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Quality of life: Time to walk the walk

By James Marson and Maxim Boroda

"GDP down 20% in the first quarter!" "Industrial production up 5% in July!" Not a day goes by without politicians firing off economic statistics to show how bad things are, or how quickly they are improving. But these figures often mean very little to the man or woman on the street. What interests them is something more tangible, such as having quick access to a good doctor, breathing clean air, or being able to run a business with minimum hassle. These are among the factors that determine quality of life, which research demonstrates is pitifully low in Ukraine. Even during the recent years of relative prosperity, fundamental problems could not be solved – despite money being spent and initiatives announced, Ukraine's economy remains inefficient, its population unhealthy and its society plagued by corruption. This fact should broaden policymakers' focus from numbers and policies on paper to the issues that need immediate attention in order to make life for Ukrainians more pleasant and prosperous. These issues are well-known and widely discussed, but it's time for politicians to stop talking the talk, and start walking the walk.

Looking beyond GDP

How do you judge the success of a country? Gross domestic product (GDP) per capita is often taken as the barometer for measuring countries' performance against each other. But while economic indicators play a critical role in judging the level of wellbeing enjoyed by a nation's citizens, they are far from the only factor that provide for a high quality of life.

To a large extent this depends on much more tangible things that have a direct impact on everyday life, such as getting effective and quick treatment for health problems, having access to good educational institutions and living in a clean and safe community. What does a country's high GDP matter to the regular citizen if he can't get the medicine he needs or can't make a success of his business as he's over-run by red tape and demands for bribes?

International institutions and research centres have begun to take account of a broader range of socio-economic indicators to rank performance. The

United Nations produces the Human Development Index, and the International Centre for Policy Studies benchmarks the quality of life in Ukraine against other countries.

The results of the latest ICPS research were sobering, placing it 53rd out of the 63 countries surveyed. While this puts Ukraine narrowly ahead of Russia and Turkey, it is behind neighbours Poland and Moldova.

Ukraine's poor performances in quality of life rankings points to serious fundamental weaknesses that blight all areas of life. The most significant of these are structural problems, corruption, and low policy efficiency.

A tainted structural inheritance

Ukraine inherited a number of structural shortcomings from the Soviet Union that are a major block on improving the quality of life.

Nowhere have these shortcomings become more evident this year than in the economy, where the global crisis has revealed the weak foundations that underpinned previous years' growth. Dependence on the export of low value-added goods produced in Soviet-era factories, mainly steel and chemicals, meant that when prices and demand dropped, the Ukrainian economy shrank an estimated 18 percent in the first half of the year.

Structural problems also lie at the basis of Ukraine's healthcare woes, which see life expectancy well below the European average and infant mortality, tuberculosis and HIV/AIDS rates very high. The healthcare system in Ukraine, as in the Soviet Union, remains focussed on treatment of ailments, rather than prevention through the promotion of a healthy lifestyle or regular medical check-ups. The main purpose of the system, therefore, is to preserve the status quo by supporting medical institutions and keeping them running regardless of their effectiveness. Ukrainians' unhealthy lifestyles — owing to a lack of knowledge or unwillingness — are a key factor behind alarming healthcare statistics, such as the fact that only 6% of Ukrainians can be considered fully healthy.

Structural problems are also deeply embedded in the education system. There is no link between education and scientific research, and what is taught often has little practical application. There is a lack of coordination between the institutions and the labour market; for instance, a large number of students graduate from economic or law faculties, but no attention is paid to whether there will be jobs available afterwards.

A culture of corruption

The state structure inherited from the Soviet Union is not designed for a democratic environment and cannot function in such conditions. State employees follow procedures and produce documents, but are not held personally responsible for the quality of their work or taken to task for any failures. This breeds corruption, which plagues every part of the state machine.

In business, it frightens off local and foreign businesses and makes life difficult for those that decide to persevere. Ukraine scored 4.3 out of 5 in Transparency International's Global Corruption Monitor 2009, compared with an EU average of 3.4. Public officials were perceived as the most corrupt area, scoring 4.5.

In education, it means that no Ukrainian university makes the world's top 500. Everyone knows that almost any diploma is available for the right price, which undermines the quality of education and respect that employers have for educational institutions.

