

**TRANSITION IS OVER, WAIT TO SEE THE BENEFITS: A COMPARATIVE  
EVALUATION OF THE EFFECTS OF POST-COMMUNIST TRANSITION  
ON LIFE SATISFACTION**

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Life satisfaction, an overall evaluation of one's life, is increasingly used as an indicator to guide social policy and to evaluate social change. This measure gives a global assessment of the societal changes effects of transition on average people, filtered through their attitudes and experience. The present paper focuses on effects of transition in eleven post-communist countries that already joined or are expected to join soon EU (including East Germany), using a comparative approach. The purpose is manifold: to compare life satisfaction levels at the beginning (1990-1991), in the middle (1996-1997) and towards the end of the transition process (2004-2005), to evaluate recent trends. Main data sources used were World Database of Happiness, Candidate Countries Eurobarometer (2001-2004), and standard Eurobarometers.

Contrary to the theory of effects of "transition with different speeds", patterns of country differences were generally maintained through all this period. The common trend is V-shaped, with a minimum in 1996-1997, supposedly coinciding with or closed to the time when transition crisis hurt most. Only recently national averages seem to return to the initial levels. Close-to-date evolutions in life satisfaction are very slow, almost stagnant, showing that effects of successful transition on average people's lives are still waited.

Key words: subjective well-being, social indicators, transition studies, post-communism, social consequences of transition.

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## Introduction

The transition process in which Eastern European states entered after the fall of the communism was long and painful. At the beginning it produced in all countries more damage to social structure than was expected, and certainly less positive outcomes. For some countries, the positive outcomes are still to come.

How was transition felt in the countries involved? At the macro level, among the first effects were the disorganization of the markets, the structural crises in economy, the increase of poverty, the corruption and inequality, the generalized anomie, the decline of the rule of law. Not all factors were inherent to the systemic change: some are only associated to the decline of the economical and societal conditions in the communist regime, whose effects were felt already for some years before the political change. Other factors were considered to be avoidable: a more decisive step towards structural reforms would have reduced the disorganization in society and economy, shortening the time span of transition. Maintaining the salient role of the state in guiding the transition was the solution advocated by others. Usually, micro-level effects were not very seriously taken into consideration. The individual suffering brought by the hardships of transition was only mentioned by economists as a lack of resources for a successful transition<sup>1</sup>. Dissatisfactions, increasing frustrations, feelings of alienation, anxieties and depressions were treated as inherent to such a process. The effects were that not only the losers of transition showed these symptoms, but also achievers were frustrated by the process.

This paper focuses on the effects of socio-economic transition, and mainly on its subjective outcomes, using life satisfaction, an overall evaluation of one's life, often utilized as an indicator of social change<sup>2</sup>. This measure gives a global assessment on how socioeconomic changes affect average people, filtered through their attitudes and experiences.

How does the socio-economic transition affect the life satisfaction of citizens? To answer this question, I focused on eleven post-communist countries that already joined or are expected to join soon EU (including former East Germany). It compares life satisfaction levels at the beginning (1990-1991), in the middle (1996-1997), and towards the end of the transition process (2005) and evaluates recent trends (2001-2005).

Why would this analysis be relevant for the study of the transition? Firstly, economic indicators were almost entirely used to evaluate the transition. As a result, even at times when transition hurt most, the economists insisted that the macroeconomic adjustments should be

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<sup>1</sup> J. E. Stiglitz, "Employment, Social Justice and Societal Well-Being," *International Labour Review* 141, no. 1-2 (2002).

<sup>2</sup> A. Campbell and P.E. Converse, *The Human Meaning of Social Change* (New York: Russell Sage Foundation, 1972), Ruut Veenhoven, "Why Social Policy Needs Subjective Indicators," *Social Indicators Research* 58, no. 1-3 (2002).

followed without hesitation or sorrows for those most affected. Nowadays, retrospectively, an important personality in economics is complaining about the lack of importance given in this process to the discomfort caused to general public. On the contrary, life satisfaction gives another angle of view on people and how their needs are met in this process. The second argument is linked with the observation that economic indicators give only a limited account of the progress of a society. They do not include measures of “collateral damages” that a developing economy brings to the physical and social environment of a country. That is why supportability of economic policies is rarely a matter of debate. Subjective indicators take into account a large sphere of socio-economic conditions, some of them impossible to reach with objective measures. If objective and subjective measures clearly diverge on a large time span, it is a sign that something important was left behind in the process. Moreover, life satisfaction is, among other measures, an indicator of the popular support for transition policies. A population that is very dissatisfied is hardly a good resource for transition.

The question “Has transition come to an end?” may become a matter of dispute. A minimal criterion that can be used to answer is to ask if the levels of life satisfaction returned, at least, to those at the beginning of transition. It is only when the hardships of transition begin to be forgotten that we can envisage the end of the tunnel.

### **Life satisfaction and social change**

Life satisfaction is the cognitive component of subjective well-being, defined as the way people evaluate their lives globally.<sup>3</sup> The research is based upon the assumptions that there is a general feeling of satisfaction, that people are aware of it, and that could be described adequately.<sup>4</sup> When judging their own life as good or bad, people use different standards, but researchers can describe a limited number of relevant domains that matters here (income, job/occupations, family, security, personal relationships, etc.). On the other hand, interpersonal determinants of subjective well-being can be grouped in two: genetic (inborn) and environmental (social) factors. There was an important dispute in the field on the prevalence of one or another factor. The so-called trait-like hypothesis was proposed: subjective well-being is a psychological trait, and has no important variations over time.<sup>5</sup> This

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<sup>3</sup> Frank M. Andrews and John P. Robinson, "Measures of Subjective Well-Being," in *Measure of Personality and Social Psychological Attitudes*, ed. John P. Robinson, Phillip R. Shaver, and Lawrence S. Wrightsman (San Diego etc.: Academic Press, 1991), Ed. Diener, "Assessing Subjective Well-Being - Progress and Opportunities," *Social Indicators Research* 31, no. 2 (1994).

<sup>4</sup> N. Schwartz and F. Strack, "Report on Subjective Well-Being: Judgemental Process and Their Methodological Implications," in *Well-Being: The Foundations of Hedonic Psychology*, ed. D. Kahneman, E. Diener, and N. Schwartz (New York: Russel Sage Foundation, 1999).

