

## WEAKNESSES OF THE SYSTEM OF PROVIDING AND PROTECTION OF SOCIALLY VULNERABLE POPULATION

*The article defines the directions of state activity in the area of regulation of socio-economic relations. It is stressed that the living wage plays a decisive role in solving the problems of social protection of the population. The state can influence the distribution and consumption of material goods and services by different segments of the population, with the help of the living wage. The author comes to the conclusion that the size of the minimum pension and unemployment benefits will not allow you to pay for consumed housing and communal services and fully recreate the physiological potential of the person. It is reported that the system of the socially vulnerable population does not resemble not only the standards of the leading EU countries, but also does not allow the individual to maintain an appropriate level of physiological and intellectual activity. As a result, we can see an increase in the number of registered crimes more than one and a half times as compared to 2012.*

**Key words:** subsistence minimum, socially unprotected population, physiological and spiritual reproduction, minimum wage, consumer basket.

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## INDEX OF HUMAN DEVELOPMENT AS AN INDICATOR OF SOCIAL AND ECONOMIC STATE OF SOCIETY

*The article is devoted to research of the human's development index. In particular, we are talking about the specifics of its calculation, the definition of Ukraine's rating on the HDI indicator at the international level and about the rationale of the necessity for investment in human capital. Since the HDI is a multifactor indicator, we ought to become acquainted with its components. Thus, the article provides information about the significance of the human development index for increasing the population's living standard. The importance of this indicator for the prosperity of the state is also, covered in the work.*

**Key words:** human development index (HDI), gross domestic product (GDP), partial human development index, United Nations Development Program (UNDP), human development indicators.

**Formulation of the problem.** Human development means much more than the growth or fall of national income. We can talk about creating an environment, in which people can fully fulfill their potential and lead a productive, creative life in accordance with their needs and interests. People are the real wealth of nations. By expanding their choices, people will be able to lead a life that they value. In this way, the development means more than the economic growth. The material values are only a way of expanding the choice for a person. Therefore, the problem of an adequate definition of the human's development level and the social development of the country comes before us. Based on these indicators, it is possible to determine the further vector of social and economic development of the country.

**The analysis of recent research and publications.** Among the existing indicators for the comparative assessment of poverty, literacy, education, life expectancy and other indicators of the world's countries, there is an integrated index, which is called the Human Development Index (HDI). Indices of human development began to be used in scientific research relatively recently. The scientists focus on separate countries and regions. Generally, the interest to understanding of the theoretical questions of social and economic development has been significantly foregrounded in recent decades. The different aspects of this problem have been reflected in the works of such Ukrainian and Russian scientists as L. I. Abalkin, V. S. Vasilchenko, A. M. Grinenko, O. A. Grishnova, V. I. Guryev, S. P. Erma- kov, L. E. Darsky, V. I. Zhukov, Zh. A. Zayonchkovskaya,

L. P. Kerb, N. D. Kondratiev, L. P. Kurakov, R. M. Shnipper, B.M. Shtulberg and others. The contribution of foreign economists, such as R. L. Acoff, I. Ansoff, R. Aron, K. Bowman, J. Clark, R. Lucas, J. Parkinson, T. Peter, M. Porter, G. Simon, A. A. Thompson, R. Waterman and others is significant. However, the use of the human development index and indicators associated with it is not widespread the analysis of the overall social and economic development of states.

**Selection of previously unsettled parts of the general problem.** An important part of the general problem is the people's misunderstanding of the meaning and essence of such definition and economic criterion as the index of human development as an indicator of the social and economic state of society; its purpose and importance.

**Purpose of the article.** The purpose of the work is to determine the essence of human development; the methods of calculating the HDI, and indicators, which are associated with it; the analysis of the world's trends, which are related to the level of human development.

**Presenting of the main material.** During the XXth century the different methods of studying social development and life of the population were considered. The scientists continue to search for a system of component indices and an integral indicator for assessing the level of development, despite the difficulties in defining the concept and the limits of its realization. Each state and stages of its development is characterized by its unity degree of development of qualitative and quantitative aspects in general and in their components. The approaches to the objective assessment of the urban development level can be considered as studying the possibilities and degree of people's needs satisfaction in the present state of the environment and living conditions which are created for realization of the human abilities. The people's needs for material and spiritual goods are constantly changing and developing, they depend on the social system, the level of education, political, social, economic, environmental and other factors.

