

**LONG TERM CHANGES IN THE QUALITY OF LIFE
OF LITHUANIAN POPULATION:
20 YEARS IN THE MARKET ECONOMY**

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Abstract. The paper presents a conceptual framework and a complex understanding of the quality of life. On the basis of the system of indicators of the quality of life as offered by the author, a long term changes in the quality of life of the Lithuanian population during the period of functioning of the market over 1990-2012 is analysed. There is presented analysis of the changes of Lithuanian population's on the areas of material well-being, health and demographics according to the trends of shift of cultural, moral-ethical and spiritual values¹. The article presents how the quality of life of Lithuanian population has changed after the implementation of the market economy, membership in the European Union and through the time of the crisis. The main positive and negative factors influencing the population's quality of life are identified as well as achievements, major issues and the possible ways of their solutions and future prospects.

Keywords: conception framework of quality of life, material wellbeing, health and demographics, culture, system of moral, ethical and spiritual values

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JEL Classification: I310, I390, J1

1. Introduction

A growing disappointment in the universal monetary methods which are based on monetary and fiscal policy priorities has been felt in Europe in recent years. Non-orthodox economic development concepts, having regard to a broader and more in-depth perception of economics, are attracting more attention. Contrary to the monetary approach and technocratic practice (which is so popular and well-established in Lithuania), where market economy seems to omit an

individual, in the leading EU Member States, such as Germany, France, Italy, Austria and Scandinavian countries, economic reforms are oriented more towards the achievement of objectives which the society at large aims to achieve. These objectives are vital to the majority of people, i.e., they reflect the interests of social layers on a mass scale, which are the foundation of the country's economic development strategy. It is only by taking into account the priorities of social objectives that solid and powerful stimuli are likely to be created for economic growth, business modernisation and increase of national competitiveness, at the same time creating a steady

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resource of the state budget revenue.

Global experience confirms such an approach. In 2008 the Commission on the Measurement of Economic Performance and Social Progress (also known as the 'Happiness Commission'), chaired by one of the most outstanding contemporary economists, Nobel Prize winner, Joseph Stiglitz, other members of the Commission included the world-renowned economist, Nobel Prize winner Amartya Sen and Jean-Paul Fitoussi. The conclusion of Report of the Commission on the Measurement of Economic Performance and Social Progress (Stiglitz *et al.* 2010) challenged the currently accepted system of measurement of economic performance indicators: general economic indicators, such as GDP, inflation and budget deficit do not entirely reflect the actual economic situation in a country, the real economic situation and effectiveness of economic policy are revealed by the indicators of the well-being and quality of life of the population. Therefore, when assessing the economic situation in a country, it is necessary to shift the centre of gravity towards the indicators of the well-being and quality of life of the population (Easterlin 2001, 2009; Easterlin and Angelescu 2009, 2012; Easterlin and Sawangfa 2009; Giddens 2007; Veenhoven 2005, 2008, 2013).

The most significant conclusion of this authoritative Commission was its recommendation to apply a system of indicators reflecting the well-being of the population instead of finance oriented statistics. This system of indicators covers the following dimensions: indicators of the level of material life, health, education, work, possibility to influence the decisions of the authorities, social relations and community participation, living environment and ecology, as well as physical and economic security (World Economic Forum 2012).

All over the country, citizens are demonstrating a desire to engage in serious discussions about how to measure quality of life. For the past five years, Calvert Group has been preparing for this exciting debate (Henderson *et al.* 2000). The 12 Calvert-Henderson Quality of Life Indicators range far beyond the traditional national accounts of Gross National Product (GNP) and its narrower form Gross Domestic Product (GDP) and other money-denominated indexes on inflation (CPI), incomes, interest rates, trade deficits, and the national budget. The Calvert-Henderson indicators dig deeper, going behind the national

statistics on employment, health, education, and the state of our infrastructure and national security. They are not trying to offer reweighted and recalculated versions of macroeconomic statistics, as many other worthy efforts have attempted. This approach is to paint a broader picture of quality of life to complement current statistics and identify statistical "blind spots" where new data collection is needed.

On the conceptual foundations of these early economic innovators, a host of new efforts to redefine human development, wealth and progress emerged in the 1980s and 1990s. David Morris (1979) of the Institute for Local Self-Reliance produced the Physical Quality of Life Index (PQLI) for the Overseas Development Council; Herman Daly and John Cobb created the Index of Sustainable Economic Welfare (ISEW) in 1989. These indices deduct from GNP many environmental and social costs, arriving at a significantly lower "net GNP". They have been adapted widely in Europe, Australia, and the United States as the Genuine Progress Index (GPI) by 1995. Other approaches include the Fordham University Index of Social Health devised by Marque-Luisa Miringoff and Marc Miringoff (1999), also a consultant on our Calvert-Henderson Quality of Life Indicators.

In the opinion of political scientists Przeworski and Limongi (1997) social and economic development facilitates the entrenchment of democracy institutes. According to them, the prospects of preservation of the newly established democracy are larger if the country is wealthier and, in addition, if it is a parliamentary democracy. Democracy is capable of promoting economic growth, controlling inflation and, in its turn, economic development reduces the risk of conflicts in relation to social inequality, weakens the impact of political alienation, polarisation and social cohesion. The link between the quality of democracy and welfare has been emphasised by a number of scientists. According to Przeworski *et al.* (1996), appropriate distribution of income is becoming a highly significant factor in consolidating democracy (the problem of property distribution and inequality).

The World Bank in 1995 issued its own Wealth Index, which redefined "the wealth of nations" in significant ways. The World Bank now defines 60 percent of this wealth of nations as "human capital" (social organization and human skills and knowledge), 20 percent as environmental capital (nature's contribution), and 20 percent as "built capital" (factories, finance, capi-

tal). This caused a major change in the economics profession, with many of its best minds embracing pieces of the new thinking including many prominent world economists Stiglitz *et al.* (2006), Stiglitz 2009, Krugman (2009 a, b).

The recent global economic crisis has been considered by Paul Krugman (2009b), Stiglitz *et al.* (2006), Grzegorz Kolodko (2008) and others as a crisis which happened, first of all, in 'people's minds', when a clear decline in the moral and ethical values affected the economic behaviour of people as well as economic development. The current crisis is primarily the crisis of the system of values and outlook. Economy is not merely a sphere of material interests and immoral economy is ineffective economy, because it destroys instead of creating. There are plenty of examples to prove it: widespread poverty, soul-destroying cult of consumption and ecological crisis. All these are the results of spiritless government and egoistic economic benefit pursued at all costs. Concern of raised issues is being reflected by raising stream of scientific papers devoted to array of questions related to secure sustainable development of regions, counties and societies (Ercsey 2012; Mačiulis, Tvaronavičienė 2013; Balkienė 2013; Prakash 2013; Vosylius *et al.* 2013; Baublys *et al.* 2014; Raudeliūnienė *et al.* 2014; Vasiūnaitė 2014; Tvaronavičienė 2014).

2. Conceptual Framework and Methodology of the Quality of Life of the Population

On the basis of the European economic model, which Lithuania seeks to implement, a country must create and develop a competitive economy also ensuring the well-being of the population. The country's competitiveness is determined not only by the effort of all economic sectors, enterprises and the state to seek growth of profit and the economy, but also the ability to ensure the quality of life for specific social groups of the Lithuanian population.

The research conducted in Lithuania in the field of economy is focused on the securing of a fast economic growth, macroeconomic stability, achievement of the development and profitability of the banking and business sectors, whereas research of the social and economic development, the well-being and quality of life of the population was not given sufficient attention during the period of formation of the market economy. The well-being of life of the population was not a priority object of research in Lithuania.

In part, this may be accounted for by the fact that at the beginning of market reforms, results in this field were modest, and the issues of the well-being and quality of life were just emerging, hence it seemed that no palpable object of research existed. However, almost two decades since the re-establishment of the Independence, a functioning market economy has been created in Lithuania with all the institutional foundations typical of it, Lithuania has acceded to the EU, has joined the WTO and NATO. All these events of importance to the country have essentially changed the standard and quality of life of the population, which has in turn laid down a ground for discussing and analysing this field.