<sup>5</sup> M. J. Stones et al., "The Correlation Coefficient and Models of Subjective Well-Being," *Social Indicators Research* 24, no. 4 (1991).

would automatically imply that the genetic factors are salient.<sup>6</sup> The dash opposite theory is called statelike: subjective well-being, it is argued, “is quite stable for the short term, but not in the long run, neither relatively nor absolutely”<sup>7</sup>. Socio-economical conditions, in this theory, are the most important factors that influence subjective well-being. This approach is also known as the *livability theory*. Its principal proponent is Ruut Veenhoven, who infers that a person is happy when offers of society are qualitative and requests are reasonable.<sup>8</sup> A third theory is called of “relative standards”, implying that evaluation of one’s life is influenced by a different kind of comparisons with social environment. In a very influential theory, Alex Michalos infer that satisfaction with different life domains is influenced by a diversity of intra- and inter-personal comparisons, like one’s past standing or aspirations (*multiple discrepancies*).<sup>9</sup> Finally, there is the so-called culture theory, which implies the existence of a national character that frames global evaluations of people’s lives<sup>10</sup>. Each of these theories has a relative empirical support so they are deemed to coexist.<sup>11</sup>

Campbell and Converse give one of the first accounts on the usefulness of such indicators in evaluation of social change.<sup>12</sup> They argued that the monitoring of social-psychological states (attitudes and feelings in which he includes life satisfaction and happiness) of the population leads to the understanding of social change. This approach completes the one based on “objective” measures used to inform social policy. Veenhoven explains why:

1. Social policy is also a matter of mentality.
2. Often subjective measures are better to evaluate progress.
3. Satisfaction measures have a comprehensive quality compared with objective sum-scores.
4. Policy makers need additional information from the public to be informed.
5. Subjective indicators like satisfaction and happiness measure the gratification of people’s real ‘needs’, not only ‘wants’ that can be measured by opinion polls.<sup>13</sup>

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<sup>6</sup> Paul T. Costa, Robert R. McCrae, and Alan B. Zonderman, "Environmental and Dispositional Influences on Well-Being: Longitudinal Follow-up of an American National Sample," *British Journal of Psychology* 78, no. 3 (1987).

<sup>7</sup> R. Veenhoven, "Is Happiness a Trait - Tests of the Theory That a Better Society Does Not Make People Any Happier," *Social Indicators Research* 32, no. 2 (1994).

<sup>8</sup> Ruut Veenhoven, "The Four Qualities of Life. Ordering Concepts and Measures of the Good Life," *Journal of Happiness Studies* 1 (2000).

<sup>9</sup> A. C. Michalos, "Multiple Discrepancies Theory (Mdt)," *Social Indicators Research* 16, no. 4 (1985).

<sup>10</sup> Ed. Diener and Richard E. Lucas, "Explaining Differences in Societal Levels of Happiness: Relative Standards, Need Fulfillment, Culture and Evaluation Theory," *Journal of Happiness Studies* 1, no. 3 (2000).

<sup>11</sup> Ibid.

<sup>12</sup> Campbell and Converse, *Human Meaning*.

<sup>13</sup> Veenhoven, "Why Social Policy."

In order to be used for such a purpose, extensive researches were dedicated to the stability and reliability of subjective well-being.<sup>14</sup> As a result, we may consistently use this personal evaluation at societal level as an account of societal conditions filtered by personal experience of individuals.

### **Subjective well-being in post-communist transition**

There is still a lack of information on the evolution of subjective quality of life in post-communist transition, mainly because of the little emphasis that was given to subjective feelings in the process of transformation. The transition was usually conducted by economists, and their approach was rather indifferent to the hardships that people in these countries had to experience. There was, also, the lack of a powerful infrastructure for social research and lack of specialists in this particular domain. Only some of the countries involved (among them Hungary, Russia, and Romania) produced subjective well-being data early in the nineties, and in only few countries the annual data are available.

From all what we know, levels of subjective well-being in these countries are almost the lowest in Europe. Is that justified only by socio-economic conditions, or there is a “national character” involved here? The same question was asked for Russia. After comparing economic with subjective indicators, Veenhoven concludes: “It appears that the Russians are as unhappy as they say they are, and that they have good reasons to be so. The current unhappiness is not due to the Russian national character, but has more to do with the troublesome transitions taking place in Russian society”.<sup>15</sup> This finding seems to apply to many, if not all former socialist countries.

There is no global evaluation of the subjective well-being trends in these societies after the fall of the communism, but only several case studies. The most documented is the transformation that took place in Russia.<sup>16</sup> A steady decline in subjective well-being was happened in this country after the fall of communism, at least before 1998, when satisfaction levels seem to slightly recover.<sup>17</sup> This was, no doubt, closely correlated with the deterioration

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<sup>14</sup> R. A. Cummins et al., "Developing a National Index of Subjective Wellbeing: The Australian Unity Wellbeing Index," *Social Indicators Research* 64, no. 2 (2003), Diener, "Assessing Subjective Well-Being.", Tony Fahey and Emer Smyth, "Do Subjective Indicators Measure Welfare? Evidence from 33 European Societies," *European Societies* 6, no. 1 (2004), Veenhoven, "Why Social Policy."

<sup>15</sup> Ruut Veenhoven, "Are the Russians as Unhappy as They Say They Are?" *Journal of Happiness Studies* 2, no. 2 (2001).

<sup>16</sup> Willem E. Saris and Anna Andreenkova, "Following Changes in Living Conditions and Happiness in Post Communist Russia: The Russet Panel," *Journal of Happiness Studies* 2, no. 2 (2001), Veenhoven, "Are the Russians.", Jane Zavisca and Michael Hout, "Does Money Buy Happiness in Unhappy Russia?" *Institute of Slavic, East European, and Eurasian Studies. Berkeley Program in Soviet and Post-Soviet Studies (University of California, Berkeley) Year Paper 2005 01-zavi* (2005).

<sup>17</sup> Paul Frijters et al., "Income and Life Satisfaction in Post-Transition Russia: A New Empirical Methodology for Panel Data," (2005), Zavisca and Hout, "Does Money Buy Happiness."

of the living conditions after the fall of the communism. The same pattern was documented in Hungary<sup>18</sup> and Romania.<sup>19</sup> Even in countries marked by an increase in GDP after nineties, like East Germany, the same decline appears, and is supposedly caused by other economic factors like the increase in unemployment and inequality levels.<sup>20</sup>

### **Life satisfaction after nineties in European post-communist states**

Unfortunately, until 2001, in only a few of the now new member and accession countries annual measures of life satisfaction are available, as in the case of older members. Unlike Standard Eurobarometer, neither the Central and Eastern Eurobarometers nor the New Democracies Barometer included a life satisfaction question. The only approach for comparing trends in these countries was to use questions from different surveys, standardized by linear transformations, by a method recommended by Veenhoven<sup>21</sup>. I argued elsewhere that this method implies a certain degree of error, giving that some of the results are method-specific.<sup>22</sup> Nevertheless, the values obtained by these transformations can be interpreted as a rough approximation of the country variations in life satisfaction. The data were extracted from World Database of Happiness<sup>23</sup>, and included only life satisfaction measures cited by the same author (from 4-step single satisfaction scale to 11-step single satisfaction scales). In cases where several measures were available for some years, I took the average of all measures. The results are presented in Figure 1.

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<sup>18</sup> Lelkes Orsolya, "Tasting Freedom: Happiness, Religion and Economic Transition," (Centre for Analysis of Social Exclusion, London School of Economics research paper, 2002).

