



ASPEN INSTITUTE
PRAGUE

Forbes

CZECH REPUBLIC

THE SHAPE WE'RE IN

October 20, 2015

Jatka 78 (Jateční 1530/33, Prague 7 - Holešovice)

QUALITY OF LIFE

QUALITY OF LIFE

Michael Žantovský

We all want good quality of life, but no one knows exactly what that means. We can all agree that it is better to be healthy and wealthy than poor and ill, but answers as to whether it is better to be poor and healthy as opposed to rich and ill may vary. Money can't buy you happiness, but a cynic may add that happiness can't buy you money. Our satisfaction is also spread over time. Is a long life of value in itself, or would we swap it for a life shorter and more fulfilled?

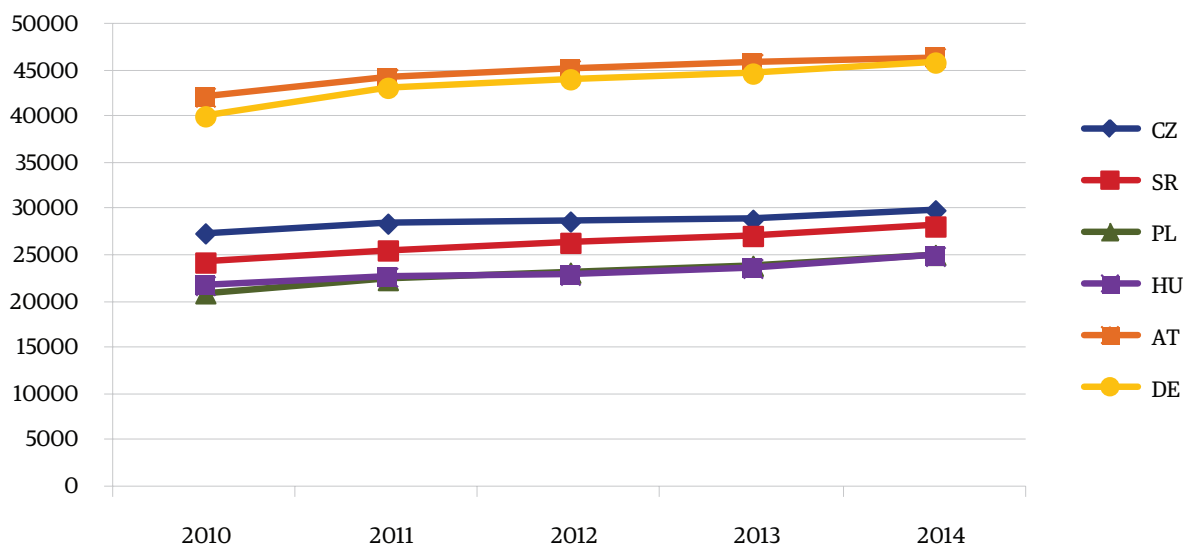
All these and many more questions come to mind when we start to think about something as difficult to pin down as quality of life. The term itself, originally based on medical studies of the chronically ill, is a compromise to replace emotionally charged concepts such as happiness, satisfaction or fulfillment.

Quality of life cannot be measured directly, but we can monitor its constituent parts. Thus, we measure e.g. health-related quality of life, when generating indicators such as *Quality Adjusted Life Year* (QALY). Overall quality of life is the product of multiple factors, especially when we try to capture it over time. Nevertheless, we might say that momentary satisfaction, that is quality of life at one point in time, often stems from a single feeling or percept, which overrides all other considerations. Looking at a beautiful picture, acute infatuation, being charmed by a sunbeam or the fragrance of a flower often brings an intense feeling of life fulfilled. Our reasoning cannot account for these moments, but we should not forget that they exist.

Having touched on the fleeting nature of overall quality of life, let us focus on those indicators that a number of studies¹ show to be closely related to the subjective degree of life satisfaction. Of course, among them we cannot overlook the satisfaction of material needs, which without exception positively correlates with life satisfaction. However, this relationship is not linear. A number of studies show that above a certain level, any additional income growth does not significantly contribute to the feeling of life satisfaction. This borderline, which in the US hovers around 50,000 USD per year, i.e. roughly 150% of median personal income, will of course vary with the standard of living in the given country.