The interconnection between the economic growth and human development is traditionally one of the main problem of economical, philosophical, sociological, and many other scientific studies. The concept of human development as a special theoretical system and as a methodology, which is orientated to the governance practice proceeds from the recognition of the reducing social progress impossibility to the monetary income growth or to the material wealth increase. It is based on the principle that the economy exists for the people's development, but not over against, because the people don't exist for the economic development. The central element of the human development concept is labor potential. The purpose of it is a highly developed well-off person, and providing of their wealth is the final and only task of development. The labor potential is not considered a way to achieve the people's welfare, but an integral component of it [1].

The concept of human development was created by UNDP specifically for the tasks of human development on the worldwide scale and the international level. Due to this

fact, the methodology for calculating the UNDP's human development index is based on a minimum set of indicators, following which, it is possible to collect the reliable comparative records in all countries of the world. Each of them is intended to quantify one of the main human development areas. These indicators are periodically revised, improved, etc., but the main measurements of human development have stayed constant since Megneud Desai and Amartya Sen invented the index of human potential (the human development index – HDI), and UNDP included it in its report in 1990 [1]. Thus, they include:

- to live a long and healthy life (the measurement is a longevity);
- to acquire, expand and update the knowledge (the measurement is an education);
- to have access to livelihoods that provide a decent standard of living (the measurement of the material standard of living).

These three measurements are components of the human development index calculation.

The human development index (HDI) is a special collective index, which on the relevant indicators basis, provides a generalizing assessment of human progress. [2]

Having thoroughly pondered upon the issue, we can come to a conclusion that the components of the HDI in complex may be the principles of “unconditional choice”, according to which each person, having the opportunity to choose, definitely will give preference to a longer life, higher levels of education and better knowledge, greater material wealth and better financial security. However, it is clear that, in fact, a person chooses not only the longer life, higher education and more prosperity, but also all the benefits, which are associated with it. For example, higher education means wider opportunities for self-fulfillment, more interesting work, higher status, higher income, etc. Looking at the depth of this statement, a person chooses the most effective ways to fulfill their own needs, on which the motives of the society progress motivation are founded. As the result, three selected UNDP human development measurements reflect a much wider spectrum of human capabilities than it seems at first sight.

The measurement of longevity reflects the people's ability to live a long and healthy life. Although there is no direct link between longevity and the health of the population (for example, the young and healthy people are often killed in military conflicts, and chronically ill patients with the help of medicine live longer), but any continuation of life is generally desirable for people. The value of the life continuation lies in the general conviction that a long life is valuable per se and in view of the various indirect advantages, which are closely connected with a longer life expectancy, for example from the point of having more opportunities to use advantage of education, the high standard of living, etc. The measurement of longevity is an indicator of the average life expectancy since birth. This is one of the most common international statistics indicators. It is calculated almost for all countries of the world

in accordance with the methodology and expressed, as a rule, in years.

Of course, the indicator of education is important not only per se. This human development measurement reflects people's ability to acquire new knowledge and their skills for a full and multifaceted participation in the life of a modern society and making a significant personal contribution to this life. In modern conditions, the education's value is particularly high and it is increasing with the development of scientific and technological revolution and labor intellectualization. The peculiarity of this indicator is that it consists of two components:

- 1) the level of literacy reached by the adult population;
- 2) the total students share in the general population of one age.

In the final analysis, the indicator's defined components of education are taken with weighted coefficients. The construction of this indicator proceeds from the fact that literacy is a necessary prerequisite for education, the first step of learning, and therefore the literacy rate (the proportion of literate people in the total population older than 15 years) may be the most important indicator of this human development measurement, that's why the greater weight (2/3) is given to the level of the adult population literacy. Furthermore, literacy is an important guarantee of the future country's skilled specialists.

In the case of economically developed countries, the level of literacy is only a minimum characteristic of the population's education. Therefore, this indicator in the limits of the same educational measure is supplemented by the indicator of the total share of students (the general gross contingent of pupils, or the education coverage level). This second component of the education level is given less weight (1/3). The collective part of pupils is calculated as the ratio of the people's total number who began to study at all levels (since primary school to postgraduate education) during this year to the total population of the corresponding age. The limits of this age are usually taken from 5 to 24 years, but in a particular case, they may depend on the country [3].

The indicator of the material living standard should reflect the possibility of people's access to material resources, which are necessary for the worthy existence, including conducting of healthy lifestyle, ensuring of the territorial and social mobility, sharing of information and participation in the social activity. Of course, this measurement is the most difficult for rating and interpreting of the human development. UNDP takes notice that the material standard of living (or the personal wealth) only opens the opportunities for the people, but does not determine the using of these opportunities. So, it is just a method, that expands the choices, but not the choice itself.

The material standard of living in the calculation of HDI is characterized by:

- 1) the corrected real (which is calculated on the parity of purchasing power of the national currency);
- 2) the gross domestic product (GDP) per capita.

