

Subjective Well-being and Societal Collapse: The Case of Russia

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Previous research on happiness has concluded that economic growth does not improve a country's level of subjective well-being, which shows little or no change over time—possibly reflecting biologically-shaped set-point levels. Since happiness fluctuates around set-points, this school holds, neither individuals nor societies can lastingly increase their happiness.

Dramatic changes in happiness and life satisfaction levels experienced by the Russian people in the last three decades suggest that these claims need to be reassessed.

- The people of rich countries generally show higher levels of subjective well-being than those of poor countries.

But prosperity is not the only factor shaping subjective well-being.

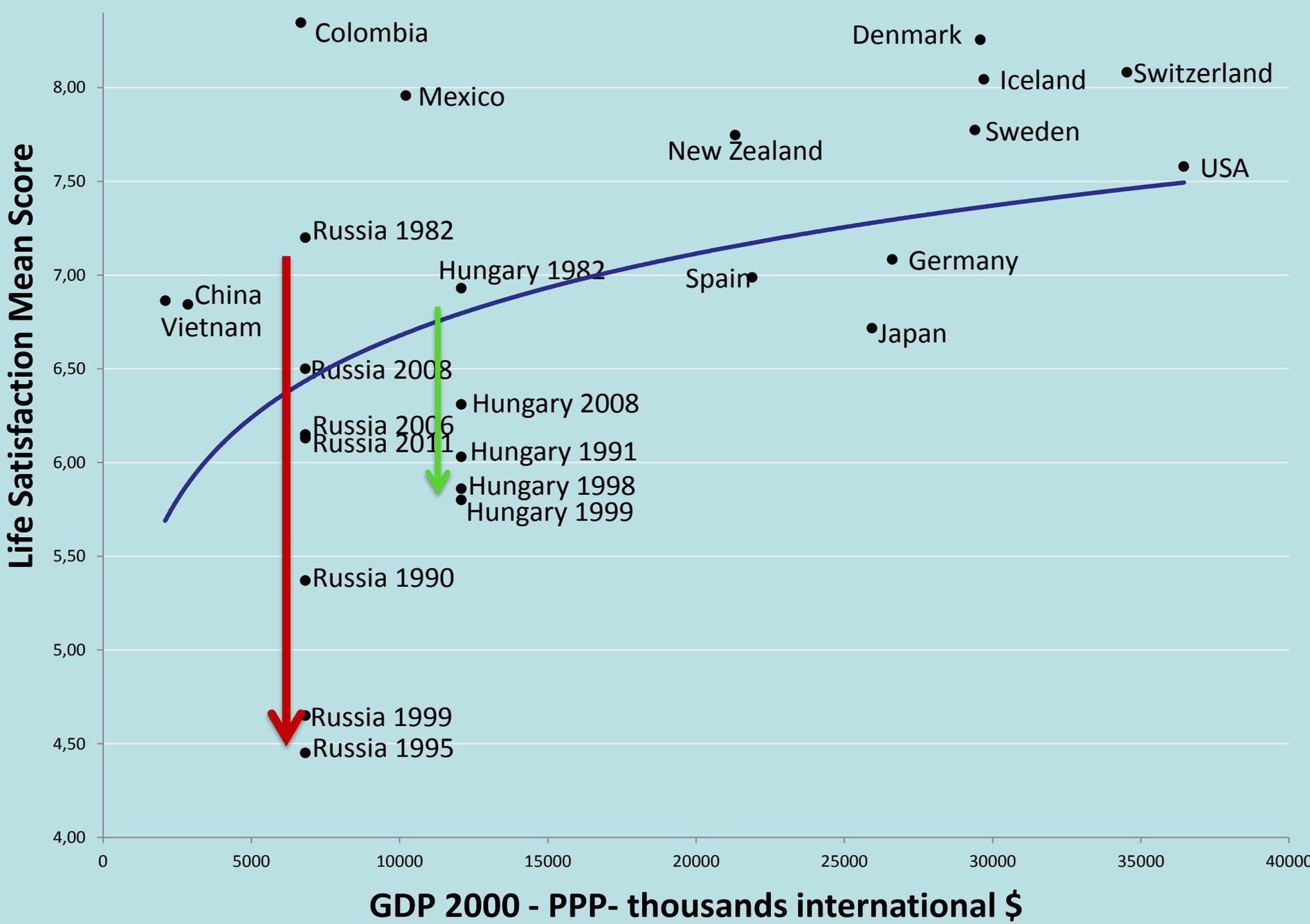
The people of certain cultural zones consistently show much higher (or lower) levels than their economic level would predict.

