

Relative Prosperity in Slovenia: A Study

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Abstract. The Allardt's being-loving-having model (1976, 1990) is presented in the paper and three notions of the triad are defined in the following manner: being pertains to individual's quality of life measured by combining soft and firm indicators, loving means subjective prosperity, i.e., individual's satisfaction with the environment, institutions and soft subjective indicators and having refers to material prosperity with firm objective indicators. For the purpose of the study, the Allardt's prosperity model was verified in the field of economic prosperity for select nations, with focus on Slovenia in order to predict its relative prosperity and crisis. Graphical representation of canonical solution structures was performed for all three pairs for the construct being and loving. Consequently, 33 component comparison analysis was performed for Slovenia. The study suggests for Slovenia negative expectations for the loving construct and below average expectations for the being construct, when compared to other select nations. The study further suggests that Slovenia faces numerous challenges regarding the economic prosperity of its citizens and may fall into even deeper crisis in the years to come without implementing serious structural reforms.

Keywords: Allardt's model, relative prosperity, Slovenia

1 Introduction

Prosperity is more than 'a state of success or wellbeing', it is an assemblage of material resources and non-material goals one can find somewhere between the extreme points of wealth and happiness (Marshall, 1977).

Development of the original, many variables research design and the model to predict prosperity and crisis in the world has demanded from the authors of this work a great deal of creativity, hard work and intensive study. Broad knowledge and much effort have been required to relate economic, sociological and psychological aspects in order to form a complete insight into prosperity. The economic viewpoint in the theoretical and empirical parts is based on creation of material prosperity through economy and business (Hsieh and Klenow, 2007). The indicators that define material prosperity are firm and objective. Measurement and theoretical definition of subjective prosperity lead to notions such as quality of life, wellbeing, satisfaction with environment and institutions, and happiness (Gundelach and Kreiner, 2004). In the empirical part, these are the so-called soft subjective indicators. So, why the analysis of the world prosperity and not the poverty? This is due to a positive view on the world, in which the man's role is the most important. It is presumed that individual's wellbeing leads to material prosperity, the opposite, however, not being the case. In the empirical part, the term prosperity refers to the relative prosperity of the world states.

The construct *BEING*, *LOVING* and *HAVING* was created in 1972 by the Swedish scientist Allardt. In his research, he found a strong correlation between those three pairs of latent variables (*BEING*, *LOVING* and *HAVING*) (Allardt, 1973).

Allardt's prosperity construct has been verified in the field of economic prosperity for 110 world states. Based on his notion *BEING*, *LOVING* and *HAVING* in the field of economy and on canonical correlation analysis, an original proper model and research design have been developed to predict the relative prosperity and crisis in individual states.

2 The meaning and definition of concepts of prosperity and wealth

Prior to proceeding with the analysis of prosperity of world countries, for the purposes of our research, we should be aware of the entire variety of different conceptions and correlations of the word *prosperity* to understand it and unify its use as much as possible. Therefore, we first researched the conception of this word in different nations, groups, individuals, as well as experts and scientists. A part of world and national public often equate the word prosperity with the word wealth. As we disagree, we will first show the difference between concepts prosperity and wealth.

At the beginning, we should define and discern the correlated terms prosperity, wealth and abundance.

*Slovar slovenskega knjižnega jezika, SSKJ*¹ (1995, p. 49) provides very parsimonious description of the word prosperity (*blaginja*):

prosperity, -ies, f. *abundance of material goods*: taking care of nation's prosperity; *to live in prosperity*; economic, general prosperity

Similarly, meagre is the description of the word wealth (*bogastvo*) (ibidem, p. 51):

wealth, n. (a) 1. the state of being rich: 'After all the wealth he used to have/had, he is extremely impoverished.' / *to live in wealth*, in abundance 2. *abundant material goods*: 'He left all his wealth to the son.' 'immense wealth'; 'ill-gotten wealth' / 'wealth concentration' / 'The greatest wealth is health.' fig. 'spiritual or cultural wealth'; 'wealth of spirit', 'wealth of heart' // usually in pl. with the attribute, referring to what exists on the earth in large amounts and it can be exploited: natural or mineral resources 3. lit., with genitive – large and varied multitude: 'abundance of colours', 'abundance of thoughts'

Based on the mere comparison of descriptions of the two words, we can conclude that both concepts are rather related. This correlation is indicated by *abundance of material goods* and *abundant material goods*. Therefore, we provide the description of the word abundance (*obilje*) from the SSKJ (1995, p. 700):

abundance, neuter 1. state of existence of *large quantity of material goods*: 'He diligently achieved the happiness and abundance.' abundance and comfort of modern living / exp. 'He wanted to run away from replete abundance and tedious boredom.' 2. lit., with genitive, large quantity, multitude: 'Forms and species of crustaceans are abundant.' climate with a plenty of rain / Used as adjective in the expression 'in abundance' (v *obilju*) refers to a large quantity, multitude: to have everything in abundance; 'Old pear yields every year in abundance.' / 'Man showed off his strength in abundance.'

