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Factors of financial behavior of population of the Far East of Russia

Since the time of Great depression the scientists have been trying to clarify the mechanism behind the influence of diversification on the stability of employment dynamics in the regional economies. The solution to this problem requires, firstly, a definition for the concept of “economic diversification” and, secondly, a way to measure diversification. Many such measures have been proposed over the past decades. The main criterion used to compare different methods is their ability to account for the volatility of a region’s level of employment. However, at present, we are still far from reaching a consensus on which measure reflects diversification best. This paper describes various measures of economic diversification used in modern regional studies. The advantages and disadvantages of each of them are given. The conclusion drawn from this analysis is that none of the measures considered here should be used to develop economic policy. The empirical patterns established with the use of these measures cannot be considered reliable without the developed theoretical basis.

Keywords: *economic diversity, stability of the regional economy, Ogive index, Herfindahl index, National-averages index, Regional business cycle theory, Portfolio variance.*

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