



WORKING PAPER SERIES

**Individual support for economic and
political changes: Evidence from
transition countries, 1991-2004**

Riccardo Rovelli and Anzelika Zaiceva

Working Paper 59

May 2011

www.recent.unimore.it

**Individual support for economic and political changes: Evidence from transition countries,
1991-2004***

Riccardo Rovelli (University of Bologna and IZA) and
Anzelika Zaiceva (University of Modena and Reggio Emilia and IZA)

Abstract

Using a unique dataset, we propose a new measure of public evaluation of transitional reforms and study, for the first time, the evolution of support for economic and political reforms in 14 transition economies over 1991-2004. We show that support for economic changes has been increasing over time after an initial dip, while support for political reforms has generally been higher. Support attitudes are lower among the old, less skilled, unemployed, poor, and those living in the CIS countries, especially during the 1990s. We also find evidence that transition-related hardship, opinions on the speed of reforms, political preferences and preferences towards redistribution, ideology and social capital matter. Finally, we show that preferences for state ownership and the quality of political institutions contribute mostly to explaining the lower levels of support in the CIS countries.

Keywords: political economy, public support, reforms, transition

JEL Classification: O57, A13, P26, P36

*Both authors acknowledge use of data from the New Europe Barometer surveys. We are grateful to IZA for making several surveys available to us and to Fondazione Cassa dei Risparmi di Forlì and the Volkswagen-Stiftung for financial support. We thank Tito Boeri, Irina Denisova, John Earle, Mihails Hazans, Andrea Ichino, Hartmut Lehmann, Chiara Monfardini, Richard Rose, Claudia Senik, Zahra Siddique, Jonathan Wadsworth and seminar participants at the University of Bologna, Bocconi University, Moscow Higher School of Economics, BICEPS Stockholm School of Economics in Riga, IZA and CIDE, as well as participants at the Fourth IZA-World Bank Conference on Employment and Development and the 11th IZA/CEPR ESSLE Conference for helpful comments and suggestions. A preliminary version of this paper has appeared as IZA Discussion Paper No. 4224.

1. Introduction

In the last two decades former socialist countries went through the unprecedented experience of a parallel transition to a market economy and to democracy. Although the paths of reform implementation and the sequence of the reforms differed across countries, transitional reforms soon produced both economic “winners” and “losers” (Brainerd, 1998; Terrell, 1999), and for those who were less ready or able to face these changes, the costs of transition may well have outweighed, at least for some time, its benefits.

Somewhat in parallel with the overall economic trends, life satisfaction in these countries collapsed in the beginning of 1990s and recovered subsequently (Easterlin, 2009), although it still remains substantially lower than in Western economies (Guriev and Zhuravskaya, 2009). Consistent with this and in a stark contrast with the pre-crisis strong economic performance, there is also a widespread dissatisfaction with the outcomes of transition. In 2007, 49 percent of respondents disagreed (and only 35 percent agreed) with the statement that the economic situation in their country today is better than around 1989, with similar numbers corresponding to the political situation (EBRD, 2007a; Guriev and Zhuravskaya, 2009). Also privatization, one of the most important transition reforms, receives low support, with over 80 percent of respondents willing to revise it (EBRD, 2007a; Denisova et al., 2009).

To shed light upon public support for reforms and its dynamics, in this paper we employ a unique and so far largely unexploited by the economists dataset and document, for the first time, how support for changes in the economic and political systems has been evolving in 14 countries over the entire transition period (1991-2004). We then analyze what factors drive these attitudes, how their impact changes throughout the period and why the support is lower in some countries than in others.

As new economic policies and reforms are scrutinized through the channels of representative democracy and of civil society, the support of the general public becomes a crucial factor for their successful implementation. A large theoretical political economy literature has shown that voters’ opinions are crucial for the successful implementation of reforms, and that interest group coalitions may influence or even reverse the reform process (see Roland, 2002, for a comprehensive discussion). Both ex-ante and ex-post political constraints are important, as feasibility constraints may prevent reforms from being accepted, while policy reversals can occur after reforms have been already implemented (*ibid*). Reforms are often adopted as part of a trial-and-error procedure under aggregate (as well as individual) uncertainty, and in the absence of credible compensating mechanisms for losers. Thus reforms may be resisted ex-ante even when

they would be ex-post beneficial (Fernandez and Rodrik, 1991) or, when enacted, they may face ex-post political opposition from those who have experienced economic losses. Moreover, reforms are endogenous to the economic outcomes of previous reforms, and in particular to their distributional impact (Kim and Pirttilä, 2006). However, as the suddenness and spread of the transformation in transition economies were to a large extent unexpected and certainly unprecedented, it provides the context for a (quasi) natural experiment of reform adoption (Landier et al., 2008; Alesina and Fuchs-Schueldein, 2007). This fact allows us to treat the initial reforms as a largely exogenous event, on the basis of which individuals then formulate their subjective assessments. This feature is unique to transition economies and would not hold in many development countries.

