

Understanding Life in Transition Using Empirical Methods

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Professor Ekaterina Zhuravskaya

E-mail: ezhuravskaya@cefir.ru

Project description and methodology

It is well known that populations of many transition countries are disillusioned with transition and functioning of market economies and that many individuals in Russia and other transition countries have sentiments about soviet times. An important question is why. The project aims at exploration of a unique individual-level massive survey data to shed light of this question.

The purpose of this survey, conducted jointly by the EBRD and the World Bank in 2006, was to assess the impact of transition on people, through their personal and professional trajectories in 15 years of transition and to understand how these personal experiences of transition relate to contemporaneous attitudes towards market reforms and political evolution. 29,000 individuals were interviewed in 28 transition countries plus Turkey.

Preliminary results indicate that only 30% of people living in transition countries believe their lives are better now than they were when the Berlin Wall fell. However, more people are satisfied than dissatisfied with their lives since the end of communism. Scholars at EBRD, the World Bank, and CEFIR have been analyzing various aspects of perceptions of transition expressed by individuals in this survey. Yet, there is a lot that can be done. Below are possible research topics...

1. Exploring location of individuals

So far, there been a void of research exploring the location of individuals within countries in the survey. Yet, the variation in development of different parts of countries may help our understanding of the roots of the (negative and positive) attitudes towards transition. For example, Western and Eastern parts of Ukraine have very different economic performance; it would be interesting to see to what extent economic performance of localities explain variation of people's attitudes towards markets.

2. Exploring ethnic and religious differences

The survey gives basic information on ethnicity and religion. It would be interesting to study the question of what drives the differences in perception of transition between different ethnicities. What are the institutions that allow different ethnicities and congregations to have more common (vs. more divided) views on politics and economics.

3. Exploring the overtime differences in countries' institutions to explain professional flows

The survey contains retrospective questions on professional trajectories of people. It would be very interesting to explore how the probabilities to change a sector, high vs. low skill jobs, private vs. state employer, etc. depends on dynamics of country-level macro-economic and institutional environment. Particularly, it is interesting to see what drives variation in net vs. gross flows.

4. Exploring gender and age differences

29 countries – members of the survey have very different cultures vis-à-vis gender roles. It would be very interesting to explore how the differences in perceptions of life and transition between men and women change with age (which would be a quasi-proxy for time), countries' institutions, and interaction between age and institutions. Where men and women agree more, where less, what does it depend on?

The requirements for enrollment in the project:

- 1) Passion about people in general and about learning why they think the way they do;
- 2) Passion about empirical work;
- 3) Enrolment in “Development” and “Political Economics” courses at NES in the fall;
- 4) Willingness to learn STATA.

References:

- Stata User Guide
- Колеников “Руководство пользователя Стата”
- Symposium on Transition published in the Journal of Economic Perspectives, Winter 2002
- Symposium on Russia published in the Journal of Economic Perspectives, Winter 2005

Appendix:

Summary of a few selected very basic survey findings (enclosed).

Life in Transition

Office of the Chief Economist
EBRD



www.ebrd.com

Life in Transition Survey

29,000 households surveyed in September 2006

28 transition countries, plus Turkey

Joint project with the World Bank

Questions include:

Public spending priorities

Corruption

Life satisfaction

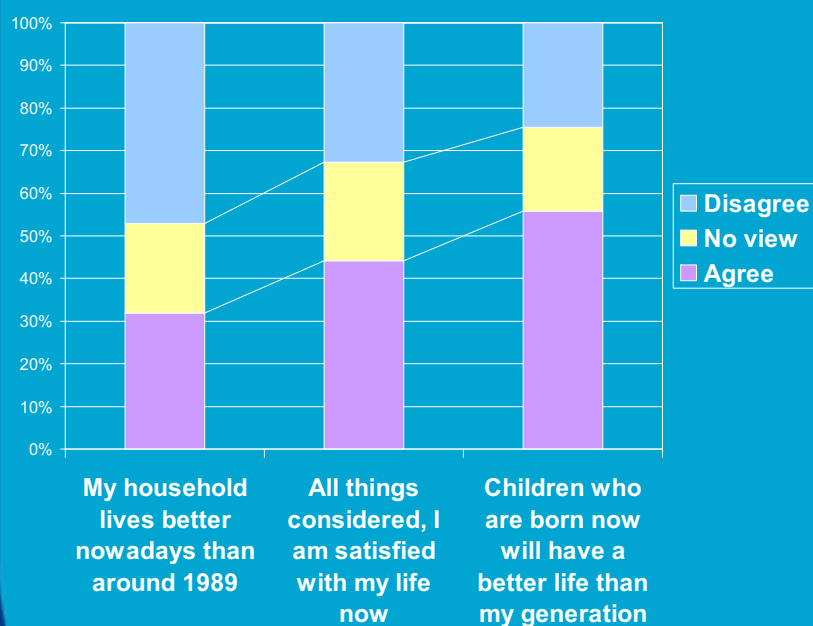
Political, economic and social values

Trust in public institutions



www.ebrd.com

Transition – past, present and future

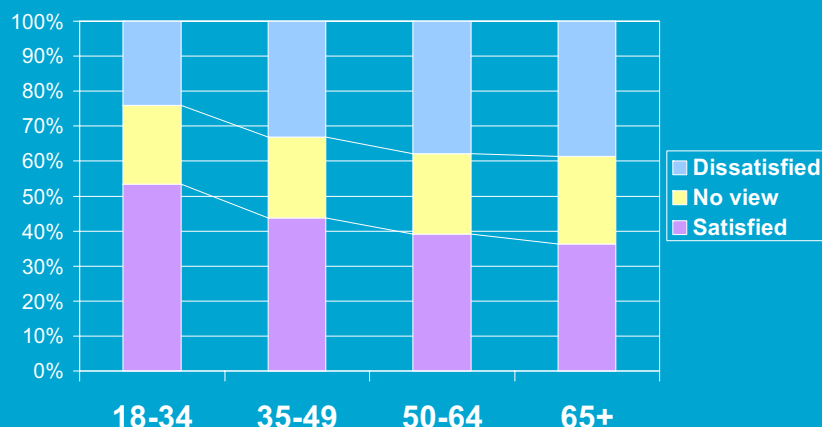


- Looking back, only 30% of people believe that life is better now than in 1989
- Today, more people are satisfied than dissatisfied with their lives
- Looking ahead, a majority of people believe that the future will be better for their children



Younger people more upbeat than older generation

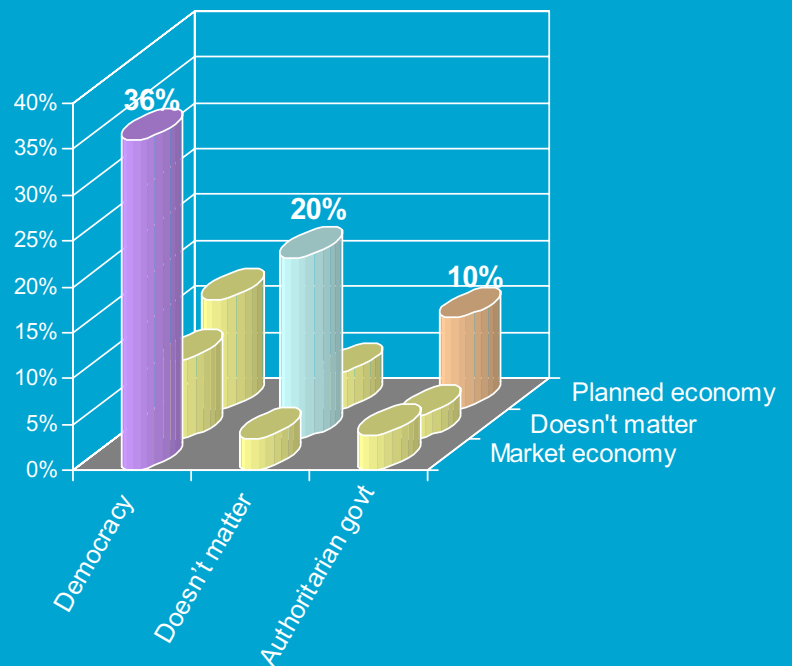
- Older generation has borne the brunt of painful economic and political reforms
- Younger generation poised to reap the benefits



