



UNEVEN DISTRIBUTION OF MATERIAL LIVING CONDITIONS (WEALTH): LITHUANIAN CASE

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ABSTRACT

Economic inequality has become one of the most relevant problems of the global economy. Economic inequality reduces social and economic welfare. The problem of economic inequality is specific and complex by nature. Conventionally, economic inequality is measured using such methods as differentiation of income and consumption of the population. However, in order to find the real level of inequality, the differentiation of wealth should be studied as well. For this reason, the main aspects to be analysed in this article are to identify and emphasize the inequality of material living conditions as an inseparable part of economic inequality in Lithuania and, as a result, poor quality of life and obstacles on the way of economic progress. This research is funded by the Research Council of Lithuania (No. GER-009/2015).

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INTRODUCTION

Economic inequality reduces social and economic welfare. Income and consumption inequality, as well as uneven income distribution, not only deny the principles of social equity but also limit people's accessibility and opportunity to acquire education, proper upbringing, cultural background, a high-quality dwelling-place and a positive environment.

The problem of economic inequality is specific and complex by nature. Income and consumption inequality are usually the objects of all inequality related research. However, money and its consumption peculiarities only account for one part of this problem. Material living conditions, accumulated wealth and its distribution are equally important indicators. Inequality that results from the repartition of limited material and

immaterial resources causes the emergence, increase and renewal of such phenomena as social disjunction and poverty. In terms of income, consumption, wealth inequality, and poverty might determine the disjunction of people in relation to income, wealth and social life, thus preventing people from feeling content about their life and its quality.

Conventionally, economic inequality is measured using such methods as differentiation of income and consumption of the population, however, in order to find out the real level of inequality, the differentiation of wealth should be studied as well. The economic growth of a country does not guarantee the increase of social welfare, as the redistribution of gross national income causes income, consumption and wealth inequality due to the different understanding of social equity and social-economic policy implemented in a particular country. Due to the increase of inequality, jealousy, competition, capitalization of human relations, lack of confidence and lack of empathy among people, the quality of social life deteriorates correspondingly.

The main purpose of this article is to identify and emphasize the inequality of material living conditions as an inseparable part of economic inequality in Lithuania and, as a result, poor quality of life and obstacles on the way of economic progress.

In 2016, scientists of the MRU Life Quality Laboratory with the help of Vilnius Market and Opinion Research Centre did research and completed a Lithuanian population survey in order to analyse the real level of wealth differentiation and unequal distribution of material living conditions. They also compared the research results with previously known information.

THE INEQUALITY OF MATERIAL LIVING CONDITIONS AS A PART OF ECONOMIC INEQUALITY

The concept of economic inequality is rather broad and complex by nature. However, two different approaches may be discerned. The first, liberal approach states that economic inequality is a result of a society's modernization and economic development. Economic inequality includes the inequalities of wealth and income distribution and it is considered to be justifiable as a result of a market economy. In this case, inequality is justified by the marginal productivity theory, which states that increasing income might be associated with the increasing productivity and, accordingly, increasing input into the welfare of the society. It's not surprising that the richest individuals are the main supporters of this theory (Stiglitz, 2015). The second approach does not justify economic inequality and considers it to be a problem of the economic system, especially if it develops into *excessive inequality* that stops economic development.

A certain degree of inequality might be justifiable if inequality encourages people to improve, compete, save and invest money in development (for example, better education or wage differentials can lead to human capital accumulation or economic development, despite income inequality). However, the increasing level of inequality becomes a problem when it reduces a person's chances to acquire a better education or profession, when people are made to limit themselves to being submissive and self-sufficient in terms of security, which ultimately leads to an inadequate distribution of resources, corruption and nepotism. Excessive inequality does not necessarily mean a high level of inequality (high inequality is not necessarily excessive). Excessive inequality is a process

that stops economic progress instead of encouraging it and leads to socially and economically related negative consequences. It has a negative impact on economic development, welfare and various human resource processes.

Economic inequality represents the differences that emerge when different individuals, groups, societies and countries are compared in terms of economic welfare. In some cases, economic inequality might be understood as income inequality, wealth inequality or wealth gap. Economists usually concentrate on three different aspects of inequality, which are income, consumption and wealth. Research on economic inequality is related to the essence and contents of equality, equality of outcome and equality of opportunity.

Although all the rhetoric and political efforts are targeted at the reduction of economic inequality in modern societies, poverty and inequality do not cease to exist. Inequality that results from the repartition of limited material and immaterial resources causes the emergence, increase and renewal of social disjunction and poverty (Mikutavičienė, 2009). Even the most talented philosophers, political theorists, sociologists and economists had a hard time finding and understanding the essence of economic inequality and its possible implications. Economic inequality might be perceived as a type of inequality that has an effect on economics or a type of inequality, which can either be seen as the result or the reason of the existing economic processes (Salverda, Nolan, Smeeding, 2013). The factors that affect economic inequality include macroeconomic (the deceleration of economy progress, monetary policies, various policies relating to government budget and taxes, regulation of labour market, social allowances, distribution of income etc.), social-demographic (family size and composition, income, job, profession, education, qualification, sex, age, social status, culture, etc.) and psychological (micro) factors such as personal features, point of view, behaviour, capabilities, health and vulnerability (see table 1).

Economic inequality is not only the result of social, demographic and economic processes; it is also a consequence of the economic policy that is implemented. Inequality is not inevitable – it is a cumulative result of unjust policies (Stiglitz, 2015). Wealth and income inequality is not only the result of economics – it is the result of politics (Piketty, 2014).

The concept of economic inequality is rather wide and involves such types of inequality as income differentiation (wages, dividends, pensions, social benefits, allowances, etc.), consumption differentiation (food, accommodation, education, culture, recreation, health and durable goods expenses, etc.), differentiation of savings and credits as well as the differentiation of material living conditions (wealth, accommodation and living conditions) and more (see table 2).

Economic inequality includes the distribution of income, consumption, savings, material living conditions and wealth as well as unequal possibilities to acquire public good (education, health care, various services relating to culture, social services), depending on economic, social, demographic, psychological factors and capabilities on macro (state) and micro (social groups and individuals) levels.