Chart 1: GDP PPP trends in Central Europe 2010 - 2014 (USD)

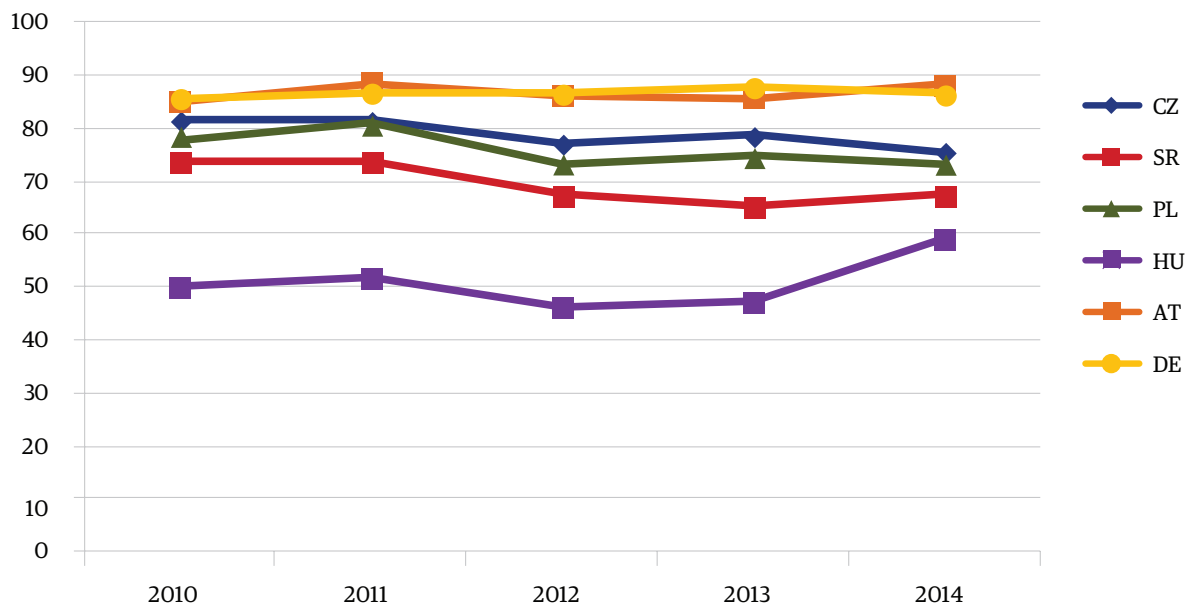
Source: World Economic Outlook Database, IMF



¹ e.g. the Marist Institute of Public Opinion, Money Matters, April 2012

Chart 2: Trends in Satisfaction with life in Central Europe (%)

