SCTCMG 2019

International Scientific Conference «Social and Cultural Transformations in the Context of Modern Globalism»

CONGRUENCE OF THE RATING TRENDS OF ECONOMIC DEVELOPMENT OF THE CASPIAN COUNTRIES

Oksana Mineva (a)*, Lyudmila Prigoda (b), Madina (c), Konstantin Markelov (d), Leyla Alikhanova (e)
*Corresponding author

(a) Astrakhan State University, 20a, Tatischev st., Astrakhan, Russia, okmineva@rambler.ru, +7961-814-06-02
(b) Maikop State Technological University, 191, Pervomayskaya st., Maikop, Russia
LV_Prigoda@mail.ru, +7903-465-39-65
(c) Kabardino-Balkarian State University named after H.M. Berbekov, 173, Chernyshevsky st., Nalchik, Russia
Alika123@rambler.ru, +7928-719-40-04
(d) Astrakhan State University, 20a, Tatischev st., Astrakhan, Russia, komarkelov@asu.edu. ru, +7961-814-06-02
(e) Russian Economic School of Azerbaijan State University of Economics, 6, Istiglaliyat st., Baku, Azerbaijan
Layla-alikhanova@mail.ru, +7994503268242

Abstract

The article discusses the methods and tools for assessing the socio-economic development of territories, reflecting social and economic progress and requiring economic growth. Growth is a vital and necessary condition for development, but it is not sufficient one, because it cannot guarantee development. The degree of socio-economic development of countries includes considering a number of narrow and broad indicators, including per capita income, life expectancy, education, unemployment, and poverty. In turn, the development is the creation of conditions for self-realization of people and the elimination of obstacles to freedom. Freedom let people choose their own destiny. However, on the path to freedom and, consequently, to development, obstacles arise, such as poverty, lack of economic opportunities, corruption, poor governance, lack of education and inadequate public health. The article presents a congruence of socio-economic indicators of the development of the Caspian countries over the past ten years, conducted a comparative analysis and identified priorities for the development of territories. The signing of the Convention on the legal status of the Caspian Sea requires compliance with agreements, which can only be achieved at a certain level of economic development and legislation of the Caspian countries. The identified trends in population size, employment levels, unemployment, poverty, corruption perceptions and global competitiveness indexes, as well as education and health costs have led to the conclusion that national economies are similar in development, which allow forming the basis for strict adherence to established agreements.

Keywords: Unemployment, corruption perception index, global competitiveness.
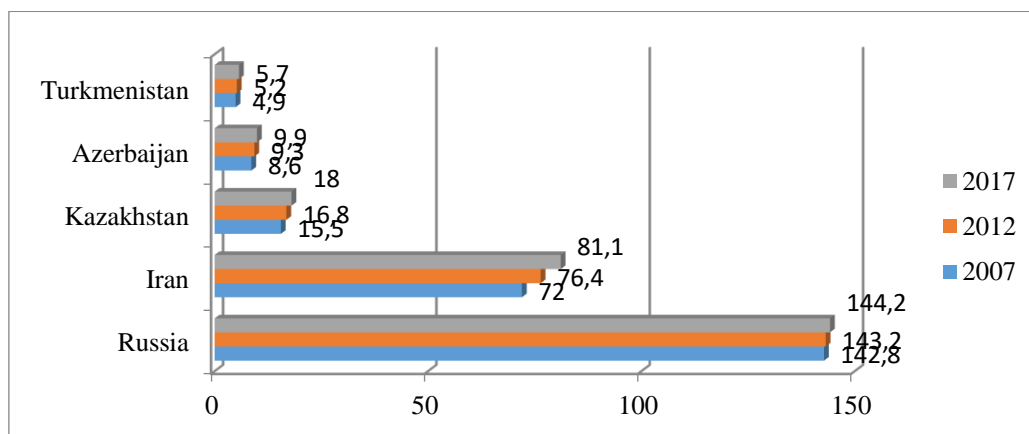
1. Introduction

