

Review Article

INFLUENCE OF ECONOMIC GROWTH IN THE ECONOMY ON QUALITY OF LIFE

Natalia V. Kamenez

Tyumen Industrial University, Russia

Received: 13.11.2019

Revised: 12.12.2019

Accepted: 30.01.2020

Abstract.

The article shows that the quality of life of the population is closely related to the level of economic development (which clearly demonstrates the tendency to its subsidence during the crisis period). The growing interest in the topic of quality of life on the part of authorities, the scientific community and the population, its measurement, its connection with crisis phenomena and management determines its irreducible relevance. Crisis phenomena to a large extent "undermine" the quality of life of the population (especially its most vulnerable categories), creating not only "material holes" in its provision, but also depriving confidence in the future, initiating distrust of the political elite. They lead to outbursts of social discontent, "shake" the social system as a whole, including all spheres of human life. Knowing the laws governing the effects of crisis on the socio-economic structures of individual territories will allow us to quickly and timely provide some protection for the quality of life of the population in an unstable economic environment.

Keywords: correlation analysis, economics, economic growth, crisis, population, quality of life.

© 2019 by Advance Scientific Research. This is an open-access article under the CC BY license (<http://creativecommons.org/licenses/by/4.0/>) DOI: <http://dx.doi.org/10.31838/jcr.07.02.05>

INTRODUCTION

In recent years, the economies of many countries are faced with a number of problems, which in the most general form are manifested in the instability of economic development, in a decrease in growth rates and even an absolute decrease in production volumes not only of individual enterprises, but also of various sectors of the economy. Although vigorous efforts are being made, so far it has not been possible to overcome unemployment and inflation, which negatively affects the state of production and inhibits economic growth. A decrease in the final results of production in the real sector of the economy affects budget revenues at all levels – not only medium and small, but also large enterprises of various industries and banking institutions become bankrupt. All these crisis phenomena require a scientific explanation and analysis of the causes of their occurrence and the search for ways to overcome.

The close relationship between the quality of life and the level of economic development (determining the well-being of the population, its standard of living) is characterized by most researchers. As one of the main tools for identifying the relationship between quality of life and the level of economic development, scientists use correlation analysis (in particular, the Pearson pair correlation method [1], based on the least squares method).

Many researchers have been finalizing the classical scheme of correlation analysis or integrated this method into advanced techniques. For example, E.A. Butusova and A.I. Prygunov proposed a new method of time-frequency analysis of ultrashort series of dynamics in the regional economy [2], S. G. Svetunkov and A.A. Bogdanov - a methodology for assessing the socio-economic situation of regions based on the calculation of a complex variable, the real part of which includes the ratio of per capita income to the subsistence level, and the imaginary part includes the ratio of paid services to the population to the total turnover of the region [3].

To understand the essential aspect of the impact of economic growth on the quality of life of the population, and, in particular, its crisis "subsidence", we turn to the definition of this scientific category.

METHODOLOGY

For the first time, the concept of economic growth in the modern sense was introduced by S. Kuznets, an American

economist of Russian origin, who defined it as "... a long-term process in which production growth rates steadily exceed population growth rates" [4]. In practical terms, economic growth is interpreted as an increase in per capita GDP compared to the previous period. He finds his expression in an increase in national production, in an increase in the economic power of a country or region. Hence the selection of the main indicator of economic growth, in relation to which the scientific pluralism of approaches has long been overcome - the volume of GDP per capita.

The dynamics of economic growth is reflected in economic cycles. To the question, "... how the economic system generates the force that is constantly changing it" [5], quite a lot of diverse answers have accumulated. According to the neoclassical models of Cobb-Douglas and Solow, in the process of economic growth there is a change in the ratio of labor, capital and technology [6], Keynesians associate economic growth with achieving unsustainable equality between national savings and investments, Kitchen – with the product life cycle, Juglar K. - with the renewal of fixed capital, S. Kuznets - with the renewal of dwellings and industrial premises; J. Schumpeter – with innovations and activity of entrepreneurs (an irrational element of the economic system, "... whose" unhealthy "enthusiasm and desire for personal freedom and self-development allows us to overcome the system's inertness"); others – with labor productivity.

The bottom point of the economic cycle is the crisis (from the Greek crisis - a turning point, outcome). In relation to the economic environment, crisis phenomena inevitably involve all other spheres of life (political, social, spiritual institutions) as a funnel, creating a threat to the dynamic balance in society as a whole.