The page of history has turned

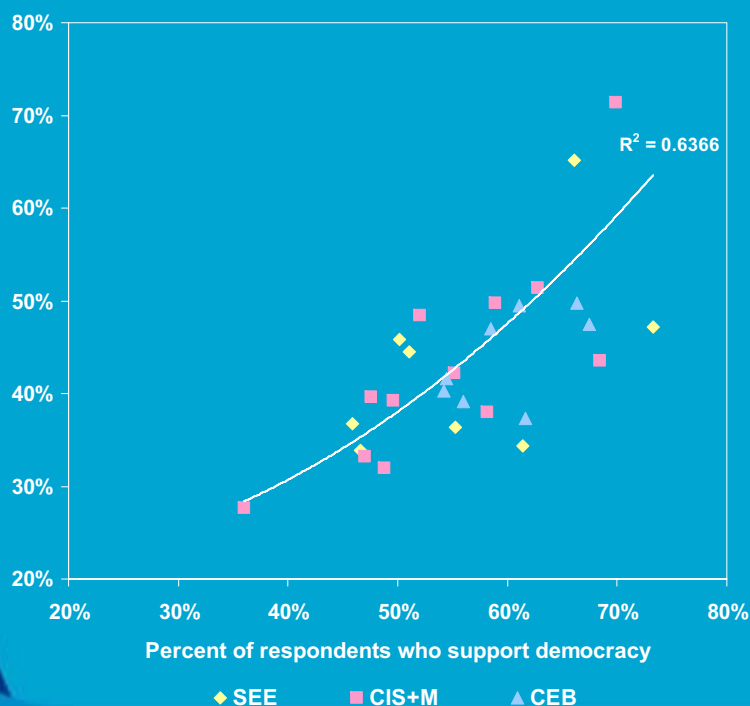
Strong support for democracy and markets

- More people support democracy and market economy than alternatives
- But one in ten still support a combination of planned economy and authoritarian government
- And one in five believe that form of political and economic system does not matter for them



... but significant variation across the region

Percent of respondents who support market economy



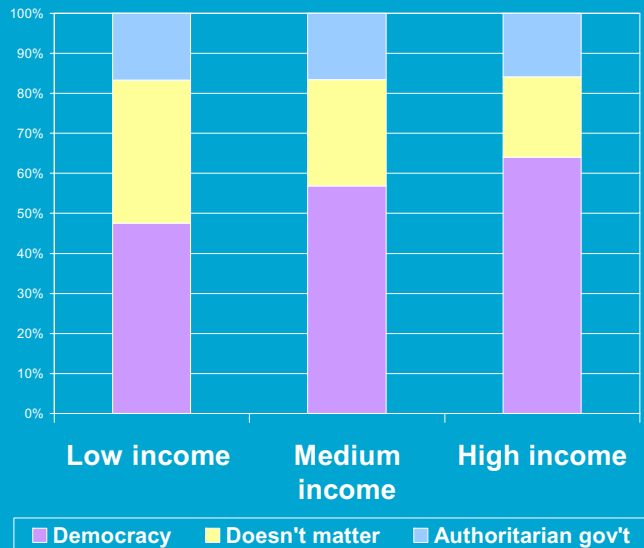
- CEB countries clustered around moderately high support for both democracy and markets
- While support for democracy and markets in SEE and CIS+M varies more widely



The better off tend to support democracy...