Table 1. Factors causing economic inequality

FACTORS CAUSING ECONOMIC INEQUALITY		
Economic (macro) factors	Social and demographic factors	Psychological (micro) aspects
<ul style="list-style-type: none"> • Economic growth • Monetary policy • Government budget • Taxation policy • Regulation of labour market • Social allowances • Policy of income distribution • State policy in specific activities (eg. education, health, etc.) in order to reduce economic inequality 	<ul style="list-style-type: none"> • Family size and composition • Income • Job, profession • Education, qualifications, skills • Sex • Age • Social status • Culture • City, village 	<ul style="list-style-type: none"> • Personal features (eg. initiative, resilience, narcissism, etc.) • Point of view (eg. self-assessment, life satisfaction, etc.) • Behaviour: consumption, borrowing and savings (financial behavior) • Capabilities: entrepreneurship, financial and IT literacy, IQ and EQ, etc. • Health: physical and mental (illness, disability, depression, anxiety) • Vulnerability: fear of losing job, property, housing; fear of poverty; fear of disease, etc.

Source:

Table 2. The structure of economic inequality

THE STRUCTURE OF ECONOMIC INEQUALITY				
Income differentiation	Consumption differentiation	Savings and debt differentiation	Differentiation of material living conditions	
			Wealth	Accommodation and living conditions
<ul style="list-style-type: none"> • Wages • Dividends • Pensions • Social benefits • Allowances • Scholarships • Rents 	<ul style="list-style-type: none"> • Expenses for food • Accommodation expenses • Expenses for education • Expenses for culture and recreation • Expenses for health • Spending on durable goods 	<ul style="list-style-type: none"> • Deposits in banks • Savings • Stocks • Paper currency • Debts • Credits • Commitments 	<ul style="list-style-type: none"> • Real estate • Movable property • Financial property • Other property 	<ul style="list-style-type: none"> • Facility in accommodation • Provision of household appliances • Housing overcrowding • Other

Source:

Income differentiation is the key economic variable and one of the most important problems of economic inequality, which is also the main object of inequality-related studies. However, cash flow only accounts for one part of this problem. Material living conditions, accumulated wealth and its distribution are far more telling aspects. In relation to the unequal distribution of income and wealth, poverty might determine the disjunction among people in terms of income, wealth and social life (Salverda, Nolan, Smeeding, 2013), thus preventing people from feeling content about their life and its quality.

Quality of life does not guarantee the contentment of a society's members. It might be described as certain conditions that are essential for a society's happiness. These conditions are not related to individual desires and expectation – they are associated with opportunities to fulfil one's needs. All human beings have the same essential needs, independent of the region that they live in. Essential needs are definite and do not change, whereas individual desires and expectation tend to change over time (Gruževskis, 2012). Personal needs and attitude towards them in most cases depend on the country's history, economic development and mentality of a certain society, education and culture.

Economic growth does not guarantee the improvement of social welfare, as the redistribution of gross national income determines the emergence of income, consumption and wealth inequality due to the different understanding of social equity and social-economic policy implemented in a country. The consequences of highly unequal income and resource distribution include the polarization of a population, high rate of differentiation and high level of poverty. The quality of social life rapidly deteriorates due to the increase of inequality, jealousy, competition, capitalization of human relations, neglecting confidence and lack of empathy among people. These factors should become a focus of attention in every country. Moreover, all countries around the world should establish such political systems that could reduce economic inequality, income and wealth differentiation, and tension between people that could ensure equitable living conditions and a high quality of life for their members as well as sustainable economic growth.

In conclusion, economic inequality is one of the most relevant problems of globalization that has a negative impact on economic development and social-economic progress. Material living conditions are an integral part of economic inequality and they might be recognised as the essential needs. These needs and the ability to own them or have the disposition of them determine a person's material and moral security, self-confidence, self-esteem and corresponding quality of life. Thus, as a part of economic inequality, material living conditions in some cases might encourage, while in other cases – suppress a person's self-realization and creative potential, as well as increase or decrease a country's economic development and the quality of life of its society.

The most important measure of achievement for every country is economic growth, the dynamics of which are influenced by various factors. An increase in economic potential has its basis in cumulative and newly created wealth (Galinienė, 2005). It should be noted that the term "wealth" might be understood differently in relation to legal, economic, physical, social and other areas, and is defined according to the features and priorities of a particular scientific field. This explains why it is generally such an abstract term (Ragauskienė, 2011).

Meanwhile, in economic theory, the term “wealth” includes anything that has a value and is considered personal property (Pakalniškis, Papirtis et al., 2008). In analyses of the concept of wealth, certain separate units or types of wealth are outlined, but a common method for summarising them has never been presented. The following criteria define wealth from an economic perspective (Ragauskienė, 2011): 1) wealth must have a value, 2) a person or institution must have ownership rights to an object, and 3) the object must be useful in the future.

Table 3. A Classification of Wealth

WEALTH				
Intangible	Material			
	Real estate	Movable	Financial	Other
<ul style="list-style-type: none"> • Brands • Patents and licenses • Copyrights • Prestige, reputation, etc. 	<ul style="list-style-type: none"> • Housing / Accommodation • Commercial real estate • Land plots, etc. 	<ul style="list-style-type: none"> • Cars, vehicles • Equipment 	<ul style="list-style-type: none"> • Income • Savings 	<ul style="list-style-type: none"> • Art creation • Jewellery • Coins, etc.

Source:

Table 3 shows an economic classification of wealth created by the authors. In this case, material wealth is the most important factor, with the distribution and correlation between real estate and quality of life emphasising the importance of a dwelling place. Meanwhile, movable and other types of wealth are considered to be directly related to obtainable income. The opportunity to attain and manage non-material wealth, such as copyrights and licences, depends on the amount of material wealth a person has. This opportunity might emerge if a person has a certain social status or has accumulated a certain amount of material wealth, or in the case of favourable circumstances (for example, inheritance).

The influence of inequalities in income and material living conditions, with a special focus on the importance of a dwelling place, has never been analysed and evaluated in relation to quality of life. However, it is presumed that this influence may be huge. To shape a country’s political system and ensure the well-being of its society and the individuals within it, the importance of this must be thoroughly evaluated.

MACRO-LEVEL ANALYSIS OF THE REAL PROPERTY MARKET

According to the data provided by the State Enterprise Centre of Registers in Lithuania (2017), there are 6,559,000 intangible assets registered in the Real Property Register, and that comprises almost 14% in comparison to the data of 2007. The real property in this case mainly consists of land lots (35%) and various auxiliary household buildings (27%), whereas premises constitute 17%, buildings (without a household) – 12%, other buildings and facilities – 9% of all real property in Lithuania.

By the end of 2015, dwelling stock comprised 89,253,000 m² in total and since 2010 it has increased almost by 7% (The Lithuanian Department of Statistics, 2016). Most of the dwellings (63%) are in urban territory and the remaining part of dwellings (37%) are located in rural areas. It should be emphasized that 98% of permanently occupied dwellings are owned by private individuals and only 2% belong to the state and its municipalities.