Based on the comparison of all three words (prosperity, wealth, abundance), according to the SSKJ, indeed they are synonyms and refer only to the material aspect of quantity. Instead of the concept prosperity, there are also other concepts used in the Slovenian language, such as *blagostanje* (welfare), *blagor* (wellbeing), *prosperiteta* (prosperity), *življenjski standard* (standard of living), *sreča* (happiness), *zadovoljstvo* (satisfaction) and *obilje* (abundance). Because the SSKJ did not

¹ Dictionary of the Slovenian Standard Language

appropriately explained the differences between prosperity, wealth and abundance, we tried to verify these three concepts etymologically. We have found the simplest etymological explanation of these words in Gombač.

Gombač (2011, p. 6) provided a very interesting definition of prosperity according to origin and time: 'Prosperity is a frequently used word in politics. It is an archaic Slavic expression for the concept of abundance of material goods, wealth, welfare, affluence (goods as wealth, treasure, in Istria it refers to livestock, or it can refer to rare and valuable asset or textile in the preindustrial era).'

For prosperity is significant a period of economic growth of a geographic region (a state, region, municipality, city, village) with a very good quality of life. It is well known that prosperity in any country in the world is a consequence of low unemployment rate, booming economy, political stability, quality healthcare system and people's general optimistic subjective evaluation of the situation in society.

There are two perspectives of prosperity. According to a material perspective, for certain societies, only economic growth (GDP increase, per capita GDP, increase of personal income) is important. According to the second perspective, the most important are quality of life and satisfaction with institutions and environment where people live.

People often identify prosperity only as wealth of population measured through GDP, GNI, per capita income (material prosperity). The other perspective on prosperity is the aspect of quality of life, happiness and people's satisfaction: with their own life (emotional prosperity) as well as with the environment, public and private institutions (subjective prosperity).

When talking about *being* (subjective prosperity) and *having* (material prosperity), we should refer to Erich Fromm's book from 1976, *To Have or to Be* (Fromm, 2004). One always wonders about the sense of his/her life. In the contemporary Western society, the world where one struggles for material wealth and economic growth is predominant. However, in the Eastern societies, human and his/her wellbeing (subjective prosperity), based on *BEING*, is in the centre. Orientation to material goods and unlimited economic growth causes the crisis of traditional values, such as family, children, religion, matrimony, education, authority, fairness, respect for institutions and rulers' respect for individuals in society. According to Fromm, a modern Western human has no time for *BEING* – all his/her life is the struggle for *HAVING* or for gaining new goods. Western people equate *HAVING* with successfulness. A modern Western human is a prisoner of such a mindset and greed.

In our opinion, it does not matter to have more in life, but to get to know that we are. Prosperity is correlated both with subjective prosperity (i.e., with wellbeing / quality of life – *BEING*) and individual's satisfaction with the environment and institutions – *LOVING*. Furthermore, the one who *LOVES* and is satisfied with the environment and institutions, and *HAS* (material prosperity) achieves self-realisation – i.e., he/she is (*BEING*). There is a very strong correlation between individual's relative prosperity and the 'triad of wealth' in the wealth measurement concept, namely: quality of life, satisfaction with the environment and institutions, and material prosperity. The subject of this paper includes prosperity and its synonyms: quality of life, happiness, satisfaction with the environment and institutions, and wellbeing.

We are aware of the fact that there is significant inequality among individuals in every country, even in rich ones. However, the relations and subjective awareness – which defines and leads to wealth – differ. There is an old saying: 'We are aware of prosperity only when our stomach is empty.' With the increase of wealth (material prosperity), people are less interested in subjective prosperity, but only until the moment when our health is affected and our own safety is endangered, including social relations and fellow human beings' respect for us and for others.

Therefore, the centre of our life and prosperity model must be a human being, his/her wellbeing and satisfaction, and not economy and market. We are aware of the fact that the market plays an important role in achieving economic development and material prosperity. However, it is only a particular element among aspects, which enables prosperity for the people of the world. If the market is in the centre of the pursuit for material and subjective prosperity, with technological development, one becomes only an instrument and resource for maximum production and manipulation, which does not contribute towards self-realisation.