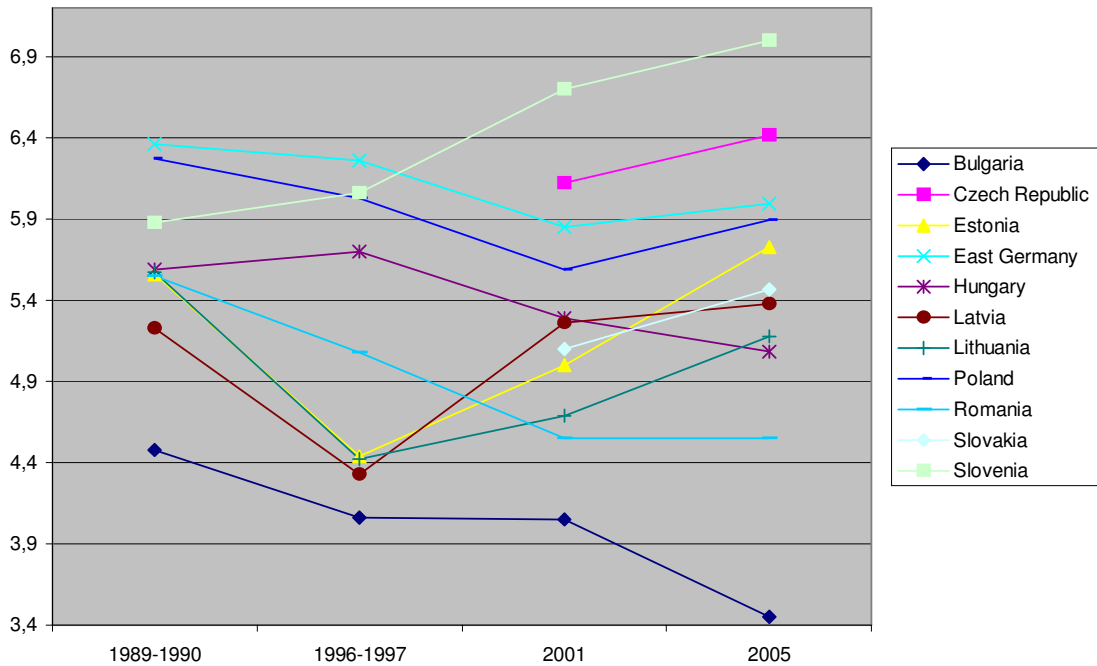
<sup>19</sup> Sergiu Bălătescu, "Determinanți Ai Satisfacției Cu Viața În Perspectivă Transsecțională," in *Starea Societății Românești. Volumul Conferinței Anuale a Asociației Române De Sociologie Și a Asociației Române De Promovare a Asistenței Sociale, Oradea, Septembrie 2004*, ed. C. Zamfir and E. Zamfir (Oradea: Ed. Universității din Oradea, 2004), Sergiu Bălătescu, "Quality of Life in Romania" (paper presented at the Paper presented at Euromodule Workshop, Wissenschaft Zentrum Berlin, 5-6 octombrie 2001 2001).

<sup>20</sup> Hao Yuan and Hilke Brockmann, "Institutional Transition and Subjective Well-Being: A Comparison between China and East Germany," (2005).

<sup>21</sup> R Veenhoven, *Happiness in Nations: Subjective Appreciation of Life in 56 Nations, 1946-1992, Studies in Social and Cultural Transformation*; (Rotterdam, Netherlands: Erasmus University of Rotterdam, Department of Social Sciences, RISBO, Center for Socio-Cultural Transformation, 1993).

<sup>22</sup> Sergiu Bălătescu, "Probleme Ale Transformării Scalelor De Satisfacție Cu Viața," *Calitatea Vieții, 2006* (forthcoming).

<sup>23</sup> Ruut Veenhoven, *World Database of Happiness, Distributional Findings in Nations, Erasmus University Rotterdam. Available At: [www.Worlddbatabaseofhappiness.Eur.Nl](http://www.Worlddbatabaseofhappiness.Eur.Nl)*. (2006).



**Figure 1. Life satisfaction in new member and accession states, former post-communist, 1989-2005, on a scale from 0 to 10. Source: World Database of Happiness, CCEB 2005, Eurobarometers 63-64, personal calculation.**

As we can see also from Table 1, European post-communist countries had different experiences concerning the overall life satisfaction. In the upper part of the ranking stays Slovenia with an impressive increasing (19% from 1989-1990) that brought her in the position of the leader of the group. On the other hand, Bulgaria, with the highest decrease (22.9% compared 1989-1990), detached herself as the lowest achiever from the whole group. In the higher part of the ranking stay East Germany and Poland, that experienced rather a decrease from 1989-1990 (around 6 percents). The steep decline stopped around 2001, and they began to recover the loss. The same pattern can be observed for Hungary and Romania, but these countries have lower levels. It is remarkable that only a half of the reached again the levels since the beginning of the transition and some of them have done this only recently. Baltic countries experienced steep declines until 1996-1997, but they seem to recover at the fastest pace. Their life satisfaction increased between 1996-1997 and 2006 with a percent of 17-29%, but they still have similar levels compared to 1989-1990, as Table 1 shows. Unfortunately we have no data for Czech Republic and Slovakia before 2001.

	increase from 1989-1990	increase from 1996-1997	increase from 2001
Bulgaria	-22,9%	-15,0%	-14,8%
Hungary	-9,1%	-10,82%	-3,9%
Romania	-18,02%	-10,43%	0,0%
Latvia	2,8%	24,2%	2,2%
East Germany	-5,7%	-4,2%	2,5%
Slovenia	19,0%	15,5%	4,5%
Czech Republic	n.a.	n.a.	4,8%
Poland	-6,0%	-2,3%	5,4%
Slovakia	n.a.	n.a.	7,2%
Lithuania	-7,1%	17,1%	10,4%
Estonia	3,0%	29,0%	14,6%

**Table 1. Variations in percents in 2005 for each new member and accession country from 1989-1990, 1996-1997, and 2001. Source: World Database of Happiness, CCEB 2001, Eurobarometers 63-64, personal calculation.**

The rankings of the countries did not change very much in the process of transition. Slovenia, that had even from the beginning a significant increase in average levels, and Romania, which went down, are only exceptions. For the countries situated in the middle of this ranking, changes would be not so easy to evaluate, because the differences of their levels did not reach the statistical significance threshold.

There are three patterns of variation throughout the transition:

1. Continuous variation (increase: Slovenia, decrease: Bulgaria). For these countries the forces of change gave a continuous at the individual level.
2. Steady decrease in the nineties, stabilization after 2001 (Hungary, East Germany, Poland, Romania).
3. Steep decline until 1996-1997, and steep increase after: Baltic countries.