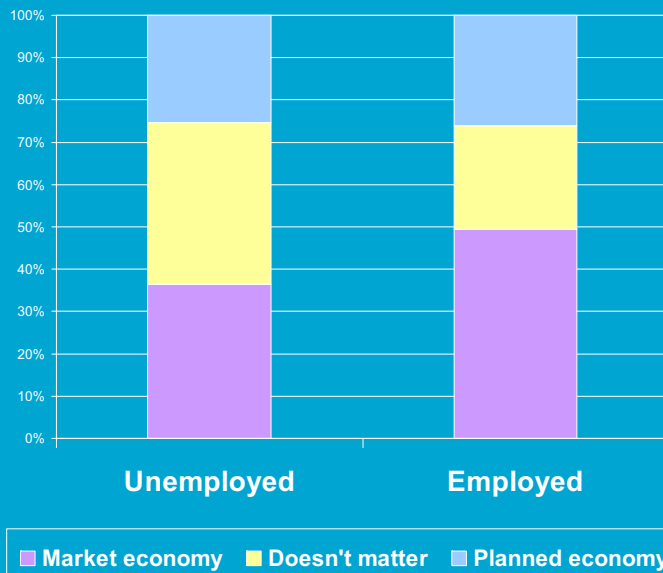


Support for democracy, by income group



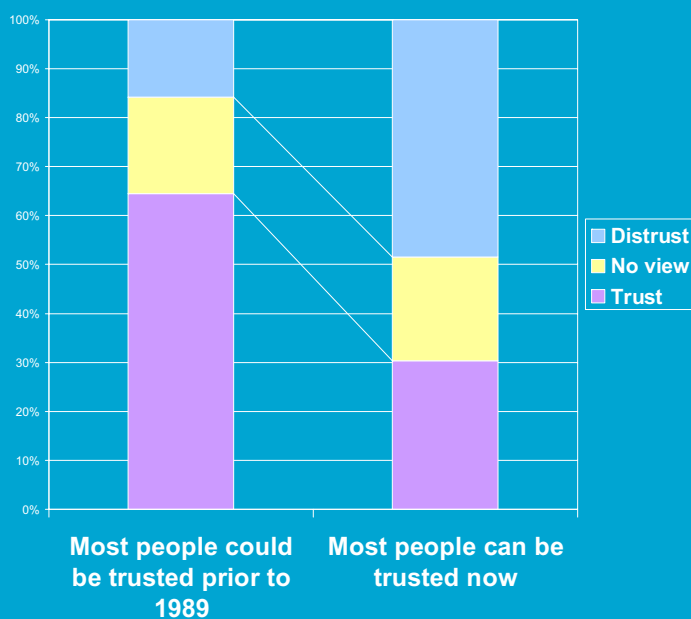
... as well as market economies

Support for market economy, by employment

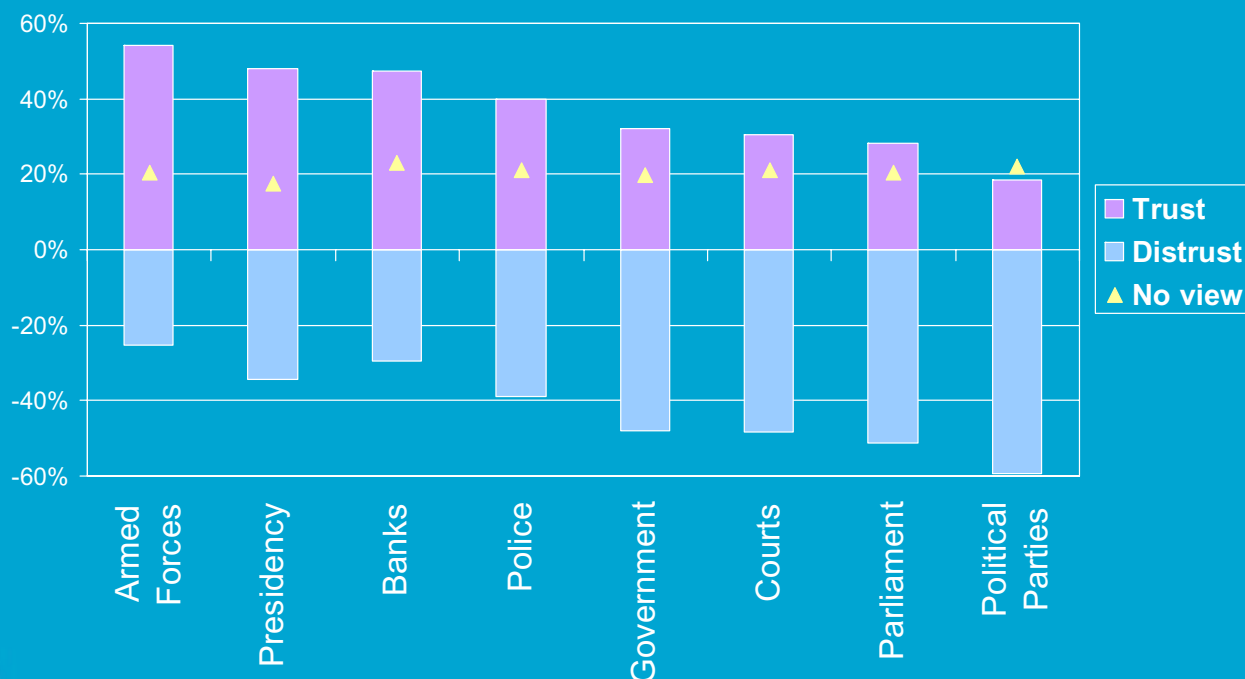


Transition has eroded trust...

- Across the region, societal trust was stronger prior to 1989