Leaders of all world countries, regions, municipalities, cities, companies, organisations, *as well as we*² should ‘be socially responsible’ and ‘/.../ decide and act in a way to contribute to the prosperity of the society’, in Daft’s words (1994, in Bertonecelj et al., 2011, p. 108).

We have also researched how different authors understand the words prosperity, wealth, and their synonyms. In the conclusion, we will provide our own definition of prosperity, according to our research.

Marshall uses the word ‘prosperity’ in the broad sense of the word, as in the context of ‘social state’, and not in its specialised meaning of services provided by social institutions. /.../ Prosperity is more than ‘a state of your success or wellbeing’; he defines it as an assemblage of material resources and non-material goals – we can find it somewhere between the extreme points of wealth and happiness (Marshall, 2012, p. 149–150).

In the English dictionary Merriam Webster (year irrelevant), prosperity is defined as ‘the state of being successful, usually by making a lot of money’, which refers to a good financial situation, and, consequently, the period of success and economic prosperity.

Prosperity is generally described as being healthy, happy, constantly successful and able to achieve financial security (Maridal, 2010, p. 2).

Wealth implies more freedom, more possibilities and more spare time to spend with family, friends and engaging in different activities. Studies also indicate that people are most satisfied with their lives when they have the sense of freedom and control over their own destiny (Murray and Hawkins, 1994).³

Prosperity is satisfaction with life and happiness, which should be basic concepts of wellbeing (Gundelach and Kreiner, 2004, p. 363).

Prosperity is key concern of individuals and states. In modern liberal democracies and in some other political systems as well, people’s wellbeing is an implied philosophical and political motive. Governments often use prosperity to justify their actions (Maridal, 2010, p. 1).

In the United States, in the Declaration of Independence (1776) (Wikipedia, year irrelevant), the endeavour for happiness is stated as the main goal, together with the right to live and the right to freedom.

² Added by the authors of the article.

³ In his book, *In Pursuit: Of Happiness and Good Government* (Murray and Hawkins, 1994), Charles Murray discussed a study that compared ‘interiorised people’ (people who think that they can control their destiny) with ‘exteriorised people’ (the ones who think that external forces control their lives). He concluded that ‘interiorised people’ are happier compared to ‘exteriorised people’.

In our research, the concept of prosperity, which is the closest to Marshall's definition (2012), shall be used. Individual and collective prosperity are defined as a harmony among material prosperity, quality of life, and satisfaction with environment and institutions. Wealth is regarded as accumulation of material goods.

2 Methodology and Discussion

A survey plan for the prosperity model was made and data from the Legatum Prosperity Index (2011) was obtained and canonical correlation analysis as a method for exploring the relationships between two multivariate sets of variables (vectors), all measured on the same individual, was selected (Yin, 1994). It was performed with the MANOVA (Multivariate Analysis of Variance) using statistical package SPSS 20. Program package SPSS 20 includes two programs for canonical correlation analysis, both are available with syntax SPSS MANOVA and SPSS CANCELL macro (Anderson, 2003; Ho, 2014; Zapf and Toš, 2002).

Canonical correlation analysis was used for detecting and assessing the correlation between three pairs, namely being-having, loving-having and being-loving, that define the prosperity, i.e., canonical variates composed as linear combinations of initial variables, one from the first and one from the second set of variables.

2.1 The goal of the method

By canonical correlation analysis, one can research the relation between two sets of variables, namely:

- one set that can include independent or predictor variables,
- and the second set, which can include dependent or criterion variables.

2.2 Canonical correlation analysis in SPSS programme

Canonical correlation analysis was done with the procedure MANOVA (Multivariate Analysis of Variance) using statistical package SPSS 20. Programme package SPSS includes two programmes for canonical correlation analysis. Both are available only with syntax: SPSS MANOVA and SPSS CANCELL macro. Full canonical analysis is possible using the procedure SPSS MANOVA, which can show weights, percentages of variance, residuals and generalised linear regression model. By the use of MANOVA, canonical analysis names dependent variables as variates, and the second set of variables as covariates.

2.3 Results of prosperity model analysis: HAVING economy, BEING and LOVING

By canonical correlation analysis and with our own original survey plan, we analysed the correlation between a particular pair of latent variables within the original model of prosperity *BEING – LOVING – HAVING* economy – i.e., between quality of life, satisfaction with institutions and environment, and material prosperity.

Then was done canonical correlation analysis between all three sets of latent variables, *BEING–LOVING*, *HAVING–LOVING* and *HAVING–BEING*. Because of the limited space for the article, only the strength of correlation between three latent variables will be shown (the first strongest statistically significant solution), as well as the part of current analysis referring to canonical correlation analysis between the two subjective latent variables, *BEING* (quality of life) and *LOVING* (satisfaction with institutions and environment).

