
A Note on Happiness in Eastern Europe

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Abstract:

Recent studies in economics of happiness focusing on the influence of different aspects of subjective well-being in transition countries. Here these countries are located in Eastern Europe. After aggregating a dataset which combines the World Values Survey and the European Values Survey, I use an OLS and ordered probit and ordered logit estimation with marginal effects to perform regressions. The main findings are that individuals in transition countries behave like individuals in western industrialised countries. This shows the international reliability of approach the happiness research approach.

Keywords: *subjective well-being, eastern europe*

JEL Classification: *D60, I31, O52*

1. Introduction

After some years, the field of economical happiness research is more and more common. Depending on the literature the topic is discussed as subjective well-being, well-being, satisfaction or happiness. These words are used synonymously. Happiness research deals with the question, which determinants can influence the satisfaction of an individual (Frey/Stutzer 2002). The idea of happiness is an adequate approximation of economical utility. It is robust and stable even in times of many crisis and catastrophes (Berger 2010). After the fall of the iron curtain in eastern europe, these countries turned into strong economic transitions. See Kreyenfeld for the effects of economical uncertainty on individual behaviour² (Kreyenfeld 2010). According to the papers of Hoya I want to estimate the effects concerning subjective well-being in these countries (Hoya/Seifert 2003, Hoya 2008).

I start the discussion with the question of interest: Are transition countries different in the behaviour of their citizens? The data is aggregated from the World Values Survey and the European Values Survey. I use individual information from Albania, Belarus, Latvia, Lithuania, Moldova, Montenegro, Poland, Romania, Russian Federation, Slovakia, Slovenia, Serbia, and Ukraine. For country of Bosnia, the data are divided into the Serbian Republic of Bosnia (Srpska) and the Bosnian Federation (Bosnia and Herzegovina).

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² There are social effects like the decline of fertility (Kohler/Billari/Ortega 2002, Goldstein/Sobotka/Jasilioniene 2009)

This paper is organized as follows: After the introduction, the second section describes the general findings, which are known from the relevant literature. In the third section, I will describe the dataset and the estimation models. In the fourth section, I do some regressions for the set of countries and discuss the results. In the fifth section, I give a conclusion.

2. Global Happiness

First of all, I want to discuss the general results of happiness research known from the literature. Inglehart et al. show for a large number of countries worldwide³ the positive correlation between economic growth, the power of democracy and the rise of personal happiness (Inglehart et al. 2008). The effects of age as u-shaped with a minimum in the age of the late thirties were described by Blanchflower and Oswald. They and many other authors discussed these results (Blanchflower/Oswald 2004, Powdthavee 2005, Blanchflower/Oswald 2008, 2009, Fischer 2009, Brockmann 2010). Deaton shows a decline in happiness and age. But he is not convinced if this is a just an aging effect (Deaton 2008). For a literary review see Humpert (Humpert 2010b). On individual levels, Layard describes a set of five negative and seven positive determinants⁴ on happiness, where age, types of gender and education have only small negative effects on subjective well-being. The levels of intelligence and appearance are meaningless. Family, financial situation, labor, social settings, psychological health, personal freedom and good way of life are all positive indicators on happiness (Layard 2005). Concerning gender effects, Stevenson and Wolfers (2009) show lower level of female happiness unlike the male level. Since the influential paper of Clark and Oswald it is known that personal unemployment lowers happiness very much (Clark/Oswald 1994). Winkelmann and Winkelmann agree with that finding for German micro data (Winkelmann/Winkelmann 1998). It is shown that married people are happier than unmarried people, because of their higher interest (Stutzer/Frey 2006). Diener et al. prove the result for several countries and different cultures (Diener et al. 2000). Having children is an unsecure factor. While Magolis and Myrskylä (Magolis/Myrskylä 2010) describes negative effects. Humpert finds a positive influence of individual satisfaction (Humpert 2009, Humpert 2010a). As Clark and Lelkes show, religiousness make people feel happier as well (Clark/Lelkes 2005). Some macroeconomical determinants are negative on the level of subjective well-being, too. Easterlin discovers the so called Easterlin paradoxon, that poor people feel dissatisfied with life in there countries, but not between the countries (Easterlin 1974). Stevenson and Wolfers (2008) reject this hypothesis and present evidence for positive relation between GDP per capita and mean level of satisfaction. Di

³ They used the European Values Survey and the World Values Survey and showed the positive effect for a huge number of countries would wide.

⁴ These are the famous "big seven" factors.