Several empirical studies are relevant for the purpose of our work, including those that employ macro-economic variables to explain voting behavior (Fidrmuc, 2000), support for the market economy (Hayo, 2004; Kim and Pirttilä, 2006) or “capitalism aversion” (Landier et al., 2008), as well as the recent cross-country studies that use micro data to analyze the “unhappiness in transition” (Guriev and Zhuravskaya, 2009; Easterlin, 2009) or the determinants of support for a revision of privatization policy (Denisova et al., 2009).¹ Most of the existing studies, however, either use aggregate level data or are limited to only one country or one year.² Moreover, voting preferences are likely to be imperfect measures of attitudes towards reforms. Since institutions are different across countries, such indirect measures may reflect both attitudes *and* institutions (Scheve and Slaughter, 2001; Mayda, 2006). On the other hand, measures based on attitudes towards “market economy” or “democracy” are also likely to be biased, since respondents may not know what does the true “market economy” or “democracy” mean, especially in the beginning of transition. In addition, many studies do not explore the motives for the widely diverging level of support for the new policies across different countries. Finally, due to the subjective nature of the information gathered from the survey data, individual-specific (as well as cross-country) differences in the interpretation of these questions and in the perceptions of scales are important and need to be taken into account (Bertrand and Mullainathan, 2001).

In this paper we attempt to overcome these problems by employing a unique data set of comparable surveys in 14 transition economies over 1991-2004, thus covering the entire period from the beginning of transition up to the first Eastern EU enlargement. We differentiate between the earlier period of recession (1991-1998) and the later period of economic growth (2000-2004). We propose a new measure of public support and distinguish between attitudes towards the economic and the political systems. In addition to standard individual characteristics, we are able to analyze factors that are usually unobservable to researchers, such as individual preferences and

¹ See Rovelli and Zaiceva (2008) for a comprehensive review of related literature.

² Easterlin (2009) and Guriev and Zhuravskaya (2009) constitute an exception, but they analyze a different question.

values, social capital or ideology, as well as individual experiences with transition, perceptions of corruption and opinions on the speed of reforms. We also attempt to provide potential explanations for the lower support towards the reforms process in several countries. Finally, we seek to reduce the potential biases by constructing our dependent variable as a difference across evaluations for the same individual, thus differencing away individual and evaluation-specific factors, such as pessimism. To the best of our knowledge, our paper is the first one that analyses these questions using individual level data in a cross-country framework for this time span.³

The remainder of the paper is structured as follows. Section 2 provides a brief overview of the transition-specific background. Section 3 presents the data, discusses measurement issues and outlines the empirical model. The socio-economic determinants of the attitudes towards economic and political systems change in 14 countries and their dynamics are examined in Section 4. Section 5 explores potential explanations for the lower support in the CIS countries. Section 6 presents sensitivity checks and Section 7 concludes.

2. Transitional reforms in Central and Eastern Europe

The implementation of political and economic reforms began in the early 1990s in most countries in Central and Eastern Europe (CEE) and in the Commonwealth of Independent States (CIS). However, the paths of reform implementation and the sequence of the reforms differed across countries – a difference which is sometimes exemplified in the distinction between a so-called “big-bang” approach and “gradualism”.⁴ The transition process has been characterized almost everywhere by an initial deep recession, which in many countries also involved widespread unemployment. However, the pattern, depth and duration of this transitional recession and the speed of the subsequent recovery differed considerably across countries, with CEE countries, on average, recovering faster. A common feature to all the transition economies was the need to refocus the orientation of international trade, to restructure internal production, and to reallocate labor across regions, sectors and firms (Campos and Coricelli, 2002). Privatization, trade liberalization, macroeconomic stabilization and economic restructuring took place in a situation of institutional change, where many institutions that had hitherto provided social protection collapsed and others,

³ The sources of popular support for political regimes in general and democracy in particular have been analyzed widely by political scientists using, among others, data from the New Democracy Barometers (see, for example, Rose, 2007, Lazar, Mishler and Rose, 2007, Mishler and Rose, 2008, 2002, 2000a and 2000b). We also refer to these studies for the presentation of sampling framework, methodology and representativeness of this dataset.