The quality of life of the population may be claimed to be the most important and the main indicator of the efficiency of provided economic policy of government. Therefore, it is expedient to answer the questions of what constitutes the essence and content of the quality of life of the population, what is Lithuania's ranking according to indicators of the quality of life among other world countries. On the basis of research of various authors and the attempts to define the essence and content of the quality of life, the author proposes a conceptual framework of the quality of life, generalised on the complex understanding: The quality of life is a concept which reflects the degree of satisfaction of demographic and health as well as healthy environment, material, cultural and spiritual needs, which is measured at the macrolevel (countrywide) and the microlevel (from a specific individual's perspective). We underline that an analysis of the quality of life of the population must take into consideration a person's need to realise his creative abilities, his potential and to express himself. We would also like to stress our understanding of the quality of life, which differs from a widely spread consumer approach based on the model of a person as a universal consumer. A person is not only a consumer of goods and services, but also a creator, not only of those goods and services, but also of his own life and personality. We offer a systemic concept of the quality of life (Figure 1). The quality of life of the population is an integrated notion which describes, in a comprehensive manner, the health and ecological, economic and material as well as spiritual development of society. The notion of the quality of life is particularly broad and all inclusive and it is difficult to define it not only by some single indicator, but also by a system of indicators. The more

intensive are the processes of internationalisation and globalisation, the more complicated this notion is becoming. Each person can give his own meaningful shade to the concept of the quality of life, though in science the quality of life is a concept expressed in

and measured by specific indicators and relating to the well-being of the population in a specific country. In order to evaluate the status of the quality of life of the population, one of the principal tasks is to create a system of indicators of the quality of life.

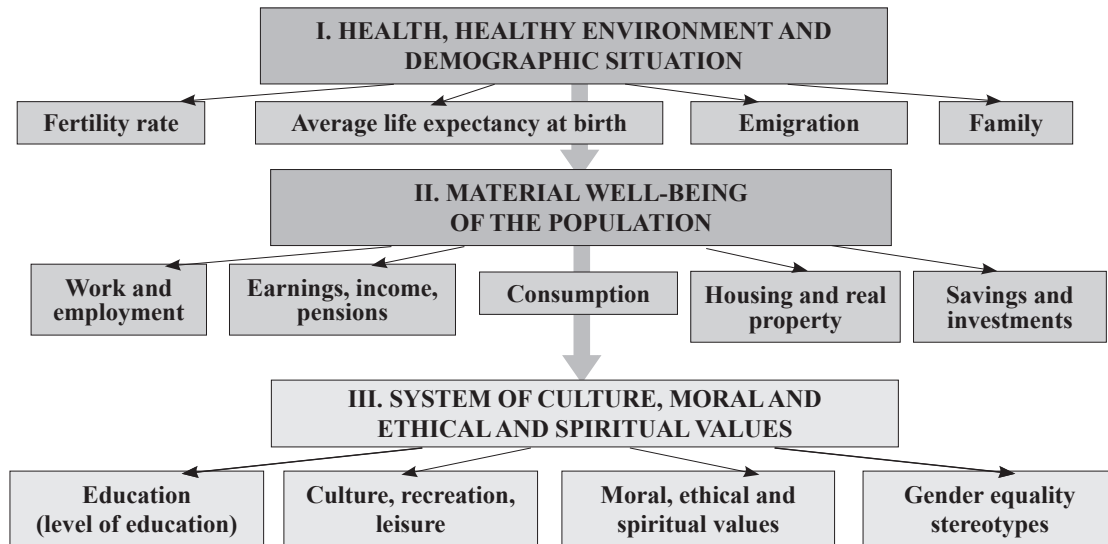


Fig.1. Systemic concept of the quality of life

Source: author

Based on the systemic concept of the quality of life as presented by the author, it becomes possible to evaluate and measure the quality of life through creation and use of a system of indicators of the quality of life. The system of the indicators of the quality of life consists of three main groups.

The first group of indicators of the quality of life covers a person’s health indicators and demographics, namely, the average life expectancy, birth and mortality rates, population reproduction indicators (fertility rates, number of children), marital status, extent of emigration of the population. It may also include additional indicators such as sickness rates, indicators of disability, family stability, number of marriages, etc.

The second group of indicators includes indicators of the standard of living of the population. Consumption resources, as the result of production, are the goods and services intended for consumption, they are the source of the well-being of life consisting of a consumption share of GDP (70-90 per cent of GDP). The level and structure of real consumption are determined by the degree of affordability of goods and services for separate social groups and strata of society, which in turn depends on the earnings and

level of income of the population, on income distribution, also on savings, real property, etc. The quality of life as the field of human activity which is associated with satisfaction of material and spiritual needs depends on the level of development and growth of a country’s economy and also has its own impact on economic development by providing impetus for the economic growth.

The third element showing the quality of life is the system of indicators of education, culture, moral and spiritual values.

Culture is among the main concepts not only of society (sociology), but also of economics. Culture is understood worldwide as an economic notion. No morality can exist without culture. A poor morality determines a “poor”, that is, inefficient, economy. Firstly, an educated, highly-cultured and highly-professional person possesses at his disposal qualitative “unpalpable” resources, such as knowledge, competence, intellect, expertise, high-level spiritual and moral values, which are more important in a knowledge-based economy than material resources; secondly, such a person also creates a high-quality product (e.g., innovations), ensures a better work productivity, makes a larger contribution to GDP

and creates a higher quality of life. A society's culture covers two types of elements – non-material, such as convictions, ideas and values, which constitute the content of a culture, and material, that is, objects or technologies, which materialise this cultural content. The basis of all cultures is made up of the ideas defining what is of importance for a society, what is valuable and desirable. These ideas are the values which provide a meaning and direction to people: "In which direction to live", "What is the meaning of life".

It is particularly difficult to express the third element of the quality of life by means of quantitative indicator, however, it is partially possible to accomplish this with the help of the material element of culture. The author would like to stress that when analysing the quality of life of the population, one may not ignore another element of high relevance, namely, gender equality. Much attention has recently been paid in the European Union Member States to gender equality, which is recognised as one of the most effective means of raising the quality of life of the population. An analysis from the gender perspective helps, on the one hand, to improve the efficiency of distribution of a state's expenditure and to achieve better macroeconomic results and, on the other, allows meeting the needs of specific groups of society in a better way, to improve the quality of their life. Nowadays the approach to gender problems is becoming an indicator of an individual's and the whole country's well-being, culture and civilisation.

The concept of the quality of life of the population and its systemic understanding (which means a possibility to measure this complex phenomenon and analyse on the basis of measurements) allow to shape for the future the outline of an efficient programme which would be focused on the overcoming of negative tendencies and positive transformation of the content of the quality of life of the country's population.

3. General Tendencies of Development of the Quality of Life of the Population of Lithuania

A system of the indicators describing the quality of life has permitted a complex determination of changes in the well-being and quality of life of the Lithuanian population during the period of functioning of the market and identification of the key positive and negative factors which influenced the quality of life of the population in 1990-2012. As changes

in the main indicators describing the quality of life show, Lithuania has achieved good results in the field of the well-being of life, especially upon accession to the EU: GDP was rapidly growing, employment rates conformed to requirements of the Lisbon strategy, earnings, income and savings of the population were increasing, the loan volume was growing due to acceptable interest rates, increase in consumption and provision with housing, vehicles and personal computers was impressive, growth of consumption prices conformed to (and following accession to the EU slightly exceeded) the Maastricht criterion. However, in the context of the 2008 global crisis a breakdown occurred in the favourable tendencies of indicators of the quality of life: the country began to face the threat of growing unemployment, a decrease in earnings and income of the population, and also the danger of a fall in the level of consumption, which has a negative impact also on the prospects for the coming period of 2009-2012. In this context two separate periods of Lithuanian economy could be excluded – before (till 2008) and after crisis (till 2009). Different factors – positive as well as negative can be identified in these two periods.

The positive factors (till 2008) which have recently particularly promoted the growth of the quality of life of the Lithuanian population are the following: rapid economic growth; employment and decreasing unemployment rates; fast growth of earnings and income of the population; fast growth of savings of the population and bank loans; increase of consumption; growing of the real property market – housing construction, fast growth of construction of private houses.

The quality of life of the population in Lithuania has been **negatively influenced** by: worsening demographics and the growing extent of emigration; worsening indicators of population health; growing of social and economic inequality of population; increasing unemployment and emigration (especially still 2009); models of hypertrophied consumer behaviour and a decline of culture, moral and ethical as well as spiritual values.

