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Economic and social development  
of the world during the first  
decades of the 21st century

The period of liberalization

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during the first decades of the 21st century

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**V. S. Bakirov, V. M. Kuklin, A.V.Sirenka. Economic and social development of the world during the period of liberalization of the first decades of the 21st century.- Generis Publishing. – 2022.**

This book discusses the impact of a developed economy and democracy on the social life of the peoples of the world during the liberal reforms of the first decades in the context of the liberalization of economic and social life in the 21st century. It is shown that it was the liberalization of economic life that gave a significant impetus to the development of civilization, especially with the positive impact of informatization and globalization on business relations. It is noted that it was the concentration of capital and the growth in the number of owners of production assets that contributed to the economic success of many countries.

**Keywords:** wealth, democracy, liberalization of the economy, growth in the number of owners of productive assets

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#### 1. INTRODUCTION

By analyzing the performance of public administration, opportunities for entrepreneurship, economic freedom, security, and perceptions of corruption, much can be said about a country's economic growth opportunities. On the other hand, people are not indifferent to how health care, education is organized, food security, ecology and, of course, the security of existence are ensured. For social life, individual freedom, social capital, the degree of readiness of people to introduce information technologies into all spheres of life are important, because only nations prepared for the

transition to a new technological information way of life will be able to take their rightful place in the modern world.

The positive impact of the wealth of nations on all these social indicators seems quite obvious. However, the levels of wealth and the nature of its distribution in different parts of the world vary greatly, which forces us to consider in detail the relationship between social welfare and indicators of social life in different countries. In addition, other factors also influence the social behavior of people, many of which are related to the organization of government and the conditions of economic activity in each country<sup>1</sup>.

The purpose of that chapter is to present the economic characteristics that determine wealth, as well as the features of its distribution in different countries of the world, as well as discuss the correlation of these characteristics with data collected from various sources on the conditions of people's personal and social life.

Distribution of wealth in society. Wealth is not evenly distributed in society. Wealth is not an annual income, which is mainly used to maintain an appropriate lifestyle and only a small part of it can be used for accumulation. Wealth consists of real and movable valuable property, financial savings and assets (securities, long-term lease documents, other people's obligations, etc.), from which you need to deduct your own obligations, issued guarantees, debts. In most countries of the world, statistics are kept on all these indicators.

A very small proportion of wealthy people in society accumulates a large share of the national wealth. By consolidating production assets, real estate and land, these people form the country's production potential and create jobs. They are able to exert a decisive influence on power structures, are able to control the political and social life of society through the acquisition of mass media, the creation and financing of socio-political structures, and influence on large educational and scientific centers. But to a greater extent, the influence of a very small group of wealthy people consists in control over the means of production, financial assets and land.

A significant part of society is made up of fairly wealthy people - highly paid officials, employees, small entrepreneurs, highly skilled workers, who are often referred to as the so-called middle class. The professional and public organizations created by them are capable of influencing public life. In developed democratic countries, this part of society is quite numerous (more than 40%), possessing about half of the national wealth, forms the social life of society, imposing its interests on the rest of the population.

And a completely insignificant part of the national wealth in each of the countries is owned by people whose wealth is an order of magnitude lower than the average. Even in developed democracies, as a rule, this is more than half of the population. In this environment, the consequences of the so-called low-level stress are often manifested, which is very long-term, forming depression and social

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<sup>1</sup> The material is based on the work of Kuklin V.M., Sirenkaya A.V. Wealth and social development of nations // Ukrainian sociological journal. 2016, No. 1-2, issue. 15-16, pp. 42-57.

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apathy. Despite their large number, these people do not have a special influence on the social structure and orders in the social environment and try to adapt to the conditions of existence imposed on them.

*Middle class.* Therefore, many researchers always show their main interest precisely in the middle class, whose influence on society is significant, if not decisive. Recently, the criteria for belonging to the middle class have been based on financial independence. The middle class is represented by adults who have free financial resources in a certain amount (most often, annual income is estimated for this). Moreover, in each country these criteria are different.