Definition B.A. Reisberg, L.Sh. Lozovsky, E.B. Starodubtseva (the economic crisis – a sharp deterioration in the economic condition of the country, manifested in a significant decline in production, disruption of existing production relations, bankruptcy of enterprises, increased unemployment and, as a result, a decline in living standards, people's well-being [7]) is, in our opinion, the most complete because it includes a quality of life component. Also, in the interpretation of the authors, one can trace the existence of an approach according to which the crisis is interpreted as a stage of development.

Thus, from our point of view, in a general sense, the economic crisis can be represented as the lower point of the dynamically equilibrium cycle of economic development, characterized by the minimization of quantitative indicators and the activation of qualitative changes to bring the system to a new level.

The financial and economic crisis differs from the "classical" economic one in that the recession in the real sector of the economy is accompanied by a corresponding subsidence in the financial sector, which serves as a "superstructure" over the first and the prerequisite for its development. Crisis conditions characterize the corresponding situation in the economy, often identified with the factors of the onset of the crisis and its consequences. Crisis phenomena – specific situations and manifestations of the crisis stage in the economic cycle. Thus, the economic crisis in the modern world often develops into a financial and economic one, and can be characterized by certain conditions and phenomena. These categories, despite their incomplete synonymy, are closely intertwined in capitalist society.

Some authors distinguish the following classification groups of economic crises: by degree of impact (light and deep), by time (short and long), by area of distribution (local and general), by the nature of manifestation (latent and pronounced) [8], in accordance with the phase of the circuit of capital (structural, raw, financial, food) [9]. Some researchers, assuming the complex nature of the causes of the crisis, classify them into technological, social, financial, organizational, informational. Others highlight the external and internal causes of the crisis.

Considering the crisis as an objective characteristic of economic development, researchers focus on its causes, resulting in factors and symptoms.

The variety of causes of economic crises allocated at various stages of historical rethinking can be represented as follows: lack of cash from sellers (the first researchers of the crisis of the 18th century); excessive trade expansion; bank loan problems; speculation overproduction; need for updating production facilities; trading and exchange panic; sun spots, crop failures, etc.; disorganization of capitalist production, lack of capital; narrowing demand for engineering products after a massive renewal of fixed assets; the need for a long production time of elements of fixed capital and the principle of acceleration; the role of technology, natural resources, expansion of the territory and population growth as a determinant of economic activity; multiplier action; fluctuations in the size of investments; the ratio of the rate of return on capital to the rate of interest on loans; change in the direction of investment caused by innovation; race for growth; technological shocks.

Symptom as a scientific category means an external manifestation of the causes of economic instability. Kotkova S.V. he identifies the following as symptoms of the economic crisis: a decrease in labor productivity, low profitability of financial, economic and industrial-economic activity, a decrease in capital intensity, capital equipment and capital productivity, a decrease in energy equipment and power equipment, an increase in staff turnover, a mismatch between economic indicators and regular ratios, a sharp decrease in them [10]. Sulakshin S.S. he offers the following as markers of the crisis: world oil price, regional dollar exchange rate, RTS index, Russian inflation [11]. In general, in order to "indicate" the beginning of a new crisis as early as possible, it is necessary to monitor the dynamics of key indicators. However, this tool cannot provide information about the depth of the recession that has begun, and to distinguish between the current fluctuations and structural upheavals in the early stages.

A factor (translated from Latin – doing, producing) is the determinants of the level or development of a phenomenon. Among the internal factors of economic crises Kotkova SV distinguishes operational, financial and investment, among external - general economic, state and market [10].

The lack of metrological unity in the analysis and forecasting of crisis phenomena in economic theory was manifested once again in relation to the global financial crisis at the end of 2008:

"... the global crisis of 2008-2010. was not predicted by macroeconomic models, nor by government consultants, nor by independent experts."

The scale and territory of the "crisis outpouring" of the 2008 global financial crisis is often compared by researchers with the Great Depression of the 30s, which is the reason for their frequent comparison in recent works. As individual authors point out, the situation in the conditions of the global financial and economic crisis of 2008 repeats in the dynamics of indicators the period of the previous crisis of 1998-2004 [12]. Some foreign authors emphasize that this crisis may be even more destructive for the economy and the lives of citizens. The main common feature and cause of these global crises was, in our opinion, the abuse of financial innovations - specialized instruments of financial superstructure over the real sector of the economy (derivative securities). As noted by F. Kapra: "... The ever-growing scale of speculative capital has been worrying the most sober economists for many years" [13].