⁴ Although a simplification and generalization, these definitions are useful for a general description of the transition process. See, for example, Roland (2002) for a comprehensive discussion of the political economy of transition and a survey of studies on economic policy reform. Note that countries differed also in the initial conditions, a fact that must be taken into account when modeling the outcomes of transition.

such as taxation or banking, had to be introduced practically *ex novo*. The initial stages of transition brought about remarkable increases in income inequality in all countries, including those that had managed to avoid large increases in unemployment rates (Milanovic and Ersado, 2008).

One of the most important criteria for assessing the success of transition is a country's achievement in reallocating labor (Boeri and Terrell, 2002). As transition generated an unprecedented economic insecurity, job insecurity became a crucial issue for many (Linz and Semykina, 2008). Low-educated, young, single individuals and women, especially married women, were more likely to become unemployed (Boeri and Terrell, 2002). Thus, transitional reforms soon produced both economic "winners" and "losers" (Brainerd, 1998; Terrell, 1999).

The adjustment patterns of the output and labor markets differed substantially between the CEE and CIS countries. With a few exceptions, all Central and Eastern European countries experienced a U-shaped pattern of GDP, a large fall in employment early in the 1990s and some decline in labor productivity leading to rapid structural change but also to high unemployment (with the exception of the Czech Republic), much of which was long-term. In contrast, the CIS countries typically faced a L-shaped pattern of GDP during the 1990s, relatively little decline in employment and a relatively small reallocation of labor. Here, however, there was a more pronounced deterioration in labor productivity and of real wages, as well as a significantly larger increase in inequality than in the CEE countries (Boeri and Terrell, 2002; Svejnar, 2002). Overall, while the labor market adjustment process took the form of larger declines in employment in the CEE countries, it typically occurred through real wage declines in the CIS. And only as transition progressed, unemployment began to increase gradually also in the CIS countries (Svejnar, 2002).

A large literature on the optimal speed of transition has studied the speed with which an economy restructures and destroys the old state sector jobs (see, for example, Boeri, 2000 for a review). However, by focusing on speed and thus distinguishing between the "big bang" vs. "gradualism" approaches, this literature fails to explain the key differences in the adjustment processes in the CEEC and CIS (Boeri and Terrell, 2002). Alternative explanations relate the differences in performance to differences in institutions. In particular, social safety nets and non-employment benefits may have prevented the decline of wages in central and eastern Europe by setting floors to them (Boeri and Terrell, 2002). In addition, in the CIS weaker legal systems and weaker enforcement of laws and regulations supported a profound lack of transparency and weak corporate governance, which in turn facilitated the spreading of corruption and rent-seeking behavior (Svejnar, 2002; Roland, 2002). In general, the existing literature stresses the need to take a political economy perspective in order to explain why different policy models were adopted by different countries. Moreover, it is desirable to incorporate noneconomic institutions into the

analysis, such as governance, democracy, social norms and values, as well as the quality of laws and regulations (Roland, 2002). In this paper we follow this approach in our study of public support for transitional reforms.

3. Data and empirical model

a) Descriptive evidence and measurement issues

The data used in this paper come from the New Barometer Surveys (New Democracy Barometers). These are representative surveys of the populations in transition countries consistently collected over time by the Centre for the Study of Public Policy (CSPP) at the University of Aberdeen and the Paul Lazarsfeld Society, Vienna.

As each survey round contains a large number of common questions, which are maintained across time and countries, the set of available surveys constitutes a unique dataset that allows meaningful cross-country comparisons across several years. This allows us to identify trends in political and economic transformations and also, given the composition of the questionnaires, to analyze the determinants of individual attitudes in the face of such changes. Surveys are undertaken independently from governments and face-to-face interviews are performed by trained interviewers working for established national research institutes in the national language (with the exception of the Baltic states, Belarus, and Ukraine, where Russian was also used). The survey includes nationwide multistage random samples of around 1,000 respondents per country (in Russia – around 2,000) over 18 years old.

We have merged several waves of the New Europe Barometer, the New Russia Barometer and the New Baltic Barometer data. The resulting dataset is a pooled cross-sections for 14 transition economies, with the surveys taking place in several waves between 1991 and 2004. Ten countries in our sample became members of the EU with the 2004 or 2007 enlargements (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia), Croatia is currently a candidate for EU membership, while three countries are members of the CIS (Belarus, Russia and Ukraine).

The set of explanatory variables employed in the regressions below includes standard socio-economic indicators used in the literature, such as gender, age, education, marital status, urban residence, employment status and household income. In addition, we have also collected data on macro-economic variables and political institutions. In the final sample we keep individuals with

non-missing information on the key explanatory variables. Table A1 in the Appendix presents sample size by country. Definitions of the variables are given in Table A2 in the Appendix.