The reason for the difference was not only the different purchasing power (PPP) of the local currency (which corresponded to the conversion of a fixed amount denominated for certainty in dollars), but also the degree of development and wealth of a given society. Having a certain income corresponding to financial independence, people of the middle class in every society felt free, and not only in choosing their consumer behavior (although it was this behavior that was considered in the first place, apparently because it is easier to evaluate).

The following set of indicators of material well-being is practiced, which characterize the middle class according to the criteria of the World Bank (2007): per capita income sufficient to purchase all goods (including imported ones) and pay for services; real estate and modern technology (car, household appliances, communications and multimedia); quality education and decent medical care; free movement and short-term stay abroad (see, for example,).

The presence of sufficient resources also enables a person to enter the middle class. This refers not only to financial resources (minus liabilities, at least short-term), but also the liquidity of real estate and movable property, (including equipment), the cost of land plots.

The self-identification of a person is important. Does he consider himself to be middle class? There are some features here, noted by M. Krasilnikova, head of the Department for the Study of Consumption and Living Standards of the Levada Center, related to the general well-being of society. In poor societies, the majority of the population demonstrates their social status through more expensive clothes (and, more recently, gadgets), and improved food quality. In wealthy societies, social status is largely determined by housing, both comfortable and in certain prestigious areas, a car, a yacht, a country house, etc. And only then clothes and food. Therefore, estimates of the level of the middle class vary, especially when using combined methods, which sometimes combine in a bizarre way the objective and subjective perceptions of people in a given society.

The singling out of the middle class mainly in terms of relative levels of wealth, made by the research group of the Swiss bank Credit Suisse in each country is slightly different, but still better than assessed by fixed indications for the region or the world. So the degree of belonging to the middle class in terms of wealth varied from \$ 10,000 to \$ 100,000. For purchasing power parity (PPP), features of the perception of well-being in this country, people's self-esteem, and so on are taken into account. Therefore, such allocation of people to the middle class, the poor and the rich are most acceptable in the integral subjective perception of this society.

Probably, if we consider belonging to the global middle class, which is quite justified in the context of globalization and the information revolution, then the estimates of the Swiss bank Credit Suisse should be taken into account, of course, taking into account the characteristics of each country.

Attention to the middle class has always been based on the realization that people belonging to it are the most law-abiding and tend to support those in power, while influencing the choice of public management personalities. The middle class not only ensures the social stability of society, but also allows the formation of the most optimal management system for its time.

Wealthy people from the middle class are able to support not only organizationally, but, what is more important financially, numerous public and professional organizations, whose position the authorities are forced to listen to. A significant number of representatives of the middle class are capable of forming a so-called civil society on the basis of these organizations. The influence of many public and professional organizations of this civil society allows the population to achieve those conditions of existence that people seem to need. It is clear that the layer of rich people in society is more than persistently striving to get preferences and finds ways to influence the decisions of the authorities, and their interests, very often, do not coincide with the interests of the masses. The less well-to-do population tends to be less active and their contribution to political and social activity is small. All the more important is the role of the middle class, which curbs the appetites of wealthy compatriots and limits the impudence of the authorities.

Below, for several groups of countries with different levels of development, the economic characteristics of the wealth of the adult population are presented. Also given are data collected from various sources on the social indicators of nations that characterize the personal and public life of people. It is clear that numerous international organizations are guided by the values and standards of the developed world and, based on this, evaluate the levels of social development of countries. Perhaps their assessment suffers from a one-sided approach, but one should not forget that in most developing countries, the elite and the fairly educated part of the population, these assessments are undoubtedly understood. A preliminary analysis of these data and observed correlations between economic well-being and social indicators is given below. However, the authors hope that the information presented will also be useful to other researchers, which will make it possible to discover new patterns.