In this case, more than concerning other human development measurements, the choice of the numerical indi-

cator was determined by the availability of convenient and comparable statistics for practically all of the countries, but not by justification of it as a human development measure [3].

The listed indicators are measured by different units of measurement (by years, by percentages, by dollars), they change unevenly and often differently. Therefore, for the building of general human development index (HDI) the standardization of these indicators is required, it means bringing them to one measure, by which the partial indices of human development are calculated.

The partial human development index is the life expectancy index, the education level index, and the index of the real corrected GDP [2].

The longevity measurement is determined by the indicator of the life expectancy since birth. The average life expectancy since birth characterizes the average life expectancy rate for this year's newborns, provided that during all their lives, the mortality rate at each age will be the same as in their birth year.

The life expectancy index is calculated in order to normalize the average life expectancy since birth. The closer this index to 1, the closer the country to reaching the average life expectancy of a population to 85 years, but this is still just a dream for all countries on Earth.

UNDP takes notice that GDP per capita reflects the real potential of human development least successfully as compared with others four indicators. For at least a partial smoothing of contradictions in per capita GDP as a measurement of human development, the certain methodical techniques are used. Firstly, GDP per capita is converted into international currency (in practice – the US dollar) not by the official exchange rate, but by purchasing power parity, which is determined by the units' numbers of the national currency, needed to purchase a certain "basket" of goods and services, which are similar to that you can buy for 1 dollar in the US. Secondly, for accounting the decreasing utility of the rising income the logarithmic normalization of GDP per decimal logarithm is used. With this calculation, any growing income is discounted, but it has some value, and the decrease of marginal utility is reflected by the specificity of the logarithmic function.

To construct a general index of human development, an aggregation of partial indices of human development, which characterize its main measurements is needed, and it means bringing them together.

In this way, the HDI indicator for each country indicates how much this country should do to achieve certain defined goals like: the average life expectancy of 85 years, the full literacy of the population, the continuous education coverage of young people and the level of average annual income per capita in the amount of 40 thousand dollars by the parity of purchasing power of the national currency. These goals are closer, when the number of HDI is closer to one [2].

Ukraine is one of the few European countries that remain in the group of middle-income countries at the UNDP global rating. For the period since 2000s the

human development index in Ukraine on the basis of the 2009 report has been 0,796 (this is the 85th place in the global ranking of 182 countries). Most of post-socialistic countries of Central and Eastern Europe after the economic crisis of the transition period before 2000s managed not only to restore, but also to improve the number of the human development index. Nowadays, all of them are in the group of countries with a very high level of development. The highest results have been achieved in Slovenia (index 0,929 – 29th place in the ranking) and in the Czech Republic (index 0,903 – 36th place). Among the CIS countries, the group with a high level of human development include Belarus (index 0,86, rank 68th), the Russian Federation (index 0,817, rank 71st) and Kazakhstan (index 0,804, rank 82nd).

The most problematic human development aspect in Ukraine is the low realization level of the person's ability to live a long and healthy life. The expected life expectancy since birth is only 68,2 years – it is the 110th place of 176 countries, which take part in the ranking by this indicator. Worse indicators than in Ukraine are observed only in the Russian Federation (62,2 years), the countries of Central Asia and Africa.

The next pregnable aspect is an insufficient living standard. The GDP per capita in Ukraine (6914 dollars by purchasing power parity) is four to six times lower than the similar indicators of countries with a very high human development level.

Ukraine has got the best positions from all the components of human development in terms of educational qualities: the high literacy rate of the adult population (99,7%), the cumulative coverage ratio of education (90,0%) – 32nd place in the world. Due to the educational component, the rank of Ukraine according to the index of human development is nine points higher than its rank by the index of GDP. At the same time, there is some imbalance: the high education potential of the population is not realized in achievements for improving the health condition and extending the life expectancy of the population, increasing productivity and income (The chart 1).

Another problem of human development in Ukraine is the manifestation of gender inequality, in particular, the extremely high level of male mortality. The gap between the life expectancy since birth for women and men is 11,1 years. Despite the rather high employment rate of Ukrainian women, their income is only 59,3% of men's income. Also, it should be noted that the low representation of women in the parliament is 8% of the total deputies'

number, whereas in most European countries this indicator is 20-38%, in Sweden – 47%, in Finland – 42% [4, p. 362].