In the survey, there are several questions on the degree of individual support (or opposition) towards the process of transition. For the purpose of this paper we focus on the following sets of questions, which were included in all surveys:

Economic evaluation:

Q.1 “Here is a scale for ranking how the economy works (*from +100 at top to -100*).

- a) Where on this scale would you put the socialist economy before the revolution of 1989 / perestroika?
- b) Where on this scale would you put our current economic system?”

Political evaluation:

Q.2 “Here is a scale for ranking how our system of government works (*from +100 at top to -100*).

- a) Where on this scale would you put the former communist regime / political system before perestroika?
- b) Where on this scale would you put our current system (with free elections and many parties)?”⁵

[Insert Figure 1]

As a first step, let us examine the patterns of responses to these questions across time and countries. Figure 1 shows the proportion of positive, negative and zero evaluations of past and present economic (left panel) and political (right panel) systems for 1993 and 2004. Focusing first on the economic system reveals that a majority of respondents valued negatively the present system in 1993, while in 2004 a majority gave positive evaluations. Regarding the past economic system, a majority of respondents gave positive scores both in 1993 and 2004. For the political system the picture is somewhat different, as a majority of individuals evaluates positively both the past and the present system in both years, and, interestingly, the proportion of positive answers increases by 2004. Note also that zero evaluations constitute only a small proportion in the overall poll.

In principle, there are several alternative ways in which the evaluations presented above can be used to formulate an appropriate dependent variable for our analysis. For instance, should we focus only on individual judgments about the present system? Or instead on a comparison between the

⁵ Note that the questions have been framed in accordance with country-specific situations. For example, “free elections and many parties” are not mentioned in the Russian questionnaire, and the questions are only about “the current political system” and the economic or political systems “before perestroika”.

evaluations for the present and the past? Intuitively, being interested in modeling the support for transition and reforms, a relative measure seems to be more appropriate, as it directly reflects support for the current system relative to the past one. Moreover, the answer to these questions is related, *inter alia*, to whether the revision of opinions about the previous regime reflects a (selective) forgetfulness of the past or a delusion about the present or, indeed, a mixture of both. Our a priori is that judgments about the past are meaningful, and that evaluating the past more favorably is part of the same process that results from a delusion about today's experience. Accordingly, a judgment about the past is not only a historical assessment, but it also conveys information about the evaluation of the present system. In other words, statements about the past and the present are not independent of each other, but rather reinforce each other. To take this into account we compute our dependent variable by taking the difference (i.e. "distance") between the responses to Question b (present) and to Question a (past) for the economic and political systems, respectively. Thus, a larger positive (negative) difference implies a larger positive (negative) assessment of the present regime *relative* to the former one (in the economic or governmental dimensions, respectively). The larger is this distance, the more an individual is positive about the current state of the economy or polity, relative to the past, and thus, we assume, the more supportive he or she is for reforms that have been adopted.

In this context, it is important to note that differences in responses across countries may also arise due to different interpretations of the reference scale (-100; +100) in different countries and by different individuals, as they may be related to country-specific factors, such as culture. To this aim, we also standardize our dependent variable dividing it by its country (and year) specific standard deviation and control for country-specific effects in the regressions below. In this way we weight individual responses by a country and year specific variance, thus giving more weight to countries with relatively homogenous responses. A related problem that arises when using subjective data is that individual responses may be affected by several factors, such as the ordering of the questions in a survey, the exact wording of the questions or individual differences in the perceptions of the scale, which may introduce a measurement error (Bertrand and Mullainathan, 2001). Note that the questions on the economic and political systems in our survey are usually asked at the beginning of the corresponding sections on the economy and public affairs, before the questions on the personal (or family) economic situation or on political preferences. Note also that taking differences across individual answers for the same person may differ away such individual-specific and evaluation-invariant factors as pessimism or different individual perceptions of scale, thus

potentially reducing the biases associated with it. In section 7, we test the robustness of our results also in this respect.⁶

[Insert Figure 2]

Before proceeding to a more formal analysis, let us take a further look at the evolution of the support variables across time and for the individual countries. Figure 2 shows the developments over time of the support for the present and past systems as well as the corresponding “distance”. Support for the past economic system is quite high across 1991-2004, while it is much lower for the past political system (and is negative at the beginning of the 1990s). There is also an increase over time in the ranking of both past and present systems. Moreover, the support for the past economic regime is always higher than for the present economy, while the difference between the evaluations of past and present political systems is large in 1991, but small from 1992 onwards. As a result, our “distance” measure has a U-shaped profile for the economic system, while for the political system it decreases sharply in the very beginning, decreases slowly until 1998 and increases rather slowly afterwards. The U-shaped pattern in the support for economic transition is in line with Blanchard (1997), who argues that public support for reforms is U-shaped, following similar pattern in output and employment, as well as with previous literature that employs other measures of public support and focus on different countries and years. However, only in a few countries it follows the development of GDP over time. It is also worth noting that the support for change in the political system (“distance”) is larger than for change in the economic system. This is consistent with the political economy approach that suggests that more popular reforms should be implemented first, and with the observation that democratic reforms preceded economic reforms in all Central and Eastern Europe, since support for democracy was larger than for economic reforms (Roland, 2002).

