

THE EFFECT OF UNEQUAL DISTRIBUTION OF THE STANDARD AND QUALITY OF LIFE IN THE COUNTRIES OF THE WESTERN BALKANS

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Abstract

In the early 1990s the Western Balkan countries entered the transition process which involved the transition from a centrally-planned to a market economy. Thus, these countries were forced to adhere to the basic neoliberal principles based on the Washington consensus, which has promoted the liberalization, privatization and stabilization. This model, in all transition countries, and thus the countries of the Western Balkans (Albania, Bosnia and Herzegovina, FYR Macedonia, Montenegro, Serbia), was governed by the same guidelines. However, the consequence occurred but economic and social crisis that led to decades of growth of economic inequality. Deformation of the unequal distribution led to the economic and social stratification which is disabled out of the economic crisis in which these countries found.

In this paper we analyzed indicators Gini coefficient, the standard of living and quality of life that affect the life of the inhabitants of the Western Balkans. Gini coefficient as the most commonly used measure for measuring economic inequality, measured the distribution of income or consumption expenditure among households or individuals who within an economy deviates from the even distribution. The standard of living is determined by the totality of the conditions of life and work of the individual layers of the population of a country in a given time period. It is related to quality of life and is used for comparative reviews and comparisons of geographic areas, a number of vacation days, and then to compare different periods in history and more. Quality of life is intangible thesis, which includes the assessment of quality of life factors such as employment, income, health, education, science, energy, knowledge and technology, the environment, human rights, protection and recreation, infrastructure, national security, public safety, etc. All these factors combine to affect the life of the population, which from the beginning of the twentieth century on an upward trajectory.

Keywords: *unequal distribution, quality, standard, life expectancy, the Western Balkans*

1. Introduction

Economic inequality is the difference in the economic income that has always existed and is different from the term poverty. The current picture of inequality and distribution, has led to the conclusion that the forces of capitalism water, the increased inequality and enriching only those at the top of the pyramid, which brings us back to the nineteenth century in which dominated inherited wealth dynasty that had key positions in the economic, social and political structure of society (Piketty, 2014).Piketty points out that three times faster enrichment of the leaders of the other, their concentration of capital could reach 90-100% of the national capital, where the middle class nothing remains and it disappears with the social ladder (Katic, 2014).

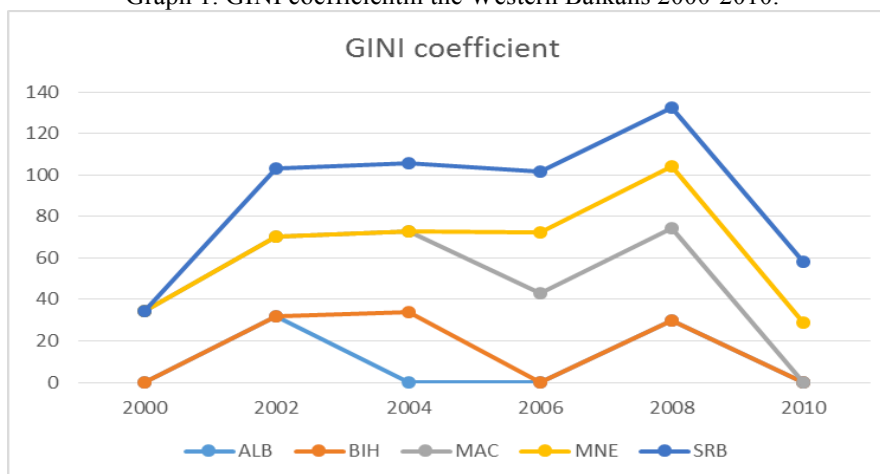
However, over time they define the two concepts of inequality. Under the old conception of inequality determines the level of economic development, while the recent understanding that it was inequality being the determinant of income and economic growth (Rakic, 2015).The economic inequality implies inequality in income or distribution of income in one territory and can occur due to a difference in an individual's profession, his abilities, different investments in human capital and more. Inequality in the distribution does not depend on the percentage of the poor, because one company can have the same level of poverty and various levels of inequality (Slovenia and Austria have the same level of poverty and the different levels of inequality, while Malta and Austria have the same level of inequality and different percentage of poor) (Milicevic, 2012).In socialist economies there are principles of equality and redistribution, which included significant social expenditures of the state that provided a high level of free education, health and social care (Prascevic, 2013). So that the conditions in which the transition began conditioned that these problems are not considered a priority for policy makers, but also for the public who did not at first considered also to be any change in the distribution of lead the introduction of a market economy (Prascevic, 2013).

2. The Gini coefficient

The Gini coefficient is the most commonly used measure for measuring economic inequality, defined by the Italian sociologist and statistician Gini Corradi in 1912 in his book variability and variability.Ginny over this coefficient defined measurement through which measure the distribution of income or consumption expenditure among households or individuals who within a country deviates from even distribution, which is based on the Lorenz-this wrong. Mark Lorenz was an American economist who in 1905 developed a graphical representation of the distribution of wealth, where in a straight line is the perfect graphics equality in the distribution of resources. Curved lines or Lorenz curve indicates the real distribution of wealth starting from the poorest households and individuals. So the difference straight lines or perfect equality graphics and curved lines or real distribution of wealth creates a figure was called the Gini coefficient. Specifically, it measures the area between the Lorenz curve and a hypothetical line of the absolute equality of percentages, where the Gini index of 0 represents perfect equality and the Gini index of 100 perfect inequalities. The Lorenz curve is used to show what percentage of wealth are residents of one country or can show that the poorest 10% of the population of one country has 2% of the wealth.