- In general, trust is low in the transition countries
- LITS confirms previous survey findings in this field

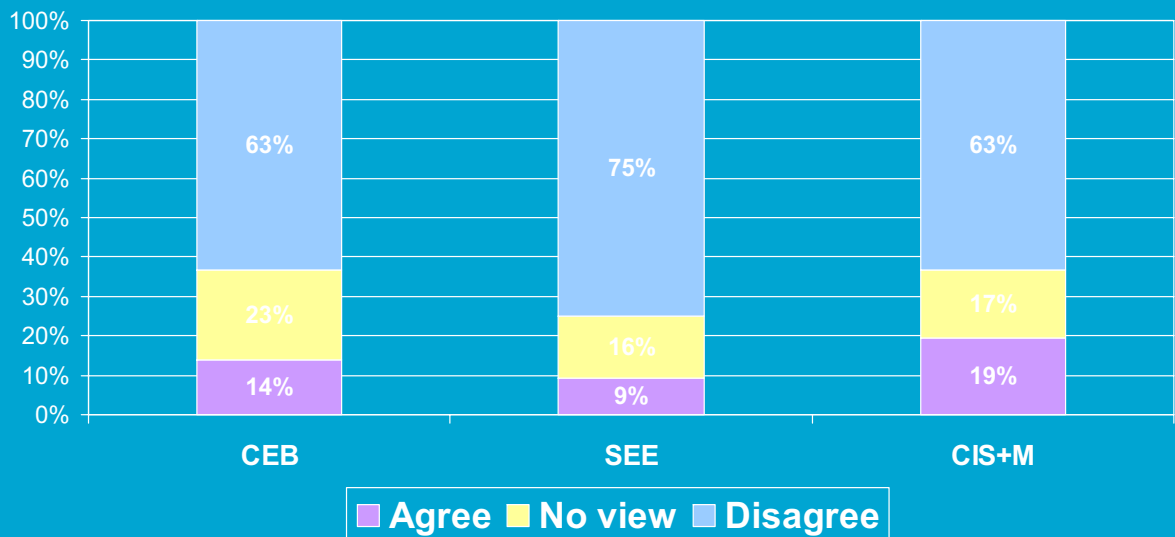


... but not for every institution



Corruption remains a problem...

"There is less corruption now than around 1989"



... particularly in some sectors

Corruption in public services