The five powers are part of the Caspian countries - these are: Azerbaijan, Iran, Kazakhstan, Russia and Turkmenistan. It unites their access to the Caspian Sea, the largest inland lake in the world with an area of 371,000 square km and ocean type bed, which is an object of legal requirements and a source of substantial replenishment of national budgets of these countries. The Caspian Sea is a unique source of hydrocarbon and biological resources, logistic transit and home of commercial and military fleets. Thus, the proven oil resources make up 4% of world oil reserves, and its potential is at 40 billion tons and 8.76 trillion cubic meters of gas (the potential of hydrocarbon resources puts the Caspian region in second place in the world after the Persian Gulf in terms of oil and gas reserves); biological resources have more than one and a half thousand species of fish and mammals, among which sturgeon occupies a special place (the catches of which make up to 80% of the total world catch). Socio-economic trends in the development of these territories have a significant impact on neighboring countries and the world community as a whole.

2. Problem Statement

In August 2018, the leaders of the Caspian states signed the Convention on the legal status of the Caspian Sea. According to it, the 15 nautical miles adjacent to the coast of each country are their territorial waters, to which another 10-mile exclusive fishing zone adjoins. This Convention makes the countries of the Caspian region unique carriers of competitive advantages. At the same time, in order to maintain the agreements reached, the five of these countries must take into account the general principles of development of the Caspian region and the direction of development of national economies. To determine the existing levels of development of the Caspian countries, this article conducted a country comparison of socio-economic indicators of their development.

Figure 01 shows the change in the population of the Caspian countries over the past 10 years which makes it possible to judge the positive dynamics of population growth by an average of 14% (+9.85 in Russia; + 12.6% in Iran; + 15.1% in Azerbaijan; 16.1% in Kazakhstan; 16.3% in Turkmenistan), which largely depends on the state policy in the field of health care, education, employment, antitrust and anti-corruption legislation and business freedom.

Figure 01. Change in the population of the Caspian countries in 2007-2017, million people

Further, there are each of the presented socio-economic and legislative parameters of development of the Caspian countries for the last 9 years.

3. Research Questions

The subject of the research is the instrumental means (forms, methods and ways) of assessing the socio-economic trend of the development of territories, as well as tools and technologies that ensure the steady growth of the analysed countries.

4. Purpose of the Study

The aim of the study is to form a conceptual model for assessing the socio-economic development of individual countries in the context of modern transformations and improving the legal framework, taking into account the general trend of world development, the adaptation of economic instruments and the mechanism of managing the process of ensuring sustainable growth to create a socially favourable environment by integrating and combining approaches, tools and technologies for making effective managerial solutions.

5. Research Methods

To achieve this goal, empirical methods of examination, statistical induction, analysis of variance using quantitative statistical tools (percentage, average values, heteroscedasticity, etc.) were used. The instrumental and methodological apparatus of the research includes the principles of the system-functional approach to the analysis of phenomena developed by Russian and foreign scientists, as well as private methodological tools for economic development: economic and statistical groupings (structural, illustrative, typological), methods of economic and mathematical modeling, program-forecasting and analytical design, index estimates, time series analysis, graphical interpretations, etc.
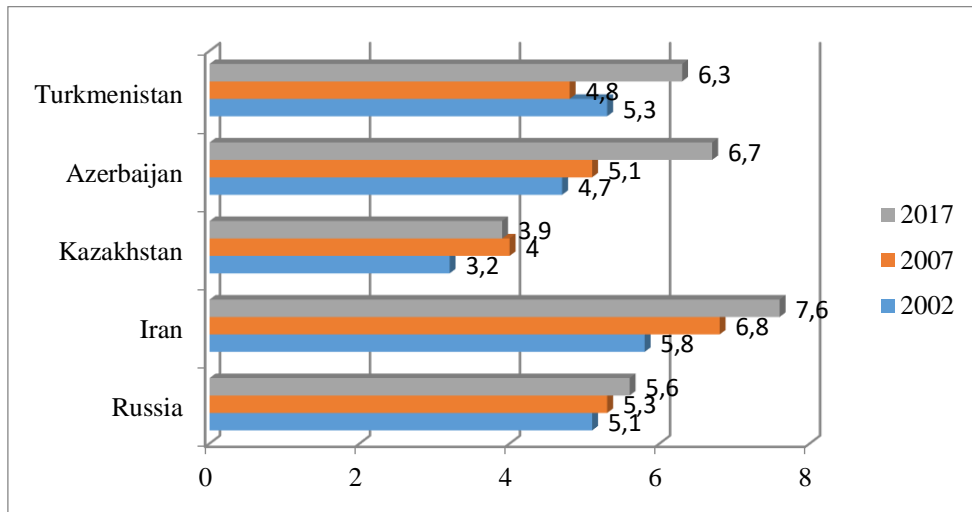
The assessment of the main trends in the economic development of the countries of the Caspian region was carried out through the analysis of selected statistical characteristics, using point and interval estimates and methods of mathematical statistics (analysis of variance). The result of the analysis of the selected statistical characteristics is a point estimate of the average value and variance of the global competitiveness index and the perception of corruption in the Caspian countries.

