

## LIVING STANDARD VS LIFE QUALITY

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**Abstract.** The paper deals with two currently much discussed issues: living standard and life quality, which both refer to the social welfare of inhabitants in certain time and space conditionings. The problem is to find the determinants of these two phenomena, as well as to reveal the character of living standard and life quality. The author shows examples of a arithmetical presentation of the potential evaluation of living standard with the use of GDP and HDI measures. In case of life quality the issue of imponderables and the chance for their qualitative estimation has also been pointed out.

**Key words:** living standard, life quality, Gross Domestic Product (GDP), Human Development Index (HDI), development, progress, perception, process

### INTRODUCTION

In the modern world progress is an integral part of development. This progress is a consequence of many processes conducted by people who are exposed to many external, as well as internal factors. All these factors constitute a certain sort of socio-economic plane or environment in which man has to work. This man, who consciously acts in economic life, i.e. *homo oeconomicus*, encounters the law of scarcity in everyday life. The result of this fact is the necessity to make a choice. Thus, we come to *homo eligens* deciding daily about the best choice considering the maximal utility, as well as maximal satisfaction. During each such decision mental well-being is an intrinsic sphere which influences the personal life. It occurs that one's approach has a significant impact on one's actions and the way one perceives events and other people. Then it may appear that man has an impact on his or her quality of life which seems to be a subjective category providing subjective life satisfaction. The other problem concerns the living standard which is mainly based on objective life conditionings which need not depend on our attitude to life and personal actions.

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## LIVING STANDARD AND ITS MEASURING

A popular definition of living standard refers to the way in which people live, for example, how comfortable their houses are or how much money they have to spend on food and clothes. Everyone may also notice that living standards rose dramatically in the post-war period. But these are rather only examples of the perception of living standard by ordinary people who treat it as something practical and material. Since most of people would evaluate the living standard in such a way, we may regard this category as having a rather objective character. Thus, the standard of living may also be called economic welfare.

A.C. Pigou noticed in the 1920s that economic welfare is “that part of social welfare that can be brought directly or indirectly into relation with the measuring-rod of money”. Additionally Pigou distinguished between “economic welfare” and “total welfare”, the latter is now called well-being [cf. Sen 1987].

Hence, the living standard may be treated as a multifunctional category of welfare based on mostly objective criteria which also always have in certain sense a relative character. The issue refers to the point of reference which varies in many countries. In order to see an example of the differentiation of living standard using the EU point of reference, we may apply certain measures. One of such measures, of world-wide use, concerning the living standard, is the Gross Domestic Product (GDP). This measure, so as to be more objective is calculated per capita and at purchasing power parity. The detailed data for the EU-25 states are presented in Table 1.

Table 1. The Gross Domestic Product per capita in the EU-25 states (ranking)  
Tabela 1. Produkt Krajowy Brutto na osobę w UE-25 (ranking)

Ordinal	Name of the State	GDP per capita at PPP**
X	EUROPEAN UNION*	0.24
1.	Luxembourg	1.00
2.	Ireland	0.50
3.	Denmark	0.37
4.	Austria	0.35
5.	Finland	0.32
6.	Belgium	0.31
7.	Netherlands	0.30
8.	United Kingdom	0.30
9.	Germany	0.29
10.	Sweden	0.29
11.	France	0.27
12.	Italy	0.26
13.	Spain	0.23
14.	Greece	0.16
15.	Slovenia	0.16
16.	Cyprus	0.14
17.	Malta	0.11
18.	Portugal	0.10
19.	Czech Republic	0.10
20.	Estonia	0.07
21.	Hungary	0.07

Table 1 – cont./ Tabela 1 cd.

22.	Slovakia	0.07
23.	Lithuania	0.04
24.	Latvia	0.01
25.	Poland	0.00

## Remarks:

\*Actual data for the EU = 29.300 USD.

\*\*Data normalized by the Zero Unitarization Method  $\langle 0, 1 \rangle$ .

Data updated to 31<sup>st</sup> December 2006 (sort of projection).

Source: Own elaboration on the basis of the EUROSTAT database 2006.

Źródło: Opracowanie własne na podstawie danych EUROSTAT 2006.

In Table 1 we may see the ranking of the EU countries in terms of the living standard calculated as Gross Domestic Product (GDP) per capita at purchasing power parity.

According to the UN guidelines the development of man is conditioned by the level of social infrastructure, its accessibility, social welfare, etc. In order to measure this social development the Pakistani economist Mahbud ul Haq developed in 1990 the index of human development which three years later was used by the United Nations Development Programme and calculated in its annual Human Development Report. The Human Development Index (HDI) is a comparative measure of:

- life expectancy at birth;
- education, i.e. the combined primary, secondary, and tertiary gross enrolment ratio (with one-third weight) and the adult literacy rate (with two-thirds weight);
- standard of living (the log of GDP per capita at PPP) for countries worldwide.