As these aggregate changes may be driven by changes in the composition of countries in our sample throughout the period, in Figure 3 we plot the evolution of “distance” in different countries. Over 1991-2004, the Czech Republic is the country with the largest support for both the economic and political reforms,⁷ while evaluations of the economic system change are the lowest in Ukraine, Lithuania and Russia and of the political system change – in Ukraine, Russia and Belarus. During 1991-1995, the support was the lowest in Ukraine and Belarus, during 1996-2000 – in Ukraine and Lithuania (economic reforms) and Ukraine and Russia (political reform), while in the beginning of

⁶ In general, we have extensively tested the sensitivity of our main results to alternative definitions of the dependent variable (see below). Overall, our main results were robust to changes in the definition of the dependent variable.

⁷ The highest support in the Czech Republic is remarkably consistent with one of the “political economy puzzles in Central Europe” (Roland, 2002, p. 44), namely, the higher stability of the government of Vaclav Klaus in the Czech Republic (until recently), compared with governments in other transition countries; the fact that the Czech Republic has managed to maintain lower unemployment rates could be one of the potential explanations.

2000s it was the lowest in Russia and Slovakia for both. Figure 3 also suggests that support for the economic system change is increasing in many countries, while support for the political reforms in several countries is even decreasing, but is larger on average.

[Insert Figure 3]

Finally, we also plot the evolution of our standardized support for transition together with the EBRD transition index (an average across all indicators) for the countries present in certain years. Figure 4 shows that while during the 1990s the transition index was improving, the support for reforms was not increasing; and there is some evidence of co-movement after the year 2000. It suggests that during the painful period of large adjustments and restructuring, public support for reforms may actually decrease, and it may start increasing ex post during the years of growth.

[Insert Figure 4]

Summing up, on average, citizens do not seem to give a favorable evaluation for the economic system they live in, and they seem to have regrets for the past. On the other hand, on average, they appear to be reasonably satisfied with the present political system, but in some instances they still do not see it as an improvement over the past. This is true, in particular, of the current CIS members, but also several other countries, such as Lithuania, Latvia, Hungary or Slovakia express negative evaluations in certain periods. These findings, however, should not be interpreted as reflecting a desire to return to Communism, as among the respondents who give positive evaluations to the past economic or political system, only about 30 percent would actually agree to “return to communist rule”. The fact that the support for transition is quite low may appear somewhat puzzling, at least *prima facie*, if we compare these responses with the evolution of most standard macroeconomic and institutional indicators, especially in the new EU member states. These aggregate differences, however, may be confounded by differences in individual characteristics and transition experiences. Moreover, country-specific macroeconomic policies and institutions may also affect the individual support for transition. We examine the role of these factors in the sections below. Although some caution is needed when interpreting some of these results as causal relationships, documenting the role of these factors in a descriptive manner provides a useful picture of the situation in these countries and sheds additional light on the overall political economy of transition.

b) The empirical model

We model individual support for the economic or political transition assuming that it may be influenced by three sets of explanatory variables. First, standard individual socio-economic characteristics matter as “winners” (also potential) are more likely to support the transition process, while “losers” are less likely to support it. Second, ideology, individual preferences and values (usually unobservable) may also influence individual support for transition, and excluding these variables could potentially confound the results. On the other hand, individual values and preferences are subjective measures themselves and thus are likely to be endogenous, i.e. shaped by individual socio-economic characteristics, the performance of the system and the inherited individual culture. Nevertheless, it is interesting to explore the correlation between these variables and support for transition. Third, country-specific indicators for economic performance and institutions are also likely to be correlated with individual support for transition.

