

Concept

Leapfrog in Quality of Life

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Definition

A 'Leapfrog in Quality of Life' is a significant and continuous improvement in the Quality of Life of a country's citizens in comparison to other countries.

Context

The Reut Institute views the concept Quality of Life as referring to a one's economic security, social wellbeing, the degree of personal and physical security and the added Jewish value.¹

In order to achieve a Leapfrog in Quality of Life, a country must exhibit a growth acceleration in average income in comparison to previous performance as well as to other countries.²

In addition, in order to leapfrog in Quality of Life, a country must translate its wealth into improvements in non-material aspects of Quality of Life like personal, physical, and social wellbeing.

Why Do Countries Leapfrog?

The literature studying the causes of growth is inconclusive.³ Among the engines for a rapid rise in Quality of Life that have been identified are the following:

- **Macroeconomic stability and structural reforms;**⁴
- **Efficient and effective democratic institutions** – The structure and culture of institutions in existing democracies vary greatly and contribute significantly to growth. Better functioning democracies tend to grow faster. Characteristics of well-functioning democracies include:

¹ See Reut concepts [Quality of Life](#) and Quality of Life in Israel.

² According to the [Economist Quality of Life Index](#), GDP per capita explains 50% of the inter-country difference in Quality of Life (The Economist Intelligence Unit, Quality of Life Index, 2005). Leapfrog in Quality of Life therefore depends on a growth acceleration, a sustained rapid acceleration in economic growth lasting eight years or more (Hausman, *et. al.*, [Growth Accelerations](#), Harvard, August 2005).

³ Growth economics literature is unable to explain fully the differences in inter-country growth rates. (Elhanan Helpman, [The Mystery of Economic Growth](#), Harvard College: Boston, 2004).

⁴ Structural reforms and [macroeconomic stability](#) are correlated with growth accelerations (Hausman, *et. al.*, [Growth Accelerations](#), August 2005). Though subject to heavy criticism by developing countries, the Washington Consensus proposes a set of policy recommendations meant to stimulate growth, including: macroeconomic stability, investment in infrastructure, liberalization of foreign investment, market deregulation, privatization of government firms, and protection of property rights ("[The Washington Consensus](#)", Center for International Development at Harvard University, April 2003).

- A shared vision of the country's future and its position in the global economy;
- Cooperation between government agencies and collaboration with employers, labor, and civil society – There are two routes to fostering cooperation and collaboration: developing trust between the key stakeholders, which contributes to continuous growth, or heavy-handedness on the part of the executive, which can provide limited spells of growth but exacts a high cost in resources and social unrest;⁵
- Ability to design, plan, manage and execute policy;
- **Foreign Trade⁶ and Investment** increase import and export markets, and their spillover effects improve human capital and corporate competitiveness;
- **Immigration;**⁷
- **Exploiting comparative advantages** by leveraging unique values and containing unique burdens.

Measurement

Various international indices measure Quality of Life, though none capture its essence completely. An alternative approach is to define the components of Quality of Life and then to choose appropriate indices that measure each separately.⁸

Case Studies: Singapore and Ireland

- **Ireland** – In the depths of economic crisis, Ireland signed a tri-partite agreement committing the government, the employers, and the workers to a shared vision. As a result, Ireland enjoyed 6% annual real growth per capita between 1987 and 2003. Today, the Economist ranks Ireland first in terms of Quality of Life. "Ireland is now one of the richest countries in the world by any measure. It enjoys social calm combined with civil and political liberties, which, surveys show, are not bettered anywhere."⁹

⁵ A Triangle of Trust consisting of a central brain with carrying capacity, a stable government able to change direction, and willingness among all sectors of society to sacrifice today to promise a better tomorrow is central to any Leapfrog in Quality of Life (See Reut document: [Triangle of Trust as Condition for Leap in Quality of Life](#)).

⁶ Japan, South Korea, Singapore, China and Taiwan based their phenomenal growth rates on export led growth. Domestic consumption has come to play a more important role today. (Ari Kokko, "[Export Led Growth in East Asia](#)", **European Institute of Japanese Studies**, February 2002).

⁷ Immigration to Israel played a significant part in persistent Israeli growth episodes during the early history of the state (Flug and Strawczynski, "[Persistent Growth Episodes and Macroeconomic Policy Performance in Israel](#)", **Bank of Israel**, July 2007).

⁸ While the [Economist Quality of Life Index](#) is preferable to the OECD and the UN's [Human Development Index](#), Reut has recommended measuring the various facets of Quality of Life in Israel by a combination of the [Global Competitiveness Index](#) & [IMD](#), the [EU Social Inclusion Index](#), the [World Health Organization's Statistical Information System](#), the [Environmental Performance Index](#), and Freedom House's [Freedom of the World Index](#).

⁹ McKittrick, "[Quality of life best in Ireland](#)", **New Zealand Herald**, 11/19/2004.

- **Singapore** – Singapore has transformed from an agricultural economy to one of the world's richest in little over 50 years. Since independence in 1965, the economy has continued to grow rapidly. Social and ethnic tension pitting Malays against ethnic Chinese have been quelled through shared enjoyment of the fruits of growth. The Economist ranks Singapore 11th in terms of Quality of Life.¹⁰

End.

¹⁰ Lee Kuan Yew, [From Third World to First: The Singapore Story](#), Harper Collins, 2000.