Thus, the HDI measures the average achievements in a country in these three basic dimensions of human development determining the identification of developed, developing or underdeveloped states. As we may notice the HDI index uses also the GDP value being simultaneously a more complex index. In Table 2 the data for the EU-25 states have been presented, so as to show the structure of the HDI in United Europe and in order to reveal the gaps between the countries in terms of social welfare.

Table 2. The Human Development Index for the EU-25 states (ranking)

Tabela 2. Wskaźnik Rozwoju Społecznego w UE-25 (ranking)

Ordinal	Name of the State	Human Development Index**
X	EUROPEAN UNION*	0.69
1.	Ireland	1.00
2.	Sweden	0.95
3.	Finland	0.92
4.	Netherlands	0.92
5.	Luxembourg	0.90
6.	Belgium	0.90
7.	Austria	0.89
8.	Denmark	0.88
9.	France	0.87
10.	United Kingdom	0.86
11.	Italy	0.86
12.	Spain	0.84
13.	Germany	0.78
14.	Greece	0.68

Table 2 – cont./ Tabela 2 cd.

15.	Slovenia	0.59
16.	Portugal	0.53
17.	Cyprus	0.52
18.	Czech Republic	0.36
19.	Malta	0.27
20.	Hungary	0.22
21.	Poland	0.15
22.	Estonia	0.12
23.	Lithuania	0.11
24.	Slovakia	0.10
25.	Latvia	0.00

Remarks:

\*Actual data for the EU in terms of HDI = 0.922.

\*\*Data normalized by the Zero Unitarization Method <0, 1>.

Data updated to 31<sup>st</sup> December 2006 (sort of projection).

Source: Own elaboration on the basis of the Eurostat database 2006.

Źródło: Opracowanie własne na podstawie danych EUROSTAT 2006.

Table 3. The ranking of the EU-25 states (the GDP and the HDI measures combined together)  
Tabela 3. Ranking państw UE-25 (PKB oraz WRS)

Ordinal	Name of the State	Sum of two indexes: GDP and HDI*	Final result**
X	EUROPEAN UNION	0.93	0.49
1.	Luxembourg	1.90	1.00
2.	Ireland	1.50	0.79
3.	Denmark	1.25	0.66
4.	Sweden	1.25	0.66
5.	Austria	1.24	0.65
6.	Finland	1.24	0.65
7.	Belgium	1.22	0.64
8.	Netherlands	1.22	0.64
9.	United Kingdom	1.15	0.60
10.	France	1.15	0.60
11.	Italy	1.11	0.58
12.	Germany	1.08	0.57
13.	Spain	1.07	0.56
14.	Greece	0.85	0.44
15.	Slovenia	0.75	0.39
16.	Cyprus	0.67	0.35
17.	Portugal	0.63	0.33
18.	Czech Republic	0.46	0.24
19.	Malta	0.38	0.20
20.	Hungary	0.29	0.15
21.	Estonia	0.19	0.10
22.	Slovakia	0.17	0.08
23.	Poland	0.15	0.07
24.	Lithuania	0.14	0.07
25.	Latvia	0.01	0.00

Remarks:

\*ta normaDalized by the Zero Unitarization Method <0, 1>.

\*\*Data from the 3<sup>rd</sup> column normalized once more by the Zero Unitarization Method <0, 1>.

Data updated to 31<sup>st</sup> December 2006 (sort of projection).

Source: Own elaboration on the basis of the Eurostat database 2006.

Źródło: Opracowanie własne na podstawie danych EUROSTAT 2006.

As we may notice there is a certain level of convergence between the HDI and the GDP measures which is logically understandable due to the fact that one of the constituents of the HDI is the value for GDP. Assuming the equal weight of both measures and combining together the HDI and the GDP we may obtain a resultant value which obviously contains the certain error which concerns the doubled calculation of the GDP but underlines the significance of the GDP as not only a supportive element of the HDI but an independent measure. The results of such combination are presented in Table 3.

All the three rankings concerning the GDP, the HDI or both of them seem to be convergent to a certain extent but also differ. In case of Poland we occupy the 25<sup>th</sup> place (in terms of the GDP), the 21<sup>st</sup> place (in terms of the HDI) and finally the 23<sup>rd</sup> place in the last combined measures ranking. The rankings above show the possibility of measuring the living standard which gives an impression of objectiveness in comparison to many imponderables characteristic for the issue of life quality.