Enrichment of the population (growing earnings, savings and consumption) does not necessarily guarantee the growth of the quality of life. It is possible to claim that opposite processes are taking place: material well-being is growing at the expense of the quality of life owing to a person's huge effort while working under the conditions of fierce competition

and frequently even at several workplaces (which is still forbidden by our laws) as well as overtime at the expense of health. On the one hand, immense work effort in our poor country is simply a necessity, the only condition of earning and surviving, though, on the other, when material well-being and money become the sole goal prevailing over personality development, family values, and such a massive effort is directed solely towards profit making, a person's personality is being destroyed, which results in a detrimental impact also on the country's economy.

The negative tendencies of demographics are also a consequence of poor-quality life. Intensive work to achieve material well-being means that no time is left for rest, less care is taken of health, family creation is no longer a fundamental value. Young people are searching for a full life abroad, which aggravates the ageing of the country's population and the relative mortality, because it is those who are the strongest and most capable of initiative-taking that emigrate. In this case, a different problem arises, namely, a disintegrating family stability, because people become separated from their children, other family members.

Irrespective of the growth of all macroeconomic indicators, demographics fail to improve: the average life expectancy has shortened by 3 years, mortality rates are the highest since 1950 (the period when destroyed farms were been restored, the population was exhausted after the war, the required health care was not ensured). Surprisingly, in Lithuania, as opposed to the common tendency in the majority of countries worldwide, the life expectancy is decreasing in the presence of a rapidly growing economic welfare. There are many countries worldwide whose living conditions are considerably worse than those in Lithuania, however there is no deep depression in society to place any of the countries on the first place according to the number of committed suicides. Simply enough, other countries' societies adhere to the norms and principles of morality which may not be violated under any circumstances, they preserve their eternal values.

3.1 Material Well-Being of the Population of Lithuania

During the period of Lithuania's transition to market economy, in the years 1990–1996, a sharp decline in GDP was as high as 44%, in 1995, Lithuania's economy started to slowly recover and continued to

grow consistently after the recession caused by the economic crisis in Russia in 1999. Before accessing the EU, Lithuania was among the most dynamically developing countries in Europe and the world: in 2003, the GDP growth rate was 10.2% and in 2007- 8,8%. The GDP growth rate slowed down significantly only at the end of 2008, influenced by the global economic crisis: the GDP was LTL 111.4 billion, and rose by 3,1% compared to 2007. In 2009, compared to 2008, the GDP decreased 14,8 %. Compared with other EU Member States based on this indicator, Lithuania is only ahead of Latvia, Poland, Romania and Bulgaria. But in 2012 real GDP increased 3,7 % and accounted LTL 113,75 billion.

Lithuania's integration into the EU has expanded foreign market sales and created preconditions for recovery in foreign trade and growth in foreign investment, which helped to reduce economic and social disparities between Lithuania and more developed EU Members States. According to foreign experts, the new EU Member States are simultaneously trying to achieve two quite opposite goals – to catch up with the Western neighbours in terms of standards of living and to comply with the criteria for the introduction of the Euro. Lithuania, along with the other Baltic States, is still halfway reaching the average Western European standard of living.

Income of population. In recent years, with employment rates going up continuously (employment rate in Lithuania had been rising consistently: from 57,5% in 2001 to 62,0% in 2012) and unemployment rates falling down (the highest unemployment rate after the re-establishment of independence was registered in 2001 at 17.4% and the lowest in 2007 at 4.3%, but it increased till 17,8 % in 2010 through the crisis, there was respectively a significant increase in salaries in 2007 – 20,5 %) (Table1). During the years 2000–2008, the average monthly earnings increased almost three-fold and in 2008 reached LTL 2174. The growth of salaries accelerated after the accession to the EU, reaching 17-20% per year. However the main decline of income of the population was in 2009 – in time of the crisis and consists – 7,8 %.

Table 1. Earnings and income of the Lithuanian population

Year	Average monthly earnings (LTL)	Change in the average monthly salary (%)	Income (per household member on average per month, LTL)	Change in the income per household member (%)	Unemployment rate (%)	Employment (%)
2000	980.8	0.5	415.4	-	11.5	54.3
2001	982.3	1.2	409.9	-1.3	13.0	57.5
2002	1013.9	3.2	422.0	3.0	14.7	59.9
2003	1072.6	5.8	457.6	8.4	12.9	61.1
2004	1149.3	7.2	509,3	8.3	12.2	61.2
2005	1276.2	11.0	601,1	16.9	11.8	62.6
2006	1495.7	17.2	767,3	17.4	8.3	63.6
2007	1802.4	20.5	952,1	26.2	5.4	64.9
2008	2174.1	17.1	1 133,2	14.9	5.8	65.0
2009	2 056,0	-7,8	983,5	-13,2	13,8	60.1
2010	1 988,1	-2,3	894,2	-9,1	17,8	57,6
2011	2 045,9	1,0	1 016,5	13,7	15,4	60,2
2012	2123,8	3,8	997,3	-1.9	13,4	62,0

Source: Eurostat (2014)

As evidenced by the changes in the income of the population of Lithuania, after the re-establishment of independence, the income was growing consistently and in 2000-2008, the disposable income per capita increased almost three times and amounted to LTL 1133,2 per month. It was recorded income growth in 2008. In 2012, the average disposable income of the population was LTL 997,3 per household member per month, and was brought down to the level recorded in 2007 before the crisis. The main reason of income decrease was the growing unemployment rate in Lithuania in time of crisis, which continuously remains high – 13,4 % in 2012. Measuring well-being of the population in a consumer society reveals certain paradoxes: increasing life satisfaction is not directly proportionate to growing income, i.e. material well-being by itself does not make a person happy (R. Veenhoven 2008, 2013). The needs of the population and their attitudes in most cases also depend on a country's history, economic development, level of education and culture. It has to be noted that the importance of income for individual well-being varies depending on a person's marital status or his personal health: same income may represent a totally different level of well-being to different people.

Social and economic inequality. Lithuania's pursuit of macroeconomic stability indicators is impeded by unjustified distribution and polarisation of income of the population and social and economic inequal-

ity. It is obvious that growing polarisation of society, where there is no middle class or it is very small, is a particular cause of crisis in Lithuania and requires attention from the state, as it promotes social tension and cataclysms in society, such as social threats and emigration and may hinder the development of the economy at large. In 2011 Lithuanian integrated index of income and consumption distribution was the highest in EU (0,96), which indicates the highest social and economic inequality (Figure 2).

Global experience points to the fact that income inequality (decile coefficient $K_d=10$) threatens the macroeconomic stability of the country. Today this limit has been overstepped in Lithuania. Excessive differentiation of income in Lithuania (with the decile coefficient of income differentiation being $K_d=12-14$) is one of the country's most urgent problems and not a single long-term strategy and medium-term programme can be implemented without first resolving the problem. Lithuania should implement the European economic model of well-being which, based on the best global practice but also taking account of Lithuanian history and national mentality, and its natural, social and economic conditions, peculiarities and specific features, would not only allow for stabilisation of the economy at present but would also allow for getting back on track to rapid and long-term economic growth.

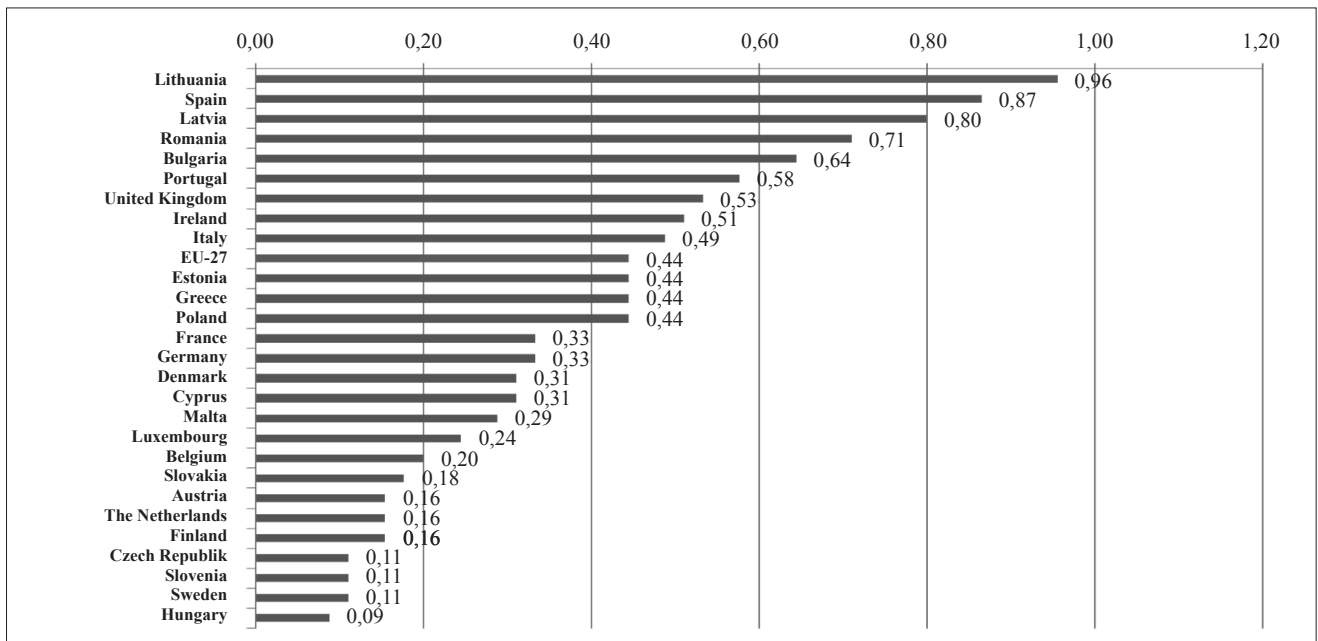


Fig.2. Integrated Index of Income and Consumption Distribution EU 2011

Source: accounted according to Eurostat data (2014)