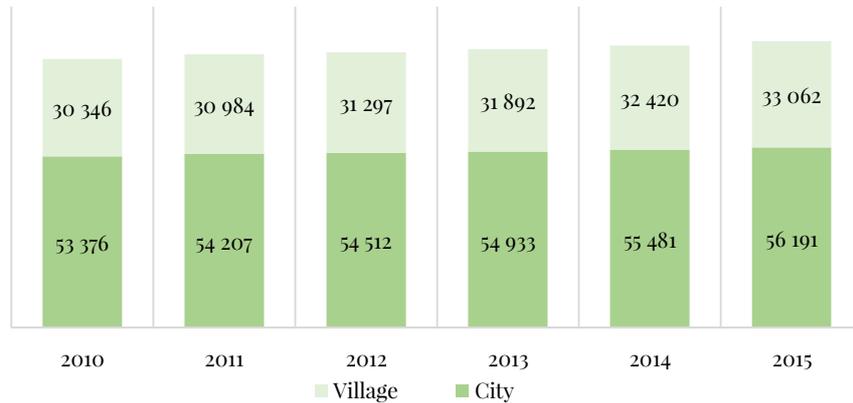


Fig. 1. Dwelling stock at the end of the year (thousand m²)
 Source: The Lithuanian Department of Statistics, 2016.

According to the data of the Lithuanian Department of Statistics, useful floor space per capita in 2016 was 30.9 m², which means it has increased by 3.5 m² since 2010. It should be pointed out that useful floor space per capita in urban areas was 28.9 m², whereas in rural areas – 35 m².

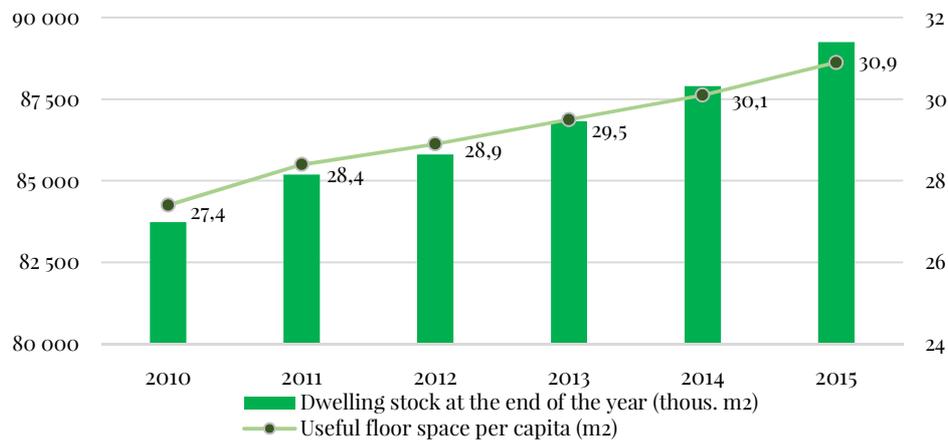


Fig. 2. Useful floor space per capita (m²) and dwelling stock at the end of the year (thousand m²)
 Source: The Lithuanian Department of Statistics, 2016.

According to the data provided by the National Land Service under the Ministry of Agriculture and the State Enterprise Centre of Registers (2017), there were 515,000 dwellings registered in the Real Property Register by January 1st, 2017, which occupied more than 117 million square meters and almost 7,000 ha.

More than 51% of all dwellings in Lithuania are detached single-unit houses or semi-detached dwellings. However, most of these houses (69%) are situated in rural areas and only 31% are situated in urban areas. In Lithuania, the average area of a dwelling-space is 126 m² – houses in urban areas occupy 156 m² on the average, in rural areas – 112 m².

Blocks of flats (three and more flats) in Lithuania account for 46% of all dwellings. Most of them (72%) are built in urban areas and only 28% in rural areas. Dwelling-places for various social groups such as dormitories, shelters, foster homes, hostels, etc. amount to only 3% of all dwellings.

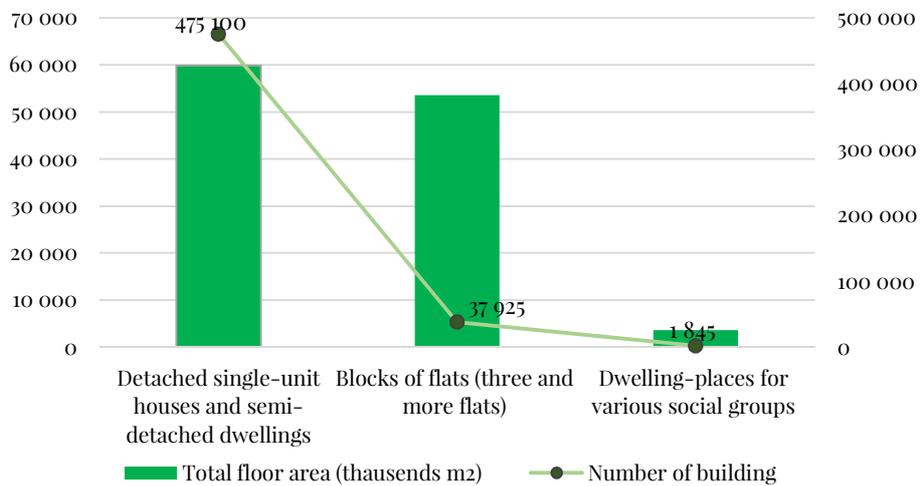


Fig. 3. The distribution of dwellings in Lithuania

Source: National Land Service under the Ministry of Agriculture and State Enterprise Centre of Registers, 2017.

Based on the data of the State Enterprise Centre of Registers, there were 847,000 blocks of flats registered in Lithuania in 2016, which accounted for a total area of 45 million square meters. This means that the average area of a single flat is 53 m². Two-room flats are the most common (46% of all the flats on the market) in Lithuania.

Almost one third (26.68%) of all Lithuanian flats are situated in Vilnius and 31.58% of flats are situated in other cities – Kaunas, Klaipėda, Panevėžys and Šiauliai. 41.74% of flats are situated in the remaining cities, towns and villages.

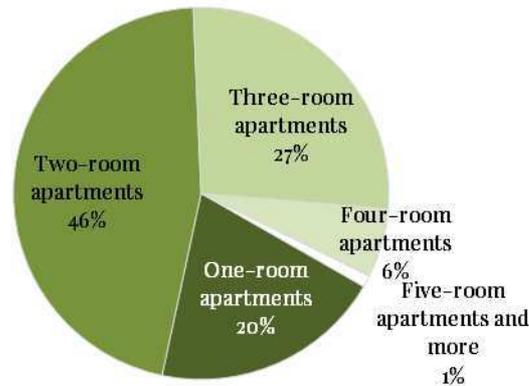


Fig. 4. The distribution of flats by the number of rooms
Source: The State Enterprise Centre of Registers, 2016.

