

Term

The Economist Quality of Life Index

09/03`/2007

Definition

The Economist Quality of Life Index compares Quality of Life in various countries.¹

Relevancy

The goal of the "Top 15 Vision" is to see Israel achieve a significant socioeconomic advancement that would put Israel among the 15 leading countries in terms of Quality of Life within fifteen years.²

Quality of Life is a subjective term determined by various components. Numerous indices attempt to measure the Quality of Life of individuals in different countries. The most prominent indices among them are the Economist's Quality of Life Index, the UN Human Development Index, and the Quality of Life chapter in the OECD Factbook. These indices utilize a range of methodologies and examine diverse components of Quality of Life.

In order to pursue the Top 15 Vision, the Government of Israel should first define the key components relevant to Quality of Life in Israel.³ Thus the Reut Institute identified four main areas that affect Quality of Life in Israel directly and enable a basis for comparison to other countries:

- **Economic Security** is a person's ability to financially support himself and his family. It is determined by his material wellbeing (income level) and human capital development, as well as the presence of environment supporting growth.⁴
- **Social Wellbeing** is a person's desire and ability to identify with society and to be an active member of it. It is determined by the amount of trust in the government's ability to design, plan and execute policies, the scope of an individual's rights and liberties, and the sense of belongingness to one's community and nation.⁵
- **Personal & Physical Security** refers to an individual's safety from harm to his life and property. It is determined by the health services, the quality of the environment, and the protection from criminal violence, war & terrorism that the state provides.⁶
- **The Jewish Added Value** refers to the amount of satisfaction an Israeli Jew draws from being part of the fulfillment of the Zionist vision.

The Economist Quality of Life Index evaluates three of the four areas above and provides an overarching view of Quality of Life that enables international comparison.⁷

¹ The Economist Intelligence Unit, [Quality of Life Index](#), 2005.

² See: Reut Institute paper: Top 15 Vision.

³ See: Reut Institute paper: Quality of Life.

⁴ See Reut concept: Economic Security

⁵ See Reut concept: Social Wellbeing

⁶ See Reut concept: Personal & Physical Security

⁷ In order for international indices to affect the design and implementation of policy they must help identify groups, geographical areas, institutions, or sectors of the economy that need to be addressed. Indices should also help evaluate the success of past policy. Finally, indices have a role in affecting the national discourse and

Israel in Comparison to the Top 15

According to 2005 Index, Israel is ranked 38th out of 111 countries. The three leading countries in descending order are: Ireland, Switzerland, and Norway.

Publisher

The Economist Intelligence Unit (EIU) is the research arm of The Economist Group, the publisher of The Economist magazine. The EIU provides analysis and forecasts on more than 200 countries and eight key industries.⁸

Structure and Limitations

The EIU Quality of Life Index identified the following nine factors that best predict Quality of Life:

- **Material Wellbeing** – Measured by GDP per capita.
- **Health** – Measured by life expectancy at birth.
- **Political Stability and Security** – Measured by political and security ratings developed by the EIU.
- **Family Life** – Measured by the divorce rate.
- **Community Life** – Measured through church attendance or union membership.
- **Climate and Geography** – Measured by latitude to distinguish between warm and cold climates.
- **Job Security** – Measured by the unemployment rate.
- **Political Freedom** – Measured by the Freedom of the World Index.⁹
- **Gender Equality** – Measured by the ratio between female to male average earnings.

The EIU ranks countries according to their overall Quality of Life and provides a final score for each country. Data on previous years is not available due to the index's recent publication.¹⁰

Despite the overarching view of the index to many areas of Quality of Life, each area is analyzed from a one-dimensional perspective. Therefore policy makers have a limited ability to design policy based on the results of this index.

Data Sources

The underlying data in the Quality of Life Index is collected from a variety of sources, for example: UN Institutes and Agencies, Freedom House, and life-satisfaction surveys.¹¹

guiding public opinion. See: Reut Institute Policy Positions: Competitiveness Indices - Tools for Policy Design and Seven Indices for Measuring Quality of Life.

⁸ For more information see: [The Economist Intelligence Unit](#) website.

⁹ See Reut document: Freedom of the World Index.

¹⁰ The Economist Quality of Life Index was introduced in 2005.

¹¹ For the full list of sources see [The Economist Quality of Life Index](#), p. 2.

Usage

The Economist Quality of Life Index identifies the relevant factors of Quality of Life, provides a basis for predicting future Quality of Life based on expected shifts in the variables, and enables international comparison.

End.