

Some Issues of the Middle Class Formation In the Republic of Kazakhstan

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Abstract: Author's approach of culture capital efficiency calculation as one of characteristics of the middle class formation in the Republic of Kazakhstan is substantiated and offered in this article. Performed calculations with use of statistic data of the Agency of Statistics of the Republic of Kazakhstan have showed that a lot of factors govern substantially the level of culture capital efficiency. Peculiarities of market reforming of the Republic of Kazakhstan have led to the extremely irregular distribution of incomes and in this connection, to excessive polarization of the society that causes negative affection on the development of the Kazakhstani middle class. Regional features of the middle class formation are graphically displayed with the help of Gini coefficient and Lorence curve application. In each country they have their specific peculiarities basically connected with political, economic, social, historical, natural and climatic as well as national conditions of their development.

Key words: Middle class • Research • Effectiveness of culture capital • State regulation • Income • Branches of the economy

INTRODUCTION

Even in Aristotle, Platon, Xenophon and other philosophers' works of the ancient time the importance of the middle class for public balance and stable development maintenance was noted. The modern history confirms the fundamental nature of this position. A lot of foreign and Kazakhstani scientists have devoted their work to study the problems of the middle class. General philosophical and historical aspects of the middle class research, analysis of inequality theoretical concepts, a historical role of the middle class in the society are reflected in K.Marx [1], A. Smith [2], M. Weber [3], P. Bourdieu [4], E. Giddens's [5] works *et al.* Their work forms a methodological and theoretical basis of research of the middle class in the modern society.

Such Russian scientists as V.V. Radayev [6], O.I. Shkaratan [6], T.I. Zaslavskaya [7], E.M. Abramova [8], V.A. Samedov [9] have brought essential scientific contribution in sociological and economic aspects of researches of the given problem as well as other Kazakhstani scientists like M.S.Azhenov [10], K.A.Sagadiyev [11] and such foreign researchers as

Pamela M. Pilbeam [12] Earle Peter [13], James E. Foster [14], Michael C. Wolfson [14], Banerjee Abhijit V. [15], Esther Duflo [15], Burkhauser V. [16], Jeff Larrimore [16], I. Simon [16], Amoranto G. [17], Chun N. [17], Deolalikar, A. [17], Luis F. Lopez [18], Calva, Jamele Rigolini [18], Florencia Torche [18].

The experience of human development testifies that during all historical times between not extremely numerous high classes owning a considerable part of incomes and riches and the low class staying in poverty, the middle class existed in the society. This middle class in each country had different structure and numbers depending on the level of development and specific features of the country.

The middle class considerably increases in the period of industrial development. For example, in France serfdom disappearance led to growth of peasants turning into landowners. It gave the impulse to dynamical growth of the middle class traditional part. In England and America the modern middle class was formed without destroying their ancient establishments, gradually having changed them in the required course. It consists of capital owners (proprietors), businessmen-managers, businessmen

(experts) of higher technical and commercial composition and highly skilled workers. Education, lifetime and use of free time still remained as characteristic features of the middle class in the nineteenth century. The cumulative share of the middle class has been estimated from 55 to 85% of the population of these countries [19].

MATERIAL AND METHODS

In modern science belonging to the middle class is defined by qualitative and quantitative characters. As first characters P. Bourdieu marks out the culture, symbolic capital. The symbolic capital finds its expression in the documents confirming acquired education. Such document confirms the possession of its owner of minimum of professional knowledge and abilities in a certain field of activity. According to P. Bourdieu the concept «culture capital» means set of knowledge, abilities, skills allowing to carry out various kinds of works and sell them successfully in a labour market. The culture capital differs from other versions of the capital with the form of use value [20, p.149]. Here it means that the use values as property objects become sources of economic and political power of the proprietor over other participants of social relations. Cultural use values being a source of income obtained by its proprietor turn into the culture capital. Consequently, the culture capital can act as a mechanism of isolation of owners of a similar resource in a special group, in the middle class.

Formation of the culture capital obeys the actions of the same laws as other forms of the capital (the law of value, demand, offer, capital accumulation etc.) [20, p.149]. This, as well as all other forms of the capital, gives to the owner the economic power and dividends in the course of a market exchange. Therefore now there is an occurrence according to which the part of the middle class consists of people whose source of income is their personal work, professional skills instead of a private property possession as it was earlier.

For the culture capital assessment in Kazakhstan the author's technique of its efficiency calculation is offered. It is possible to assess it by means of the following formula:

$$E_{cc} = \frac{I - E}{E},$$

Where I stands for the average monthly income of the certified specialist after a certain period of time upon receiving their diploma, taking into account adaptations and professional skills acquired.