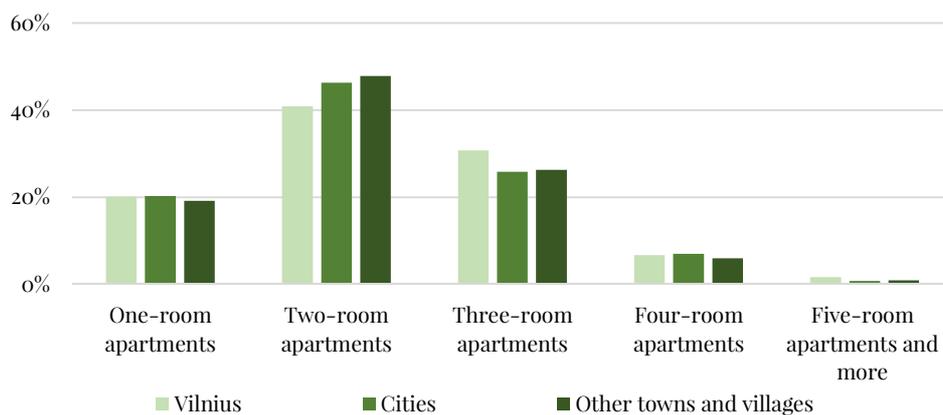


Fig. 5. The distribution of blocks of flats by regions and the number of rooms
Source: The State Enterprise Centre of Registers, 2016.

Based on the data provided by the State Enterprise Centre of Registers (2016), the biggest average area of a single flat – 56.55 m² – has been recorded in Vilnius. The average single flat area in other big cities ranges from 52.03 m² to 52.59 m² in the remaining cities, towns and villages. Figure 8 shows the distribution of flats by the regions and the number of rooms. It is obvious that the tendencies in big cities, remaining cities, towns and villages are similar except for Vilnius, in which 2-room flats constitute 40.84%, whereas in other big cities, such flats constitute 46.26% of all flats, and in the remaining regions – 47.79% of all types of flats. However, 3-room flats in Vilnius constitute 30.76% of all flats, whereas 3-room flats in other big cities constituted 25.87%, and in the remaining regions, 26.29%.

RESEARCH FINDINGS – THE DISTRIBUTION OF WEALTH (MICRO-LEVEL ANALYSIS)

The distribution of population by the type of accommodation. According to the analysis of data performed by the author (2016), most Lithuanian residents live in flats (72.30%), whereas 22.50% of people live in detached houses and only 5.2% live in other types of accommodation. These recent Lithuanian tendencies differ from other EU countries, where, according to the analysis of Eurostat (2014), only 39.7% of EU-28 citizens live in flats and 59.6% live in detached houses.

On the other hand, the tendency to live in detached houses is rapidly increasing. Based on the data provided by the National Land Service under the Ministry of Agriculture and the State Enterprise Centre of Registers (2016), the number of registered detached single-unit houses and semi-detached dwellings increased by 5.92%, in comparison to the data of January 1st, 2012. Thus, the total area of such accommodations increased by 8.71% over the 5 years, whereas the number of registered blocks of flats, in comparison to the data of January 1st, 2012, increased insignificantly (0.96%); the total area also increased only slightly – by 2.20%.

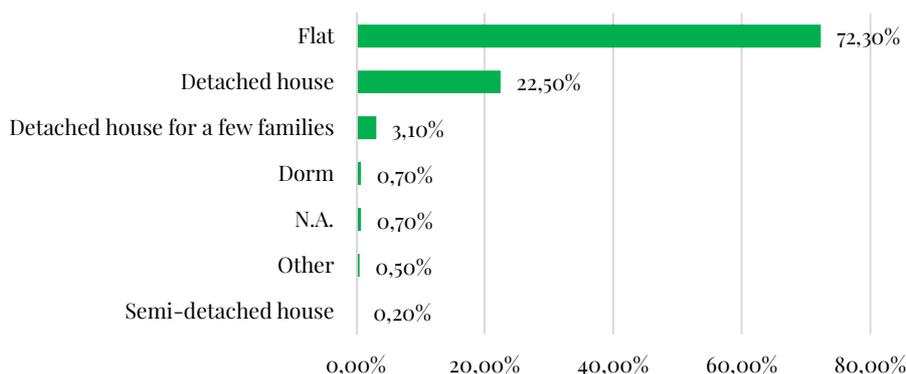


Fig. 6. The distribution of population in Lithuania by the type of accommodation
Source: MRU, Vilmorus Ltd. Market and Opinion Research Centre, 2016.

According to the authors' analysis, blocks of flats are usually occupied by senior people – 65-70 years old (83.9%), 70 years old and older (76%) – or very young people, that are 18-24 years old (79.3%). It is very important to emphasize that women live in flats more often than men (73% and 71.6% respectively), whereas men live in detached houses more often than women (23.3% and 21.7% respectively). 96.6% of Vilnius dwellers and 92.7% of other cities dwellers live in flats, meanwhile, only 1.1% of Vilnius dwellers and 4.3% of other cities dwellers live in detached houses. Most of the people who live in detached houses live in towns and villages.

The distribution of accommodation by the type of property. It must be noted that most of the dwellers in Lithuania (72.2%) are the owners or co-owners of the dwelling that they live in. This tendency is similar to the EU situation, where 70% of dwellers own their dwelling places. However, based on the data given in the analysis by Eurostat (2014), more than a quarter (27.1%) of the 70% of EU-28 dwellers live in places that were

purchased with home loans and only 42.9% of dwellers live in places that were purchased without a home loan or it has already been paid for.

According to the research performed by the authors (2016), most of the dwellings (65.3%) in Lithuania have been acquired without financial aid (mortgage), 17.40% of dwellers live in a place that was inherited or donated and only 16.5% of dwellers purchased their places with loans. The latter tendency might be explained by various economic criteria: insufficient household income to acquire a dwelling or insufficient accumulated funds to pay for the down payment. Psychological criteria such as the unwillingness to commit to creditors for a long period of time or the uncertainty about one's future are also very important.

