

Quality of Life vs. Standard of Living

Social Studies 10

Standard of living and quality of life are often referred to in discussions about the economic and social well-being of countries and their residents. But what is the difference between the two? The definitions of these terms can be difficult to tease apart and may overlap in some areas, depending on whom you ask. But the difference between the two is more than just semantics; in fact, knowing the difference between the two can affect how you evaluate a country where you might be looking to invest.

Standard of Living

Standard of living generally refers to the level of wealth, comfort, material goods and necessities available to a certain socioeconomic class in a certain geographic area. An evaluation of standard of living commonly includes the following factors:

- ✓ income
- ✓ quality and availability of employment
- ✓ class disparity
- ✓ poverty rate
- ✓ quality and affordability of housing (For related reading, see *Mortgages: How Much Can You Afford?*)
- ✓ hours of work required to purchase necessities
- ✓ gross domestic product (GDP) (For more insight, see *Don't Be Misled By Gross National Product.*)
- ✓ inflation rate (See our *Inflation* tutorial for more.)
- ✓ number of paid vacation days per year
- ✓ affordable access to quality healthcare
- ✓ quality and availability of education
- ✓ life expectancy
- ✓ incidence of disease
- ✓ cost of goods and services
- ✓ infrastructure
- ✓ national economic growth
- ✓ economic and political stability
- ✓ political and religious freedom
- ✓ environmental quality
- ✓ climate
- ✓ safety

When you think about standard of living, you can think about things that are easy to quantify. We can measure factors like life expectancy, inflation rate and the average number of paid vacation days workers receive each year.

Standard of living is often used to compare geographic areas, such as the standard of living in the United States versus Canada, or the standard of living in Milwaukee versus New York City. If you live in a particular country, a certain number of vacation days per year will be the norm. In the United States, it's 10 to 20 days - in Denmark it's 31. Some companies within each country may be more or less generous, but one practice prevails.

Quality of Life vs. Standard of Living

Social Studies 10

Standard of living can also be used to compare distinct points in time. For example, compared to a century ago, the standard of living in the U.S. is considered to have improved greatly. The same amount of work buys a larger quantity of goods, and items that were once luxuries, such as refrigerators and automobiles, are now widely available. Also, leisure time and life expectancy have increased, and annual hours worked have decreased.

One measure of standard of living is the Human Development Index (HDI), developed in 1990 by the United Nations. It considers life expectancy at birth, adult literacy rates and per capita gross domestic product (GDP) to measure a country's level of development. (For related reading, see *What is GDP and why is it so important?*)

Quality of Life

Quality of life is more subjective and intangible. The United Nations' Universal Declaration of Human Rights, adopted in 1948, provides an excellent list of factors that can be considered in evaluating quality of life. It includes many things that citizens of the United States and other developed countries take for granted, but that are not available in a significant number of countries around the world. Although this declaration is 60 years old, in many ways it still represents an ideal to be achieved rather than a baseline state of affairs. Factors that may be used to measure quality of life include the following:

- | | |
|---|-------------------------------|
| ✓ freedom from slavery and torture | beliefs, nationality, |
| ✓ equal protection of the law | socioeconomic status and more |
| ✓ freedom from discrimination | ✓ right to privacy |
| ✓ freedom of movement | ✓ freedom of thought |
| ✓ freedom of residence within one's home country | ✓ freedom of religion |
| ✓ presumption of innocence unless proved guilty | ✓ free choice of employment |
| ✓ right to marry | ✓ right to fair pay |
| ✓ right to have a family | ✓ equal pay for equal work |
| ✓ right to be treated equally without regard to gender, race, language, religion, political | ✓ right to vote |
| | ✓ right to rest and leisure |
| | ✓ right to education |
| | ✓ right to human dignity |

Quality of Life vs. Standard of Living

Social Studies 10

Comparing the Two

When people think about their own standard of living, the amount of money they bring in might be the first thing that comes to mind. If their income decreases (through job loss, for example), they might consider their standard of living to be decreasing along with it. Is this true? Well, consider the other factors that make up standard of living. If you have a good chance of securing another quality job because your country's economy is generally strong and the transportation infrastructure is good enough to give you a viable means of getting to that job, if you still have access to healthcare because there is a safety net for the poor (like Medicaid and sometimes state or local programs), and if the cost of goods and services is reasonable enough that you can more or less get by in the meantime until you find a new job, then your overall standard of living is still quite good despite your present lack of income. (To reduce healthcare expenditures, read *Fighting The High Costs Of Healthcare* and *20 Ways To Save On Medical Bills*.)

Standard of living is somewhat of a flawed indicator, however. Looking at our earlier list, while the United States, for example, might be considered to rank highly in all of these areas, most people would agree that for some segments of the population, the standard of living in the United States is actually quite low. In East St. Louis, Illinois, for example, the quality and availability of employment has historically been poor, environmental quality is below average for the U.S., and the incidence of disease is high; life expectancy is also below average. According to the U.S. Census Bureau's 2000 census, the number of families living below the federal poverty level in East St. Louis was 35.1%, compared to a national average of 12.4%.

Like standard of living, what would be considered a good quality of life by one person may be considered as such by another. The earlier list of quality of life factors might also be considered to be a list of things the United States offers. The Economist, for example, produces an index that attempts to rate the quality of life in various countries.

Predictably, developed nations like Norway, Australia and Luxembourg come out on top, and less-developed countries like Iraq, Afghanistan and Sudan come out on the bottom, according to the Economist's quality-of-life index. That said, there are certainly segments of the population in countries like the United States in which people don't have the right to marry whomever they choose, are discriminated against, are treated as guilty until proven innocent, do not have access to a meaningful and useful education, and/or do not get equal pay for equal work.

Quality of Life vs. Standard of Living

Social Studies 10

Conclusion

The main difference between standard of living and quality of life is that the former is more objective, while the latter is more subjective. Standard of living factors, like gross domestic product, poverty rate and environmental quality, can all be measured and defined with numbers, while quality of life factors like equal protection of the law, freedom from discrimination, and freedom of religion are more difficult to measure and are particularly qualitative. Both indicators are flawed, but they can help us get a general picture of what life is like in a particular location at a particular time.