We begin with the following simple specification of the baseline model:

$$Y_{ijt} = \beta X_{ijt} + \delta_{jt} + \varepsilon_{ijt} \quad (1)$$

where Y_{ijt} is our measure of support for transition for individual i in a country j in year t , X_{ijt} is a vector of standard individual socio-economic and demographic characteristics, δ_{jt} are the interactions between country-specific and year fixed effects and ε_{ijt} is a random error term, which ideally should not be correlated with the rest of the variables. To analyze cross-country differences we also estimate the model with country-specific effects and time dummies entered separately. Further, we add to this baseline model a set of variables reflecting individual (subjective) preferences and values. Note, that these variables are likely to be endogenous and thus the parameters estimated have to be interpreted with caution, since the estimates are certainly not structural. Nevertheless, it allows us to measure the correlation between support for transition and, for example, preferences for redistribution or trust in political institutions, which is interesting *per se*. Overall, we believe that having a rich set of individual characteristics at our disposal, including ideology and preferences, as well as being able to control for country-specific effects and trends and individual evaluation-specific unobservables, makes our results more reliable than the ones reported in related studies.

Furthermore, in the subsequent analysis, we introduce macro-economic and institutional variables into our baseline model in order to capture country-specific economic performance and political institutions as well as to assess whether they contribute to explaining the lower support attitudes in the CIS countries:

$$Y_{ijt} = \beta X_{ijt} + \theta W_{jt} + \mu_j + \varphi_t + \varepsilon_{ijt} \quad (2)$$

where W_{jt} are country-specific variables that vary over time, μ_j are time-invariant country fixed effects and φ_t are year fixed effects.

4. Who is against reforms?

a) Determinants of reform evaluations, their dynamics and cross-country differences

As was argued above, transitional reforms generate economic “winners” and “losers” (Brainerd, 1998, Terrell, 1999). It is likely that those who have not benefited from or could not adapt to the changing environment would express lower support for transition. For example, in line with the related literature, older individuals, women and those unemployed and with obsolete skills can be expected to oppose the transition reforms because of the decreased social security and increased unemployment risks. It is also likely that individuals who had experienced the labor market under socialism will have different support attitudes in comparison to the younger cohorts. On the other hand, young, educated and more wealthy individuals are likely to support the transition process as potentially they may benefit or may have already benefited from the new opportunities, including those in the labor market, that have been brought about. Finally, individuals’ experiences during transition, such as economic hardship, influence their subjective wellbeing (Guriev and Zhuravskaya, 2009), and thus are also likely to affect their evaluations of the transition.

[Insert Table 1]

Table 1 reports the estimates of the baseline equation (1) for the evaluations of the economic and political systems. In both tables, the dependent variable is “*distance*”, i.e. the ranking of the present system relative to the past one. We first fit the models for the whole period under investigation and then analyze the determinants across two sub-periods, the recession period (1991-1998) and the period of growth (2000-2004). The intuition is that the impact of individual factors as well as evaluations across countries may change during these two periods with different economic conditions and reform progress. The main results from this table are as follows.

First, irrespectively of controlling for interactions between country and year-specific effects or entering them separately, the impact of individual characteristics remains largely the same. Consistent with the “losers vs. winners” approach, females, older individuals and unemployed give lower evaluations to reforms, while university graduates (as well as those with secondary or

vocational education), students and those living in richer households evaluate the reforms higher. The effect for urban residence is positive and significant in most of the regressions. There is also a positive and significant cohort effect for those who were 18 years old or younger in 1990 (and thus presumably had not experienced the labor market under socialism). The negative impact is larger for individuals in their 50s and for unemployed, while the largest positive effects are for the richest households and for university graduates. Coefficients on country-specific effects, in general, confirm the descriptive evidence presented above. Taking Slovenia as a reference country, individuals in the Czech Republic, Poland and Croatia are significantly more positive about transition, whereas those in the CIS countries are generally more negative.

Second, there are several differences in support for economic and political reforms. While support for change in the economic system was lower in 1990s relative to 2004, support for change in the political system is relatively stable. Note, however, that the composition of the sample with respect to countries changes throughout 1991-2004, therefore, a separate analysis on a country-by-country basis is also needed (see below). Also, the impact of most individual characteristics and country-specific effects is larger for the economic reforms than for political reforms (with some exceptions).

Third, the impact of some individual characteristics changes between the 1990s and 2000-2004. While the effect for females, older individuals, those living in cities and students is stronger over the 1990s, the impact of young cohort, education, single, income and unemployed (for economic system) is larger during 2000-2004. Probably the most interesting result is the stronger effect of almost all country dummies during the 1990s. Interestingly, coefficients swap from negative during the 1990s to positive in the 2000s in Estonia (where a large progress in reforms has been achieved) and from large negative to small positive in Belarus (where no drastic policy changes were implemented); and the effect is positive although insignificant also in Ukraine for evaluations of the political system in 2000-2004. During the 1990s, the largest negative effects for the evaluation of the economic reforms were in Ukraine, Belarus and Lithuania, while in the 2000s in Russia, Ukraine and Lithuania. For the evaluations of political reforms, the largest negative effects in the 1990s were in Ukraine, Russia and Belarus, and during the 2000s in Russia, Latvia and Slovakia.^{8 9}

⁸ We have also estimated the baseline model keeping in our sample only those individuals who were older than 18 years in 1990, since they have had an experience of the old system and thus can compare it directly with the new one. The estimates of the rest of the coefficients remained unaffected (with the only exception of the student variable that became insignificant in the equation for the political transition). In addition, we have experimented with excluding Russia or Belarus from the sample, and the main results remained qualitatively the same (all results are available upon request).