6. Findings

To determine the level of development of health care, we use the worldwide indicator of health care expenditures in the form of their share of the country's GDP. As we can from Figure 02 indicators, health care costs range from 3.9% to 7.6%. You can see that the average share of health care costs in the proportion of GDP was 6.0% in 2017.
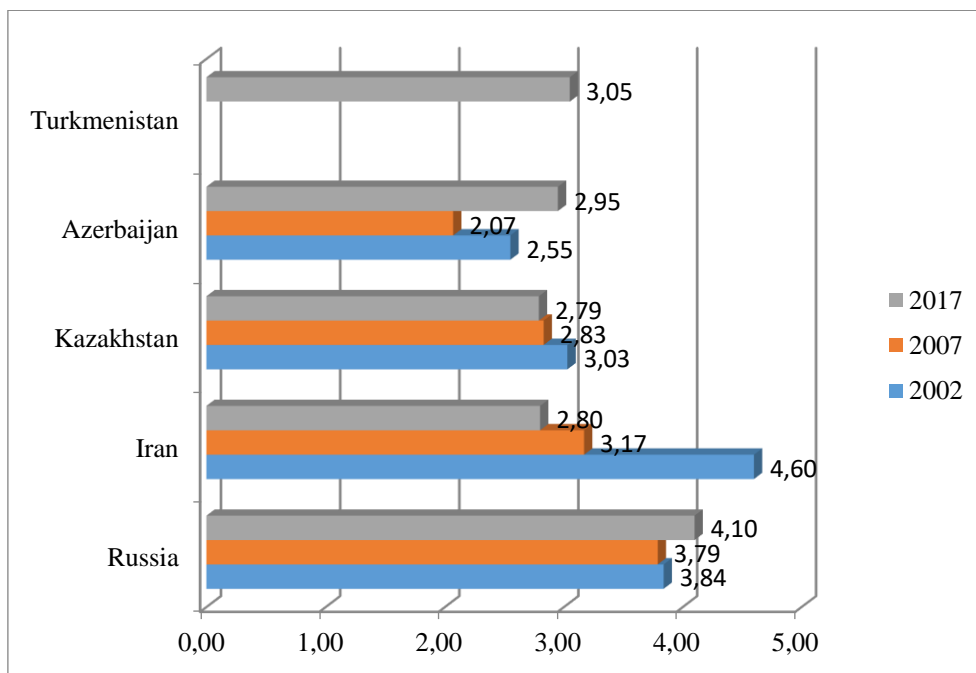
At the same time, life expectancy in the Caspian countries is 71.6 years in Russia, 76 years in Iran, 72 years in Azerbaijan, 72.3 years in Kazakhstan, and 67.8% in Turkmenistan. According to the above data,

we can point that there is no direct connection between the level of expenditures on health care and the life expectancy of the population.

Figure 02. Current health care expenditure as a share of GDP in the Caspian countries 2007-2015, %

Another no less important indicator of the development of modern society is government expenditure on education as a percentage of GDP. There are no data for Turkmenistan for 2007 and 2015, for Russia are according to the data of the Federal budget for 2014-2016 years on the section "Education" (Brylyakova, 2014).