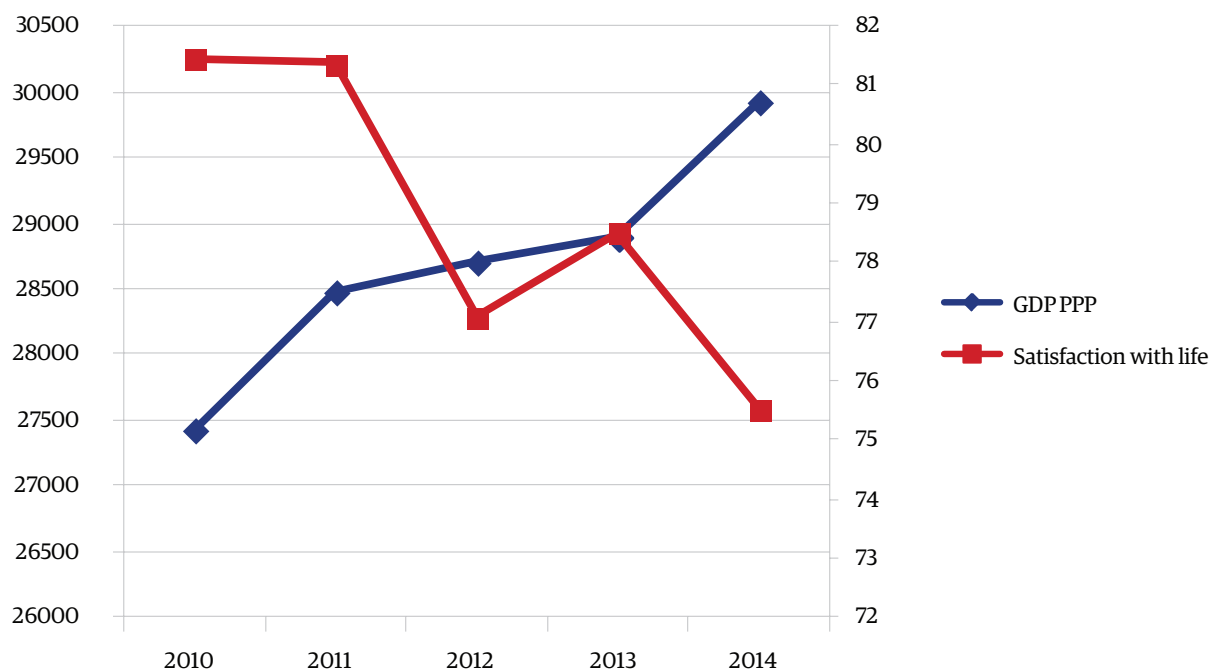
Source: Eurobarometer



In the Czech Republic the development of this relationship over the last five years has been almost paradoxical: While GDP per capita in terms of purchasing power parity (GDP PPP) is rising, life satisfaction is decreasing.

Chart 3: GDP PPP and satisfaction with life in the Czech Republic 2010 - 2014 (USD, %)

Source: IMF, Eurobarometer



The notion that wealthiest does not mean happiest is supported by the differing ranking of the “richest” and the “happiest” countries. Only Switzerland and Norway placed in both tables.

Tab. 1 Ranking of ten “happiest states” against their GDP PPP

Source: World Happiness Report (Gallup World Poll) and IMF

“Happiness”	GDP PPP
Switzerland	Qatar
Iceland	Luxembourg
Denmark	Singapore
Norway	Brunei
Canada	Kuwait
Finland	Norway
Netherlands	UAE
Sweden	San Marino
New Zealand	Switzerland
Australia	USA

Due to the above mentioned nonlinearity, we have chosen as our indicator of material quality of life not GDP, but **ability to meet basic living needs**. In this respect the Czech Republic belongs among the countries with the best quality of life. The Social Progress Index 2015 ranks it 11th, ahead of countries like New Zealand, France or the United States, and even Germany. A high degree of ability to meet basic living needs is also found in Slovakia (20th), a little less in Hungary (27th) and in Poland (34th) /Tab. 2/