We can make some observations on this. First, that in second and third case, the pattern of variation is V-shaped, and only the year of the lowest point differs. In case of Hungary, other measures show that this country can be classified rather in the third category. Second, for most of countries in the second category, giving the scarcity of the data, we are not sure whether there was not a steep decline in the nineties, because we have no data between 1990 and 1996.



### **Recent developments**

Data from the Candidate Countries Eurobarometer<sup>24</sup>, and recently from the Eurobarometers 63 and 64<sup>25</sup>, issued by Directorate General Press and Communication, would permit us to observe the recent experiences that new members and accession countries had with respect to life satisfaction. These are surveys with a representative sample of over 1.000 subjects in each country, for a population over 15 years. They are using the following scale for life satisfaction:

„On the whole, are you very satisfied, fairly satisfied, not very satisfied or not at all satisfied with the life you lead?

Very satisfied

Fairly satisfied

Not very satisfied

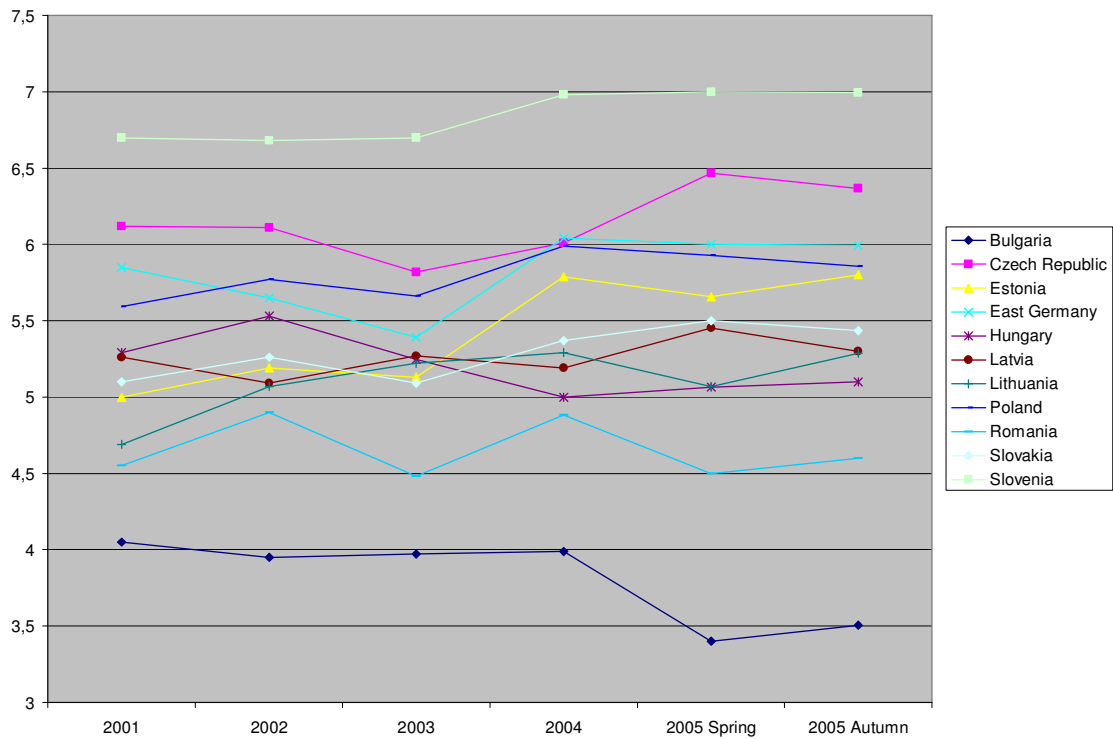
Not at all satisfied”

Country means were linearly transformed to a 0-10 scale. The variations in life satisfaction between 2001 and 2005 are shown in Figure 2.

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<sup>24</sup> Directorate General Press and Communication European Commission, *Candidate Countries European Barometers* ([http://europa.eu.int/comm/public\\_opinion/index\\_en.htm](http://europa.eu.int/comm/public_opinion/index_en.htm), 2001-2005).

<sup>25</sup> Directorate General Press and Communication European Commission, *Standard Eurobarometer 63* ([http://europa.eu.int/comm/public\\_opinion/index\\_en.htm](http://europa.eu.int/comm/public_opinion/index_en.htm), 2005), Directorate General Press and Communication European Commission, *Standard Eurobarometer 64* ([http://europa.eu.int/comm/public\\_opinion/index\\_en.htm](http://europa.eu.int/comm/public_opinion/index_en.htm), 2005).

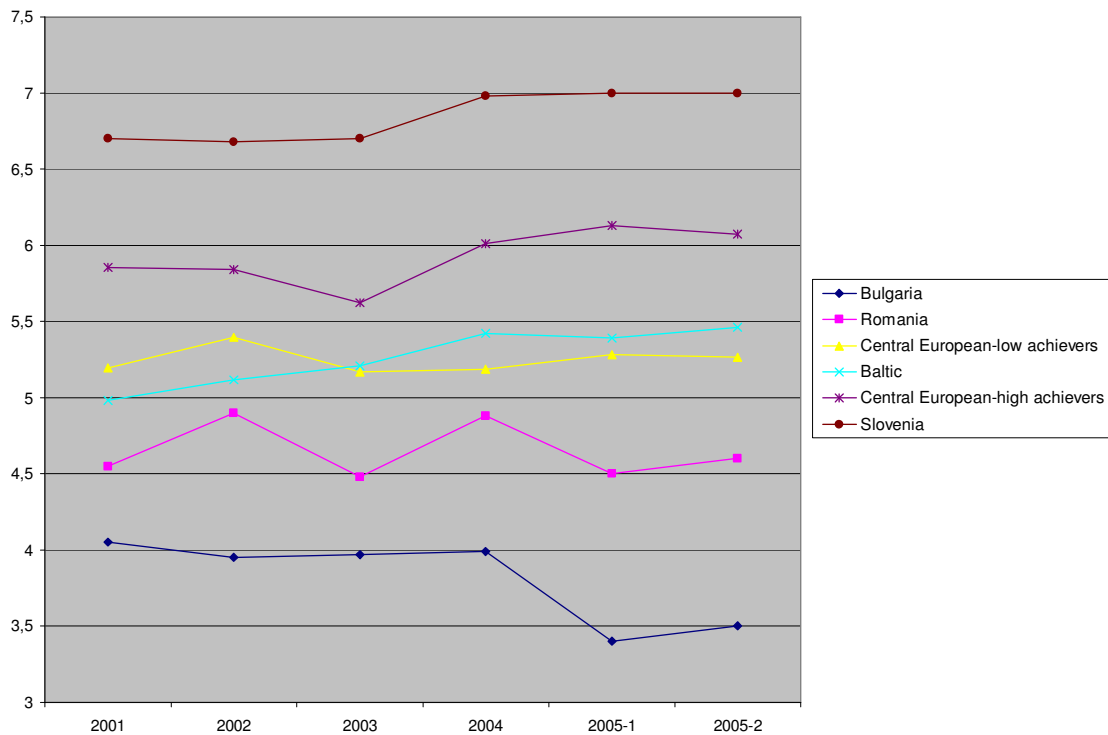


**Figure 2. Life satisfaction in new member and accession states, former post-communist, 2001-2005, on a scale from 0 to 10. Source: CCEB 2001-2005, Eurobarometers 63-64, personal calculation.**