Consumption. The team administrative economy of the Soviet period was only able to ensure basic needs. The concept of “deficit” goods and difficulties related to acquiring such goods was one key difference from Western markets and Western goods, in particular, were highly desirable. Z. Bauman states that one of the major differences between the communist regime and Western consumer capitalism was the lack of shopping opportunities. According to the scholar, the majority of modern society members perceive their personal freedom as consumer freedom, with all its acceptable and not quite acceptable attributes (Bauman 1988). Having freed the “dream” of free consumption, shopping also became an opportunity for people to demonstrate their purchasing power in exclusive boutiques and big shopping centres. In the same context, consumption in Lithuania has soared in recent years: in 2000, household consumption expenditure accounted for 64% of GDP and in 2008, it accounted for 67%. Average consumption expenditure per family member in 2008 increased almost twice, as compared to 2000, and amounted to LTL 749 per month, but in 2012 it decreased to 63 % and consisted LTL 854.2 per month. A clear tendency throughout the period of market economy is the decreasing comparative weight of expenditure on foodstuffs (Table 2). When it comes to consumption, a clear breakthrough can be observed in Lithuania: at the beginning of market reforms in 1996 the ex-

penditure on foodstuffs amounted to 55%, whereas in 2007 – only 33%, i.e. 1.7 times less, and in 2012 – 33,7 %. However, in highly developed countries, e.g. the USA and the old EU Member States, the expenditure on foodstuffs accounts for 15-20%. Therefore, more than one-third of expenditure on foodstuffs in Lithuania indicates that the standards of living are still not very high, which is also evidenced by other indicators of consumption expenditure.

One positive sign is the growing expenditure on leisure and culture: from 3.8% in 2000 to 4,9 % in 2012; on clothing and footwear: from 6.8% to 9.3% in 2007, but in 2012 there is only 6,6%; on home furnishing: from 4.5% to 5,8%, but 4,4 respectively; on healthcare from 4,8 to 5,9 in 2012; on transport: from 8,7 % to 10,3%; on communications: from 4,2% to 5,5% in 2007 and 3,7 in 2012.. However, by far the biggest part of the expenditure goes towards home upkeep (electricity, gas, heating, water and utilities), even though from 2000 to 2012, it has increased by 6 percentage points to 18,0 % and it is the strongest blow to the standards of living of the population in Lithuania.

Lithuania stands out as a country with a high level of vehicle ownership (Figure 3). The number of individual cars over the period of market economy had been growing consistently and in 2011, the number of registered cars amounted to 1.6 million, i.e.

497 cars per 1000 population. To compare, in 2005, there was one car per one apartment and in 2011, the number increased to 1.5 or on average one car per

two people. 25.7 thousand new cars were registered in 2007 (before crisis), i.e. 41% more than in 2006, this being the highest number in the Baltic States.

Table 2. Composition of household consumption expenditure (per cents)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2012
Foodstuffs	37,7	35,7	34,1	39,0	38,0	36,6	33,7	33,1	34,8	33,7
Alcoholic beverages	2,6	2,5	2,3	2,2	3,9	2,4	2,5	2,5	2,6	2,4
Tobacco products	1,9	1,9	1,9	1,5	1,5	1,4	1,2	1,2	1,3	1,0
Clothing and footwear	7,5	7,2	7,0	7,8	8,1	8,6	8,8	9,2	8,5	6,6
Housing, water, electricity, gas, other fuel	15,6	15,8	16,2	12,6	12,2	12,0	12,0	12,0	12,6	18,0
Home furnishing	4,5	5,6	5,2	4,5	4,8	4,5	5,5	5,8	5,0	4,4
Healthcare	4,8	5,0	5,3	4,2	4,5	5,1	5,0	4,8	4,9	5,9
Transport	8,7	8,3	7,8	9,6	10,0	8,8	10,3	10,4	9,8	10,3
Communications	4,2	5,2	6,0	5,9	5,6	5,0	5,0	4,9	4,6	3,7
Leisure and Culture	4,1	4,3	4,6	5,0	5,1	4,7	5,2	5,5	4,8	4,9
Education	0,7	0,8	0,7	0,9	1,0	1,2	0,9	0,8	0,6	1,0
Hotels, cafes, restaurants	4,5	4,4	4,8	4,5	4,3	5,0	4,8	5,2	5,5	3,1
Various goods and services	3,2	3,7	4,0	4,9	5,1	4,6	4,9	4,7	5,0	5,0
Total	100	100	100	100	100	100	100	100	100	100

Source: Eurostat (2014)

Recently there has also been an increase in the ownership of information and communication technology (ICT) tools: computers and Internet access are spreading in households (Figure 4). According to the household study, 48% of households had personal

computers in 2008, of which 54% in urban areas and 34% in rural areas. 47% of all households used the Internet at home in 2008. Internet access was available at 53% of homes in urban areas and one in three households in rural areas (33%).

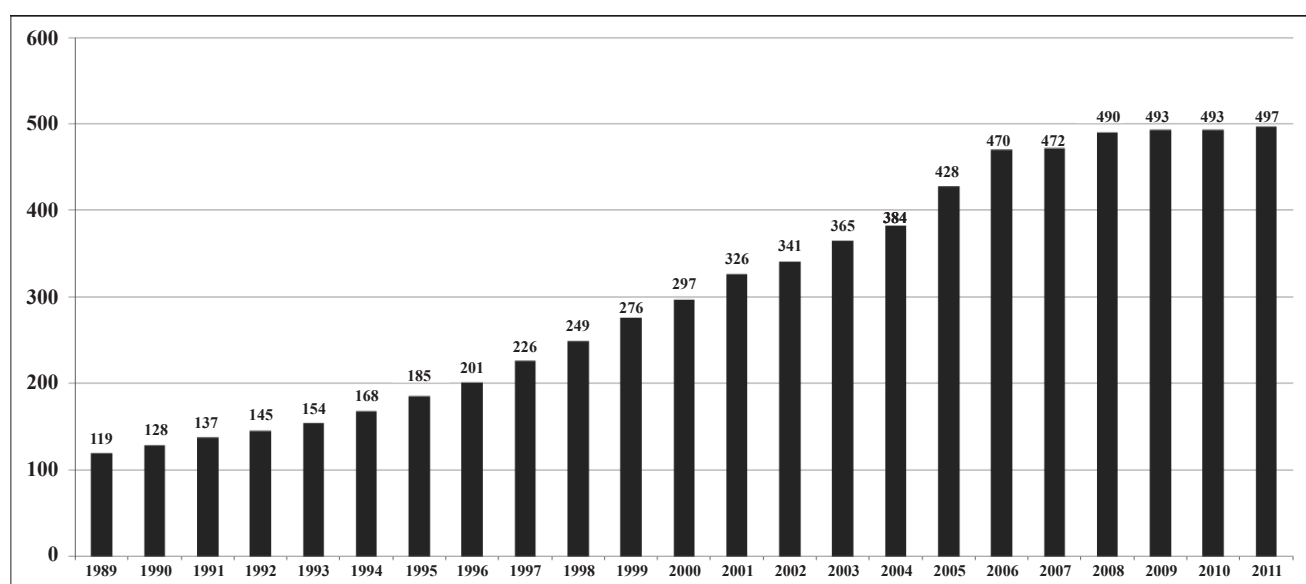


Fig.3. Number of individual cars per 1000 population

Source: Eurostat (2014)

Home ownership. Seeking better quality of life in Lithuania has recently been developing according to a clearly European model. So it is only natural that price differentiation is becoming the main tendency on the real estate market, based on home and residential area quality valuation. All the market par-

ticipants, both buyers and sellers, are returning to the traditional aspects of home valuation: location, natural surrounding, fast connection possibilities, architectural solutions and building materials used to build the home, family-friendly environment with local amenities etc.

