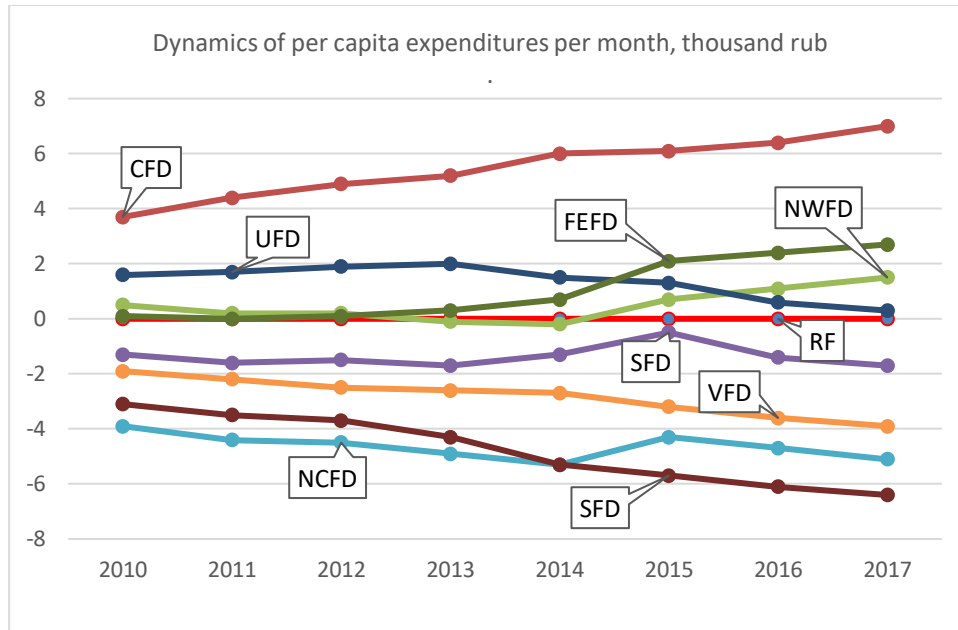


Figure 3 Dynamics of per capita expenditures by regions of Russia<sup>3</sup>

This figure shows that the Central Federal District is the only one of the Federal Districts where the population is characterized by a steady increase in expenditures, the value of which increased from 16,9 thousand rub in 2010 to 30,8 thousand rub in 2017 (182,2%).

The population expenditures in the UFD, FEFD and NWFD are characterized by certain instability (for example, the growth of expenditures can be changed into a decline).

In the dynamics of expenditures, it is also possible to select regions (SFD; VFD; NCFD and SFD) that have a stable of many years decline in the indicator relative to the national average, reflecting the complex situation of the population living standards.

[3] Made by authors according to: [9, P. 230-231].

The relationship between gross regional product (GRP) and incomes in the regions of Russia is of interest. Gross regional product is an overall economic index of the region, characterizing the production of goods and services intended for final use. The hypothesis that regions creating large volumes of GRP are able to provide higher living standards for the population is quite logical. This hypothesis has been further studied and confirmed.

Figure 4 shows the research results of the dynamics of the relationship between GRP and per capita income in 2010 and 2016.