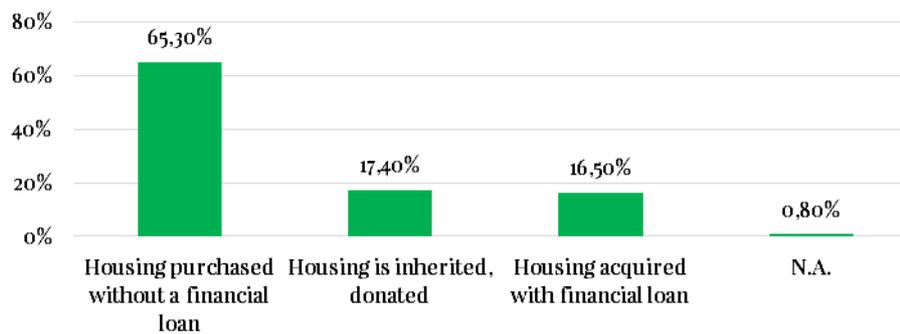


Fig. 7. The distribution of population in Lithuania by the type of dwelling

Source: MRU, Vilnorus Ltd. Market and Opinion Research Centre, 2016.

It is important to point out that women purchase dwellings without financial aid more often than men (68.5% of women and 61.6% of men purchase dwellings without housing loans) and vice versa – men more often than women acquire a dwelling-place with financial aid (18.8% and 14.5% respectively). An interesting fact – people between 25-34 years old usually acquire a dwelling with financial aid (39.1%), whereas people between 18-24 years old and older than 45 (56.3% in total) usually purchase dwelling-places without housing loans.

Housing affordability index. It is necessary to discuss the housing affordability index calculated by Swedbank, as it helps to evaluate the possibility of acquiring a high-quality dwelling-place that would meet one's needs. The housing affordability index is calculated every time when a family wants to buy real property and its income is equal to 1.5 of their average net earnings and the average area of a dwelling-place to be purchased is 55 m². The housing affordability index is equal to 100 if households use at least 30% of their net earnings to pay for the mortgage or any other housing-related expenses. Thus, if this index is at least 100, then a household can afford to purchase a house (or a flat). The higher the index, the higher the possibility is to purchase a dwelling-place (Swedbank, 2016).

It should be emphasized that in comparison with other Baltic capitals – Riga and Tallinn – Vilnius is distinguished by having the lowest housing affordability index, due to the lowest average net earnings and due to the rapidly increasing new housing prices in recent years. Based on these indexes, the following assumption can be made: analo-

gous proportions would appear if the housing affordability index would be calculated on a country-level (except the index itself would be lower), as the net earnings in regions tend to be even poorer than in capitals.

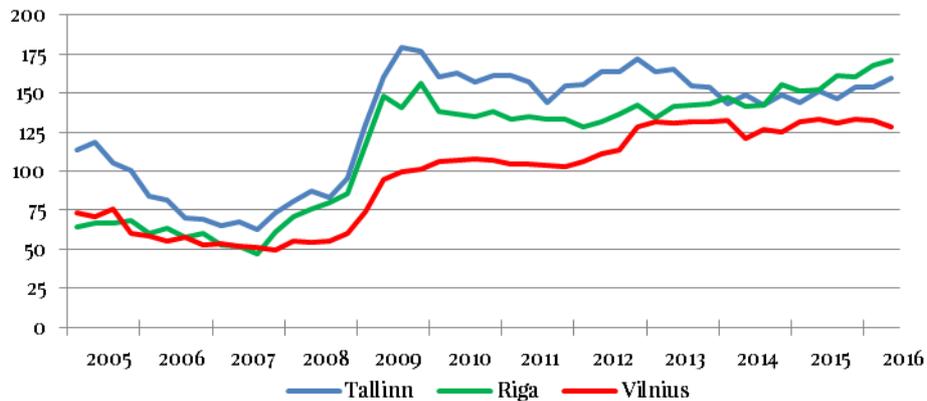


Fig. 8. Housing affordability index
Source: Swedbank, 2016.

The highest index – 162.5 – appears to be in Riga. This means that the net earnings of a single household in Riga are 62.5% higher than those indicated in the above-mentioned conditions (that is, the expenses and mortgage payments are equal to 30% of a household’s total income, provided that a household earns 1.5 times the average wage). The net earnings of a household in Tallinn are 45.9% higher than the indicated minimum required. In Vilnius, it is only 24.3% higher than the minimum. Also, the residents of Vilnius must save longer than people in Riga or Tallinn in order to pay for the initial contribution (down payment) of a mortgage (see Fig. 9). The low housing affordability index in Lithuania indicates that Lithuanians cannot afford to purchase housing or their possibilities are very limited.

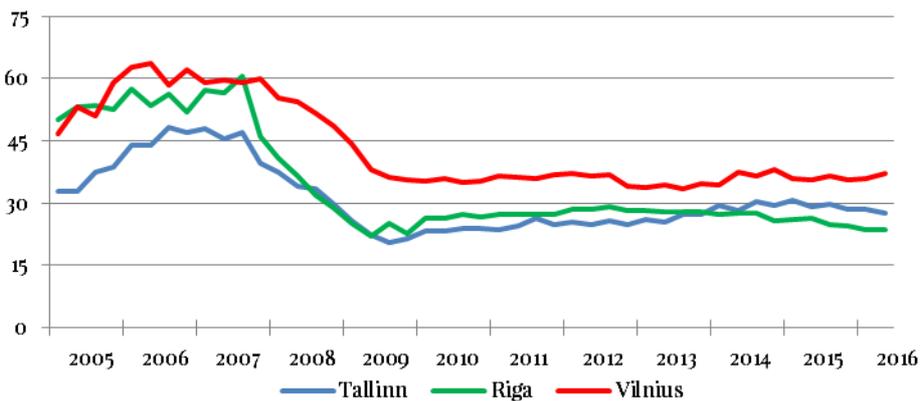


Fig. 9. The number of months needed to save for the initial contribution of a mortgage*
*Provided that a household puts away at least 30% of their earnings every month to save for the initial contribution.
Source: Swedbank, 2016.

The distribution of population by the construction year of a dwelling. Based on the data of the authors' analysis (2016), most Lithuanians (81.80%) live in old housing constructed between 1961 and 1990 (see Fig. 10). Only 1.90% of Lithuanians live in new housing that was constructed between 2001–2006 and later. Although new housing is highly attractive because of its energy-efficiency, economy and innovative solutions, it tends to remain too expensive.