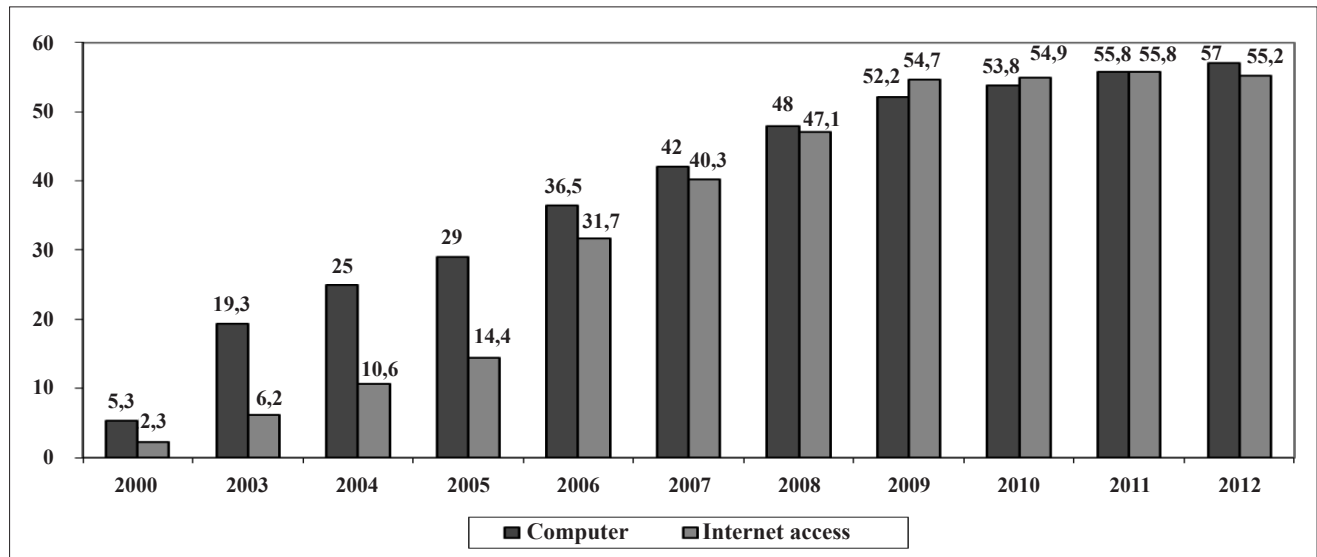


Fig.4. Households with personal computers and internet (per cent)

Source: Eurostat (2014)

There is a transition from quantity to quality. During the rapid economic growth in Lithuania in recent years the society has fulfilled its basic needs and acquired extensive experience by observing the level of quality of life in European countries. The new perception of quality as well as new opportunities prompted many people to “migrate” from apartment blocks to new homes. An increase in the share of the newly developed property up to 10% of the Lithuanian housing fund over the last four years proves the tendency. Quality of life in terms of housing for most people means the freedom to choose a home that would enable to lead a chosen way of life. New property development industry has been constantly growing in Lithuania since 2001. Favourable mortgage conditions and the natural need of people to create well-being by owning real estate determined strong demand for newly developed properties. Lithuania is the leader among the Baltic States in terms of the number of new homes. Living premises in individual houses amounted to 46%. At the end of 2011, the housing fund consisted of 1 305.1 thousand apartments, i.e. 388 apartments per 1000 population. The average size of an apartment was 62.1 m², 58.2 m² –

in urban areas and 70.1 m² – in rural areas. There was on average 26.1 m² of residential useful floor space per capita (Figure 5), 23.2 m² – in urban areas and 27.8 m² – in rural areas. All the above figures point to a relatively high level of well-being.

In the last 50 years the proportion between urban and rural population has changed significantly. Lithuania is no longer a rural country – two-thirds of its population now live in cities. When assessing living conditions in urban and rural areas of Lithuania (employment, home amenities, availability of resources, education opportunities and access to cultural activities), moving to cities is considered to be a positive tendency, however, migration from rural to urban areas should not be encouraged. Living conditions in rural areas should be improved instead, with emphasis on creating healthy, beautiful and comfortable environment for living. The development tendencies of material well-being reveal a visible growth in the standards of living of the population in Lithuania. Lithuania’s accession to the EU was a prerequisite for positive changes in terms of well-being of the population, however, at the same time, ensuring the compliance with the Maastricht criteria, i.e. curbing the

inflation and budget deficit within the allowed limits, is in a way limiting the possibilities of growth of the standards of living.

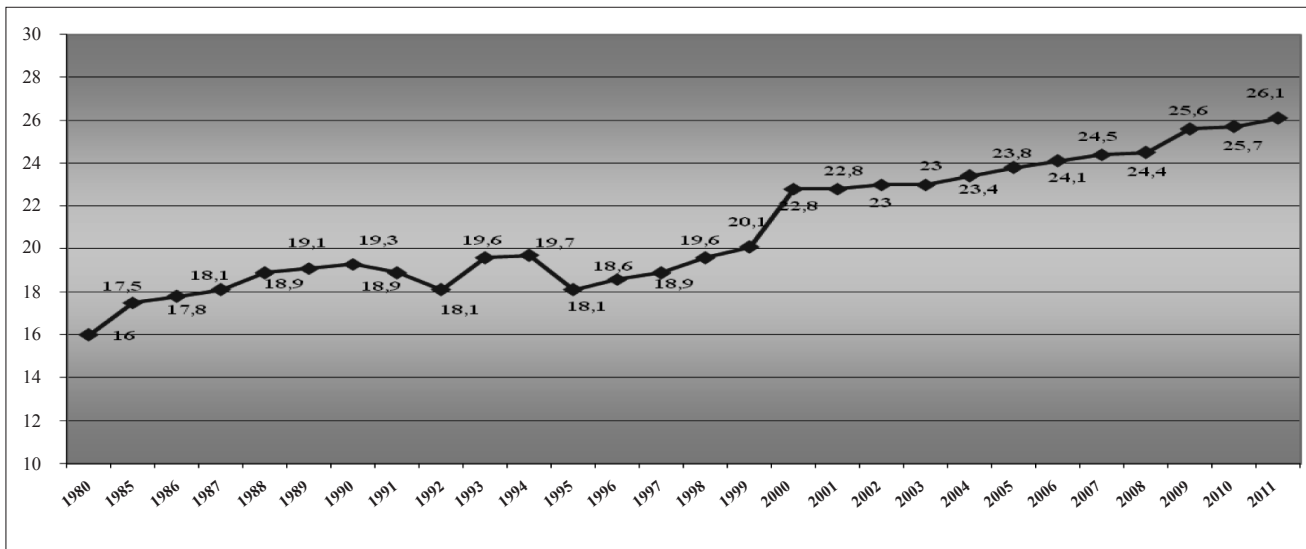


Fig.5. Living space per capita (m²)

Source: Eurostat (2014)

3.2 Demographics and Health of the Population

Demographics. After the re-establishment of independence, the demographic development of the population of Lithuania changed in essence. Since the beginning of the last decade, the changes in demographic processes such as: birth rate, death rate, family planning and migration have all been negative and resulted in the decreasing number of people, depopulation and rapid aging of the population. The population numbers started decreasing in 1992. At the beginning of 2012, the number of population of Lithuanian was 2,9 million people, that is 900 thousand less than 20 years ago. The number of population started to decrease primarily due to emigration, from 1994, due to natural turnover, i.e. due to mortality rates being higher than birth rates. In 1995, the natural increase reached a critical line, i.e. the birth

rate became lower than what is required for the process of reproduction and it has been falling since then (Figure 6). The country is depopulating rapidly and the generation of children cannot replace the generation of parents.