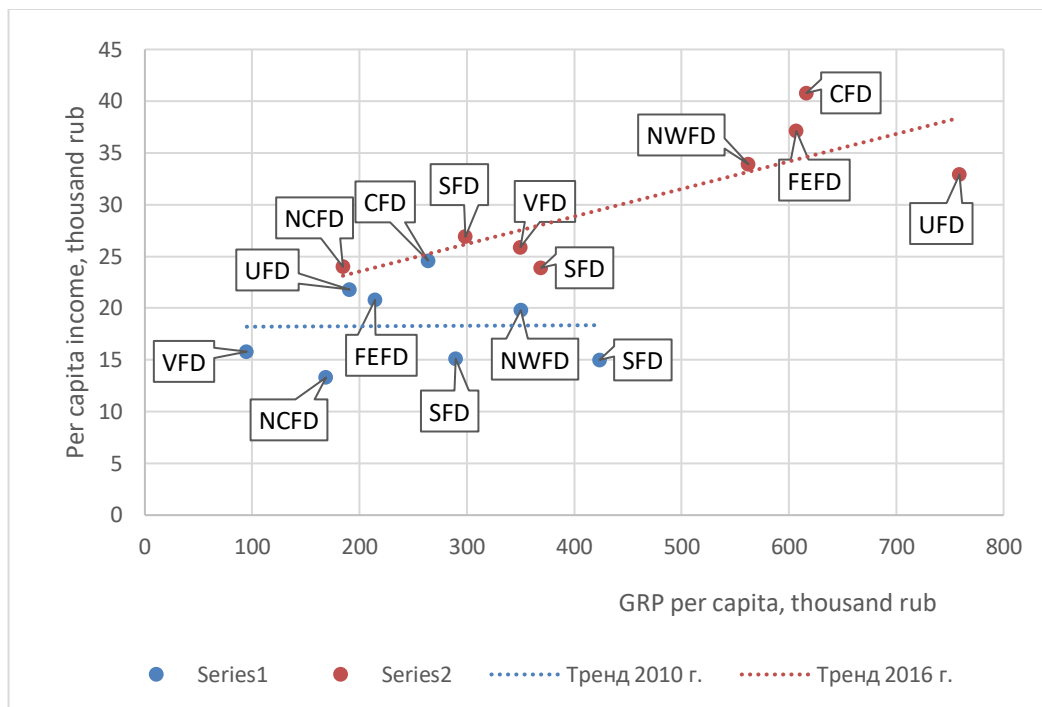


Figure 4 Dynamics of the relationship between GRP and per capita income in 2010 and 2016<sup>4</sup>

In 2010, the maximum GRP per capita (423,5 thousand rub) fell on SFD, and per capita income (24,6 thousand rub) – on CFD.

Regularities of economic development of the country in 2010 had no upward or downward trend, the correlation coefficient of GRP and per capita income (0,01187) showed no relationship between the indicators. In many respects, this [4] Made by authors according to: [9].

situation was caused by the imbalance in the socio-economic system (including its management) and the market imperfection.

In 2016 the maximum GRP per capita increased to 758,9 thousand rub (increased 1,8 times), and was created in UFD but per capita income – 40,8 thousand rub (increased 1,7 times) preserved in CFD.

At that, the regularities of economic development in 2016 were associated with the upward trend. The correlation coefficient between GRP and per capita income increased to 0,8119 showing rather strong degree of correlation between the indicators.

In 2018-2019, the socio-economic dynamics in the country as a whole improved but in most regions it is not possible to ensure sustainable growth in living standards.

#### CONCLUSIONS:

1. External and internal factors that affect the regions of Russia have an ambiguous impact on their socio-economic status, determining the indicators value of living standards.
2. Despite the unfavorable operating conditions (sanctions, spread in the management system, etc.), the Russian economy shows successful opportunities to improve the population living standards, which was manifested in the results of UN study in 2018 as an increase in the country's rating by 20 points.
3. The study showed a steady increase in income, expenditures and savings of the Russian population for the period 2010-2017.
4. Two groups of Federal Districts with stable regularities of dynamics in living standards can be distinguished in the country. The first group consists of districts with per capita income above the national average and characterized by upward development trends. The second group includes districts characterized by income indicators that are chronically below the national average for many years and have a trend of stable increase in the values of the lag from the national average.
5. The hypothesis was confirmed that the regions creating large volumes of GRP are able to provide higher living standards of the population, which, however,

The hypothesis that regions creating large volumes of GRP are able to provide higher living standards for the population was confirmed. However, it requires to balance elements in operating the socio-economic system and to improve the market mechanism.

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