The securities market in terms of imputed obligations amounted to more than \$ 60 trillion shortly before the 2008 crisis [14]. Many researchers call them the most serious threat to international financial stability, because Derivatives (futures, options, currency and interest rate swaps, warrants, futures options, etc.) are second-order fictitious capital - created largely for speculative purposes by players of stock exchanges, to control transactions, they have long captured the regulation of prices for real resources. According to Gorelikov K., "... the danger stems from the fact that the cost of securities is often divorced from realities, these amounts begin to rotate at an ever-increasing speed, secondary, tertiary, etc., which in the end as a result, the value of rotating assets becomes completely incommensurable with real wealth and production, "which is expressed in the effect of an" inflating bubble "in the US economy. The scale of the financial bubble will make it possible to imagine the fact that only 7% of contracts concluded on exchanges end with real oil supplies [15]. Hence the overflow of the financial crisis (involving the stock exchange and financial and credit institutions) into the economic one (which hit the real sector of the economy).

Roosevelt took quite radical measures against speculators during the Great Depression: he closed banks and then opened only those that the government helped with loans, devalued the dollar and took steps to pump money into the real sector of the economy. "... The Roosevelt government saw the root of evil in speculators" [16]. The state itself subsidized small businesses and issued loans. Due to the measures taken, Roosevelt managed to recover the US economy from the crisis in record time. I.R. Bugayan proposes to apply the historical experience of 80 years ago to overcome the current crisis phenomena, extrapolating them to all countries of the world.

However, researchers in the field of finance indicate that it is not possible to completely ban derivatives, because this would sharply increase the risks of private agents, and it is hardly possible, because all operations with derivative securities can be replaced by circulation of bank drafts, though in exotic ways.

Another popular approach to the causes of the global financial crisis of 2008 is related to the exhaustion of the fifth technological structure within the framework of the terminology of Kondratiev's theory of long waves. It is customary to include microelectronics, robotics, computing, laser and telecommunication equipment in its branches. The new 6th technological structure dates from 2018-2060. and involves the development of nano- and biotechnologies, general informatization [17].

From the point of view of Dvinyanin M.G. and Utkina A.V. one of the causes of the crisis was the excessive "... orientation of mankind to technological progress in the absence of an orientation toward self-development (intellectual, spiritual)" [18]. Those. economic growth was not accompanied by development associated with an increase in the quality of life of the population.

The insolvency of the "economic man" model has accumulated many statements by various modern researchers, especially in the current crisis. Many of them are inclined to consider this phenomenon as one of its key reasons. So, Lysenko G.I. indicates that "unbridled economic development for the sake of personal enrichment, maximizing profits" have become the main trend of recent times, being built into the standard format within the framework of the capitalist system. The author also claims that "... the limit to economic growth is not the accumulation of investment resources, the need for which for the socially oriented economic development of the whole society knows no limits ... but accumulation for the sake of rampant personal enrichment." In this regard, the issue of the quality of life of the population as a target function of economic development, or rather, the satisfaction of the social and spiritual needs of the population, which are currently in stagnation to please material needs, is of particular relevance. This bias is also essential in the occurrence of crisis phenomena.

Most researchers agree that the modern crisis is a classic "jugular crisis of overproduction" [19]. However, there are those who disagree: so, Bugayan I.R. He sees the cause of the crisis solely in violation of measures in the ratio of the economic and financial sectors.

## RESULTS

The global financial crisis of 2008 is, according to most researchers, to a certain extent unique, which leads to the "failure" of economic theorists. The specific features of this crisis are: global in the face of increasing integration of the world economy; structural nature (requires serious updating of the structure of world trade, technological base); innovative character (distribution of financial innovations, primarily derivative securities); lower costs and faster recovery from the crisis of developing countries and countries with economies in transition; the transformation of the monetary crisis into a systemic in developed countries.

The manifestation of the global financial crisis in Russia, as one would expect, had its own peculiarities. Some foreign researchers are of the opinion that in Russia with the usual economic instability, crises are overcome more easily than in stable developed countries. Consider whether this is so.

A favorable foreign economic situation and a stable budget surplus were the reason for the optimism of the federal authorities and encouraging citizens. However, the speed of covering all sectors of the crisis trends was astounding, indicating a significant deformation of the country's economic structure. As V.E. writes Rossik: "... The dominance of raw materials and investment goods in export makes the country's balance of payments more dependent on cyclical fluctuations than in a diversified economy" [20].

The expression of the financial crisis in Russia was a sharp decrease in budget revenues from oil exports due to a decrease in its world price, a sharp outflow of capital and, as a result, an increase in the negative balance of payments of the country, which led to a tightening of borrowing conditions and further paralysis of economic sectors, the growth of the embedded shadow economy stabilizer of economic fluctuations.