Tella, MacCulloch and Oswald observe a trade off between inflation and general unemployment (Di Tella/MacCulloch/Oswald 2001). The result can be interpreted, that unemployment is much worse than inflation. Even remembering past unemployment lowers satisfaction in life (Clark/Georgellis/Sanfey 2001). Concerning the topic of transition countries, the literature is small. Only a few papers like Hooya and Borooah investigate the effects on satisfaction in Eastern Europe (Hooya 2008, Bjørnskov/Dreher/Fischer 2008, Borooah 2009). Deaton discovers a decline in happiness concerning the Eastern European countries (Deaton 2008).

3. Econometrical Method

I want to discuss the dataset and the estimation model. The dataset in this paper is generated by the five waves of the World Values Survey and the European Values Survey⁵ (WVS/EVS). It is aggregated from both survey types by using a special procedure⁶ for building a combined 5 wave WVS-EVS file. These are aggregated cross sections over time, without the same individuals. In the dataset I find many different countries from all over the world with more than 256.000 interviews. For the estimations I have to limit to a shorter set of fourteen countries. Here I use a set of the leading and developing countries world wide. All these countries in alphabetical order: Albania, Belarus, Latvia, Lithuania, Moldova, Montenegro, Poland, Romania, Russian Federation, Slovakia, Slovenia, Serbia and Ukraine. The Bosnian Data is divided into the subpopulations Serbian Republic of Bosnia (Srpska) and the Bosnian Federation (Bosnia and Herzegovina). They are observed for three wave: 1994-1999, 1999-2004 and 2004-2007. The question about satisfaction with life has ten categories in a range from one (dissatisfied) to ten (satisfied):

“All things considered, how satisfied are you with your life as a whole these days?”

I control for a set of variables like age, being male, the level of income, family formation, highest education, employment, health, religiosity, social class, size of hometown, living with parents and the number of children. For observing the different effects of income, I use the scale specific values from the one to ten. Age is recoded into five age groups from 15-24 till 65 years and older. The type of family formation is controlled, as well. The conditions are: married, living together as married, divorced, separated, widowed, single/never married, divorced/separated/widow or living apart but steady relation. The first two are recoded as one, to handle different cultures of family formations. The last three items are aggregated into one as a residual category. Education is used as the

⁵ For further information please look at <http://www.worldvaluessurvey.org>.

⁶ I use the instruction manual by Díez-Medrano (2009)

highest degree: elementary school, technical school and university degree. The employment status is used as follows: full time, part time, self employed, retired, housewife, students or unemployed. Religiosness is controlled for high intensity, low intensity and atheism. Individual health is used in a scale of five answers from very good to very poor health. The number of children is used as well. It is recoded into one, two and three and more children. The discription of the variables is given in table 1.

Table 1: Descriptive Statistics				
Variable	Mean	Std. Dev.	Min	Max
satisfaction	5.147.915	2.451.298	1	10
25-34	.1879839	.3907081	0	1
35-44	.2114366	.4083365	0	1
45-54	.180604	.3846984	0	1
55-64	.1537556	.3607225	0	1
> 65	.1481414	.3552482	0	1
female	.5299045	.4991162	0	1
not much religious	.2409109	.427646	0	1
convinced atheist	.0362204	.1868424	0	1
completed elementary school	.1425726	.3496443	0	1
incomplete secondary school: technical	.0627971	.2426032	0	1
complete secondary school: technical	.2841943	.45104	0	1
incomplete secondary: university-preparation	.0587223	.2351096	0	1
complete secondary: university-preparation	.1777063	.382274	0	1
some university without degree	.0494861	.2168856	0	1
university with degree	.1455607	.3526733	0	1
part time job	.0508444	.2196848	0	1
self employed	.0519763	.2219842	0	1
retired	.2439444	.4294693	0	1
housewife/man	.0752026	.263724	0	1
student	.0423779	.2014543	0	1
unemployed	.1039526	.3052059	0	1
divorced	.0415176	.1994887	0	1
separated	.0116811	.1074484	0	1
widowed	.1017793	.3023647	0	1
others	.1533934	.3603744	0	1
good health	.3486214	.4765446	0	1
fair	.3762847	.4844638	0	1
poor health	.1367773	.3436199	0	1
very poor health	.019061	.1367425	0	1
upper middle class	.1196632	.3245746	0	1
lower middle class	.3803595	.4854862	0	1
working class	.3778241	.4848543	0	1