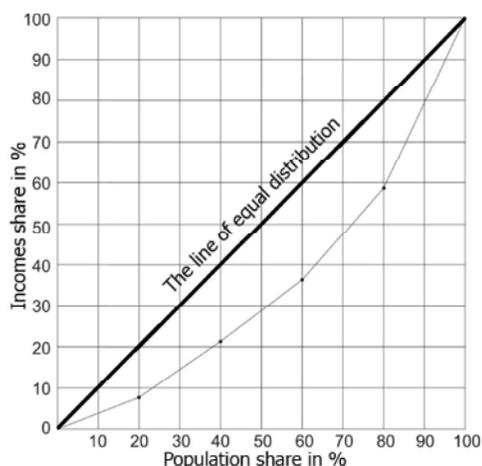


Fig. 1: Incomes distribution according to Lorenz curve in 2010 in RK [21, p.37].

E stands for the amount of average expenses taken over a month on secondary and higher education obtained in aggregate, expenses on food, residence, expenses of time for obtaining education.

The middle class formation in the Republic of Kazakhstan has also regional features. Regional features of the middle class formation in this work are defined with the help of Gini coefficient and Lorenz curve application. In each country they have their specific peculiarities basically connected with political, economic, social, historical, natural and climatic as well as national conditions of their development.

The Main Part: After the break up of the Soviet Union, the Republic of Kazakhstan occurred in the conditions of the severest economic crisis, the middle class that existed before in essence ceased to exist. The middle class formation in Kazakhstan after independence acquisition was connected in the beginning with public property privatization, then and now - with the development of small and medium scale of business, growth of entrepreneurship and management personnel incomes.

Peculiarities of market reforming of the Republic of Kazakhstan have led to the extremely irregular distribution of incomes and in this connection, to excessive polarization of the society that causes negative reflexion on the development of the Kazakhstani middle class. The graphic presentation of Kazakhstani society's social structure (Lorenz curve) has a pyramidal form instead of desirable «cocoon form» (Fig. 1).

The pyramid basis reflects the multiple population with excessively low incomes and its top consists of a small layer of prosperous people. And also the pyramid

"is compressed" from both parties in its middle part. Therefore achievement of socially-comprehensible differentiation which provides appropriate compensation for various categories of work is one of the major steps on the way of the middle class formation.

The share of the first quintil group (with the least incomes) in a total incomes amount has made-9.1%; the second-12.9%; the third-16.9%; the fourth-22.5% and the fifth-38.6%.

Being guided by the calculation formula of the culture capital efficiency we will count up the economic efficiency of the culture capital in the Republic of Kazakhstan on the example of two branches of economy (mining industry and agriculture in the year 2010). These branches are considered by us in a view of their priority level and the importance in the national economy. We will consider the mining industry on the example of the Atyrau Region (on the example of JSC "KazMunayGaz") and the agriculture-the Almaty Region (on the example of State Veterinary Service of Kaldzhat Customs post). We will begin the calculation of the culture capital economic efficiency from the specialist of the mining industry. The specialist for the mining industry is trained by Atyrau Institute of Oil and Gas. We take a concrete specialty: 05070800 - Oil and Gas Business [22]. The average monthly income of the engineer of oil and gas business with 3 years experience in JSC "KazMunayGaz" makes approximately (at the rate of 1 US dollar 150 tenge) 1300 US dollars. Expenses for education as it was noted before consist of cumulative cost of the secondary and higher education. Secondary general education as the basic level in the system of continuous education

demands the greatest part of financial assets in general expenses for education from the state budget. For example, the expenses made in 2003 - 66.1 %, in 2008 - 45.7 % [23, p.34;], in 2010-53.1 % [24, p.15;]. The expenses for one student in secondary education in 2006 in the Republic made 63 thousand tenge or 420 US dollars; in 2007-88.3 thousand tenge or 587 US dollars; in 2008-110.2 thousand tenge or 735 US dollars [23, p.35], in 2010-163.1 thousand tenge or 1087.3 US dollars [24, p.38;]. It should be noted that regional differences of the given indicator from average republican ones exist. It is connected with certain features of the network and the contingent of general secondary education organization and also with differences in the level of infrastructure development. For example, in the Atyrau Region for general secondary education of one student 77 thousand tenge or 513.3 US dollars were assigned; in 2007-82.4 or 549.3 US dollars; in 2008-95.4 thousand tenge or 636 US dollars [23, p.35], in 2010 - 100 thousand tenge or 666.6 thousand tenge [24]. In the Almaty Region respectively, 39 thousand tenge or 260 US dollars; 79.3 thousand tenge or 528,6 US dollars; in 2008- 91 thousand tenge or 606.6 US dollars [23, p.35], in 2010 - 96 thousand tenge or 640 US dollars [24]. These differences of expenses on secondary education should be considered at calculation of the culture capital economic efficiency depending on the region which these calculations are performed on. Education expenses (secondary and higher education) should include expenses on food, clothes, residence and other services (consumer expenses). They are shown in table 1 and taken from the statistical reporting of the Agency of Statistics of the Republic of Kazakhstan.