The highest levels are found in Slovenia (above 6.5, reaching 7 on a scale from 0 to 10). Czech Republic follows, with a final level of about 6.5. At the bottom of ranking, the accession countries: Romania (with a stagnant trend around 4.5-5) and Bulgaria (stagnant also until 2004, but decreasing in 2005 to a level of 3.5), are struggling below the median line. Not far above this line, follow the rest of countries with mixed trends. In order to clarify the behavior of these countries, they were classified in three groups, based on their regional position and behavior with respect with the studied variable:

- Central European – high achievers: Czech Republic, East Germany and Poland
- Baltic countries: Estonia, Latvia and Lithuania
- Central European – low achievers: Slovakia and Hungary.

As Figure 3 shows, this categorization resulted in a clarification of the trends and positions of these countries.



**Figure 3. Life satisfaction in new member and accession states (some grouped in clusters), former post-communist, 2001-2005, on a scale from 0 to 10. Source: CCEB 2001-2005, Eurobarometers 63-64, personal calculation.**

This categorization seems to clearly differentiate between two groups of countries:

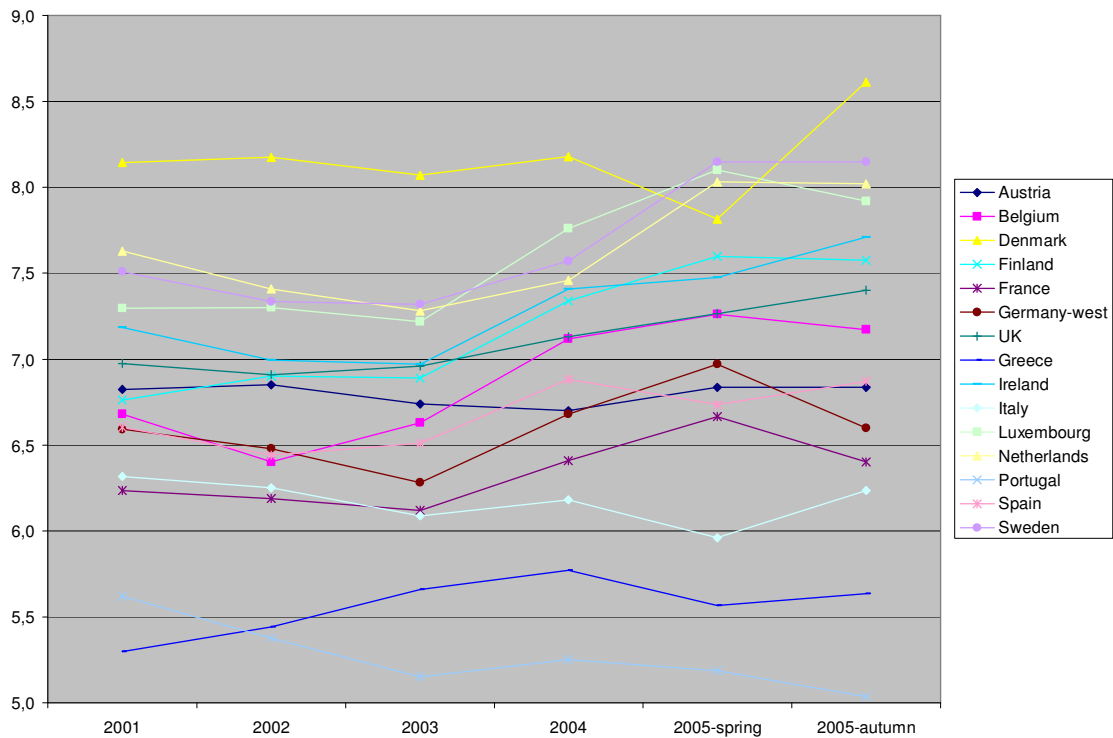
1. Those in upper positions, who undergone also increase in the last five years: Slovenia, Central European – high achievers (Czech Republic, East Germany, and Poland that raised above 6 on a scale of 0 to 10), and Baltic countries, who almost reached 5.5 points and also have an upper trend. These are what we could call now the “advanced new members”.
2. Those in lower positions, with stagnant levels: Central European – low achievers (Hungary and Slovakia), Romania and Bulgaria.

The developments in the first group seem to be most optimistic. They increase in five years little less than five percents (Baltic countries with 9 percents!), and have the most chances to catch-up with the rest of countries (if they didn’t done that already). It is important to observe that Baltic countries managed to raise themselves above the median line and also switched places with low achievers Central European countries Hungary and Slovakia. For this last group, and also for the candidate countries Bulgaria and Romania, the time to sit in block-starts of catching-up race, did not seem to come yet, at least from the point of view of life satisfaction.

### Life satisfaction in EU15 countries

In order to see how the perspectives of these new members are, we should take a look on the life satisfaction in older EU members.

As data from World Database of Happiness show, countries from EU8 had relative stable levels between 1973 and 2001. In this paper I was interested by the recent trends in life satisfaction in EU15 countries. Figure 4 represents mean levels of life satisfaction in EU15 between 2001 and 2005.



**Figure 4. Life satisfaction in EU15 states 2001-2005, on a scale from 0 to 10. Source: World Database of Happiness, Eurobarometers 63-64, personal calculation.**

EU15 countries are stratified in regard with life satisfaction. First comes Denmark, with levels around 8-8.5, followed by other Northern countries like Sweden, Finland, and also by high achievers like Netherlands and Luxembourg that are close to 8 out of 10. The levels displayed by these countries seem also to grow over this time span. On the other end of the ranking, Greece and Portugal, rather distinct from other countries, seem to struggle with no clear increasing trend, around 5.5. An important observation is that the order in the GDP per capita does not apply in the case of Spain, the other Mediterranean country with unexpectedly higher levels, close to Central European countries like Austria. A diverse array of countries is