Figure 03. Government expenditure on education as a percentage of the GDP of the Caspian countries in 2007-2015, %
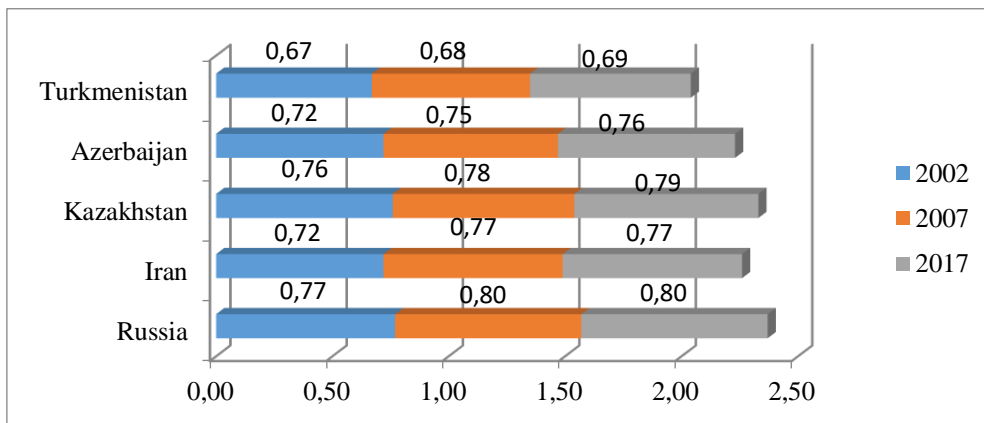
The average expenditures on education in the Caspian countries is 3.5%. The largest expenditures are in Russia, the lowest in Turkmenistan (Figure 03).

The human development index is an average achievement in three main dimensions of human development - health, education and a decent standard of living. The closer the index is to one, the more developed the country is (Mineva, Kashirskaya, & Minev, 2019).

We divided countries into four categories: 0.955 to 0.805 – a very high level of human development; 0.796-0.712 – a high level of human development; 0.71-0.536 – the average level of human development; below 0.534 – a low level of human development (Sakharova, 2014).

Among Caspian countries, only Russia belongs to countries with a very high level of human development. The rest of the countries can refer to countries with a medium level of human development (Figure 04).

Based on this information, we can conclude that the countries in question are approximately at a general level of development.
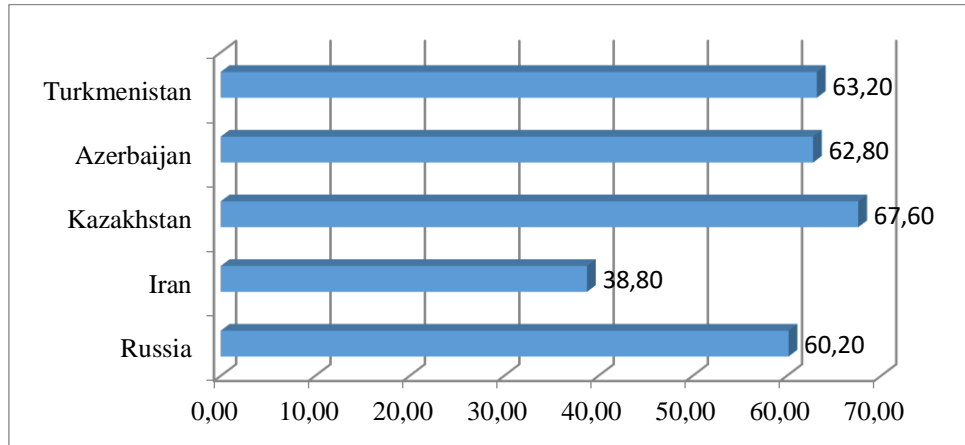

Figure 04. The human development index of the Caspian countries in 2007-2015

Further, in a comparative analysis of the socio-economic indicators of the development of the Caspian countries, we consider the indicators of employment, unemployment and the level of poverty.