From words to action

The failure to tackle corruption and structural problems can hardly be blamed on a lack of awareness among the public or policymakers. Corruption, for example, is a recurrent theme both on Ukraine's many political talk shows and at dinner tables. This points to another critical failure that is holding back progress in quality of life on all fronts: politicians are good at talking the talk, but seldom walk the walk.

Low policy efficiency means that while shortcomings are well-known and widely discussed, sufficient and appropriate measures have either not been taken or have proved ineffective. Minor changes occur, and isolated cases are trumpeted as evidence of progress. But arresting one judge does little to combat corruption in the judiciary; rather, it gives the impression that results are being achieved when in fact they aren't.

Instead of trying to solve everything at once, which is impossible and leads to failure on all fronts, it would be more effective to identify key priorities and concrete methods to tackle them.

In Western Europe, political parties name specific goals in their manifestos, which then become benchmarks for their performance. In the UK, for example, the Labour Party wrote in its 2005 election manifesto of its fulfillment of concrete promises — a wait of no more than 18 weeks from referral to healthcare

treatment, maternity leave increased to 26 weeks, infant class sizes of more than 30 abolished.

There is broad agreement that the following four issues should be priorities in Ukraine:

◆ improving energy efficiency

Ukraine is one of the world's biggest consumers of energy per unit of GDP – largely a result of Soviet times when gas was abundant and cheap. Improving energy efficiency is one of the biggest challenges for the Ukrainian economy, and requires tough decisions to be taken.

In order to achieve this goal, tariffs on heating and gas for the population need to be increased to market level to optimize the consumption of energy resources and encourage energy-saving measures. Energy loss should be minimized by renovating heat insulation on heating mains and in buildings.

◆ improving the business environment

The World Bank's report for 2010 on the ease of doing business in Ukraine placed it a lowly 142 out of 183 countries. Over-regulation makes doing business a time-consuming process with red tape round every corner. The current environment does little to encourage foreign or domestic investment, and much to push it away. Given the limited investment resources likely to be available in the near future, Ukraine must do more to attract a healthy share.

To speed up the process of opening a business, the tacit consent principle should be introduced for permissions obtainment and the size of assessed capital required to open a business reduced.

◆ eliminating corruption

There is little that would improve the business environment more than effectively tackling corruption. Combating the prevailing culture of corrup-

tion would also help to raise standards in education and trust in the state system throughout society.

Tackling this problem needs to start at the top, with obligatory checks on the expenses of politicians. Officials should also be brought to justice for any violation of laws.

◆ promoting a healthy lifestyle

Ukraine's population is in decline, largely the result of unhealthy lifestyle decisions, from smoking and drinking to poor road-safety. Encouraging a more informed approach will have a positive impact on longevity and quality of life, alongside economic benefits.

To promote healthy living, all street fast-food establishment not satisfying sanitary requirements should be closed. It should also be obligatory to mark food products in more detail, for example with salt and fat content and whether they are GMO.

Building stronger foundations

In a speech in September at the Council of Foreign Relations in New York, President Viktor Yushchenko lauded Ukraine's economic progress under his leadership. But what he neglected to mention was the shaky foundations that underpinned that growth, which brought the house crashing down when the economic earthquake hit.

The economic shortcomings that have become evident in recent months make a strong case that Ukraine cannot afford to ignore the fundamental issues that affect sustainable development.

The slide of the economy after several years of growth has also shone a bright spotlight on the main challenge that faces policymakers across the all spheres of life: to implement fundamental changes that will bring real, sustainable improvements to people's lives.

Rebuilding from the crisis should not merely focus on posting GDP growth, but also on improving the quality of life enjoyed by Ukraine's citizens, where economic issues are not the only factor. Even when economic performance was strong in the last few years, the problems in other areas couldn't be resolved. Money was spent, but nothing changed, pointing to a need to reorganise the system itself to make it more efficient.

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The critical hurdles that need to be overcome in order to increase the quality of life in Ukraine are clear. The crucial failure so far, however, appears to be the absence of workable government policy aimed at implementing measures and evaluating results. The wake-up call of the crisis, coupled with the presidential elections in January 2010, could give fresh impetus for the necessary steps.