

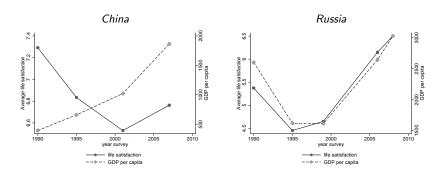
| F. Sarracino |              | f.sarracino@gmail.com | < □ > < //>        | 불▶ 분 = ∽q<br>1/20 | F. Sarracino |              | f.sarracino@gmail.com | 《曰》《聞》《臣》《眞        | ▶ 王= ∽へぐ<br>2/20 |
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| Introduction | The Question | Method                | Results<br>0000000 | Conclusion        | Introduction | The Question | Method                | Results<br>0000000 | Conclusion       |
| Background   |              |                       |                    |                   |              |              |                       |                    |                  |



If it is not GDP, what does explain SWB trends and its differences across countries?

| oduction                         | The Question                  | Method                                       | Results<br>0000000     | Conclusion           | Introduction | The Question  | Method   | Results<br>0000000                       | Cone             |
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| If it is not GI<br>across countr |                               | s explain SWB tre                            | ends and its diffe     | rences               |              | not GDP, what doe<br>countries?                                     | es explain SWB tre                             | ends and its diffe                       | rences           |
|                                  | capital;<br>cal freedom;<br>1 | social tolerance<br>religiosity;             | ;;                     |                      |              | social capital;<br>political freedom;<br>health                     | social tolerance<br>religiosity;               | 2;                                       |                  |
|                                  |                               |  |                        |                      | trust -      | capital (SC) is "fea<br>that enable particip<br>shared objectives." | pants to act toget                             | e - networks, norn<br>her more effective | ns and<br>ely to |
| Sarracino                        |                               | f.sarracino@gmail.com                        | <ul> <li>+ +</li></ul> | 토▷ 토 도 ૾)ૣ(~<br>3/20 | F. Sarracino |   | f.sarracino@gmail.com                          | ( ) <                                    | 로 > - 로) 크       |
| duction                          | The Question                  | Method                                       | Results<br>0000000     | Conclusion           | Introduction | The Question  | Method   | Results<br>0000000                       | Conc             |
| hat is the p                     |                               |  |                        |                      | VVIIat 15    | the problem?  |  |  |                  |
| õ                                | All that we k                 | now:   |                        | 1                    |              | All that we l   | <now:< td=""><td></td><td></td></now:<>        |  |                  |
|                                  | the long                      | c growth and SW<br>run;<br>ong run SC matter |                        | ited in              |              | the long  | ic growth and SW<br>g run;<br>ong run SC matte |  | ated in          |
|                                  |                               | vided by data abo                            |                        | itries;              |              |   | ovided by data abo                             |  | ntries;          |
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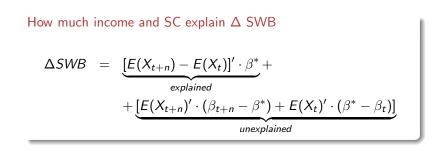
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| GDP and SW   | В            |        |                    |            | My resear    | ch questions: |       |

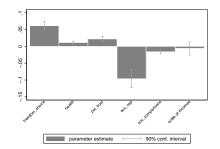


#### What does explain the $\Delta$ of SWB in China and Russia?

- China: frustrated achievers mechanism;
- Russia: no evidence;
- can social capital help explaining these variations?

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|              | <b>^</b> .   |                       |         |            |              |               |                       |         |                              |
| Method:      | Oaxaca decompo   | osition               |         |            | Explaining   | g the SWB gap | in China              |         |                              |
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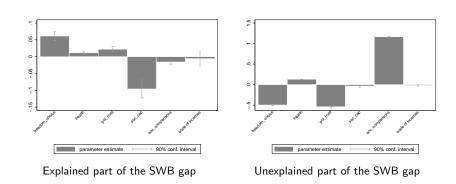


Explained part of the SWB gap

Conclusion

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| Explaining   | the SWB gap  | in China |         |            | Som        |

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## Two sets of forces:

- the erosion of social capital is a driver of the decreasing well-being;
- people pay more attention to financial satisfaction and health:

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### Two sets of forces:

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$$eta_{2007} * \mathit{SC}_{1990} = -0.78\%\Delta(\mathit{SWB})$$

### Two sets of forces:

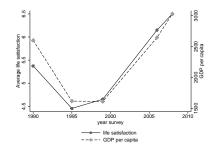
- the erosion of social capital is a driver of the decreasing well-being;
- people pay more attention to financial satisfaction and health:

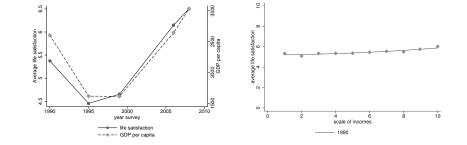
$$\beta_{2007} * SC_{1990} = -0.78\%\Delta(SWB)$$

$$\beta_{1990} * SC_{2007} = +0.32\%\Delta(SWB)$$

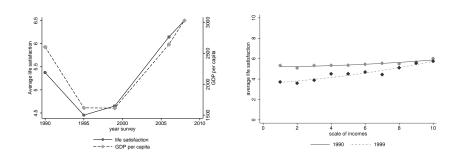
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| Russia: an   | other story  |        |                    |            |