Tab. 2: Meeting basic living needs - country ranking

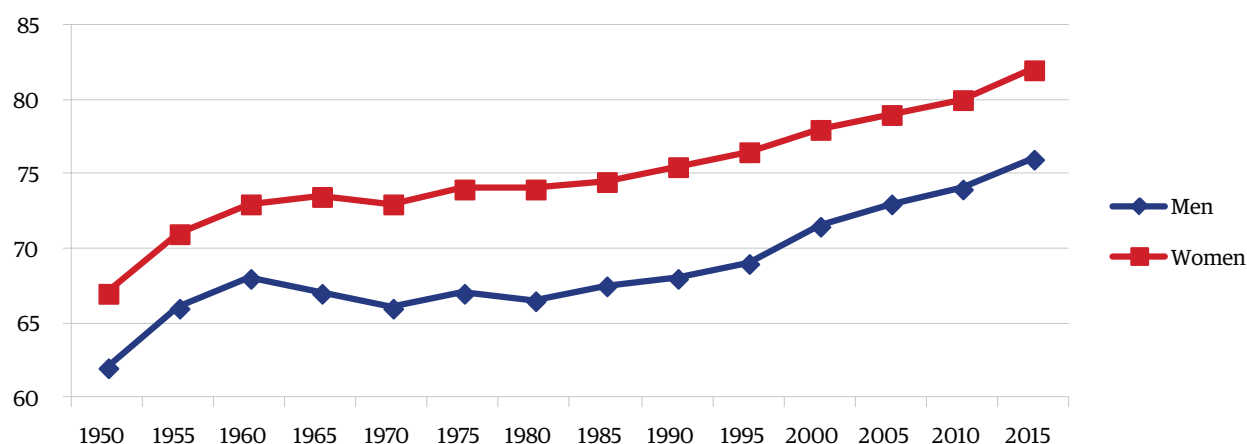
Source: Social Progress Index 2015

	2015	2015 - overall SPI ranking
Czech Republic	11	22
Slovakia	20	25
Poland	34	27
Hungary	27	32
Austria	4	13
Germany	12	14

Basic living conditions are another essential prerequisite for quality of life. In a series of studies, the label “Foundations of Well-being” reveals a somewhat incongruous conglomerate of indicators such as access to education, the quality of ambient air, health care etc. One might, however, have some doubts about whether e.g. access to information technologies, which is measured by the number of mobile phones per 1,000 inhabitants, is a good indicator of basic living conditions. At the expense of great simplification we can say that the lack or low level of fulfillment of basic living conditions adversely affects **life expectancy**. Therefore we have chosen life expectancy as a relatively objective and easily measurable indicator, a rough measure of meeting basic living conditions. The Czech Republic, with its life expectancy of a little below 78 years, holds 30th place in the world. One of the most potent responses to those nostalgic for the previous regime as an era of stability, caring for the individual and providing life’s certainties is to look at a chart showing the stagnant or even declining life expectancy of men during the years of real socialism (1960 – 1989), and its upsurge over the last 25 years. Although life expectancy has been rising over the last quarter century in most parts of the world, in the Czech Republic and Central Europe it has grown significantly faster. While in 1990 the CR held 61st place in the longevity rankings, by 2013 it was already 42nd – highest among the V4 countries.

Chart 4: Life expectancy at birth in the CR, 1950 – 2014 (in years)

Source: Czech Statistical Office (https://www.czso.cz/csu/czso/nadeje_dozeni_pri_narozeni_v_letech_1950_2014)



The finer grained view taken by some studies, which also follow the duration of reduced quality of life due to illness or shortened by premature death, the *Disability-Adjusted Life Year* (DALY), only confirms and clarifies this statement. Virtually all indicators, i.e. causes of illness or premature death, show an improvement in the period 1990 – 2013. The same is true for other V4 countries.

Opportunity and freedom

Life comes full of hope, a sense that things can be better than they are. On a personal level the basis for such hope is the sense of opportunity, stepping out into the future, beyond today. This might be a job opportunity, an opportunity for better earnings, better housing or better social status. Any society that provides such opportunities brings a better quality of life. There are many ways to measure opportunity, but perhaps the least contentious is to bring it down to the level of basic rights, such as freedom of expression, freedom of association, freedom of movement and economic freedoms, which are the freedoms one needs to capitalize on all other opportunities. In terms of opportunities, the Social Progress Index 2014 ranks Czech Republic 31st, right next to Slovakia (30th), a little lower than Poland (24th) and slightly higher than Hungary (36th). If we were to take as an opportunity marker the subjective worldwide survey by Gallup, the CR falls to 64th place, whilst 1st place, ahead of Switzerland, is taken by Cambodia, reminding us to be cautious when dealing with surveys based on the respondents' subjective evaluation. The Czech Republic undoubtedly ranks among countries with a high degree of personal freedom. However, it is striking that in some surveys this level drops quite markedly, both absolutely and in relation to other countries. The Legatum Institute Prosperity Index placed the CR 42nd in 2012, 47th in 2013 and 62nd in 2014.