As was mentioned above, a potential criticism against using the distance measure is that it does not take into account the “absolute” evaluation of the current or of the past systems given by the respondents. For instance, the same distance of 70 could characterize someone who likes *both* the past and the present (past = 30; present = 100), someone who dislikes them both (past = -100; present = -30) and someone who dislikes the past but is reasonably satisfied with the present (past = -40; present = 30). As these absolute evaluations might contain additional information, we have used the classification proposed by political scientists (see, for example, works by Richard Rose and co-authors) to divide our sample in eight different sub-groups as follows. Individuals giving positive evaluations to present economic (political) system and positive evaluations to the past system are called “positive” (“compliant”). Those who are neutral or negative about both present and past systems are called “negative” (“skeptical”). Those who evaluate positively the present economic (political) system and negatively or neutrally the past system are “pro-market” (“democrat”). And those who are negative or neutral about the present and positive about the past are called “nostalgic” (“reactionary”). Based on this classification, we estimate the multinomial logit regressions for the probability to be in one of these groups. Marginal effects from these regressions are presented in Table 2.

[Insert Table 2]

Several interesting facts emerge from this table. First, only few individual characteristics are significant for the “positive” and “compliant” groups. Second, the impact of individual characteristics on the likelihood of being “pro-market” and “democrat” is qualitatively opposite to the impact for the “nostalgic” and “reactionary” groups. For instance, the likelihood of being “pro-market” (see column 2) is significantly lower for females, unemployed and pensioners and is decreasing with age. On the other hand, university graduates are 7 percentage points more likely to be “pro-market” relative to those with elementary education, and individuals from the highest household income quartile are 8 percentage points more likely to belong to this group. Looking at the political system and, again, focusing on the group of those who support the change of the system (i.e. “democrats”, column 5), we find a very similar impact of individual characteristics, with the exception of the urbanization and pensioner variables that become insignificant.

Overall, the results from the multinomial logit analysis reinforce those from the OLS regressions above. Individual characteristics shape the pattern of individual evaluations regarding

⁹ Since our dependent variable is, in principle, ordered it is also possible to estimate the ordered probit model. We have estimated such model, coding our „distance“ measure into four ordered categories (from -200 to -100, from -100 to 0, from 0 to +100, from +100 to +200). The qualitative results were identical (available upon request). However, since the quantitative interpretation is somewhat more complicated in this model, we have decided to present the results for the OLS.

the economic and political system in a strong and plausible way. Country effects are also large and consistent across different specifications. Most important, this analysis shows that those characteristics that determine individual likelihood to belong to a “pro-market” group go in the same direction as those that drive his or her attitudes towards more positive evaluation of reforms. In other words, those who have higher support attitudes are, consistently, more likely to belong to the “pro-market” and “democrat” groups, and vice versa. Therefore, this validation exercise adds credibility to the interpretation of the OLS regressions as modeling support for reforms and for transition.

As an additional exercise we also analyze the determinants of individual evaluations by countries (not reported, but available upon request). Since the composition of the countries’ sample changes throughout the period, such country-specific analysis identifies trends in the support attitudes in each country. The individual characteristics included in the regressions were the same as in the baseline model above. The only notable exception is the introduction of a minority dummy for the Baltic states. Ethnic minorities constitute a significant part of the population in these countries (especially in Estonia and Latvia) and the process of transition may have affected them differently from the majority of population.¹⁰