The people of Latin American countries consistently show higher levels of happiness and life satisfaction than their GDP/capita would predict—

And the peoples of former communist societies show lower levels than their economic level would predict

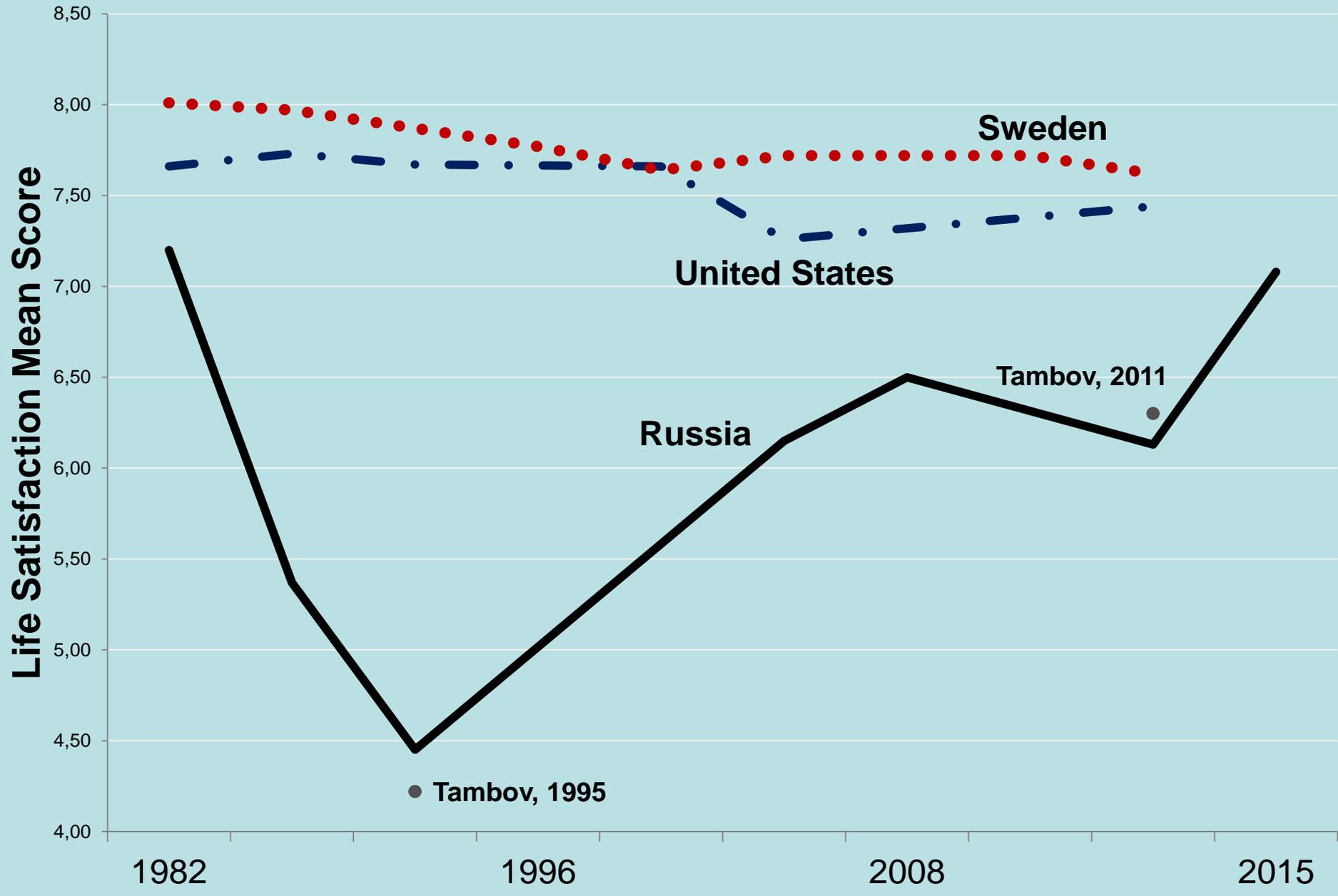
In 1982 the Russian people ranked about where their level of economic development would predict. But with the subsequent collapse of their economic, political and belief systems, subjective well-being in Russia fell to levels never seen before, reaching low points in 1995-99 when most Russians described themselves as unhappy and dissatisfied with their lives as a whole.