Chart 5: Personal freedom in Central Europe 2010 - 2014 (country ranking)

Source: Legatum Prosperity Index

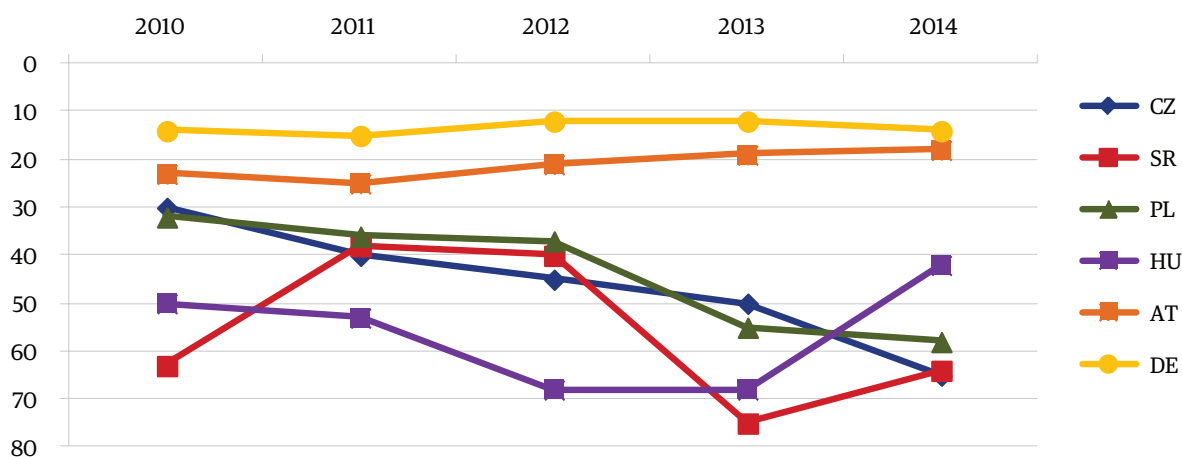
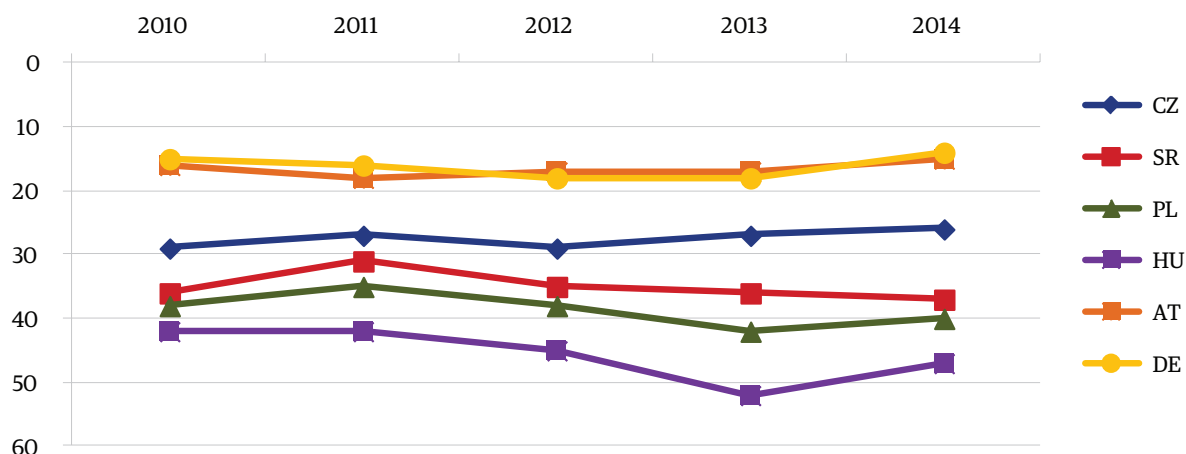


Chart 6: Opportunities in Central Europe 2010 - 2014 (country ranking)

Source: Legatum Prosperity Index



The sense of security and safety makes all other aspects of quality of life seem relative. All we have achieved does not amount to much, if we might irretrievably lose it at any moment. One of the major factors contributing to the quality of life in the Czech Republic is currently the feeling of safety, which has ranked our country this last year, according to the Index of Social Progress, as the 6th safest among other countries in the world. Among the top thirty are Slovakia, Poland and Hungary. The CR is evaluated similarly high and with a slightly rising trend by the Legatum Prosperity Index as well as the Global Peace Index.