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| Russia: ar   | other story  |        |                    |            |

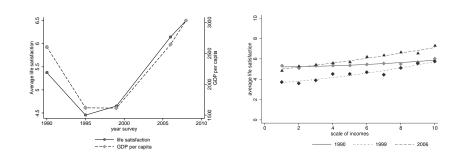




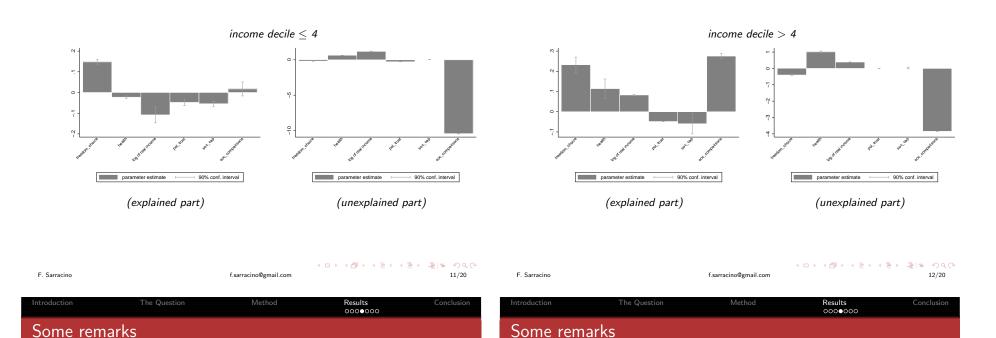
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| Russia: ar   | other story  |                       |                       |                      | Russia: ar   | nother story |                       |  |                     |







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| Russia: poor | VS rich people |        |                    |            | Russia: poor | VS rich people |        |                    |    |



#### for poor people:

almost entirely due to the changes in preferences:

- they value more health, income and social capital, but they got less of all of these items.
- social comparisons are very important:
  - $\beta_{1990} \simeq 1 
    ightarrow \beta_{2006} \simeq -0.34$

#### for poor people:

almost entirely due to the changes in preferences:

- they value more health, income and social capital, but they got less of all of these items.
- social comparisons are very important:
- $\beta_{1990}\simeq 1 
  ightarrow \beta_{2006}\simeq -0.34$

#### for rich people:

almost entirely due to the endowments effect:

- they are richer, enjoy more freedom and are healthier.
- strong erosion of social capital and political trust.
- social comparisons:  $\beta_{1990} \simeq 1.46 \rightarrow \beta_{2006} \simeq 0.96$

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| Russia: from 1990 to 1999  |  | Russia: from 1999 to 2006               |  |
|  |  |   |  |
|  |  |   |  |
| P<br>P<br>P<br>P<br>P<br>P<br>P<br>P<br>P<br>P<br>P<br>P<br>P<br>P | N  | C                                       | the second secon |
| parameter estimate  90% conf. interval                             | parameter estimate - 90% conf. interval                | parameter estimate   90% conf. interval | parameter estimate  P0% conf. interval   |
| (explained part)   | (unexplained part)                                     | (explained part)                        | (unexplained part)   |
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| Some remarks   |  | Conclusion                              |  |

for the period 1990 - 1999:

- generalized decline in the endowments of all the variables.
- changes in preferences have a very limited role: increase of the importance of social capital and income.
- social comparisons:  $\beta_{1990} \simeq 1 \rightarrow \beta_{1999} \simeq 0.15$

#### for the period 1999 - 2006:

- increase in the levels of income and freedom;
- social capital and political trust stagnate.
- changes in preferences have a very limited role: increase of the importance of social capital and income.

- the relationship between economic growth and well-being differs in China and Russia:
- the variation of well-being is explained by different mechanisms:
  - China: erosion of social capital and change of preferences: financial satisfaction and health;
  - poor people in Russia: generalized decline of all that they consider important: health, income and social capital;
  - rich people in Russia: generalized increase in wealth, health and freedom and more importance to wealth aspects;
  - within time-spans what matters are the changes in endowments: huge drop and rebound.

Two different patterns of economic growth, but both disruptive for social capital.

E. Sarracino

| Next steps: | Introduction | The Question | Method | Results<br>0000000 | Conclusion | Introduction | The Question | Method | Results<br>0000000 | Conclusion |
|-------------|--------------|--------------|--------|--------------------|------------|--------------|--------------|--------|--------------------|------------|
|             | Next steps:  |              |        |                    |            |              |              |        |                    |            |

- repeat the analysis using financial dissatisfaction and (possibly) relative income;
- refining the measure of household income;
- excluding group membership from the analysis for China;
- analysing South Africa, Brazil.

## Thanks for your kind attention!



- ▷ satisfaction with financial situation;
- $\triangleright$  proxies of social capital:

# World Values Survey data: 1990 - 2006/07

- ✓ Dependent variable: life satisfaction;
- ✓ Independent variables:
  - ▷ household income;
  - ▷ satisfaction with financial situation;
  - $\triangleright$  proxies of social capital:
    - trust in others;
    - group membership;
    - index of civicness:
    - claiming government benefits which you are not entitled to;
    - avoiding a fare onpublic transport;
    - cheating on taxes if you have the chance;
    - accepting a bribe.
  - ▷ a standard set of socio-demographic

#### controls.

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