- Most of this decline occurred before the Soviet Union collapsed in 1991-- which suggests that a sharp decline in subjective well-being may be a leading indicator of political collapse. Considerable recovery occurred after 1999, but in 2011 life satisfaction in Russia was still below its 1982 level.



In March, 2015, the LCSR carried out another survey. At this point— although the Russian economy had gone into recession-- the life satisfaction level of the Russian people had recovered almost to its 1982 level

and its happiness level was significantly higher than in 1982.



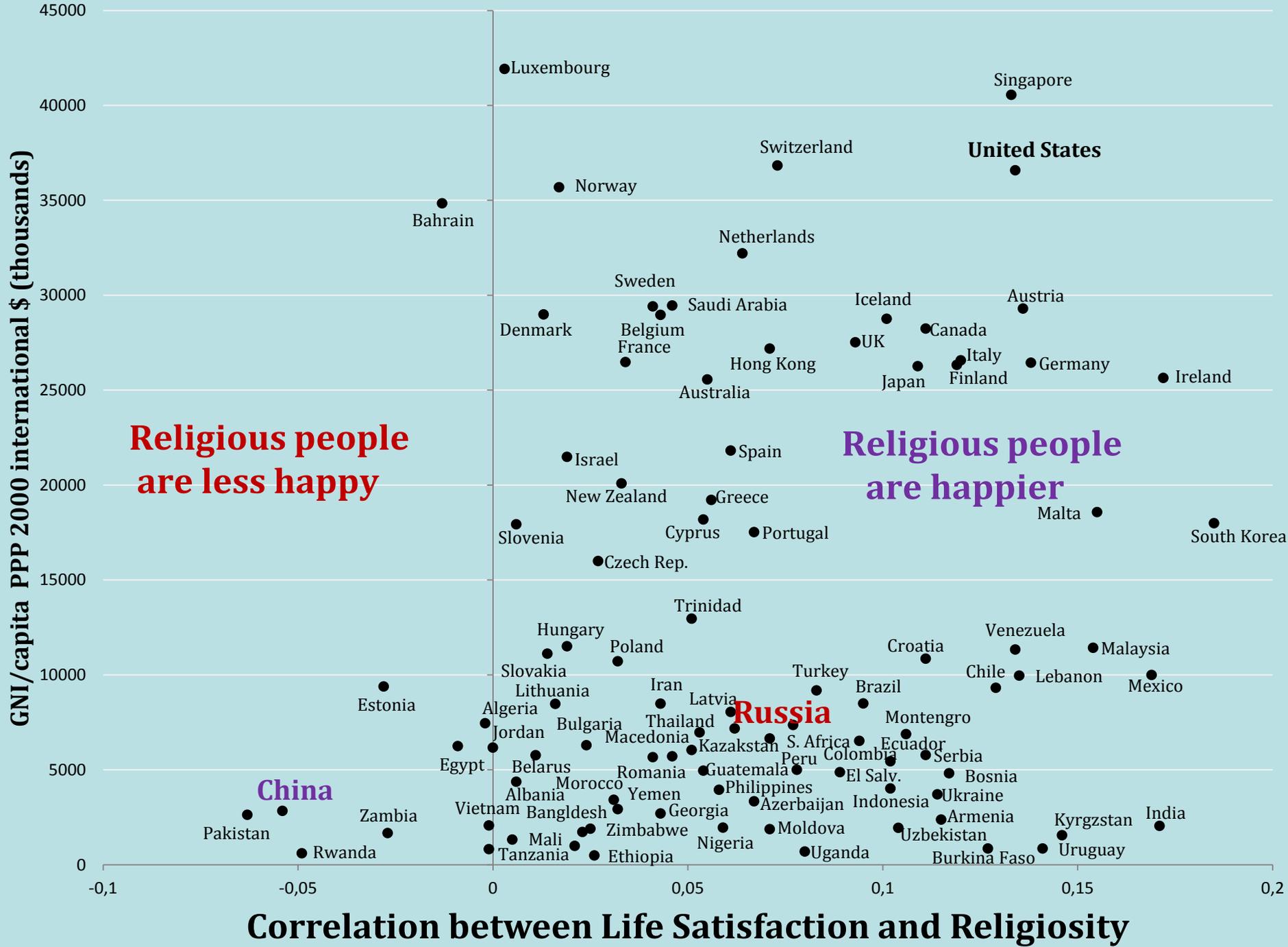
- What accounts for this resurgence of subjective well-being in Russia?
One factor is that— compared with its dire level around 1995— the Russian economy is doing much better.
- Another factor seems to be a resurgence of nationalism and national pride linked with Russia's seizure of the Crimea and defiance of the West, which have brought Putin's popularity to exceptionally high levels. This seems to have had a much stronger impact on happiness (a relatively emotional aspect of well-being) than on life satisfaction.