Tab. 3: Ranking of Central European countries by perceived personal safety

Source: Social Progress Index 2015

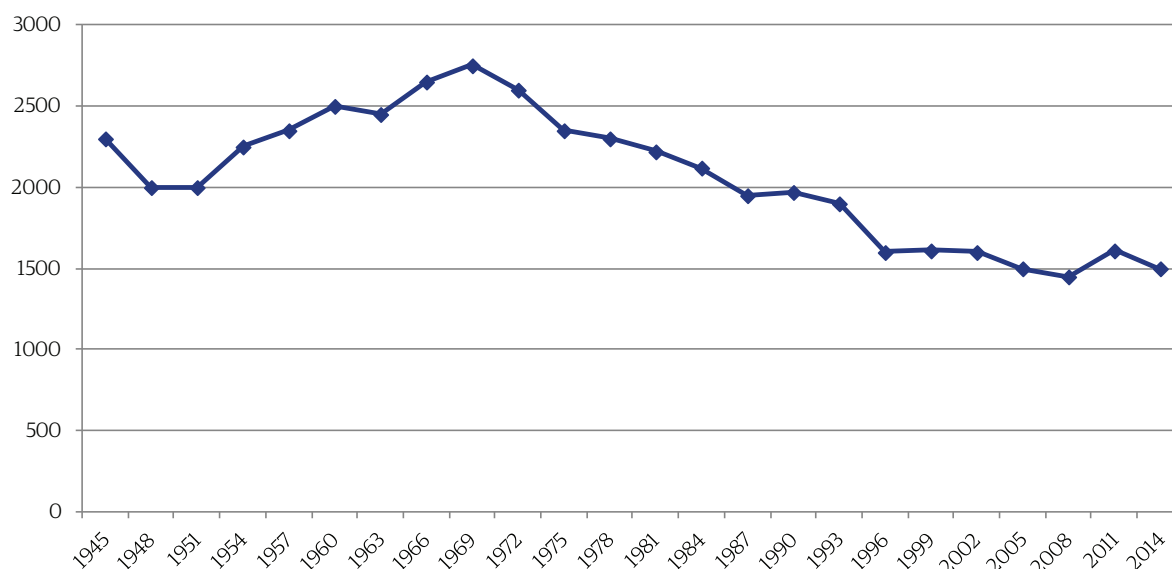
Year	2015	2015 - overall SPI ranking
Czech Republic	6	22
Slovakia	19	25
Poland	21	27
Hungary	29	32
Austria	7	13
Germany	14	14

Suicide rate is an independent, primary indicator of an absenring quality of life, even though we can say that in different countries there are different base rates of suicide, stemming from cultural, religious, climatic and perhaps even biological factors. As already pointed out in the works of T.G. Masaryk, suicide rate is also a tell-tale sign of the social climate. Suicide statistics in different countries are not completely reliable due to social and religious pressures, making comparison difficult. Nevertheless, some general trends, as well as generally reliable comparisons over time and in the region are worth noting. Suicide rate decreases where there is a high degree of social and national cohesion. This may account for why suicide rates have a history of declining during wartime. By contrast, suicide rate goes up in times of economic uncertainty, but is not directly linked to poverty. Loneliness is a contributing factor to suicide rate. Women account for a greater number of suicide attempts, while men for a greater number of completed suicides. In the post-communist countries in general, and the European countries of the former Soviet Union in particular, high suicide rates are characteristic.

