



NEW REPORT: The Iron Curtain of Unhappiness - Despite economic recovery transition countries remain “unhappier” than non-transition ones

A new [IZA World of Labor report](#) finds economic growth has little impact on the lower happiness levels in transition economies, while employment, legitimacy of institutions, and good governance are key factors in improving societal well-being

The 25 years since the fall of the Berlin Wall have shown that transition is an unhappy process associated with huge losses in terms of health and happiness. The phrase “iron curtain of unhappiness” was coined to describe the persistently lower levels of “subjective well-being” (SWB) in transition versus non-transition countries. A new report by economist Ekaterina Skoglund of the Leibniz Institute for East and Southeast European Studies looks at the development of the happiness gap since the 1980s and finds that though the gap is closing, raising income levels in post-communist countries have not compensated for the fall in well-being during the process of transition. According to Skoglund economic growth, as the determinant of a country’s collective well-being, has been superseded by measurements of institutional quality and social development.

In transition countries, material concerns became pivotal in the first five years of reforms, which had witnessed dramatic falls in output and GDP, in combination with hyper-inflation and soaring unemployment figures. Thus in transition countries higher income and income growth did initially increase life satisfaction. But the benefits of economic growth on SWB seemed to diminish when the population adapted to its new level. Interestingly the same cannot be said of employment, which remains a powerful source of happiness. And other factors too became more important. According to recent research, economic and political stability have a stronger influence on life satisfaction than economic growth in transition countries. Key factors to improve individual and societal well-being include perceived legitimacy of institutions, good governance, and rule of law.

In view of these findings Skoglund suggests that politicians concentrate on reducing unemployment figures and general economic volatility, and enhancing social, political, and economic stability and governmental effectiveness as a means of increasing societal well-being.

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Notes for editors:

IZA World of Labor (<http://wol.iza.org>) is a global, freely available online resource that provides policy makers, academics, journalists, and researchers, with clear, concise and evidence-based knowledge on labor economics issues worldwide.

The site offers relevant and succinct information on topics including diversity, migration, minimum wage, youth unemployment, employment protection, development, education, gender balance, labor mobility and flexibility among others.

Established in 1998, the Institute of Labor Economics (www.iza.org) is an independent economic research institute focused on the analysis of global labour markets. Based in Bonn,



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