The situation was a little bit changing by the indicators of the next years. In 2011 Ukraine according to the human development index, which was 0,792, ranked the 76th place from the 187 countries of the world, and corrected for the inequality HDI was 0,662. So, in 2010-2011, the human development index reflected positive dynamics, although Ukraine's position in the rating decreased [5, p. 55]. According to scientists, the human development in Ukraine is most determined by social factors – 44%, then economic – 39% and political – 17%. The integral assessment of the main operating forces influence on the human development progresses in Ukraine reflects the greatest influence of the executive power (36%), then – the legislature (30%), the oligarchs' power (13%), public organizations and in Russia (by 6%), the USA (5%), the EU (4%) [6, p.755]. In addition, it is interesting that in the UNDP report in 2013, according to the human development index, Ukraine ranks the 78th place from the 186 countries for which it is calculated, it tells us about further deterioration of the indicator.

But despite this, already in the relevant material, which was included to the UNDP human development report for the year 2016, it is known that Norway, Australia, Switzerland, Germany and Denmark are in the top five countries in the world with the highest level of human development. The USA was in the tenth place. The Russian Federation ranked the 49th place, Belarus – 52nd, Kazakhstan – 56th, Georgia – 70th, and Azerbaijan – 78th. Ukraine together with Armenia divides the 84th position on the list, in this way, they are including to the countries with a high level of human development [7].

**Conclusions.** The general (integral) indicator development of living standards is one of the most important social and economic statistics task. Its need is not in doubt. Every system should have a general indicator, which provides the methodological unity of all its private indicators and unambiguous level assessment and dynamics of the investigated process.

It should be noted that none of the existing methods can be considered universal, because the indicators as the result should represent the goals of economic and social development and, first of all, the objectives of the regional stabilization policy.

The human development index is a cumulative indicator of the human development level in different countries, so it is sometimes used as a synonym of such meanings as “quality of life” or “standard of living”. The HDI measures

The chart 1

Human development index of Ukraine and its components according to the UNDP 2009 report

Indicator	Indscator number	Index	Rank
Human development index	X	0,796	85 (from 182 countries)
Expected life expectancy since birth, years	68,2	0,720	110 (from 176 countries)
Literacy rate of adult population, %	99,7	}0,960	6 (from 151 countries)
Cumulative gross rate of education coverage, %	90,0		32 (from 177 countries)
GDP per capita, US dollar per PPP	6914	0,707	94 (from 181 countries)

Source: [4, p. 362]

the achievements of the country in terms of health, education and the actual income of its citizens, by the three main areas for which their indices are estimated.

The level of human potential development depends on the social and economic state level. In this way, the state should take care of people's welfare, increase their incomes, protect their rights, and make more comfortable conditions for their work and life.

The state policy should be aimed at the increasing of country's welfare indicators, and this will allow every

Ukrainian to be satisfied with their lives, and Ukraine to take a worthy place in the international arena.

The state must provide the human potential development. To do this, the state and regional programs need to be developed, as well as social policy directions.

The instrument for realization of such kind of policy is using of human capital intensive accumulation of world experience for the national economy development.

Therefore, such reforms should be carried out in the areas of education, medicine, culture, science, etc.

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### ИНДЕКС ЛЮДСЬКОГО РОЗВИТКУ ЯК ПОКАЗНИК СОЦІАЛЬНО-ЕКОНОМІЧНОГО СТАНУ СУСПІЛЬСТВА

*Статтю присвячено дослідженню індексу людського розвитку. Зокрема, йдеться про особливості його обчислення, визначення рейтингу України за показником ІЛР на міжнародному рівні та обґрунтування необхідності інвестицій у людський капітал. Оскільки ІЛР – багатofакторний показник, слід ознайомитися і з його складниками. Надано інформацію про значення індексу людського розвитку для підвищення рівня життя населення. Висвітлено важливість усвідомлення людством значення цього показника для розквіту держави.*

**Ключові слова:** індекс людського розвитку (ІЛР), валовий внутрішній продукт (ВВП), частковий індекс людського розвитку, Програма розвитку ООН (ПРООН), показники людського розвитку.

### ИНДЕКС ЧЕЛОВЕЧЕСКОГО РАЗВИТИЯ КАК ПОКАЗАТЕЛЬ СОЦИАЛЬНО-ЭКОНОМИЧЕСКОГО СОСТОЯНИЯ ОБЩЕСТВА

*Статья посвящена исследованию индекса человеческого развития. В частности, речь идет об особенностях его исчисления, определения рейтинга Украины по показателю ИЧР на международном уровне и обосновании необходимости инвестиций в человеческий капитал. Так как ИЧР – многофакторный показатель, следует ознакомиться и с его составляющими. Дана информация о значении индекса человеческого развития для повышения уровня жизни населения. Освещена важность осознания человечеством значения этого показателя для расцвета государства.*

**Ключевые слова:** индекс человеческого развития (ИЧР), валовой внутренний продукт (ВВП), частичный индекс человеческого развития, Программа развития ООН (ПРООН), показатели человеческого развития.