Table 1: Expenses for obtaining education and mining specialists and veterinary surgeon incomes for the year 2010 in US dollar

| Item N ^o | Characteristics | The Atyrau Region on mining specialty | | The Almaty Region on veterinary medicine specialty | |
|---------------------|--|--|---------|---|---------|
| | | 1 year | 1 month | 1 year | 1 month |
| 1 | Expenses for 1 student in school, US dollars | 666.6 | 66.6 | 640 | 64 |
| 2 | Payment in the Institute of Higher Education on correspondence specialty, US dollars | 1500 | 150 | 1500 | 150 |
| 3 | Average consuming expenses per head US dollars | 2268 | 189 | 2244 | 187 |
| 4 | Average expenses of time for obtaining education: A) hours б) in value terms, on the basis of average value 1hour = 150 tenge or 1 US dollar | 7000 | 700 | 7000 | |
| | Total expenses on education, US dollars | | 1105.6 | | |
| | Specialists income, US dollars | - | 1300 | - | |

Note-Systematized by the author on the data base of Agency of Statistics of the Republic of Kazakhstan [26, p.168] rate 1 US dollar = 150 tenge

These consumer expenses are also differentiated on regions and reflected in Table 1. The expenses and pecuniary valuation of time for education acquisition can be possible to be defined on the basis of secondary and higher schools working curriculum. For the higher school the curriculum for Bachelor academic degree of veterinary medicine and oil and gas business specialties for the year 2008 of full-time form of education is taken. For 11 years of study in a secondary school and four years of study for Bachelor degree approximately 3000 hours. Besides a pupil and a student spend approximately 4000 hours on average in a year for his independent work. Thus, on average 7000 hours is spent in a year on secondary and higher education. An agriculture specialist for the Almaty Region, in particular, basically is trained by Kazakh National Agrarian University on a veterinary medicine specialty - [25]. The average monthly income of the state veterinary inspector on the border and transport of Kaldzhat post of the Almaty Region with three-year experience of work is approximately 600 US dollars. Expenses for education (secondary and higher, consumer expenses and also expenses and pecuniary valuation of the time for education acquisition) are shown in table 1.

Thus, average monthly expenses for the culture capital of oil and gas business specialist (engineer) in 2010 estimated at 1105.6 US dollars, the veterinary medic - 1101 US dollars, at their average monthly income, accordingly, 1300 US dollars and 600 US dollars.

Economic efficiency of the culture capital of the given specialties makes:

$$\text{a) on engineer of oil and gas business specialty } Ecc = \frac{1300 - 1105,6}{1105,6} = 0.17$$

$$\text{b) on veterinary medicine specialty } Ecc = \frac{600 - 1101}{1101} = -0.45$$

These coefficients state the demand of the specialists in the labour market. The demand of the mining engineer in the labour market is 0.17, the veterinary surgeon-0.45. But this demand in the labour market depends not only on quality of education but mainly in this case on the development level and economic condition of branches (mining industry and agriculture). Here the matter should be not only about the level of education quality, but also about optimality of specialization and specialists training course, organization of educational institutions work in accordance with the labour market demands, their work on concrete order of employers considering their requirements.

CONCLUSION

The given calculations performed with use of the calculation formula of the culture capital efficiency have shown that the level of the culture capital efficiency substantially depends on investments level for branches development which determines the demand rate (demand and income) on specialists. Along with it the level of culture capital efficiency is influenced by social, economic importance and processing complexity of economy branch where the specialist is engaged on what the level of his income and expenses for education depends; a high school rating that influences competition of entrants and training cost; specialists subjective abilities and their professionalism; family composition, number of dependents of the specialist, his parents financial possibilities that influence a high school choice, specialty, revenue position and social privileges etc.; inflation rate in the region where the specialist works that influences the level of his nominal and real income, on education cost levels; climatic conditions of the region where the specialist is engaged that defines the size of consumer expenses and his income and other factors.

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As the researches of the middle class developments show, their normal course substantially depends on the state support of the middle class. Besides the middle class development is influenced by the economic cycle stage on which there is the economy. It is known that any crisis situations will upset the balance of the economy, especially in crisis conditions and in the modern postcrisis periods of the development of the economy of Kazakhstan.

As a main objective of economy state regulation is social and economic stability maintenance in the society which is reached in the presence of the mass middle class, the direct problem of state regulation is thought to be formation of starting conditions and the economic growth potential creation and on this basis - increase of people's well-being that promotes the middle class development. In this connection the qualitative growth of the national economy till 2020 in program documents is based on infrastructure modernization, human resources development and strengthening the institutional basis that will enable the forced development of industrial and innovative development of the country [27].

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