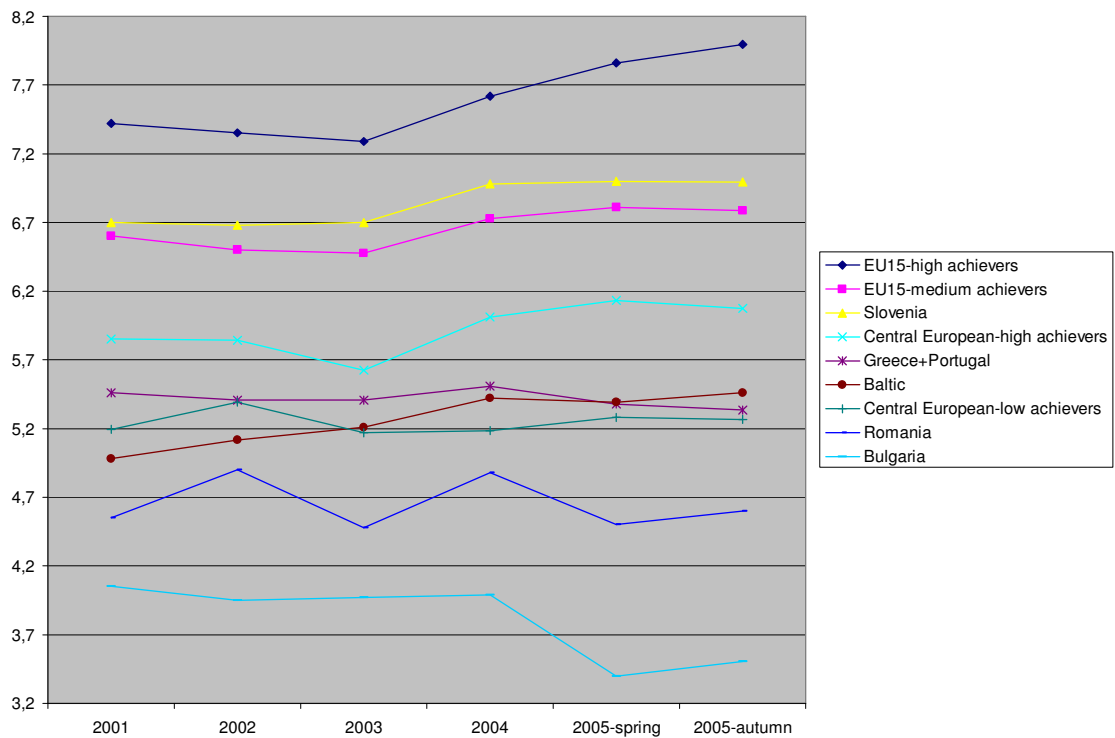
situated in the middle: UK, Ireland, and other countries from the Central and Southern part of the continent: Austria, France, and Italy.

**The general picture: comparing life satisfaction levels and trends in EU15, the New Member States and the accession countries**

In order to significantly compare the older and the newer members of European Union, a clustering was necessary. This was realized with regard with performances in life satisfaction only.

- EU15-high achievers: Denmark, Sweden, Netherlands, and Luxembourg, Ireland and Finland
- EU15-medium achievers: UK, Belgium, Spain, Austria, Germany-West, France, and Italy
- Low achievers: Greece and Portugal.

These clusters of countries were compared to New Member States and the accession countries, already grouped in clusters. The results were shown in figure 5.



**Figure 5. Life satisfaction in European Union by clusters of states. 2001-2005, on a scale from 0 to 10. Source: CCEB 2001-2005, World Database of Happiness, Eurobarometers, personal calculation.**

EU15-high achievers come first, with highest means, above 8 of 10. Not all the new members situate themselves, as the GDP per capita and other social and economic indicators

would predict, below the older members regarding to life satisfaction. Thus, Slovenia follows the highest in rank levels among the new members, just above the medium EU15 achievers, with similar levels (around 7) and trends with the latter group. The high achievers among the group of new members from Central Europe follow at a distance of one point. Comparable with the last countries in EU, Greece and Portugal, around 5.5 points, are the low achievers among new members and the Baltic countries, but the latter have an increasing trend. Distanced, both from other countries and between themselves are situated the accession countries, Romania, stagnant around 4.7, and Bulgaria, with a decreasing trend below 3.7.

A first observation, when seeing these trends, is that there is a diversity of life satisfaction levels throughout the European Union, the highest and the lowest achievers span on an interval of 3 points out of 10. When adding the accession countries Romania and Bulgaria, this interval becomes close to 5. This gap seems not to narrow but rather to enlarge with the accession of the next states, Romania and Bulgaria. This means that convergence policies are even more necessary, and should be intensified now after the EU enlargement.

A second observation is that groups of countries have upward, stagnant and even downward trends in the years around the new enlargement. Table 2 shows the evolution of life satisfaction between 2001 and 2005.

	2001	2002	2003	2004	2005- spring	2005- autumn	% differ- ence from 2003	% differ- ence from 2001
EU15-high achievers	7,4	7,4	7,3	7,6	7,9	8,0	9,7%	7,8%
Slovenia	6,7	6,7	6,7	7,0	7,0	7,0	4,4%	4,4%
EU15-medium achievers	6,6	6,5	6,5	6,7	6,8	6,8	4,8%	2,8%
Central European-high achievers	5,9	5,8	5,6	6,0	6,1	6,1	8,0%	3,8%
Greece+Portugal	5,5	5,4	5,4	5,5	5,4	5,3	-1,3%	-2,3%
Baltic	5,0	5,1	5,2	5,4	5,4	5,5	4,9%	9,6%
Central European-low achievers	5,2	5,4	5,2	5,2	5,3	5,3	1,9%	1,4%
Romania	4,6	4,9	4,5	4,9	4,5	4,6	2,7%	1,1%
Bulgaria	4,1	4,0	4,0	4,0	3,4	3,5	-11,8%	-13,5%

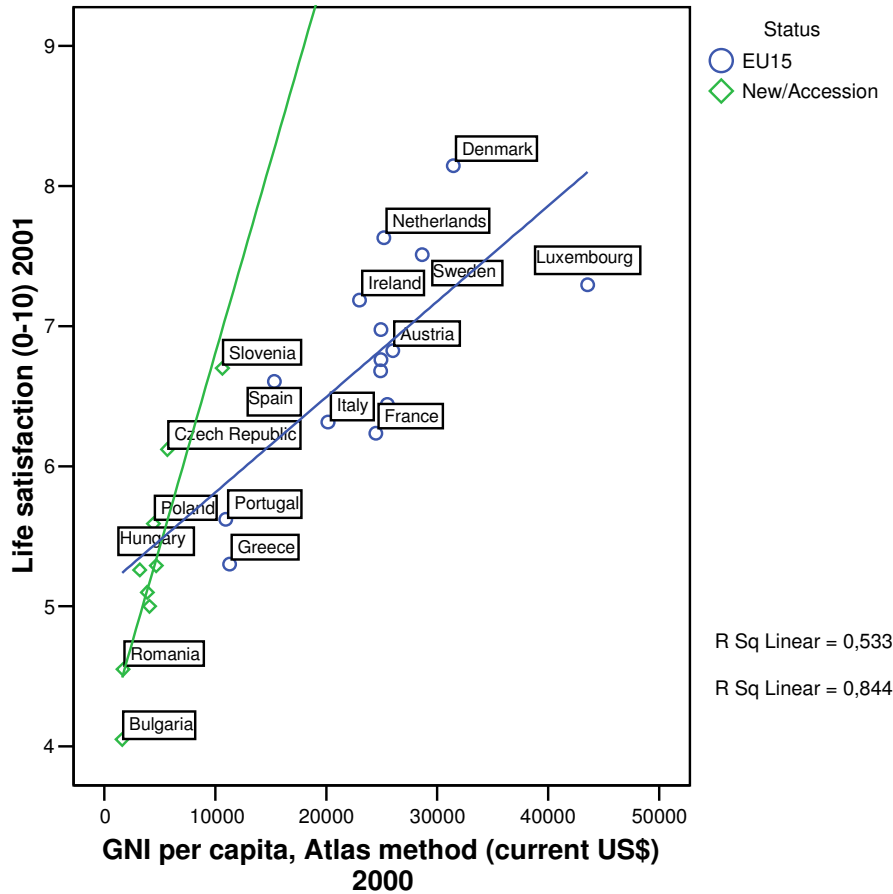
**Table 2. Life satisfaction in European Union and accession states by clusters of states, 2001-2005, on a scale from 0 to 10, and variation of mean levels between 2001 and 2005. Source: CCEB 2001-2005, personal calculation.**

