



21st International Economic Conference 2014, IECS 2014, 16-17 May 2014, Sibiu, Romania

Differentiation of Population Incomes in Innovative Regions of Russia

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Abstract

The differentiation of population incomes in Russian regions clustered based on the Russian regional innovation index is estimated in the paper. To estimate the existing inequality the Gini coefficients calculated in terms of population money incomes with regard to the purchasing power of the ruble in the regions are used. Some conclusions about changes in the differentiation of population incomes taking into account the innovation factor are made and some recommendations concerning the state policy are formulated.

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Selection and/or peer-review under responsibility of Scientific Committee of IECS 2014

Keywords: population incomes; purchasing power of the ruble; Russian regional innovation index; Gini coefficient; cluster; Russia; state policy.

1. Introduction

Uneven economic, social, scientific, technological and innovative development of regions remains an urgent problem for many countries and international associations at the present stage of social development including the Russian Federation (RF). In 2011, the strategy of the innovative development of the Russian Federation up to 2020 was adopted in Russia. In this context the role of human capital and qualified human resources is increasing. One of the conditions for their forming is population incomes providing opportunities for training, improving qualification and using external knowledge sources. However, the interregional differentiation of population incomes in Russia is great. According to the Russian Federation Statistics Service (Rosstat) data the Gini coefficient increased from 0.395 in 2000 to 0.42 in 2012 while the R/P 10% ratio (the fund coefficient) rose from 13.9 to 16.4. But the Rosstat data on differentiation does not take into account the regional difference which includes different purchasing powers of the ruble in Russian regions. The calculation of population money incomes with regard to the purchasing power parity of

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the ruble (PPPR) makes it possible firstly, to compare population incomes in terms of time and space, secondly, it corresponds to the world practice of co-measuring population incomes in different countries based on the purchasing power parity of national currencies and thirdly, it makes it possible to use such tools as the Lorenz curve and the Gini coefficient in the analysis of the interregional inequality of the population. The Russian government does not take measures to reduce the population income differentiation. The question arises: How does the income inequality differ in various regions of Russia that are at different levels of innovative development? Thus, the objective of the research was to assess the differentiation of population money incomes based on the method developed by the authors which takes into account the purchasing power parity of the ruble in Russian regions (Litvintseva, G.P., Voronkova, O.V., Stukalenko, E.A. 2007) as well as the analysis of the income inequality in Russian regions that differ in the degree of innovative activity, scientific and engineering potential and the quality of the state regional policy

2. Literature review

Problems of development unevenness, differentiation, globalization and other processes are in the focus of attention of scientists from different countries including Russia. Interesting results have been obtained based on the results of studying the inequality of economic and social development in various countries of the world (Combes, P.-P., Mayer, T., Thisse, J.-F. 2008, Horvath, D. 2009, Poverty and Development into the 21st Century, 2000). Problems of interregional inequality are actively discussed by Russian scientists.

Some conclusions in the context of convergence-divergence of the Russian regions have been made in papers published by Mikheeva, N. (1999), Lavrovsky, B.I., Goryushkina, E.A., Shil'tsyn, E.A. (2010) and others. The econometric analysis along with the economic and mathematical analysis are used in papers published by Demidova, O.A., Marelli, E., Signorelli, M. (2013), Kolomak, E. (2013 a,b) to estimate differences between western and eastern regions of Russia. Kolomak E. has come to a conclusion that a spatial concentration of economic activity is continuing and interregional differences will be increasing in Russia in the nearest future. Problems of inequality, risks and unevenness of development as well as the role of the regional and social policy in solving these problems are discussed in papers published by Zubarevich, N.V. (2010), Chereshev, V.A., Tatarin, A.I. (2010), Litvintseva, G.P., Stukalenko, E.A., Voronkova, O.V. (2012) and others.

Interregional differences in prices and price distortions affecting the standard of living in Russian regions are studied in papers published by Gluschenko, K. (2004), Litvintseva, G.P., Stukalenko, E.A., Voronkova, O.V. (2010).

Various authors see the causes of interregional difference in initial conditions, the entrepreneurial climate as well as in economic and political reforms. Currently regional economists consider that uneven territorial development results from technological progress and market functioning.

This determines the goal of the present research. Firstly, the authors are concerned with the inequality of population incomes and not with the production component of the regional development. Secondly, they analyze the effect of innovative development factors on the population income differentiation in Russian regions.

3. Basic definitions and characteristics of statistical data

Official Rosstat data are used in the research. The following variables are analyzed: money incomes of the population in quintile groups, average per capita incomes and the number of the population in Russian regions. The number of regions is 80 federal subjects and 3 autonomous territories. Calculations were made for all RF regions and for five 20% groups of the population in every of the regions for 2000–2012. Aggregated data was calculated for all eight Russian Federation territories.

The following basic concepts are used in the research.

Money incomes of the population include incomes of entrepreneurs, wages paid to employees, social payments, property incomes such as interests on deposits, securities, dividends and other incomes such as hidden incomes, incomes of foreign currency operations, money transfers as well as occasional incomes.

The purchasing power parity of the ruble in the region is calculated as the ratio of the Russian average cost of the fixed consumer goods basket to the cost of this basket in the given region (in average annual prices).

To estimate the innovative development of RF regions the Russian regional innovation index (RRII) was used. It consists of 4 sub-indices reflecting socio-economic conditions of innovative activities, scientific and technical

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