- This upward surge in happiness may reflect something like the rally-round-the-flag phenomenon that occurred in the U.S. after the September, 2001 terrorist attacks. Riding a wave of nationalistic feeling, a very narrowly-elected President Bush invaded Afghanistan and Iraq and after initial successes, his approval ratings soared to 90 percent in 2002.



- This can be a dangerous strategy. Near the end of his presidency, facing economic decline and seemingly endless military conflicts, Bush's approval rating fell to 25 percent and Republicans seeking re-election tried to distance themselves from him. They had limited success. In 2008, the Democratic Party won control of the presidency and both houses of congress.

- Another factor seems to be the resurgence of religion in Russia.
- Religiosity has increased sharply, to fill the ideological vacuum left by the collapse of faith in a Marxist belief system that once gave a sense of meaning and purpose to many Russians.
- In most countries, religious people are happier than non-believers

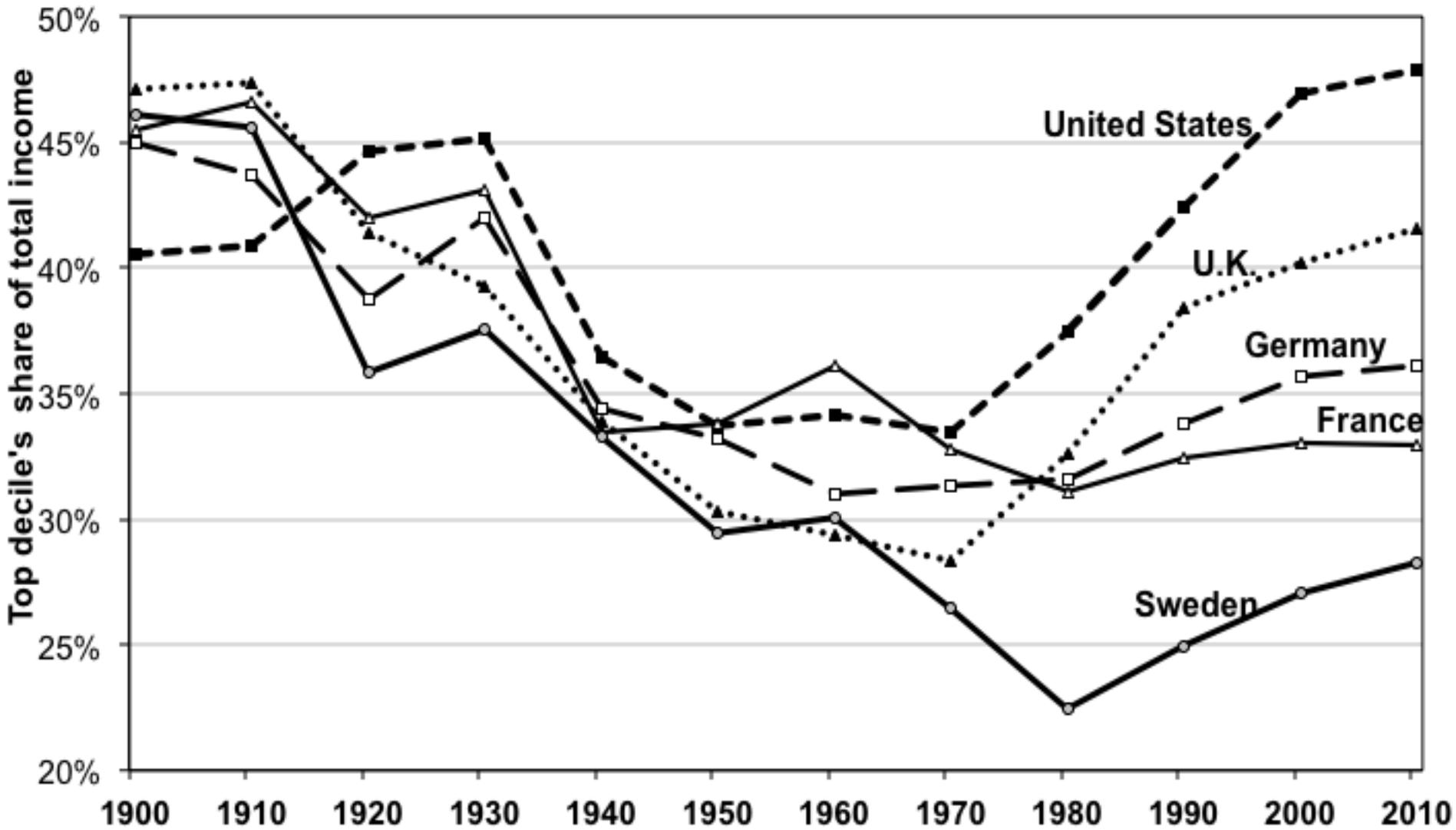


- Though religiosity has been declining in almost all high-income countries, it has been growing rapidly in most ex-communist countries, as if it were filling a vacuum left by the collapse of communism.