The average expected lifespan of the population in Lithuania in 2011 dropped by 2.7 years for men and 0.7 years for women and was 64.9 and 77.2 respectively. During the last five decades, the proportion of people over 60 years of age of the total population increased by two-thirds: from 12% in 1959 to 20% in 2003, and the proportion of children under 14 years of age decreased by one-third (from 27% to 18%). At the moment, there are more people who are 60 years of age and older than children in Lithuania. However, Lithuania is still not in the top 20 of the demographically oldest countries in the world.

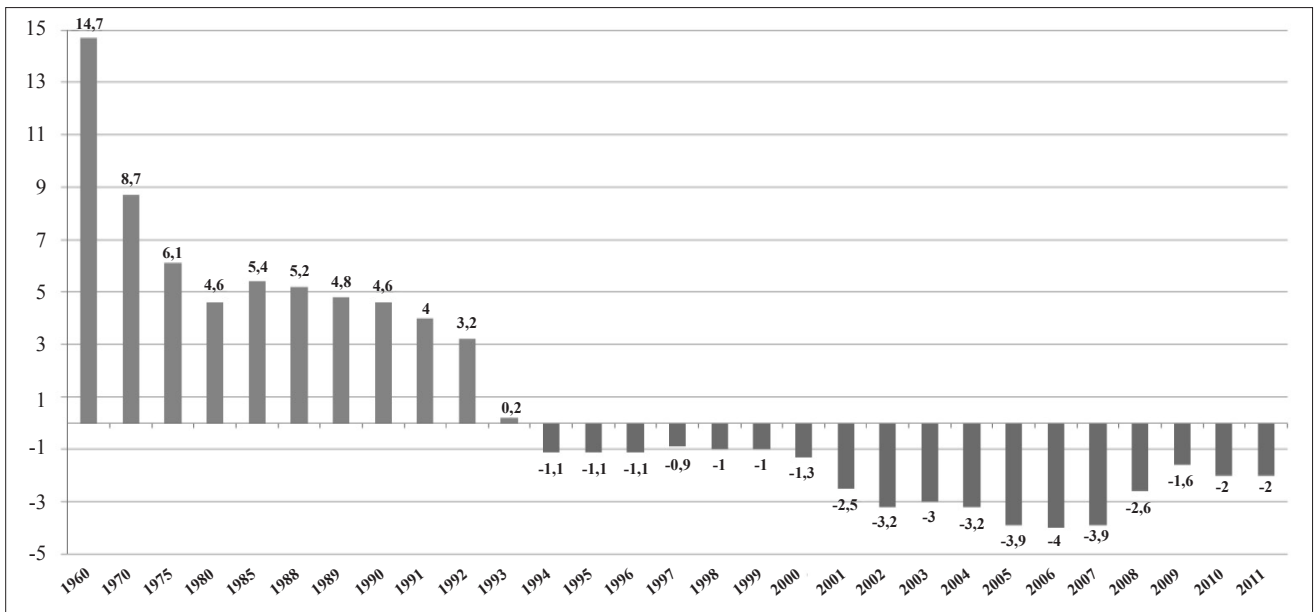


Fig.6. Natural increase per 1000 population

Source: Eurostat (2014)

Periods of demographic development, when the age composition of the population changes rapidly (ages), require timely and well-considered adaptation actions in almost all spheres of life. The new ratio of young people to the elderly population forces to review and adapt to the new circumstances possibilities of participation in the labour market, social guarantees, social care services, health and ecology-related measures (environment, community infrastructure, communications etc.). If the State ignores the increasing number of the elderly and their special needs, it would put the well-being of this age group under threat.

3.3 Emigration

One of the main reasons of decreasing population in Lithuania is emigration, which grew significantly after Lithuania's accession to the EU. According to the data of the Department of Statistics, about 500 thousand people left Lithuania declaring their

departure in 1990-2012 (Figure 7). This number is doubled by the number of people who left without declaring their departure because only one out of two or one out of three people declare their departure when emigrating. After the crisis in 2008, the biggest flow of emigrants was fixed in 2010 – more than 83 thousand people abandoned Lithuania. Considering the number of population, Lithuania was leading in terms of emigration rates in the EU. The research data show that among those leaving the country are mostly young, well-educated, proactive and efficient people as well as young families. The conclusions of the research state that the main reason for emigration is work: almost 70 % of emigrants are leaving in search of work, 8 % of people leave to join family members who left earlier or after having married a foreigner, 13 % of people go to study (it has to be noted that the number of people studying abroad is constantly growing and in 2001-2012, increased from 4% to 13 %).

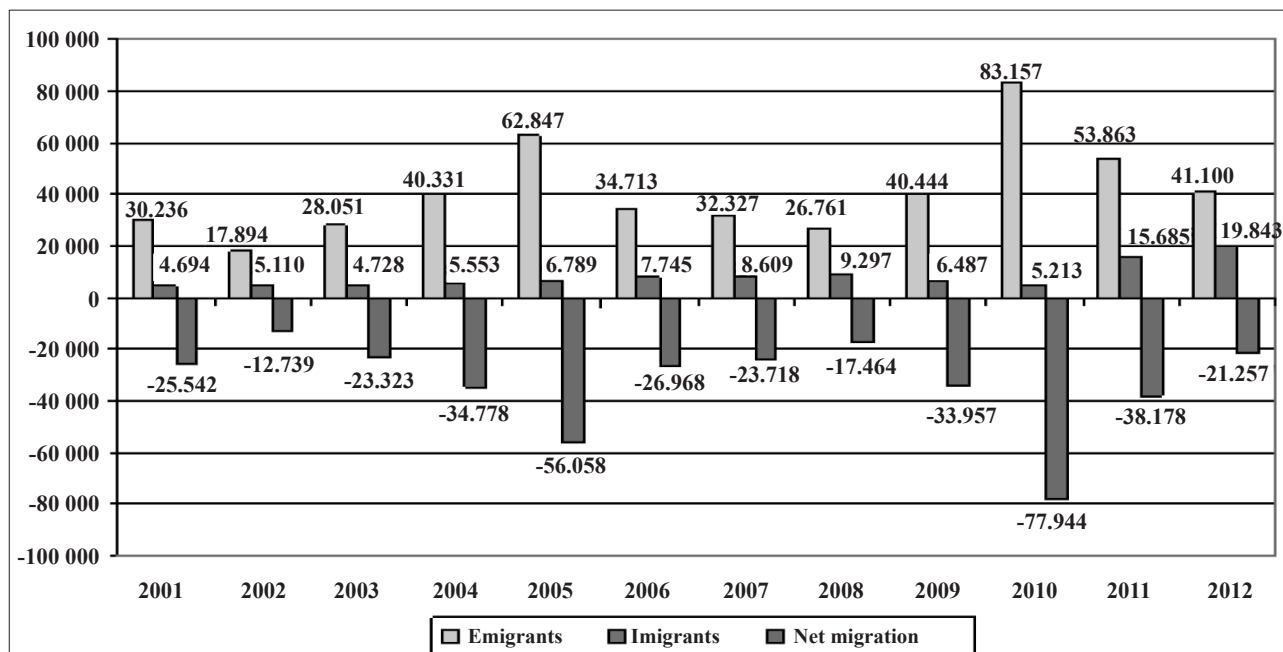


Fig.7. Migration in Lithuania, number of migrants

Source: Eurostat (2014)

It is commonly thought that emigration is determined by predominantly economic factors: differences in salaries and standards of living in Lithuania and foreign countries. However, this idea must be questioned. Economic reasons for emigration are overestimated. The amount of earnings is not the only criterion determining people’s choices on the labour market (to work or not to work, in Lithuania or abroad) also because each year more investment goes into creating comfortable and safe working environment. The quality of workplace also covers such aspects as professional development opportunities, possibilities of putting to use the acquired knowledge and skills, creating added value, having healthy and safe working environment and ensuring good income. According to the survey of people in employment, only 68% of them are content with their workplace (in old EU Member States – 85%). Emigration is largely a response to poor quality of workplaces. Therefore, the reasons for emigration from Lithuania are social rather than economic.

According data of the Department of Statistics in 2012 there will be only 2,9 million people living in Lithuania (comparing with 1989, it was 3,8 mln. citizens in Lithuania) i.e. the population was decrease by 24 %. This was, for the first, result of decreasing of unemployment rate and emigration from Lithuania, and after that affected the labour market with

a decreasing supply of workforce and the number of working-age population, it became increasingly difficult to maintain health and social security systems, which are financed from tax payers money. At the same time, the need for such services will grow with an increasing number of the ageing population.