## LIFE QUALITY AND ITS PERCEPTION

The term “quality of life” became a subject of scientific consideration in the 1960s. The main purpose of quality of life, as a research discipline placed within the social sciences, is to promote and enhance the human well-being also by the improvement of the human lot. As W. Ostasiewicz rightly notices, the quality of life is an interdisciplinary issue within a network of social sciences: social psychology, welfare economics, philosophy, sociology, cultural anthropology, social indicators research, environmental studies and political sciences [cf. Ostasiewicz 2000]. Additionally, the quality of life is the resultant of every-day circumstances (reality) and individual characteristics (personal circumstances) in a given area and at a given time [Małuj 2004]. Life quality may also be perceived as the whole of features and factors deciding about the way of satisfying needs, realizing personal aims and general human functioning on the following planes of activity: physical, material, socio- emotional and intellectual [cf. Woźniak 2005]. Thus, it is obvious that the quality of life is a subjective notion conditioned by many factors: personal needs and preferences, the ability to perceive and assess, experience, age, assets possessed and family status [Kaczmarek 2004]. Hence, the subjective life quality, i.e. subjective well-being, indicates a degree of satisfaction from the particular spheres of life expressed in reflexive evaluations (appraisals) of these spheres [Campbell 1976].

According to Z. Woźniak [2005] the global indicators of life quality refer to the three main elements:

- satisfaction with one’s personal life;
- evaluation of living conditions in the state;
- appraisal of one’s living conditions.

This satisfaction with one’s personal life pushes us back to the earlier mentioned subjective well-being, which in economic psychology denotes the welfare, i.e. the feeling of happiness that a man may experience in connection with his socio-economic situation. Thus, the subjective aspect of the quality of life indicates mental states accompanying man in the process of meeting his own needs [Sowińska 2000].

In case of assessment of one's living conditions we are dealing with an individual perception of man based on the denoted point of reference, e.g. neighbours, family, friends, etc.

But the feeling of happiness need not necessarily depend in great measure on how much man has, but rather on how he or she values what they possess – i.e. what or who they compare it to. This point of reference points out a relative character of life quality. Hence, one may state that the quality of life means the satisfaction of a man with a degree of having his needs met, being in certain sense an effect of the living standard, i.e. the conditions of his existence, but only to a certain extent [cf. Sowińska 2000].

An intrinsic element influencing life quality in a positive way may be the identification of people with an area inhabited. This could be named the feeling of “myness” of space, which would mean that a particular person identifies himself or herself with a definite area and feels attached to it and interested in what is relevant to it [cf. Małuj 2004].

Hence, we may notice a wide variety of attitudes to the issue of life quality depending on individual perception of different people with diverse experience.

At the end of this chapter it is necessary to mention about the endeavours to measure life quality. Carol Estwing Ferrans and Marjorie Powers in 1984 developed the Quality of Life Index (QLI), so as to measure the quality of life in terms of satisfaction with life. This index is based on the following nine determinants of life quality [The Economist 2006]: material wellbeing, health, political stability and security, family life, community life, climate and geography, job security, political freedom and gender equality. The result of the research is the ranking of countries in terms of the QLI which is presented in Table 4.

Table 4. The ranking of the EU 25 states (the Quality of Life Index)  
Tabela 4. Ranking państw UE-25 (wskaźnik jakości życia)

Ordinal	State	Ordinal	State	Ordinal	State	Ordinal/State
1.	Ireland	8.	Netherlands	15.	Germany	22. Poland
2.	Luxembourg	9.	Portugal	16.	Slovenia	23. Lithuania
3.	Sweden	10.	Austria	17.	Malta	24. Latvia
4.	Italy	11.	Greece	18.	UK	25. Estonia
5.	Denmark	12.	Cyprus	19.	Czech Rep.	
6.	Spain	13.	Belgium	20.	Hungary	
7.	Finland	14.	France	21.	Slovakia	

Remarks:

Updating for 2005.

Source: Own elaboration on the basis of [The Economist 2006].

Źródło: Opracowanie własne na podstawie danych EUROSTAT 2006.

As one may notice, this ranking is not quite convergent with those referring to the living standard. The problem with the life quality measuring concerns its subjective character. Additionally, in case of QLI arises the danger of erasing the border between the quality of life and the living standard. This danger occurs while treating, e.g. material well-being counted on the basis of GDP per capita at PPP, as one of life quality determinants.

## LIVING STANDARD VS LIFE QUALITY

There are different relationships between the living standard and the quality of life. Some of them seem to introduce a certain sense of divergence in terms of their determinants. This divergence occurs in the output of high living standard which may block the achievement of life quality improvement.

Already in the 1960s it appeared that the economic growth need not be totally convergent with the increase of social welfare, because of the differentiated layout and segmentation of population within the country, as well as the fact of negative environmental consequences of the exceeded growth influencing life quality.

The living conditions and the social well-being have also been determined by a Finnish scientist E. Allardt who distinguished three spheres of human needs [Allardt 1972]:

- to have – which refers to the sphere of possession and consumption of products, i.e. goods and services;
- to love – concerning the sphere of interpersonal relations;
- to be – which is connected with health conditions, environment, personal prestige, self-development, social and political activity.