Change in mean score of "Importance of God" from earliest to latest survey

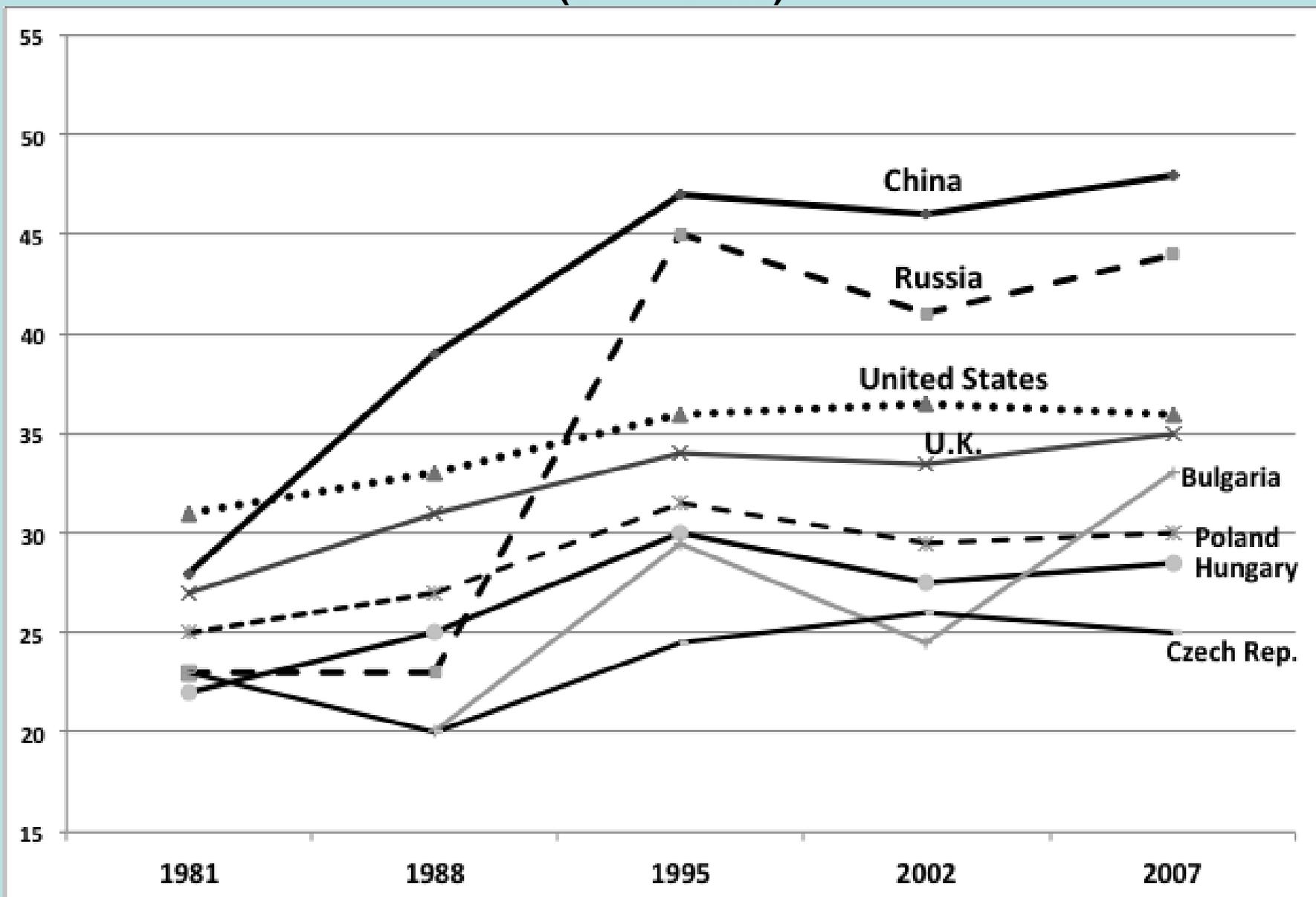
- The collapse of their economic, political and social systems-- and belief system-- brought unhappiness and dissatisfaction to a large share of the population of ex-communist countries.
- Sharply rising economic inequality now threatens the subjective well-being of developed societies.



The top decile's share of total income in Europe and the United States, 1900-2010.