4. Decline of Culture, Moral and Spiritual Values

Unlike the economy and standards of living, where over the 20 years of its independence Lithuania has made significant improvements, quite a lot ambiguity can be encountered in terms of culture and the system of moral, ethical and spiritual values. The total propaganda of the material and financial aspect in the official doctrine of global economy in the 20th-21st centuries has triggered a sharp decline in terms of culture and moral, ethical and spiritual values across the world. It became obvious that models of absolutization of private capital are incompatible with ideas of social justice, destroy traditional principles of ethics and morals, turn a human being into a money slave and degrade personality. All of the above became evident also in Lithuania.

A dysfunctional system of values manifests itself through the loss of self-identification of an individual, the crisis of the institution of family, devaluation

of education, professional skills and culture. The acceptable moral values scatter in the consciousness of an individual and society causing diffusion, i.e. the line between the good and the bad disappears. Individual pragmatism, cynicism and seeking self-benefit all become widespread as consumption becomes the ultimate goal of life, leaving aside professional growth as well as inner spiritual development. The cult of brutality and violence is spreading among the young population; aggression is viewed as something valued, which helps to numb the feelings of compassion. Kindness, humanity, decency, intelligence, mutual assistance as values all decline and lose their significance. Under such circumstances, a young person becomes disorientated, finds it difficult to understand the meaning of life and to choose his way – “the direction in life”.

Psychologists, sociologists and church representatives all state that negative moral and ethical principles have grown stronger in all layers of society thus influencing the behaviour of the entire society as well as behaviour in the family. The main reason for growing depression, alcohol and drug addictions, increasing crime and suicide rates in Lithuania is spiritual emptiness, loss of the meaning of life and obscure moral and ethical values. This is the price for the absolutization of consumer ideology, cult of material success and loss of high ideals of humanity.

Without culture, there are no morals in society. Without culture, there are no highly qualified professionals. Moral values are an important criterion regulating the economy and politics. Without the basic moral principles, economic and social laws fail, instructions are not carried out and education, science and arts cannot exist. Low level of culture and morals determines the growth of criminality, dooms any positive efforts in economy, social life and politics.

Culture. The statistical data from the period of 1970-2012, indicating dramatic cultural changes, confirm the revolution in the system of values of the population that took place over the period of market economy. Over the 20 years of market economy in Lithuania, the number of people attending theatres and concerts has dropped by 75% (Figure 8). In 2000, there were 71 listeners per 1000 population, as opposed to 44 per 1000 population in 2011. According to the culture indicator, Lithuania’s situation is quite difficult, compared to the rest of Europe, Lithuania is third from the bottom among EU countries (Figure 9). Although, based on the proportion of people working in the sphere of culture Lithuania almost meets the EU average, (EU – 2.4%, Lithuania – 2.5%), for instance theatre attendance indicators are among the lowest in the Baltic States: there are 748 theatregoers per 1000 population in Estonia, 378 – in Latvia and only 212 – in Lithuania.

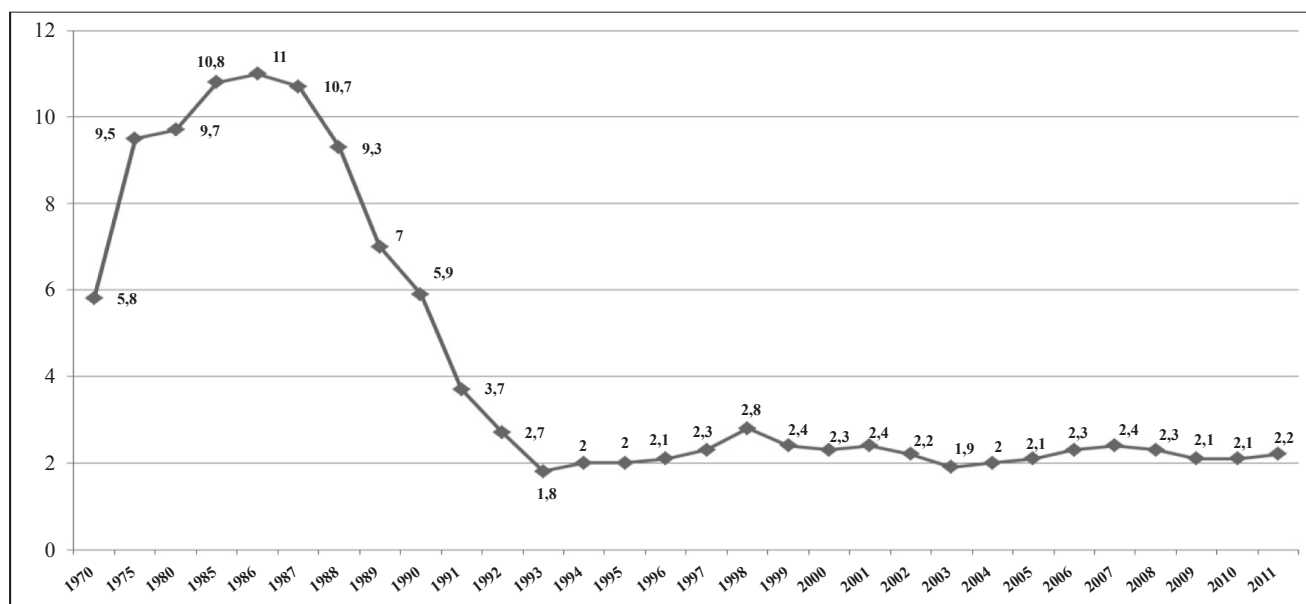


Fig.8. Culture indicators: visiting theatre, concerts thousand (day average)

Source: Eurostat (2014)

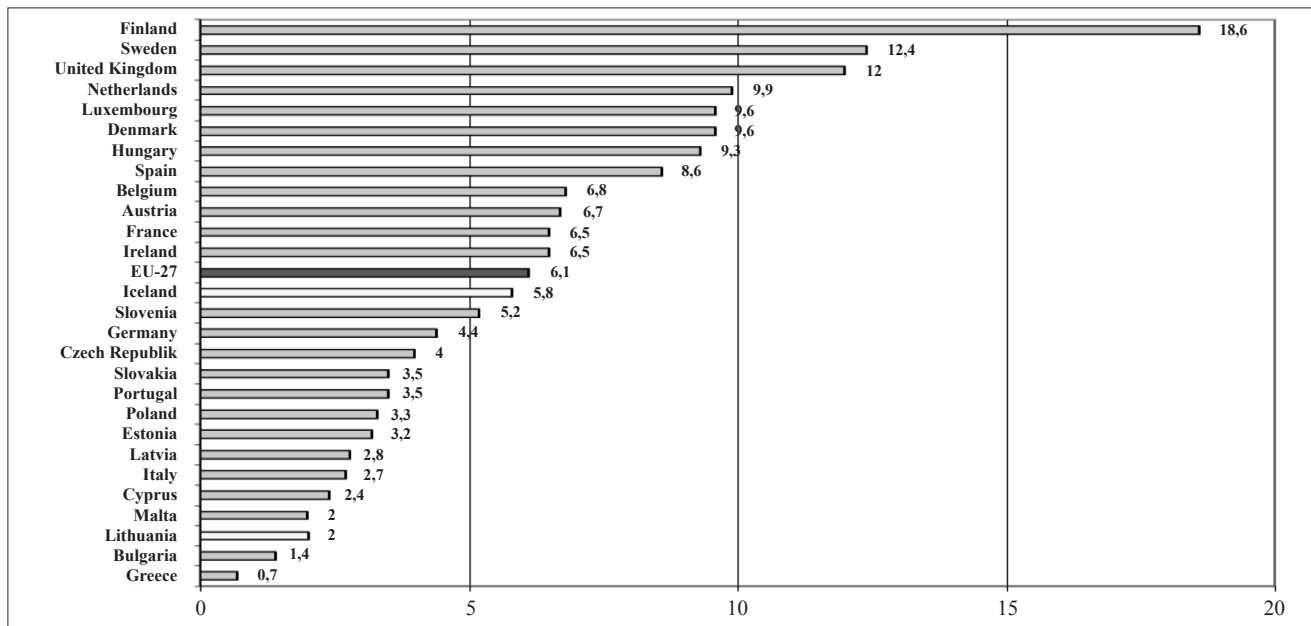


Fig.9. Visiting cultural places (population part visiting cultural places more than 7 times during the last 12 month)

Source: Eurostat (2014)

Reading to a cultured person is both the need and pleasure as it is a way to expand his knowledge, making use of the wisdom experienced, analysed and conveyed by others. Reading, which improves the level of education, is also used as a method of improving quality of life. The number of library subscribers has dropped significantly in recent years and has reached the lowest level within the last 50 years. Obviously, this may be related to the fact that nowadays there are more opportunities to find the necessary information and read books on the Internet using virtual libraries. However, an assumption can still be made that the demand for literature has decreased. According to our research data, as much as 33,6% of the population of Lithuania in the age group of 25-64 do not read fiction, 40,6% of the population only read 1-3 books per year. It follows that spiritual growth and improving the education level through reading is only part of the system of values of one in four people in Lithuania.