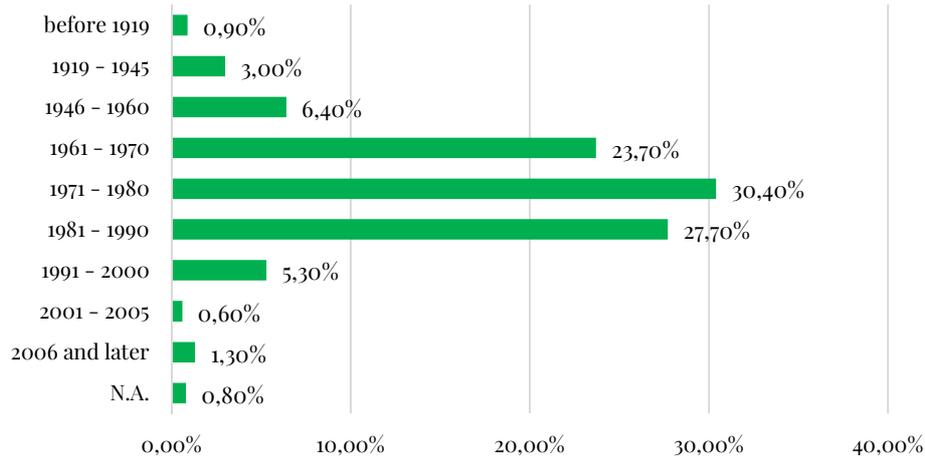


Fig. 10. Housing and its construction period
 Source: MRU, Vilnorus Ltd. Market and Opinion Research Centre, 2016.

Based on the research (2016), most of the residents of big cities (47.92%) live in apartments that were constructed throughout 1961–1970. In other cities, towns and villages, housing appeared to be newer (1981–1990 construction year) and 42.11% of those regions' residents live there. Vilnius is no exception and most of the residents of this city (77.33%) live in apartments constructed between 1961 and 1990.

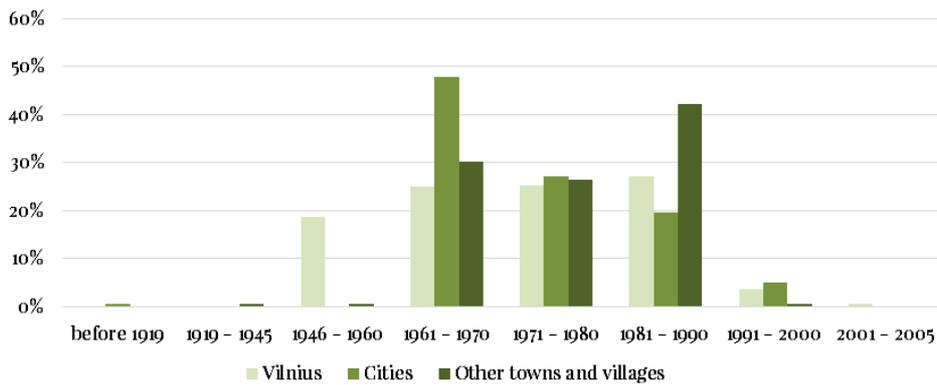


Fig. 11. The distribution of flats by their construction year and regions
 Source: MRU, Vilnorus Ltd. Market and Opinion Research Centre, 2016.

There are big discrepancies in relation to prices of new and old dwellings, as well as discrepancies between housing prices in Vilnius and other regions. For example, the difference between newer and older housing prices in Vilnius is more than 20%, while in other big cities, the difference between prices is more than 37%, in counties – almost 87%, and 113% in other towns and villages. Moreover, the supply of high quality new housing in various regions is limited, as investors do not dare to risk investing in such constructions due to the existing low purchasing power, high unemployment, emigration rates, and passive regional politics on behalf of the state, especially given the fact that the construction expenses do not differ and are more or less the same in the capital cities, other cities or other regions.

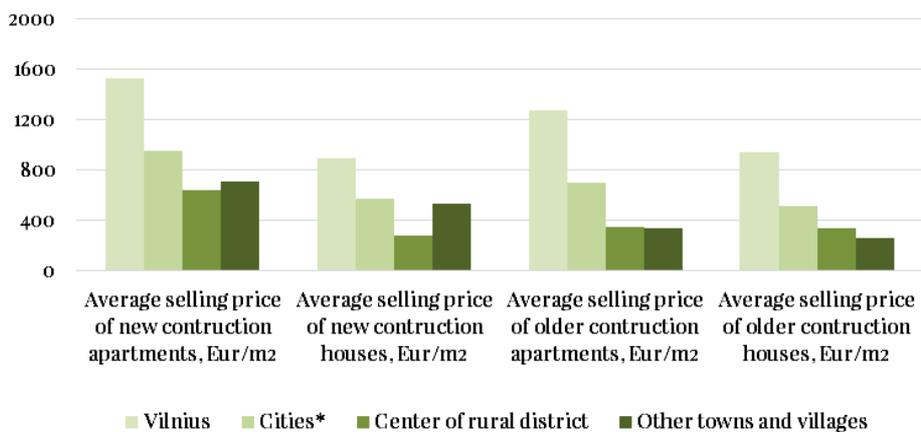


Fig. 12. The average sale price of a dwelling, 2016

*The data given in the figure is based on research of the 2nd quarter of 2016. The average price of new housing in urban areas due to its limited offer is provided in the data of the 3rd quarter of 2015.

Source: The State Enterprise Centre of Registers, BNS Plus Construction and Real Estate, 2016.

In consideration of the above-mentioned tendencies, the following conclusion can be made: most Lithuanian people face the lack of high-quality housing or cannot afford it, and they also face operating difficulties due to the low income of a household; the policy of modernization of the housing market implemented by the state has not brought about the desired effect.

The distribution of population by housing size. The size of housing and the accessibility of housing space are key elements in the process of evaluating the quality of housing. The problem that Lithuanians are facing at the moment is the insufficient size of houses and apartments. According to the authors' research, almost half of Lithuanians (49.40%) in 2016 lived in houses or apartments that were over 50 m2 and under 79 m2. However, more than one-third of Lithuanians (30.60%) live in apartments that are over 30 m2 and under 49 m2. Almost 3% of Lithuanians live in apartments under 30 m2. Less than 17% of Lithuanians live in apartments over 80 m2.