As it can be seen, highest upward trend is characteristic to the Baltic countries (with almost 10%), but the best-situated countries in EU15 have a similar increase (7.8%). Slovenia and the high achievers among the Central European new members have also good trends, around 4% (that is, a percent each year). EU15-medium achievers benefit only from an increase below 3%, while the evolution in Slovakia, Hungary and Romania is rather stagnant. The lowest achievers in EU15, Portugal and Greece, have a slight downward trend, and in the case of Bulgaria this looks like a fall. This different behavior of mean life satisfaction in these clusters of countries invites us to evaluate prospects on catching-up in life satisfaction, at least for the advanced new members.

#### **How life satisfaction data match with economic indicators?**

The role of subjective indicators is to complement objective development data in analysis of transition. We saw that the ranking of the states by life satisfaction levels do not always match the ranking by GDP per capita. Using data from World Bank Development Indicators database and from CCEB and Standard Eurobarometers, I plotted life satisfaction

in 2001 against GDP per capita in 2000. This is shown in Figure 6 for 2000/2001. Note that Germany was shown here as a single country, because no measures of GDP are available for Western and Eastern parts.



**Figure 6. Life satisfaction (0-10) 2001, plotted against GNI per capita, Atlas method (current US\$) 2000, for EU15 and new members/accession countries. Source: World Bank Development Indicators database, CCEB2001, standard Eurobarometers.**

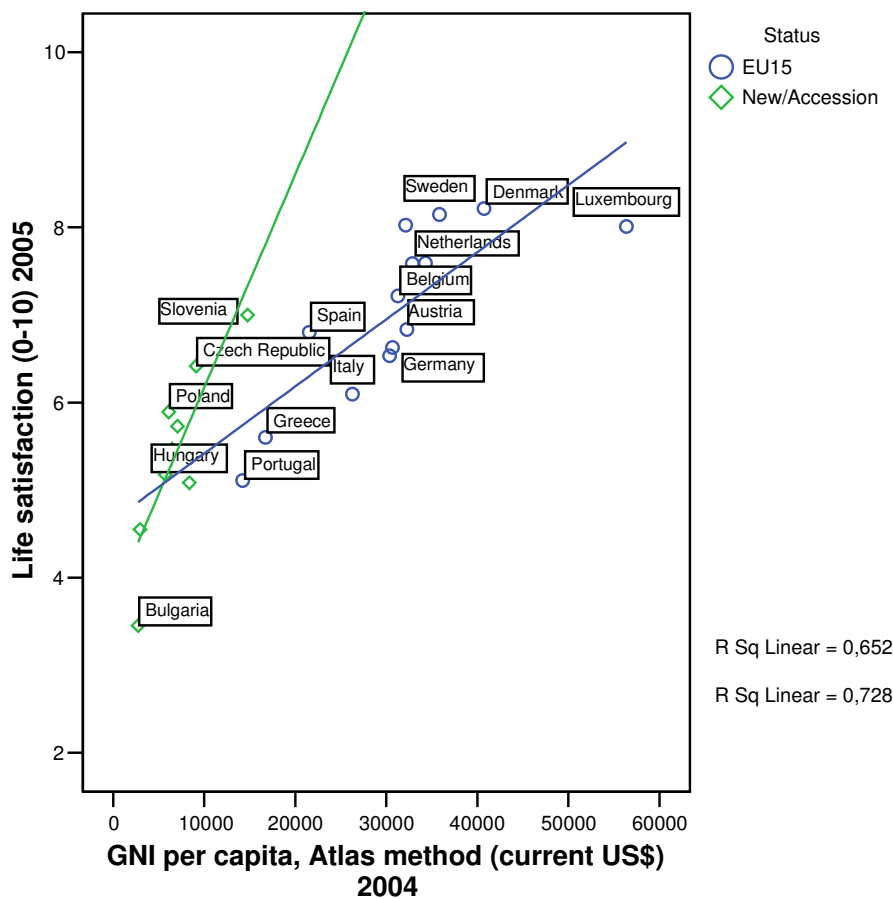
Indeed, the ranking of the countries by life satisfaction levels does not entirely match the ranking GDP per capita levels. When we plot separately EU15 and New Members/Accession countries the picture clarifies a bit. We see that the discrepancies between these two measures are higher for EU15 countries. Mediterranean countries (except Spain) are below the regression line, showing a lower subjective well-being than would be predicted by their GDP. An easier explanation would be based on the thesis of “national character” that would lower the evaluation of life in most Mediterranean countries, and increase the satisfaction for a Hispanic country (interestingly, the same positive discrepancy as in Spain was found in Mexico and other Hispanic countries). Luxembourg is in the same



position, but in this case it was somehow expected that life satisfaction would not match the huge level of life satisfaction in this country.

For the new EU members and accession countries, both rankings match almost perfectly, giving a remarkable high fit coefficient (r square is about .85). The explanation may be a feature of already revealed salience of the economic factors in individual life satisfaction in the case of poor countries. It is also important that Slovenia and Czech Republic have satisfaction levels comparable life with Austria, France and Italy, while other new members from Central Europe have levels comparable with Portugal and Greece, even if their GDP per capita is much lower.

In Figure 7, the same variables are plotted for 2004/2005.