In the early stages of transition, have increased inequality and growing poverty in the countries of the Western Balkans, which are before the start of the transition recorded the lowest inequality in the world, and within a few years had alarmingly high inequality-comparable to countries with the greatest inequality in the world (Prascevic, 2013). Inequality, as measured by the Gini coefficient rose in the first years of transition, although there were differences between countries, which are connected with the success in the implementation of transitional reforms. Inequality in the Western Balkans region was reduced in 2005-2008 year from an estimated 38.9% to 36.6%, but the emergence of the economic crisis and a recession in 2008, there has been an increase in inequality, which amounted to 37.7%. (World Bank, 2013).Inequality has contributed to increasing poverty where poor citizens were more affected by the recession than the rich. The following Chart 1 shows the Gini coefficient in the Western Balkans.

Graph 1. GINI coefficient in the Western Balkans 2000-2010.



Source: existing data according to the World Bank
<http://data.worldbank.org/indicator/SI.POV.GINI>

Dynamics of inequality differs from country to country. In Serbia, due to falling economic growth was an increase in inequality which contributed to the increase in poverty, while in Montenegro inequality did not increase poverty due to an increase in GDP per capita. In all Western Balkan countries, except Montenegro and FYR Macedonia, where there is a greater balance in the distribution of income, poverty incidence is higher in rural areas and poverty in rural areas is deeper than in urban areas, due to the fact that most of the poor live in rural areas. Simplified projection of the World Bank for the period 2011-2015, indicate that although generally be a slight reduction in poverty in the countries of the Western Balkans, as well as extreme poverty will fall to 5% (World Bank, 2013).

3. Standard of living and quality of life

In one geographical area citizens have access to material goods, the level of wealth, comfort, and secondly, those which are directly related to their standard of living. The standard of living is linked to the quality of life and it is in comparison with the previous century a lot of progress in terms of improving standards and quality, and availability of goods and services. Over time, people began to work less and have more leisure time, and life expectancy is extended. Living standards used for comparative reviews and comparisons of geographic areas, a number of vacation days, and then to compare different periods in history and more. The practice has shown that the standard of living a century ago in Europe has been significantly improved, the same amount of work buys a large quantity of goods, and that all that was once inaccessible for a household today is very easily accessible. Certainly it is important to make a distinction between the term standard of living and quality of life because of the quality of life of intangible thesis, which was defined in 1948 by the Universal Declaration of the United Nations which included factors assessment of the quality of life, but who continue in all countries of the world are not fully accepted. This also means that there are differences in the number, importance and name of indicators of quality of life in different countries of the world. The most common indicators of quality of life that can be found in the literature are: employment, income, health, education, science, energy, knowledge and technology, the environment, human rights, protection and recreation, infrastructure, national security, public safety. Only satisfaction with the quality of life is measured by the personal evaluation of everything that we have, love and create (jobs, education, family, children, friends, career, etc.), but also other factors such as health, material wealth, organization and quality of state, etc. (Milivojevic et al, 2006). Practice has proved that the success and advancement of all these factors together lead to improved quality of life. The difference between the standard of living that is the objective and the quality of life that is subjective in the factors that measure (Table 1). Factors standard of living such as GDP, poverty and environmental quality can be defined and count numbers, while the factors of quality of life as equal protection of the law, freedom from discrimination and freedom of religion can be more difficult to measure. Make sure both units have their faults, but they can also be guidelines for defining and exploring life in a particular location at a particular time.

Table 1. Factors affecting the standard of living and quality of life

	Standard of living	Quality of life
1.	Income	Freedom from slavery and torture
2.	Quality and availability of employment	Equal protection of the law
3.	Class disparity	Freedom from discrimination
4.	Poverty rate	Freedom of movement
5.	Quality and availability of employment	Freedom of residence within one's home country
6.	Hours of work required to purchase necessities	Presumption of innocence unless proved guilty
7.	GDP	Right to marry
8.	Inflation rate	Right to have a family
9.	Number of paid vacation days per year	Right to be treated equally without regard to gender, race, language, religion, political beliefs, nationality, socioeconomic status and more
10.	Affordable access to quality health care	Right to privacy
11.	Quality and availability of education	Freedom of thought
12.	Life expectancy	Freedom of religion
13.	Incidence of disease	Free choice of employment
14.	Cost of goods and services	Right to fair pay
15.	Infrastructure	Equal pay for equal work
16.	National economic growth	Right to vote
17.	Economic and political stability	Right to rest and leisure
18.	Political and religious freedom	Right to education
19.	Environmental quality	
20.	Climate	
21.	Safety	

Source: <http://www.investopedia.com/articles/financial-theory/08/standard-of-living-quality-of-life.asp>

As a measure of quality of life and the living standards used Human Development Index (HDI), which was developed by the United Nations (UN) in 1990. It is used to measure the level of a developing country uses the parameter, the life expectancy at birth, literacy rate and GDP per capita. HDI can be:

- Very high human development;
- High human development;
- Medium Human Development;
- Low human development.