According to the IMF, the growth of Russian GDP in 2008 by 5.6% was replaced by a drop in 2009 at a rate of 7.8% (in the USA, the decline was 3.7%, China - 1.5%, India - 1.9%, the European Union - 6.5%, Latvia, Estonia, Bulgaria and Romania were especially affected, in the CIS countries - 9.3%). According to Rosstat, only three leading industries (oil, gas and non-ferrous metallurgy) had positive financial results. At the same time, the country committed itself to providing world-class events, including the APEC 2012 Summit, the 2013 Universiade in Kazan, and the Sochi 2014 Winter Olympics.

Analyzing the inter-regional differences in the socio-economic development of the regions of the Russian Federation during the crisis, the researchers note that "... with the deteriorating economic situation in the country as a whole, the scale of this deterioration is greater in economically developed regions",

however, they quickly emerge from the crisis at the stage of economic growth. The largest differences by region are observed in the industrial development index, which according to statistics is determined by the sectoral structure of the economy.

Starting in 2011, it was increasingly possible to hear about the "second wave" of the crisis, which is estimated in 2012-2013. Kelareva E.V. writes: "... Recent events increasingly suggest that the crisis of 2008 did not end, but simply entered a stage of remission" [21]. The authors substantiate their position with the problems of the growing budget deficit of developed countries as a result of the anti-crisis policy. US GDP growth in the second quarter of 2011 fell to 1.3%, confidence of American consumers reached a minimum, the labor market gave alarming signals.

## CONCLUSIONS

A survey of Russian company executives conducted in 2012 showed that most practical managers are always ready for new economic challenges, but do not share the excessive concern of individual theorists about the second wave of the crisis.

Foreign researchers indicate a high likelihood of continued economic stagnation as the old economic structure based on the pursuit of consumption has exhausted: according to J. Peterson, "Consumerism is dead" (consumerism has died). The author also criticizes the current US authorities (individual countries, in particular Canada, on the contrary, it was the USA that had hopes of overcoming the crisis), a self-renewing loan, while also pointing out that no one really understands the situation completely. and does not have "recipes" for solving problems. In addition to the most obvious - a departure from the economic paradigm of "maximizing profits." Against the backdrop of the global financial crisis of 2008, EU countries have noted a decrease in social cohesion among citizens, the reasons for which, in their opinion, are "global economic openness" and migration flows. In the least developed countries of the Eurozone, up to 50% of the population felt the serious consequences of the crisis.

The lessons of the crisis for the global economic system following the results of the financial crisis of 2008 can only be formulated partially, but the need for the following actions is obvious now: a revision of the American financial model of capitalism; redistribution of the corporate structure of the financial market; strengthening the state's presence in the economy, "farewell to the illusions of liberalism"; creating a new paradigm of economic development, taking into account the growing role of the innovation factor (within the framework of neoclassical theory) and information (within the framework of emerging scientific thought); the growth of decentralization (multipolarity) in the global economy; institutional shifts of the global financial architecture (including limitation of the circulation of derivatives); moving away from the "economic man" model, which "... not only has exhausted itself, but also brings the entire planet to death"; preparedness for accepting global risks.

Kelareva E.V. notes that "... on a Russian scale, an analysis of macroeconomic and financial policies shows that no significant conclusions have been drawn from the crisis" [22], alluding to the absence of clear signs of structural restructuring of the economy as part of a move away from a commodity strategy after the 2008 financial crisis.

Contrary to the positive expectations of entrepreneurs and individual economists that arose against the backdrop of the recovery of most economic and social indicators in 2010-2011, today we are experiencing a new wave of crisis phenomena, the factors of which this time were supplemented by political contradictions in Russia with foreign countries. No one has yet decided to predict a detailed analysis of the current situation and its possible consequences for the quality of life of the population, however, it will serve as a solid empirical basis for research in the framework of the subject under consideration.

As indicated by D.V. Gross and M.D. Gross "... now there is not an ordinary crisis, but the collapse of the world economic order. To mask this process, fake GNP meters are used. The elimination of the "gold standard" leads not only to pumping up explosive "soap bubbles" - banks, corporations, firms, but also - in the future - an explosion of "soap bubbles" - states "[23]. Estimates of current events and their causes by contemporaries have not yet been fully formed and come down mainly to criticism of the US as a global parasitic "corporation," but it is obvious that all this will seriously affect the quality of life of the population of many countries.