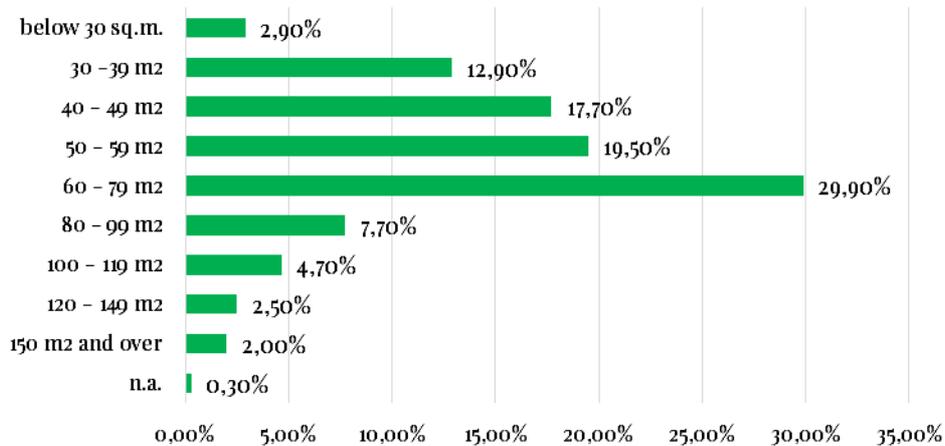


Fig. 13. The distribution of population by housing size

Source: MRU, Vilmorus Ltd. Market and Opinion Research Centre, 2016.

It should be noted that dwelling-space per capita in Lithuania is 30.90 m². Whereas in Denmark, it is 54.36 m², in Cyprus – 48.80 m², and in Italy – 42.92 m². Other countries where the dwelling-space per capita is even smaller than Lithuania include Romania (21.23 m²), Slovakia (24.51 m²) and Poland (24.70 m²).

According to the authors' research (2016), it is obvious that 26.70% of Lithuanians live alone in their apartments. 39.50% of people live together with another individual and 33.40% live in their apartments with two or more other individuals.

The quality of housing is a very important aspect. Based on the data of the Lithuanian Department of Statistics, the problems of noise coming from other apartments, streets, and industrial facilities, plus the problems of air pollution and criminality more often trouble people who live in urban areas rather than people who dwell in rural areas. However, Lithuanians that dwell in rural areas face the following problems more often than Lithuanians living in cities: no WC area with a proper sewage or wastewater treatment system, no bathroom or shower, leaking roofs, damp premises, decayed window frames or floors, including dark houses or apartments.

According to research of the Vilmorus Market and Opinion Research Centre, only a small part of Lithuanians possesses some kind of wealth that they could mortgage, sell, etc. Usually such wealth includes agricultural area, farmsteads, forests or cottages.

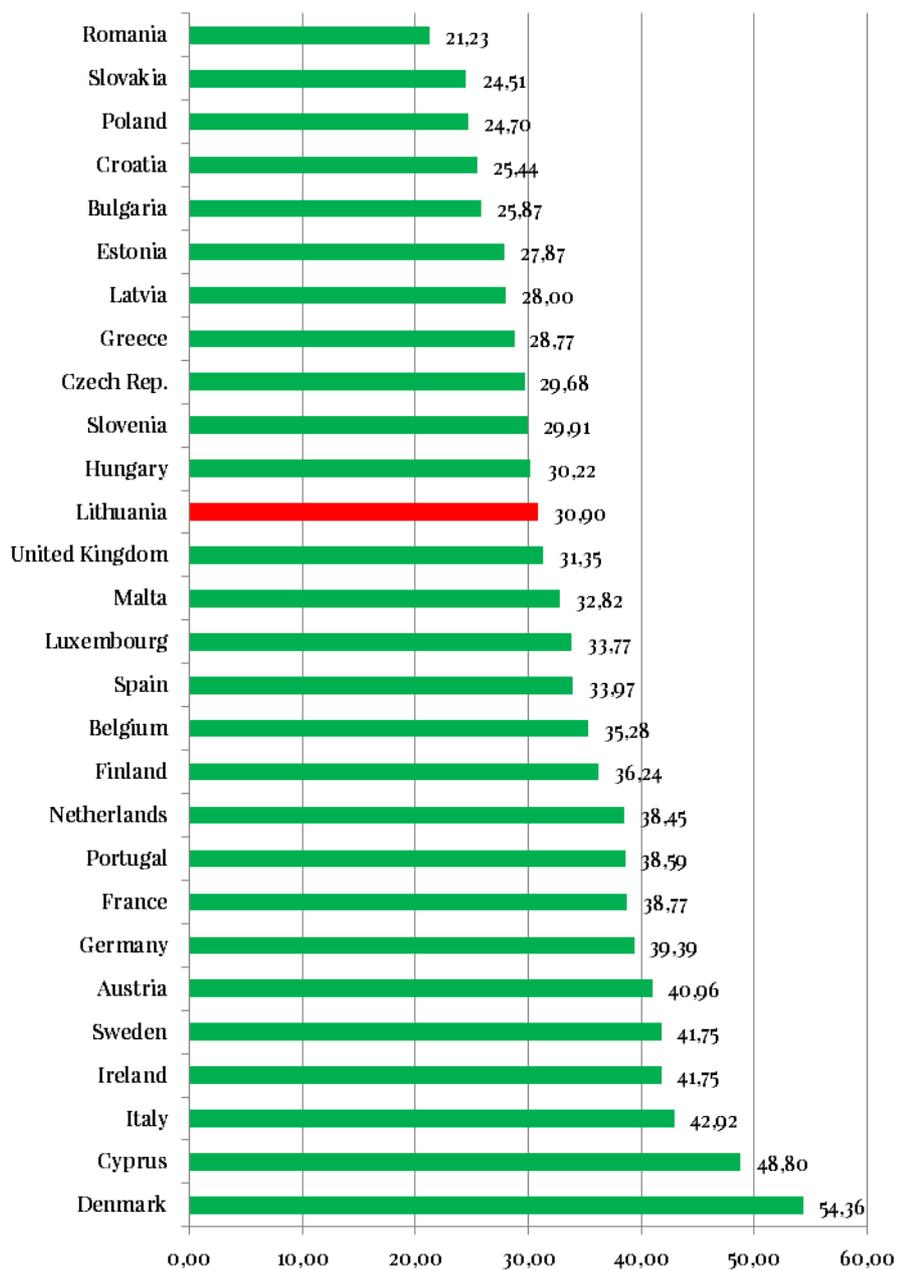


Fig. 14. Dwelling-space (m²) per capita
Source: Enerdata, 2016.