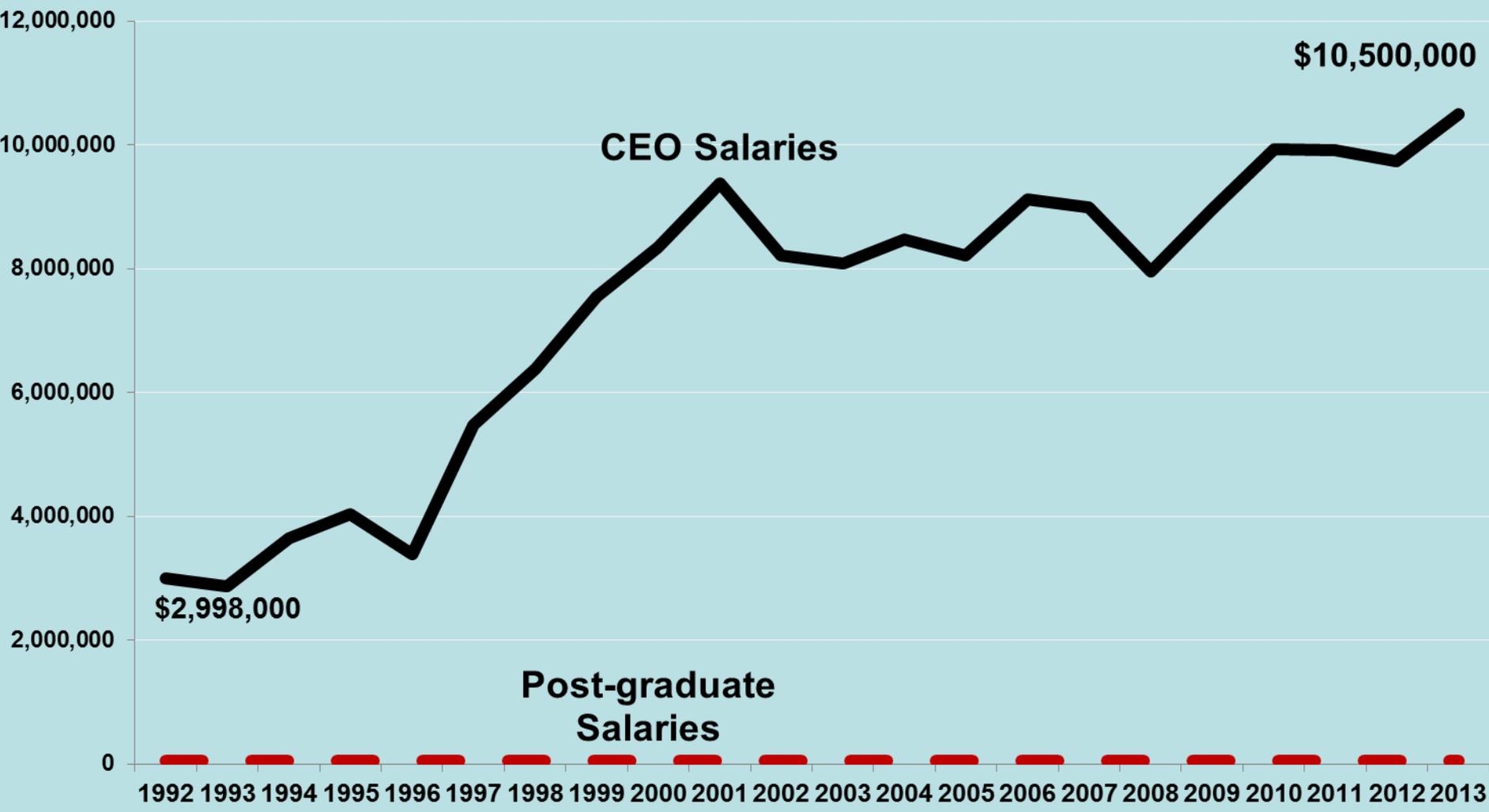
- In the U.S. and Great Britain during the 1980s, Reagan and Thatcher fought to reduce the power of labor unions and to reduce government intervention. This has led to rising economic inequality.
- With the rise to power of the pragmatists in China and the collapse the Soviet Union, income inequality has risen sharply in former communist countries, as well as the West

Net Household Income Inequality Trends: Russia, China and the West, 1981-2007 (Gini indices)



- Despite massive economic growth, the working class has made little or no gains in real income in the U.S. and other Western countries since 1970, as is widely known.
- Surprising as it may seem, since 1990, this has also been true of the college-educated and even those with graduate education: except for the very top strata, the real incomes of even the highly-educated have been stagnant in the U.S. and other developed countries. Virtually all the gains have gone to the top 10%-- mainly to the top 1 percent.

Median salary of Top-500 CEOs vs. median salary of people with post-graduate education, 1992-2013 (in 2013 dollars)



- This sharp rise in income inequality is extremely inefficient in terms of human happiness: as we saw at the start of this lecture, economic gains have a large impact on subjective well-being at low levels of income— but they have a sharply diminishing impact. Above a certain level (roughly, that of Portugal) they have very little impact. For a millionaire, the second million makes almost no difference— and for Bill Gates, the difference between one billion and 10 billion has an imperceptible impact on happiness (Bill Gates seems to realize this: he has devoted the second half of his career to philanthropy).

END

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