In synthesis, the social well-being in its broader sense has been divided into two parts [cf. Allardt 1972]:

- the living standard (material needs) determined by the first sphere of human needs (to have);
- the quality of life (non-material needs) characterized by two spheres: the second (to love) and the third (to be).

In case of the living standard we are concentrating mostly on the objective indicators based on countable features. The life quality issue, in turn, treats output, i.e. final result in a distinctly subjective way which need not consider objective factors constituting the input, which would rather affect the positive standard of living. The reason for such situation lies in certain imponderables, like emotional reactions and reflections or personal intellectual evaluations, which result in the final effect, being a derivative of the level of satisfaction.

According to T. Słaby, the quality of life means all the elements of human life which are connected with his or her existence and their abilities to experience various emotional states stemming, e.g. from the fact that they have a family, friends, colleagues, etc., whereas the living standard mostly refers to the physiological needs [cf. Słaby 1990].

Summing up, the life quality means mostly the subjective feelings or impressions based on the evaluation of the ordering of the process of life and of the course of many individual sub-processes in the following dimensions:

- psychological (emotional),
- intellectual,
- social,
- political,
- economic (material).

The living standard, in turn, concerns the following data of living conditions for a defined period:

- financial,

- housing,
- technical infrastructure,
- social infrastructure,
- environmental (ecological).

It is easily noticeable that the living standard comprises the elements which are measurable, contrary to the quality of life.

## CONCLUSIONS

The issues of living standard and life quality are of interdisciplinary character. Both of them are complex, but with special indication to the quality of life due to its rather subjective status based on many imponderable values. The intrinsic element for the living standard, as well as for the life quality is the point of reference, i.e. the phenomenon of relativism. This phenomenon, in case of the quality of life may refer to the family, friends and colleagues. The living standard, in turn, requires also dealing with a territorial aspect, comparing our status with commune, district, province or state. The life quality should be perceived as a process, whereas the living standard would be more of a static character. The comparison of these two phenomena has been presented in Table 5.

Table 5. Life Quality and Living Standard Matrix (*Matrix vitae perceptionis*)  
Tabela 5. Macierz jakości życia i standardu życia

Attitude/Perception	Static (status quo)	Dynamic (process)
Subjective	Relativism	Quality of life
Objective	Living standard	Relativism

Source: Own elaboration.

Źródło: Opracowanie własne.

The question of the phenomenon of relativism, which occurs in both issues, concerns different points of reference. These points may be changed and thus influencing especially the variable life quality. In case of living standard such phenomenon also exists but anyway is more objective. Furthermore, one should mention here about a certain gap between the status quo and our needs and cravings, depending on our hierarchy of values. Thus, the bigger the gap the more subjective is our assessment and the more strongly the relativism is underlined.

The life quality is a subjective feeling (impression) of satisfaction from the course of the process of life in the following dimensions: psycho-social, material-economic, identitive-intellectual and personal-emotional. All these planes refer to the dynamic-chronological order and do not concern the moment of static-status quo.

The quality of life may also concern the positive life quality impression. Thus, the duration of the positive feeling of happiness may incline to enhance the evaluation of life quality by man, but probably only for a moment. The only condition for such improvement may concern the long-term positive impressions which are rather of a more permanent character. The quality of life involves mostly the qualitative but also the quantitative indicators showing the possibilities and their potential utilization. This level of utilization may additionally affect life quality.

The life quality is to a certain extent convergent with the living standard. This plus correlation means the life quality enhancement simultaneously with the increase of the material status but only to the extent which denotes the level of a definite income which positively influences the feeling of satisfaction and enables for example the self-realization.

Finally, we may state that the higher living standard need not mean the higher quality of life. The living standard is more easily obtainable than the life quality which should be rather associated with a continuous process, i.e. on a dynamic plane. It is just the rhythm, which being a derivative of the proper course of processes, enables at the same time the higher quality of life. Thus, the quality of life ought to be perceived as a resultant of a course of actions which obviously is determined, to a certain extent, by the living conditions which are in convergence with the living standard. All nations wish to develop and many of them have an opportunity for it, but they should also remember about the determinants of life quality which are not easily measurable and cannot be substituted by high HDI or GDP.

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## STANDARD ŻYCIA A JAKOŚĆ ŻYCIA

**Streszczenie.** Artykuł obejmuje zagadnienia istotne dla współczesnego rozwoju świata, a związane ze standardem życia i poczuciem jakości życia. Wskazano na odmienny charakter tych dwóch pojęć, prezentując ewentualne możliwości ich kwantyfikacji. Zróżnicowanie postrzegania jakości życia i standardu życia wskazuje na pewien relatywizm w tym zakresie.

**Słowa kluczowe:** standard życia, jakość życia, PKB, HDI, rozwój, postęp, percepcja, proces

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