Thus, the relationship of the quality of life with the level of economic development at the theoretical and empirical level is declared by the largest Russian researchers and the world scientific community. Satisfying the material needs of the population directly, and social and spiritual ones, indirectly, but definitely depends on the level of well-being, available resources, and economic well-being. Crisis phenomena to a large extent "undermine" the quality of life of the population (especially its most vulnerable categories), creating not only "material holes" in its provision, but also depriving confidence in the future, initiating distrust of the political elite. They lead to outbursts of social discontent, "shake" the social system as a whole, including all spheres of human life. Knowing the laws governing the effects of crisis on the socio-economic structures of individual territories will allow us to quickly and timely provide "immunity" for the quality of life of the population in an unstable economic environment.

#### REFERENCES

1. Ushakov, D. N., & Dahl, V. I. (2000). Great Encyclopedic Dictionary. M.: Publisher: dicView.
2. Butusova, E.A., & Prygunov, A.I. (2010). A comparative analysis of the dynamics of economic processes on a regional scale and at the interregional level. Bulletin of the Murmansk State Technical University, 13 (1).
3. Svetunkov, S. G., & Bogdanov, A. A. (2012). Comprehensive correlation analysis of the regional economy. Business Inform, (4), 28-30.
4. Kuznets, S. S. (1953). Economic change: selected essays in business cycles, national income, and economic growth. Greenwood Pub Group.
5. Mironova, M. D., & Virtsev, M. Yu. (2017). Analysis of the innovation financing system. Bulletin of Economics, Law and Sociology, (1).
6. Smith, A. (2019). A study on the nature and causes of the wealth of peoples. Litres.
7. Raizberg, B. A., Lozovsky, L. Sh., & Starodubtseva, E. B. (2005). Modern economic dictionary. Publishing House "Infra-M".
8. Bychkova, L.S. (2011). The economic crisis in the development of socio-economic systems at the present stage. Bulletin of Chelyabinsk State University, (31).
9. Lysenko, G.I. (2011). The modern world financial and economic crisis, the crisis of the system of social conditions of development. Bulletin of the Khabarovsk State Academy of Economics and Law, (2), 19-19.
10. Kotkova, S.V. (2009). ECONOMIC BASES of occurrence of local economic crises. Bulletin of Kazan State Agrarian University, 4 (3), 32-34.
11. Sulakshin, S. S., Bagdasaryan, V. E., & Leksin, V. N. State ideology and modern Russia. All-Russian materials.
12. Bulanova, O.V., Bellendir, M.V. & Bellendir, P.F. (2010). EVALUATION OF THE STABILITY OF THE ECONOMY OF THE NOVOSIBIRSK REGION IN MODERN CONDITIONS. Bulletin of the Novosibirsk State Agrarian University, (2), 95-99.
13. Soros, D. (1999). The crisis of capitalism: An open society in danger: Per. from English M.: INFRA.
14. Smirnov, A. (2008). Credit "bubble" and percolation of the financial market. Economic Issues, (10), 4-31.
15. Nizhny Novgorod, R.M. (2012). The global economic crisis: a premonition of the second wave. Journal of new economy, (2 (40)).
16. Bugayan, I.R. (2009). World economic (1929) and economic (2008) crises: similar, not similar ?. Philosophy of Economics, (1), 248-253.
17. Melnikov, N. M. (2012). Features of the impact of economic crises on the formation of scientific views in economic theory. Siberian Financial School, (2), 11-14.
18. Dvinyanin, M.G., & Utkina, A.V. (2011). The global financial and economic crisis of 2007-2009: a calendar of losses. International Journal of Experimental Education, (8), 217-218.
19. Baldin, K.V., Bystrov, O.F., & Rukosuev, A.V. (2005). Crisis management: macro and micro level: a training manual. M.: ITC "Doshkov and K.
20. Rossik, V.E. (2011). The economic crisis is a chance for Russia. Bulletin of Chelyabinsk State University, (31).
21. Kelareva, E.V. (2011). The global economic crisis: prerequisites for the emergence and tasks of forecasting. Economics and Management: New Challenges and Perspectives, (2), 363-365.
22. Kelareva, E.V. (2011). The global economic crisis: prerequisites for the emergence and tasks of forecasting. Economics and Management: New Challenges and Perspectives, (2), 363-365.
23. Gross, D.V. & Gross, M. D. (2014). How many generations will live in a crisis ?. Space and Time, (2 (16)).
24. Susi Ari Kristina, Ni Putu Ayu Linda Permitasari. "Knowledge, Attitudes and Barriers towards Human Papillomavirus (HPV) Vaccination in Developing Economies Countries of South-East Asia Region: A Systematic Review." Systematic Reviews in Pharmacy 10.1 (2019), 81-86. Print. doi:10.5530/srp.2019.1.13
25. Surendar, A. Short communication: Role of microbiology in the pharmaceutical & medical device (2018) International Journal of Pharmaceutical Research, 10 (3), p. 433.