The correlation between *Loving* and *Having economy* and between satisfaction with the environment and institutions and material prosperity is strong (Canon Cor = 0.882). The correlation between *Having economy* and *Being* – i.e., material prosperity and quality of life – is very strong (Canon Cor = 0.960). The correlation between *Loving* and *Being* is very strong (Canon Cor = 0.935), too.

The hypothesis of the existence of a strong correlation between latent variables BEING (quality of life), LOVING (satisfaction with institutions and environment) and HAVING (material prosperity – economy) was confirmed. This also confirms the thesis that relative prosperity of world countries is strongly correlated with quality of life, satisfaction with institutions and the environment in which people live, and a material basis to achieve prosperity (economy and entrepreneurship) of people in particular countries.

2.4 Results of prosperity model analysis: BEING and LOVING

As far as Slovenia is concerned, there is significantly negative construct *LOVING* – *BEING*, whereas the construct *LOVING* is strongly negative, and the construct *BEING* is below average. The only positive property in the construct *LOVING* is confidence in the honesty of elections that is slightly above average. The approval of the government and confidence in the judicial system is very low. Slovenians' worry about health is slightly below average. The consequence of a strongly negative construct *LOVING* is also that the construct *BEING* is slightly below average, which is described by a strong dissatisfaction with the economy, and a somewhat below average dissatisfaction with water quality and environmental beauty. Life expectancy indicates health system inefficiency.

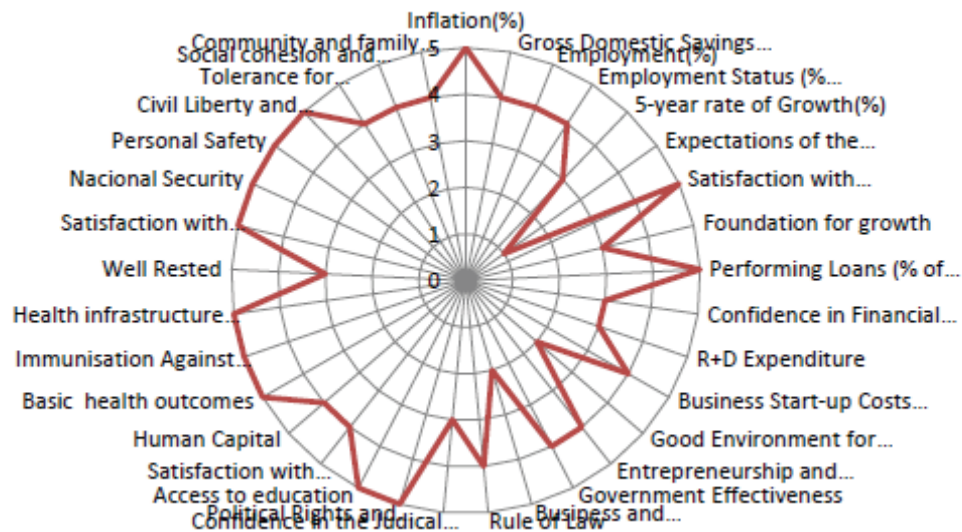


Figure 1: The 33 component graphical presentation for Slovenia

3 Conclusions

The present research provided a new and original graphical presentation of particular perspectives of citizens of the world through the original methodological statistics survey plan and newly constructed model of prosperity HAVING economy, BEING and LOVING, and the use of canonical correlation analysis. A new tool for prosperity analysis of the world states has been developed by the graphical representation of the positioning of states into prosperity matrix through the latent variables HAVING

economy (material prosperity), BEING (quality of life) and LOVING (satisfaction with institutions and environment where people live), which enabled the creation of the original model of prosperity of world countries.

In addition, graphical data representation from canonical correlation analysis between BEING and LOVING – i.e., between the quality of life and individuals' satisfaction with institutions and their environment – provides a new original model for static analysis of social crisis and prosperity in the world.

The study performed in 2011 suggests that Slovenia still faces challenges regarding the economic prosperity of their citizens without implementing structural reforms in years to come. Structural reforms are needed for ensuring sustainable development in the country.

The approval of the government and confidence in the judicial system and financial institutions in Slovenia is relatively low, the only positive expectation is the confidence in electoral system, but Slovenians are also worried about their health prospects. In addition, the being construct for Slovenia is slightly below average, indicating dissatisfaction with economic development and below average satisfaction with water quality and environment, and life expectancy suggesting health system inefficiency.

As for future research, it would be particularly interesting to make comparative analyses of peer countries in Central and Eastern Europe.

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