lower class	.1125549	.3160551	0	1
living with parents	.2381039	.4259327	0	1
town size 2.000 - 5.000	.1379092	.3448124	0	1
town size 5.000 - 10.000	.0670983	.2501978	0	1
town size 10.000 - 20.000	.0742065	.2621127	0	1
town size 20.000 - 50.000	.1022774	.3030196	0	1
town size 50.000 - 100.000	.074931	.2632859	0	1
town size 100.000 - 500.000	.1610902	.3676225	0	1
town size > 500.000	.1353285	.3420818	0	1
income (scale)	4.669.036	2.508.454	1	10
one child	.2156925	.4113112	0	1
two children	.38208	.4859069	0	1
> three children	.1919681	.3938571	0	1
bulgaria	.0671436	.2502761	0	1
belarus	.0686829	.2529199	0	1
latvia	.0450491	.2074166	0	1
lithuania	.034998	.1837788	0	1
moldova	.1183954	.3230831	0	1
poland	.0356318	.1853746	0	1
romania	.1083443	.3108218	0	1
russian federation	.0746593	.2628468	0	1
slovakia	.0388464	.1932331	0	1
slovenia	.037307	.1895174	0	1
ukraine	.0835333	.2766929	0	1
serbia	.0851632	.2791307	0	1
montenegro	.0359487	.1861666	0	1
serbian republic of bosnia	.0264862	.1605796	0	1
bosnia federation	.0642007	.2451156	0	1
1999-2004	.190474	.3926839	0	1
2005-2007	.2093086	.4068243	0	1
N		22087 (all		
Source EVS/ WVS				

I regress an OLS model with controls and robust standard errors. To check the robustness of the results, I repeat this model with marginal effects of an ordered probit and an ordered logit approach. The general model is as follows:

$$satisfaction = agegroup + gender + labour + religion + family + health$$

$$+ education + income + parents + children + town + countries + waves + \varepsilon$$

4. Estimations and Results

I regress to observe the effect of happiness. For the dependent variables, I find the typical effects of happiness, which are already known from the literature. The age groups show the typical u-shape curve. The gender variable is not statistical significant. Controlling for being male, women have no different ways of behaviour. I observe strong negative effects of unemployment. Compared to married couples all other types of family formations are negative for the individuals.

Table 2 Results and marginal Effects

Variables	OLS	Ordere	Ordered Logit
25-34	- (0.0654)	- (0.0316)	-0.2305*** (0.0555)
35-44	- (0.0705)	- (0.0343)	-0.3982*** (0.0597)
45-54	- (0.0736)	- (0.0358)	-0.3536*** (0.0622)
55-64	- (0.0832)	- (0.0405)	-0.2256*** (0.0696)
> 65	-0.0815 (0.0951)	-0.0346 (0.0467)	-0.0680 (0.0806)
female	0.0393 (0.0307)	0.0202 (0.0151)	0.0320 (0.0258)
not much religious	- (0.0351)	- (0.0171)	-0.1331*** (0.0293)
convinced atheist	-0.1163 (0.0763)	-0.0573 (0.0376)	-0.1041 (0.0644)
completed elementary school	0.0176 (0.0661)	0.0092 (0.0330)	0.0350 (0.0569)
incomplete secondary school: technical	-0.0906 (0.0816)	-0.0436 (0.0406)	-0.0786 (0.0694)
complete secondary school: technical	0.0977 (0.0699)	0.0453 (0.0347)	0.0804 (0.0598)
incomplete secondary: university-preparation	-0.1660* (0.0852)	- (0.0426)	-0.1583** (0.0728)
complete secondary: university-preparation	0.0943 (0.0726)	0.0399 (0.0360)	0.0572 (0.0620)
some university without degree	0.0804 (0.0927)	0.0358 (0.0456)	0.0696 (0.0791)
university with degree	0.1479* (0.0775)	0.0647* (0.0383)	0.1257* (0.0663)
part time job	0.0626 (0.0665)	0.0345 (0.0323)	0.0698 (0.0563)
self employed	0.0872	0.0415	0.0518

	(0.0647)	(0.0309)	(0.0527)
retired	0.0707	0.0348	0.0465
	(0.0592)	(0.0292)	(0.0494)
housewife/man	0.0261	0.0158	0.0202
	(0.0634)	(0.0310)	(0.0538)
student	0.2614***	0.1212*	0.2322***
	(0.0848)	(0.0409)	(0.0714)
unemployed	-	-	-0.2490***
	(0.0521)	(0.0258)	(0.0438)
divorced	-	-	-0.3600***
	(0.0743)	(0.0373)	(0.0616)
separated	-	-	-0.5197***
	(0.1369)	(0.0703)	(0.1197)
widowed	-	-	-0.1670***
	(0.0547)	(0.0274)	(0.0462)
others	-	-	-0.1724***
	(0.0650)	(0.0317)	(0.0544)
good health	-	-	-0.4862***
	(0.0489)	(0.0240)	(0.0423)
fair	-	-	-0.9399***
	(0.0526)	(0.0260)	(0.0457)
poor health	-	-	-1.5376***
	(0.0653)	(0.0329)	(0.0570)
very poor health	-	-	-2.1160***
	(0.1268)	(0.0731)	(0.1243)
upper middle class	-0.0415	-0.0365	-0.1212
	(0.1674)	(0.0834)	(0.1530)
lower middle class	-	-	-0.4846***
	(0.1655)	(0.0825)	(0.1517)
working class	-	-	-0.8519***
	(0.1670)	(0.0833)	(0.1530)
lower class	-	-	-1.5809***
	(0.1728)	(0.0866)	(0.1582)
living with parents	-	-	-0.0832**
	(0.0417)	(0.0203)	(0.0350)
town size 2.000 - 5.000	0.1832***	0.0912*	0.1564***
	(0.0484)	(0.0239)	(0.0409)
town size 5.000 - 10.000	0.1001	0.0506*	0.0720
	(0.0623)	(0.0305)	(0.0517)
town size 10.000 - 20.000	-0.0177	-0.0037	-0.0241
	(0.0602)	(0.0296)	(0.0504)
town size 20.000 - 50.000	0.0369	0.0177	0.0306
	(0.0534)	(0.0261)	(0.0443)