Suicide rate developments in the Czech Republic are interestingly illustrative of some of these trends. Suicide rate was historically low during the two world wars. After 1946 the suicide rate gradually went up and reached its postwar peak value in 1970, and has since gone down, quite significantly in some periods. Over the same period, however, the discrepancy between male and female suicide rates has increased. While in 1945 for every completed female suicide there were almost 2 male ones, in 2009 the ratio was more than one to five. Since 2007, however, the suicide rate has risen again, by 20 percent in the five-year period 2007 – 2012. This is a Europe-wide trend, which probably relates to the economic crisis, and has not been sustained – since 2013 the suicide rate in the Czech Republic has dropped again. Slovakia has a significantly lower suicide rate as compared to the Czech Republic, although a certain convergence is apparent over the last twenty years. The Social Progress Index 2014 ranks the Czech Republic's levels of suicide as 35th highest in the world, out of the 131 countries investigated (or 98th in least-first order). In terms of neighboring countries, Hungary has a significantly higher suicide rate.

Chart 7: Suicide rates in the CR 1945 – 2014 (# of suicides)

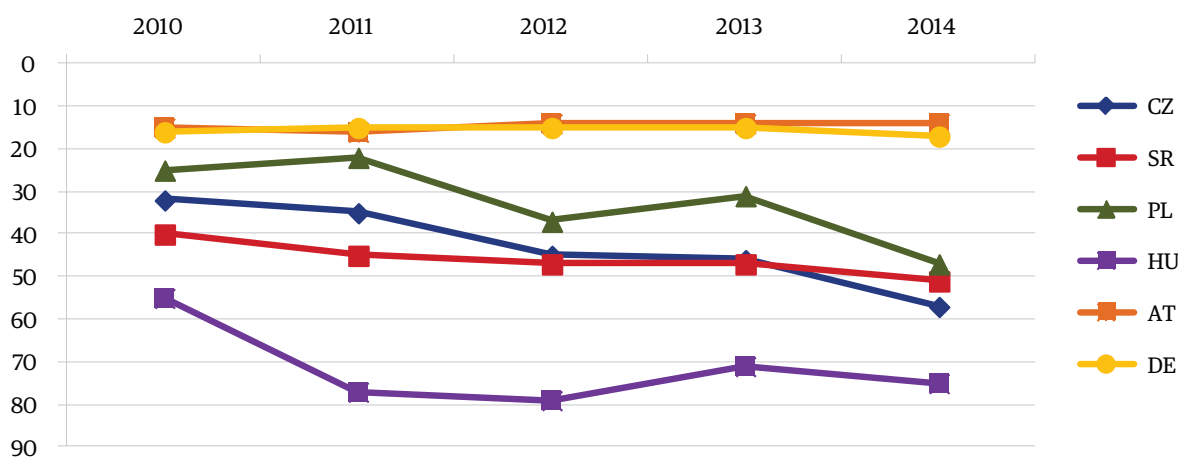
Source: CSO



The quality of life of a person as a social creature is also affected by their firm rooting in society, in the form of mutually supporting relationships, their willingness to participate for the general good and to help others, as well as their expectation to get support and assistance from others when necessary. This complex essence is variously referred to as social support or **social capital**. In the Legatum Prosperity Index the Czech Republic places lower in this respect than would correspond to its overall rating. Even more worrying is the fact that in the past five years its relative position has gotten much worse in this respect. This applies to the entire V4 region.

Chart 8: Social capital in Central Europe 2010 - 2014 (country ranking)