In the Western Balkans has also been an improvement in living standards and quality of life but not to the extent that it has improved in other west European countries. According to the analyzed period 2000-2013. in these countries has the problem of reducing the birth rate and the GDP per capita (Table 2).

Table 2. Population, GDP per capita and HDI in the Western Balkans, 2000-2013. Year

	Population 2000.	Population 2014.	BDP per capita 2000.	BDP per capita 2014.	HDI 2000	HDI 2005	HDI 2006	HDI 2007	HDI 2008	HDI 2009	HDI 2010	HDI 2011	HDI 2012	HDI 2013
ALB	3,089,027	2,894,475	1.193	4,619	0.655	0.689	0.694	0.699	0.703	0.705	0.708	0.714	0.714	0.716
BIH	3,792,878	3,817,554	1,451	4,805	/	0.716	0.719	0.722	0.727	0.725	0.726	0.729	0.729	0.731
MAC	2,012,057	2,075,625	1,875	5,455	/	0.699	0.705	0.708	0.724	0.725	0.728	0.730	0.730	0.732
MNE	604,950	621,800	1,627	7,370	0.713	0.750	0.760	0.771	0.780	0.780	0.784	0.787	0.787	0.789
SRB	7,516,346	7,129,428	870	6152	0.713	0.732	0.735	0.739	0.743	0.742	0.743	0.744	0.743	0.745

Source: <http://data.worldbank.org/indicator/SP.POP.TOTL>

<http://hdr.undp.org/en/content/human-development-index-hdi-table>

What is the situation in the economies of talks and reducing the birth rate in the Western Balkans, where in the period 2000-2013., there has been a reduction in the population in Albania 194.552 and Serbia 386.918 inhabitants. Countries that have recorded population growth in this period were Bosnia and Hercegovina 24.676, Macedonia 63.568 and Montenegro 16.850 inhabitants. Looking parameter GDP per capita in this period all countries have recorded growth, Albania 3.426\$, Bosnia and Herzegovina 3.354\$, Macedonia 3.580\$, Montenegro 5.743 \$ and Serbia 5.282 \$. However, all countries in this period recorded a high level of human development according to the human development index (HDI), which is the second level of four on a scale human development

index.

4. Life expectancy of inhabitants

Life expectancy worldwide from year to year increases, which is directly linked to the quality of life. In the rich countries of the world women's lives by an average of six years longer than the life of men, while in poor countries, women have a longer life by an average of three years. Among the world's countries with the oldest residents of Japan and Iceland. In the Western Balkan countries (Table 3), after the stagnation that emerged in the late 1990s, there was an increase in life expectancy, where the life expectancy of the population was increased from year to year.

Table 3. Life expectancy of inhabitants in the countries of the Western Balkans, 2000-2012

Life expectancy	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
ALB	74	75	75	76	76	76	76	76	77	77	77	77	77
BiH	75	75	75	75	75	75	75	75	76	76	76	76	76
MAC	73	73	74	74	74	74	74	74	74	75	75	75	75
CG	74	74	74	73	73	74	74	74	74	74	74	75	75
SRB	72	72	72	72	73	73	73	74	74	74	74	75	75

Source: <http://data.worldbank.org/indicator/SP.DYN.LE00.IN>

According to the World Bank lifetime in the Western Balkans in the period 2000-2012. was increased in all countries except in Montenegro, where the fall of one year subsequent to the period 2002-2005. Year. Looking at the Western Balkans average life expectancy by years, in 2000.it amounted to 73.6 years, in 2005.it increased to 74.4, 2008.was 75, while in 2012.the average increased to 75.6 years of age. In the period 2000-2012. the highest average was recorded by Albania 76.06 years of age, Bosnia and Herzegovina 75.38, Macedonia 74.15, Montenegro 74, while Serbia recorded the lowest life expectancy in the amount 73.30.

5. Conclusion

Before the transition, the socialist system in the Western Balkan countries are characterized by universal access to health care and education, the lack of poverty and unemployment, substantial equality in the distribution, small differences in the wage level, a small accumulation of wealth and others.As one of the consequences of the transition occurred inequality that resulted from the liberalization of wages, strengthening the private sector, reform of property rights and the abolition of price control. This has led to an increasing percentage of the poor and the small percentage of rich people, and questioned the transition reforms. In addition, there was considerable gray economy through tax evasion, improper allocation of resources and unfair competition with confronting the countries in the region.Thus, the GINI coefficient of inequality in the Western Balkan countries in 2005-2008. was reduced by 7.7%, but the emergence of the economic crisis of 2008, an increase of 1.1%. However, according to international analyzes in this region there was an improvement in living standards, quality of life and increase life expectancy, but there were also a problem of reducing the birth rate and the GDP per capita.On this basis, it raises many questions. One of them is whether to continue transitional reform?

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