As we known, the employment level is determined by a coefficient reflecting the share of the employed population among the share of persons over 15 years of age. This indicator affects the national unemployment rate, mediated by a reduction in wages and an increase in the level of poverty (Figure 05).
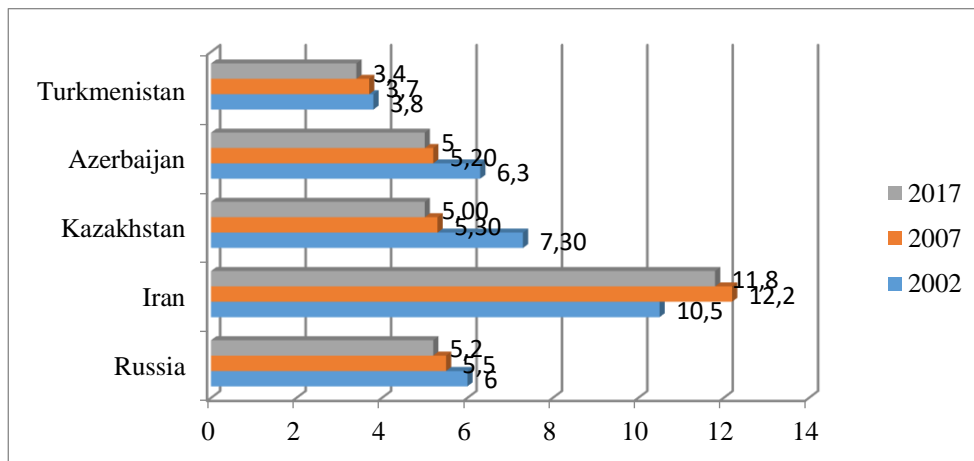
In the article of Beksultanova (2017) the conclusion is "The current labor market in Russia is characterized by a fairly high unemployment rate and at the same time there is lack of qualified personnel", which we cannot agree with, since it goes against the available statistics and global trends.

We completely agree with the opinion that in the modern world the state acts as a regulator of relations in the field of labor. Consequently, the Caspian countries should be more active in the field of state guarantees of employment (Agigullina, 2016).

Figure 05. Employment rate in the Caspian countries in 2017, %

The world unemployment rate in 2017 was 5.8%, in developed countries - 6.2%, in emerging market countries - 5.7%, in developing countries - 5.5% (Zaitseva, 2017). According to statistics from the Caspian countries over the past decade, unemployment has been falling (Figure 06). Even the crisis of 2008/2009 did not have a significant impact on this indicator. Only Iran against the background of global trends shows a sharp excess of global trends in unemployment. These indicators should be the object of close attention, both from Iran itself and from other Caspian countries due to possible migration and the organization of criminal self-employment of the population.
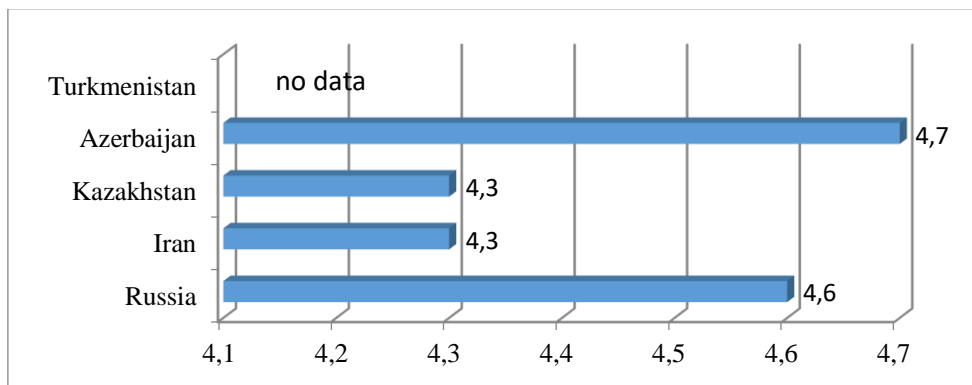

Figure 06. Unemployment rate in the Caspian countries 2007-2017, %

Next to this indicator, the poverty indicator is closely adjacent. The poverty level according to the World Bank methodology assumes accounting for the proportion of the population with an income below $ 1.9 per day, calculated at international prices. According to the World atlas of data, the latest official poverty data for Turkmenistan refer to 1998 and amounted to 51.4%. For Russia, Azerbaijan, Kazakhstan, this figure is zero percent. In Iran, it is equal to 0.2%. The lack of data for Turkmenistan does not allow us carrying out a full analysis of this indicator.