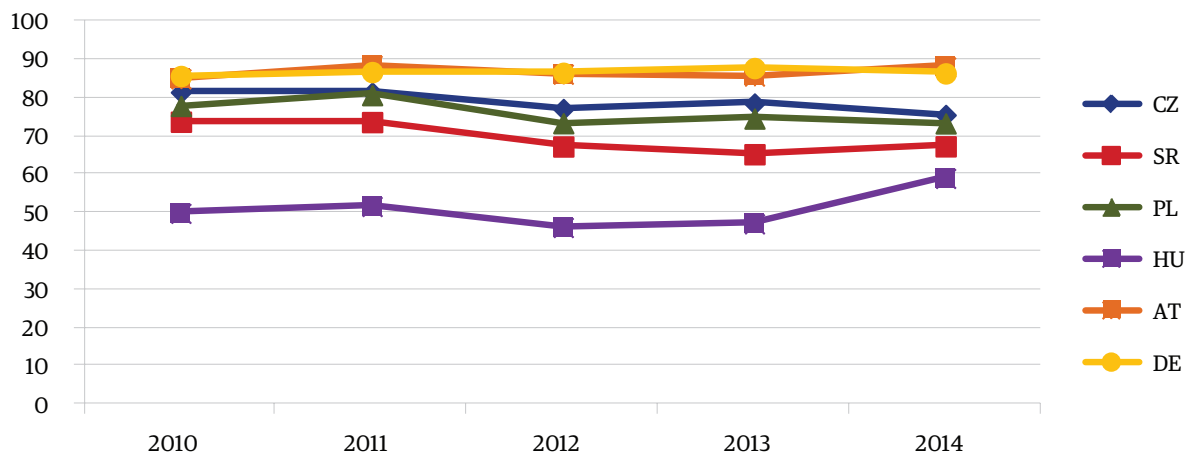
Source: Legatum Prosperity Index



And finally, as we have indicated at the beginning, quality of life includes the subjective **feeling of contentment** or happiness. That is of course related to the indicators described above, but is not completely reducible down to them. Just as people vary in height or the vital capacity of their lungs, they also have personal and individual tendencies to satisfaction and happiness. The “Cool dude” and “Grouch” archetypes do correspond to real people. Their relative incidence in different societies may stem from factors we have explored here, and those which we may not know how to explore. The feeling of contentment is thus our tentative sighting of the quality of life in the Czech Republic. The Legatum Prosperity Index, World Gallup Poll, or Happy Planet Index show various indicators of subjective happiness. For our first approximation let us turn to the World Happiness Report, which compares data on subjective happiness between countries. For the 2012 – 2014 period, we find the Czech Republic in 31st place. It is indeed remarkable how many different indicators from various studies place the CR consistently around the high thirties and low forties mark. For comparison, Slovakia is in 45th place, Poland 60th and Hungary 104th. Yet the comparison is not nearly as flattering for us once we look at developments in the past five years, when our satisfaction has been dropping. A similar trend is shown by the Eurobarometer, although it is hard to explain Hungary’s sudden jump toward satisfaction.

Chart 9: Satisfaction in Central Europe 2010 - 2014 (country ranking)

Source: Eurobarometer



CONCLUSION

It would be premature to draw far-reaching conclusions from these piecemeal and unsystematic comparisons. We hope that next year we will be in a position to declare with greater confidence, on the basis of monitoring, how we are doing in terms of quality of life. However, we are prepared to formulate some of our value judgments as hypotheses:

1. The Czech Republic belongs among the countries with a **high quality of life**;
2. The quality of life in the Czech Republic is **somewhat higher** than the economic performance of the country;
3. In terms of quality of life the Czech Republic fares **best among the V4 countries**;
4. Factors contributing significantly to quality of life are **a high degree of meeting living needs, very good basic living conditions, rising life expectancy, great opportunity scope, and a strong sense of security**. The relatively less good factors are **a considerably high suicide rate, relatively declining level of social capital, and more limited scope for choice**. This general formula also accounts for the comparably high but stagnating level of **subjective satisfaction**. It gives us pause for thought that although **virtually all the monitored indicators of the Czech Republic after 1989 show a rising trend, in the last decade the trend has slowed or completely stopped**. The Lost Decade Syndrome is thus not just a matter of economic competitiveness.

The fragility of our findings must necessarily be reflected in the cautiousness of any recommendations we make. Were we, however, to put a word in for **reopening public debate on the promotion of social capital** and how it is handled, as well as for **the careful protection of the personal freedom sphere** in all its forms, we would not be wide of the mark.

Members of the Quality of Life working group who were consulted during the preparation of this study:

Martin Buchtík, Head, Public Opinion Research Centre, Institute of Sociology of the Academy of Sciences of the Czech Republic

Tomáš Čížek, Institute of Sociology of the Academy of Sciences of the Czech Republic

David Gaydečka, organizer, United Islands of Prague

Jan Hartl, Director, STEM

Tomáš Sedláček, Chief Macroeconomic Strategist, ČSOB

Petr Winkler, Head of research laboratory, National Institute of Mental Health