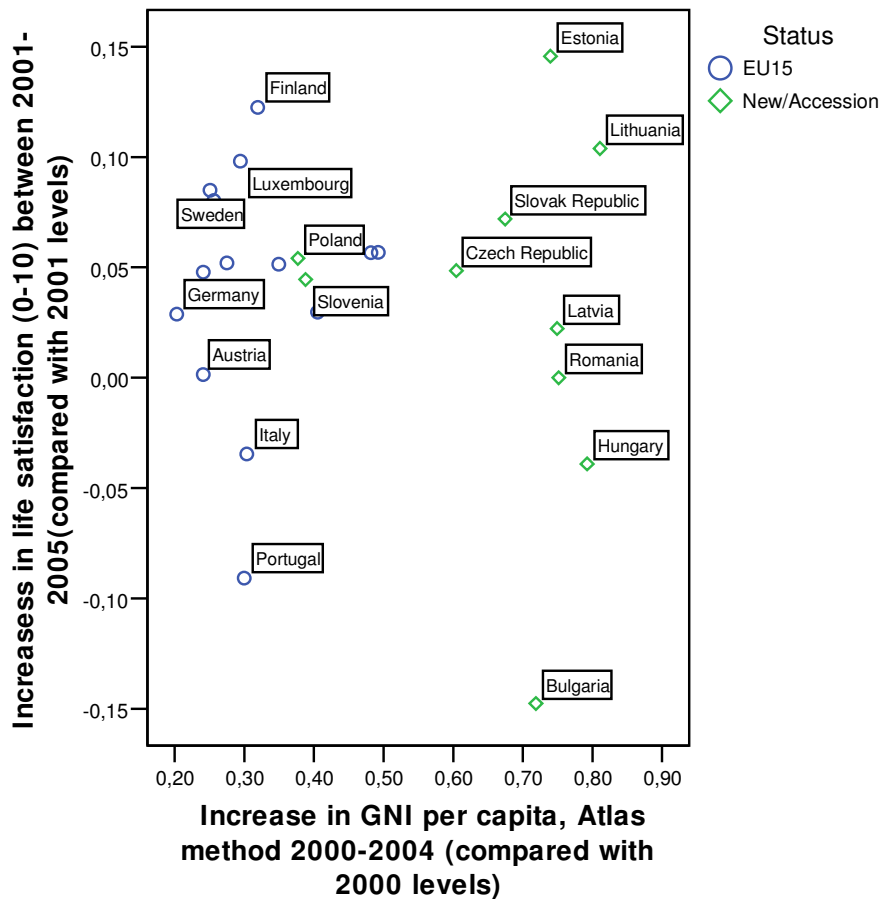


**Figure 7. Life satisfaction (0-10) 2005, plotted against GNI per capita, Atlas method (current US\$) 2004, for EU15 and new members/accession countries. Source: World Bank Development Indicators database, Eurobarometers.**

Here we find is here largely the same picture, with the exception that new members and accession states increased in ranking among all 25 countries (for example Czech Republic has

now higher subjective well-being levels than Italy), and that these countries became more homogenous related to both indicators (the fit coefficient is lower).

How did life satisfaction change compared to the levels of GNI per capita? In the Figure 8 I plotted the relative changes in five years of the two variables.



**Figure 8. Life satisfaction increase between 2001 and 2005 (relative at 2001 levels), plotted against GNI per capita, Atlas method (current US\$) increases between 2000 and 2004 (relative at 2000 levels) for EU15 and new members/accession countries. Source: World Bank Development Indicators database, Eurobarometers.**

As we can see, with the exceptions of Slovenia and Poland, all accession and new members had significant higher increases in GNI per capita between 2000 and 2004, compared to EU15 countries. They had a higher increase (around 70% in five years!) compared to only 30% in EU15 countries. Another observation is that, for both groups of countries, the relative variation in life satisfaction is lower than the variation in GNI per capita (does not exceed 15%). Moreover, the two indicators are not correlated. There are here some implications, in relationship with the theory of life satisfaction:

1. The increase in indicators like GDP does not always have positive consequences for the life conditions in European countries. It isn't immediately followed by the growth in infrastructure, health services, and general societal quality that contribute to the increasing of life satisfaction. Economists have already doubts towards the value of GDP-type indicators in measuring social development.<sup>26</sup> In the case of post-communist states, the acquired surplus is drained by foreign investors or simply by the corruption in the country.
2. On the contrary, high economic development may have a negative effect on societal quality, contributing, among others, to the increase of income inequality. These factors would attenuate the increase in subjective well-being, which, as a result, would be less than expected.
3. Finally, there are factors that explain why there is not a faster catch-up in life satisfaction, taking into account the higher increase in GNI per capita. Jan Delhey explains that, in the case of the countries from the former wave of enlargement, the cultural factor is involved. There is, he argues, a national character that determines the set-point for life satisfaction.<sup>27</sup> We could as well use the comparison theory, issued by Brickman and Campbell, which predict that people adapt to their circumstances.<sup>28</sup> This process would cause the national levels of life satisfaction to vary only slightly even after important socio-economic changes. Nevertheless, we should look not only at economic, but also at social and political indicators to explain why life satisfaction in those countries did not change significantly after joining EU.

## Conclusions

This paper tried to assess the subjective outcomes of socio-economic transformation and in eleven new member states, former socialist (including Eastern Germany). It focused on life satisfaction, the overall cognitive evaluation of one's life. In these societies, trends were V-shaped after the nineties, with a minimum around 1996-1997, when presumably transition crisis hurt most. Differences between the countries were largely maintained throughout transition. Slovenia managed to increase in ranking and Romania decreased. Recently, also

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<sup>26</sup> Derrick K. Gondwe, *Political Economy, Ideology, and the Impact of Economics on the Third World* (New York: Praeger, 1992), Daphne T. Greenwood, "Measuring Quality of Life with Local Indicators," in *What Has Happened to the Quality of Life in the Advanced Industrialized Nations?* ed. Edward N. Wolff and Jerome Levy Economics Institute. (Cheltenham, UK; Northampton, MA: Edward Elgar, 2004).

<sup>27</sup> Jan Delhey, "The Prospects of Catching up for New Eu Members," *Social Indicators Research* 56, no. 2 (2001).

<sup>28</sup> P. Brickman and A. Campbell, *Hedonic Relativism and Planning in the Good Society* (London: Academic Press, 1971).

the Baltic countries manage a spectacular to increase. While the levels for Eastern European countries were highly correlated with development indicators like GNI per capita, most of them have at least equal life satisfaction levels comparing with the least well-off countries from the former enlargement – Greece and Portugal. Moreover, Slovenia almost reached the countries with the highest levels in Europe. Two ways of explaining this can be suggested:

1. The new members' societies are more livable than the economic indicators would suggest (for example, they have more secure workplaces or more social cohesion).
2. The aspirations of their citizens are not as high as in EU15.

Finally, it was measured that the relative increase in life satisfaction of the new members between 2001 and 2005 is lower than that in GNI per capita, and the country indicators were not correlated. Moreover, the two indicators are not correlated. The main explanation was that the evolution of the indicators like GDP needs time to show its positive consequences on livability of the Central and Eastern European countries. And it is not always sure that the accelerated economic development has always positive outcomes concerning the societal quality, giving, among others the increase of income inequality they bring.

Only a half of the countries reached again the average life satisfaction levels from before the start of the transition. If only this argument would be taken into account, we could easily infer that we are far from concluding that transition in post-communist countries has come to an end.

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