town size 50.000 - 100.000	0.0849 (0.0618)	0.0410 (0.0302)	0.0712 (0.0522)
town size 100.000 - 500.000	0.1519*** (0.0482)	0.0763* (0.0238)	0.1184*** (0.0405)
town size > 500.000	-0.0085 (0.0512)	-0.0028 (0.0252)	-0.0092 (0.0431)
income (scale)	0.1425*** (0.0073)	0.0682* (0.0036)	0.1242*** (0.0063)
one child	-0.0477 (0.0555)	-0.0171 (0.0272)	-0.0454 (0.0463)
two children	0.0083 (0.0537)	0.0068 (0.0263)	-0.0114 (0.0449)
> three children	0.0347 (0.0600)	0.0202 (0.0295)	-0.0051 (0.0503)
bulgaria	-0.0964 (0.0802)	-0.0552 (0.0388)	-0.1468** (0.0653)
belarus	- (0.0788)	- (0.0384)	-0.3158*** (0.0656)
latvia	0.3316*** (0.0876)	0.1601* (0.0419)	0.2528*** (0.0715)
lithuania	0.0210 (0.1028)	0.0027 (0.0503)	-0.0557 (0.0874)
moldova	- (0.0732)	- (0.0358)	-0.2371*** (0.0614)
poland	1.6688*** (0.1032)	0.7962* (0.0508)	1.3324*** (0.0865)
romania	0.2390*** (0.0779)	0.1058* (0.0374)	0.1733*** (0.0645)
russian federation	-0.0097 (0.0831)	-0.0103 (0.0406)	-0.0914 (0.0696)
slovakia	1.4953*** (0.0931)	0.7123* (0.0448)	1.2541*** (0.0776)
slovenia	1.4977*** (0.0999)	0.7239* (0.0497)	1.1762*** (0.0854)
ukraine	-0.1561** (0.0764)	- (0.0374)	-0.1793*** (0.0631)
serbia	0.8365*** (0.0720)	0.3957* (0.0346)	0.6730*** (0.0608)
montenegro	0.5490*** (0.0896)	0.2491* (0.0430)	0.4467*** (0.0730)
serbian republic of bosnia (srpska)	0.0991 (0.1036)	0.0466 (0.0504)	0.0683 (0.0855)
bosnian federation (bosnia and herzegovina)	0.8181***	0.3872*	0.6344***

1999-2004	(0.0759) 0.1836***	(0.0364) 0.0916*	(0.0624) 0.1431***
2005-2007	(0.0476) 0.7504***	(0.0231) 0.3658*	(0.0396) 0.6508***
N	22087	22087	22087
R ² (Mc Fadden Pseudo R ²)	0.2798	0.0726	0.0761
*** p<0.01 ** p<0.05, * p<0.10, Source EVS/ WVS Groups of References: 15-24, male, religious, inadequately completed elementary			

In contrast to low education, I find a positive effect of higher levels of education. All kinds of incompleting schoolings are strongly negative determinants. Income has an overall positive effect on subjective well-being. Instead of strong religious beliefs, a weaker level of religiousness has a negative effect on satisfaction, but not for atheists. A less good condition of health is negative, too. The reference is a very good condition. I find a strong negative effect of the social class variable. This can be interpreted as an example of the Easterlin paradoxon. An other negative effect can be detected for individuals who live together with their own parents. The effect for the number of children is not statistically significant. The effects of the town size where someone lives in is mixed. The small and biggest ones have positive effects on happiness, while the others are not significant. The most of the country dummies are statistically significant. They have to be interpreted to the reference country of Albania.

5. Conclusion

In this paper I discuss some determinants of subjective well-being. According to the literature I find the typical results of happiness. The Eastern European countries at this study behave in line with the descriptive findings from all over the world. Because of similar results in the OLS and the ordered probit and ordered logit estimations, the results seem to be robust. The differences between the countries can be interpreted as cultural specific or inter country effects.

6. Reference

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