It is interesting to study two indices - the index of global competitiveness and the index of perception of corruption. In addition to the indicators discussed above, these indicators form a perception of the expectations of the business world and potential investors from entering national markets.

The global competitiveness index was developed by experts of the World Economic Forum and includes indicators of nine basic support groups: institutional environment, infrastructure condition, macroeconomic indicators, development of health care and primary education, higher education and vocational training, market efficiency, technological sensitivity, business organization and innovation (Rogatnykh, 2006).
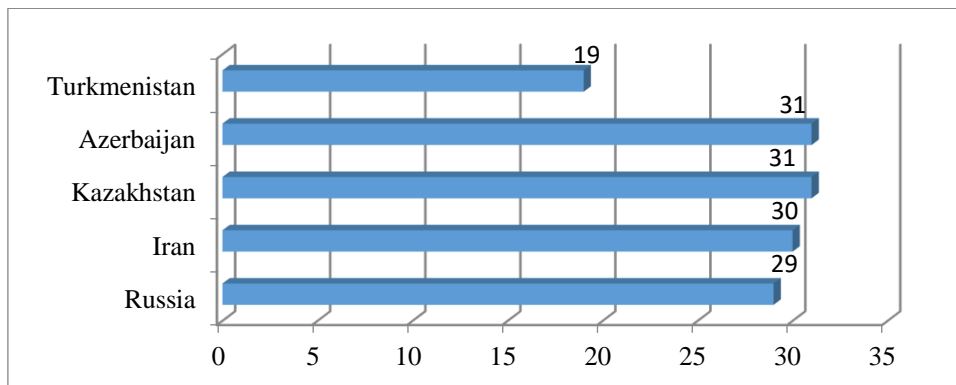
The global competitiveness index in 2017 for 137 countries of the world shows that the highest index belongs to Switzerland – 5.9 points; the USA – 5.9 points; the lowest Yemen – 2.9 points.

Figure 07. The index of global competitiveness of the Caspian countries in 2017, points rating

Russia and Azerbaijan are among the top ten countries, and Iran and Kazakhstan are higher than the middle of the rating (Figure 07).

The corruption perception index is a cumulative indicator that reflects all actions, including minor ones, which can be regarded as corruption violations. Based on the information, countries are ranked on a scale from 0 to 100. In this ranking, countries with a high level of corruption are set at "0", with weak corruption at "100".

Figure 08. Corruption perception index in the Caspian countries 2017, points rating

According to Transparency International, bribery is a phenomenon that is to some extent common in all national economies of the world. More than two thirds of the countries included in the study of this organization received less than 50 points, their average score was 43 points. The data presented in Figure 08 allow us concluding that the four Caspian countries are approximately at the same level of corruption, which significantly "hinders" all socio-economic processes. At the same time, Turkmenistan is approaching the most corrupted countries. Although in 2018, the corruption perception index increased by three points. In the "tail" of the rating - North Korea (12 points), Sudan (11 points) and Somalia (10 points).

7. Conclusion

Summarizing the trends in the economic development of the Caspian countries, we can conclude that they are similar, including the strengthening of anti-corruption legislation, which should contribute to the implementation of the Convention on the legal status of the Caspian Sea in full.

References

Agigullina, G. R. (2016). Employment of the population as an economic category. *Bulletin of the Ulyanovsk State Technical University, 3*, 74.

Beksultanova, A. I. (2017). The problem of employment in the Russian Federation. *European research, 5*(28), 38.

Brylyakova, M. P. (2014). Budget 2014-2016: financing of the national education system. *Accreditation in education, 4*, 32.

Mineva, O. K., Kashirskaya, L. V., & Minev, V. S. (2019). Country comparison of the main socio-economic indicators of the development of the Caspian countries. *Economics and management: problems, solutions, 1*(2), 142–148.

Rogatnykh, E. (2006). Global Competitiveness Index: Issues of the Methodology of Construction and Evaluation. *World Economy, 12*, 13.

Sakharova, O. N. (2014). Human Development Index: Russia's place in the modern world. *Bulletin of the Taganrog Institute of Economics and Management, 1*, 16–17.

Zaitseva, I. A. (2017). Unemployment as one of the global problems of the modern world. *PolitBooke, 2*, 164.