Museum attendance, however, has gone up by 48.7% in 2007 as compared to 1995. Although this positive indicator has to be attributed first of all to the increased number of foreign tourists, when compared to the other Baltic States, Lithuania's indicators are well behind: Estonia has 1530 museum-goers per 1000 population, Latvia- 1056 and Lithuania- 925.

Lithuania is also leading by the number of publications: books, magazines and newspapers. Among the most popular fiction published in Lithuania is American literature (amounts to 11.3% and ranks second after Lithuanian literature; Lithuanian literature accounts for 47.8% of all the fiction published).

Nowadays there is a lot of talk about the **decline in spirituality** in the world. So the lack of spirituality is not specific to Lithuania alone but characteristic of the whole world. Devaluation of the role of spiritual culture, no interest taken in high culture and shortage of basic knowledge and basic professional skills—all this is an indication of the lack of spirituality and spiritual poverty. Spiritual life has been substituted with an outward civilisation. Technology and comfort, linked to civilisation, and growing consumption may eliminate spiritual life from people's activities but cannot replace it. Spiritual emptiness encourages aggression, which becomes more evident in our lives. Aggressive culture forms (TV, the media, mass events, concerts, sports, entertainment), simplified conceptions of life fill people's lives with aggression, which is dominant in all spheres of economic, social and political life. How do we fight against it, by what means?

The only way is to defeat this aggression with culture. Culture is not aggressive, what is aggressive is semi-

culture, lack of it. The real communication culture, knowledge culture, reading culture, economic, social and political interest culture and business culture are not aggressive; on the contrary, they encourage communication, cooperation and partnership. The author is deeply convinced that it is the culture of a country that determines economy and politics. A low level of culture and morals will result in ineffective economy and economic policy. A decline in the sphere of humanities (e.g. literature, arts, music) will have an inevitable effect on the economy. Therefore, it is essential to re-establish moral, ethical and spiritual values invoking culture. The key tasks in this area should be nurturing patriotic feelings- serving the homeland, sense of responsibility, spirituality and intelligence, all based on culture.

Lithuania has yet to develop a comprehensive conception of cultural development. Culture is often perceived as a very narrow circle of phenomena: theatre, museums, music, literature and occasion-

ally show business. Whereas culture is an enormous, uniform phenomenon that turns people living in a certain area into a nation. The concept of culture encompasses belief, science and education, ethical and moral norms of human and political behaviour. For the real high culture to exist and develop, it is necessary to have a high level of culture awareness, cultural environment that encompasses not only national but also global cultural values. What we need is eternal values, classical arts and everything that exists in our culture eternally. Real beauty is eternal. Beauty in architecture, music, poetry, sculpture is eternal. And just like beauty, morals are eternal too- the moral commands: not to kill, not to steal, not to lie and to respect one's parents and ancestors' traditions. The relation between beauty and morals is unquestionable. Spirituality is the key to morals. Classical principles are the propelling force of education. It is alternatively opposite to mass culture and its vulgar manifestations.

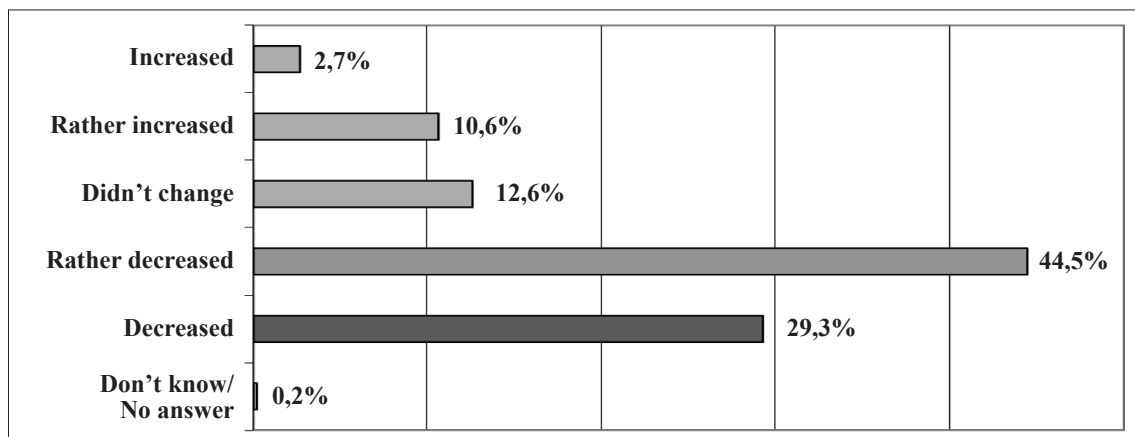


Fig.10. Subjective evaluation of how did life satisfaction of Lithuanian population/ quality of life change during the recent 20 years?

Source: Rakauskienė, Servetkienė (2011); N=1002

Subjective evaluation of the quality of life of population. The attention should be paid to the subjective evaluation on how satisfaction of quality of life of Lithuanian population has changed during the past 20 years of market economy. The results are quite pessimistic – as the survey revealed, 74 % of the population has indicated that their life satisfaction has decreased within past 20 year period. The highlighted negative reasons, such as unemployment, mass scale emigration, unprecedented social and economic inequality, and decline of culture, moral, ethi-

cal and spiritual values have influenced the satisfaction of life of Lithuanian population. However, even more emphasis was paid to the factors, which had the severe impact on the quality of life decrease, was unprofessional, unqualified and ineffective social and economic policy provided by Lithuania's government institutions.

Conclusions

The quality of life of the population is an integrated concept offering a comprehensive description of the

health, ecological, economic, material as well as spiritual development of society. The quality of life of the population is also the main indicator of the efficiency of a country's economic government. The author offers a systemic concept of the quality of life which enables to evaluate and measure the quality of life by means of a system of indicators of the quality of life. The totality of the indicators of the quality of life consists of three main groups: 1) a person's health and demographics, 2) indicators of the standard of living of the population, 3) indicators of education, culture, moral and spiritual values.

The system of the indicators describing the quality of life has enabled a complex determination of changes in the well-being and quality of life of the population of Lithuania over the period of functioning of the market and identification of the key positive and negative factors which affected the quality of life of the population during 2000-2012. The positive factors which have particularly enhanced the improvement of the quality of life of Lithuania's residents over the recent years include a rapid economic growth, increasing employment and decreasing unemployment rates, the fast growth of earnings and income of the population, the fast growth of personal savings and bank loans, increase of consumption, development of the real property market, that is, housing construction, rapidly growing construction of private houses. The negative impact on the quality of life of the population of Lithuania has been exercised by worsening demographics and the growing extent of emigration, worsening indicators of population health, rising of social and economic inequality, models of hypertrophied consumer behaviour and a decline of culture, moral and ethical as well as spiritual values.

When assessing changes in indicators of the quality of life of the population of Lithuania over 1990-2012, the following patterns can be noticed. Firstly, macroeconomic indicators showed that upon the re-establishment of independence, Lithuania was making a rapid progress, meanwhile it was lagging behind according to social indicators; secondly, material economic indicators (earnings, income, savings and consumption) suggest that the well-being of life of the population was improving, however demographics and health indicators were worsening, whereas the system of culture, moral and ethical values exhibited an evident decline. Therefore, material well-being in Lithuania was improving at the expense of non-ma-

terial indicators of the quality of life.

The statistical data from the period of 1990-2012 indicating dramatic cultural changes, confirm the decline in the system of values of the population that took place over the period of market economy. According to the authors, re-establishing the culture and system of spiritual values is the basis for economic efficiency in Lithuania. A low level of culture and morals will result in ineffective economy and economic policy. Therefore, one of the key goals of the present days, in order to achieve effective economy and sustainable economic growth, is re-establishing full-fledged high culture stressing not just material but fostering moral, ethical and spiritual values. The intellectual potential of a nation can develop and its economic efficiency and well-being increase only when the country has a solid cultural foundation.

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