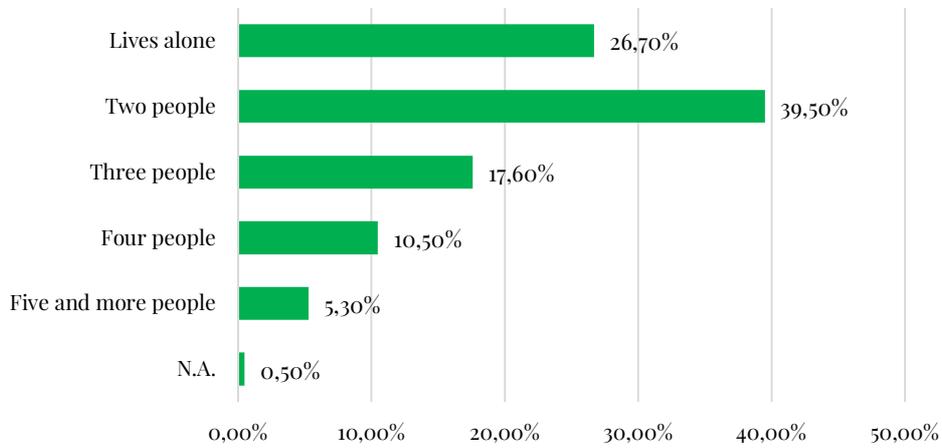


Fig. 15. The number of people per apartment
 Source: MRU, Vilmorus Ltd. Market and Opinion Research Centre, 2016.

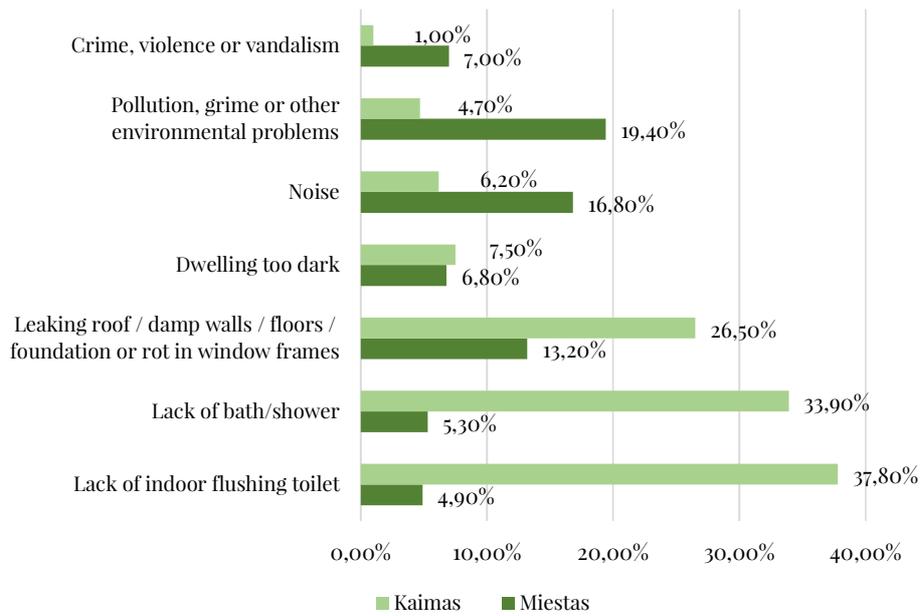


Fig. 16. The number of households (%) facing certain housing-related problems
 Source: The Lithuanian Department of Statistics, 2013.

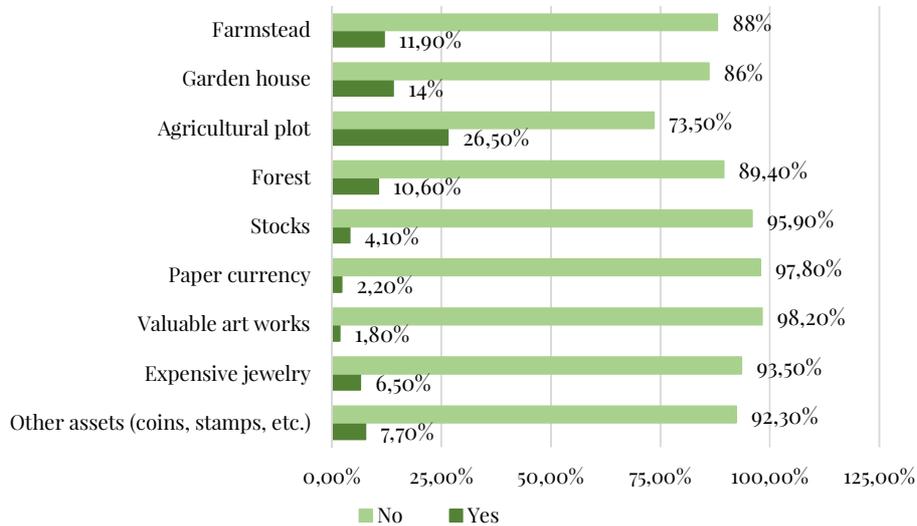


Fig. 17. Ancillary wealth that could be mortgaged and / or sold if necessary
 Source: MRU, Vilmorus Ltd. Market and Opinion Research Centre, 2016.

A lack of high-quality housing, insufficient dwelling-space, exploitation and environmental issues, and insufficient income to acquire housing to meet a person's needs are among the main problems faced by Lithuanians. If this basic essential demand for satisfactory housing and a good living environment is not met, a good quality of life and other needs are not ensured. Material living conditions can be attributed to the satisfaction of essential needs such as the possession of them and the ability to have them at one's disposition, which influences an individual's material and moral safety, self-confidence, self-esteem and quality of life. On the one hand, the material living conditions as a part of social and economic inequality might encourage, or on the other hand – suppress an individual's self-realization and creative potential as well as encourage or suppress the economic development of a country and the quality of life of its society.

CONCLUSIONS

It may be stated that social and economic inequality is one of the main problems caused by globalization, and negatively affects the development of economics as well as social and economic progress. Material living conditions are an integral part of social and economic inequality. Material living conditions can be attributed to essential needs as possession of them and the ability to have them at one's disposition, which influences an individual's material and moral safety, self-confidence, self-esteem and quality of life. On the one hand, the material living conditions as a part of social and economic inequality might encourage, while on the other hand – suppress an individual's self-realization and creative potential, as well as encourage or suppress the economic development of a country and the quality of life of its society.

A dwelling-place is an essential component that determines an individual's welfare. The key problems that Lithuanians have to face these days are the lack of high-quality housing, insufficient dwelling-space and the differentiation of housing by regions. This means that the main need of a person for a high-quality dwelling-place is not met, thus, other needs are also not fulfilled and the quality of life deteriorates in consequence. The importance of having a dwelling-place and the ability to understand the changing tendencies of housing needs are essential in order to shape a country's politics, reduce social and economic inequality, guarantee a satisfactory quality of life to every member of a society, ensure a strong foundation for future generations and to maintain the welfare of every society.

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