In general, there is some heterogeneity across countries. One of the most interesting facts is that the positive effect of belonging to the young cohort in the overall sample comes mainly from Russia and, to a lesser extent, Bulgaria for the evaluations of the economic transition, and from Estonia, Lithuania and Croatia for the evaluations of changes in the political system. Females have a stronger opposition to reforms in the Baltic states. University education does not significantly influence reforms evaluations in Croatia, Romania (economic) and Belarus (political). It is remarkable that unemployment does not appear to significantly influence the extent of support for economic reforms in Russia and Belarus. This could presumably be related to the fact that wage arrears rather than layoffs have been prevailing in Russia as a means to reduce the burden of labor costs on firms, and that very few reforms at all have taken place in Belarus. On the other hand, regarding change in the political system, our results suggest that unemployment is much less important for the evaluation of the political system than of the economic system, since this variable is significant only for Latvia, Bulgaria and Croatia (and marginally significant for Hungary). As expected, belonging to an ethnic minority has a strong negative effect in all three Baltic states, with the largest effect being in Estonia, reflecting probably the hardship of adjusting to the new system for individuals of Russian origin and their dissatisfaction with their economic situation and political

¹⁰ For an analysis of labor market performance of immigrants and non-citizens in the new EU member states see Kahanec and Zaičeva (2009).

rights. Moreover, the negative minority effect is stronger for the support of the political reforms than of the economic ones. Finally, regarding year dummies, while support for economic transition has generally increased in nine countries out of fourteen from the 1990s till 2004, there is less evidence of an increasing trend in the support for the political transition, as the coefficients on the year dummies are positive or insignificant in many cases.¹¹ Countries where support for change in the political system was lower in the 1990s than in 2004 include the CIS, Lithuania and, to some extent, Hungary.

Summing up, although there is some heterogeneity across countries, on the whole, individual characteristics such as age, university education, unemployment and income have a significant effect on individual assessments of both the economic and the political systems. The impact of several characteristics changes between the 1990s and 2000s. Overall, relative to Slovenia, reform evaluations are the lowest in the CIS countries, although in 2000s the coefficients for Belarus (and also Estonia) become positive and for Ukraine – insignificant in the equation for political reforms. In addition, there is an increasing trend in support for economic changes and no significant trend in support for the political system change, the latter being higher throughout the whole period.

b. The impact of individual experiences and preferences

In the context of our analysis it is desirable to control for heterogeneity in (usually unobserved) individual preferences, transition experiences and ideology. In this section, we exploit the richness of the data at our disposal and attempt to control for these additional characteristics.

As was noted above, having experienced individual hardship during the transition process may influence individual happiness (Guriev and Zhuravskaya, 2009) and thus individual evaluations of the relative performance of the economic and political systems. Another potential variable that is likely to be associated with individual evaluations of reforms is the speed with which the reforms were actually implemented. As it has been suggested in the literature on the optimal speed of transition (Aghion and Blanchard, 1994) and on the desirable sequencing of reforms (the “big-bang vs. gradualism debate”, see, e.g., McMillan and Havrylyshyn, 2004, Murphy et al., 1992 and Roland, 2002), reforms can either (be perceived to) go too fast or too slow, and in each case the individual assessment of the economic and, possibly, also of the political process would become more unfavorable. The extent of corruption in a country may also confound

¹¹ Note that for Croatia we have information only for 1992 and 1993, with the latter being the reference year.

our results, since it may affect negatively individual attitudes towards the process of reforms in general. As communism is believed to have shaped cultural preferences towards redistribution (Alesina and Fuchs-Schundeln, 2007), it is likely that such preferences may in turn be correlated with individual attitudes towards transition from communism. In general, these considerations suggest that it is important to properly control for the role of ideology and political preferences, as these factors definitely affect individual attitudes towards transition from communism. Finally, following the literature on the importance of “informal” institutions and of social capital, we have included also different measures of trust in our analysis. Note, however, that as was discussed above, many of these variables are subjective measures and are likely to be endogenous. Nevertheless, even interpreting them as correlations provides additional useful insights.

[Insert Table 3]

Table 3 shows the estimation results when we introduce these variables into our baseline model for the economic (upper panel) and political (lower panel) evaluations. The results for other covariates are omitted in order to save space, but are available upon request. First, to proxy for individual hardship experienced during the transition, we construct two indicators, both of which refer to the year previous to the interview. The first variable (see column 1), measures the total number of weeks, during which a person was either unemployed or was not paid salary in full or a payment was delayed. The second variable (see column 2), is a so-called destitution scale, constructed on the basis of several responses to more specific questions in order to reflect the frequency a person or her family had to live without food, heating, electricity or clothes.¹² Consistent with *a priori* expectations and related literature, both variables have negative signs. This suggests that the more intense is the economic hardship experienced by an individual, the lower is her support for the economic and political reforms. Note also that when introducing these variables the young cohort dummy becomes insignificant.

Regarding the speed of reforms, respondents were asked in 1995 and 1996 whether they thought that the reform process was going “too fast”, “too slow” or “at the right speed”. The results in column (3) indicate that the perceptions of a “wrong” speed of reforms (“too high” or “too slow”) influence negatively individual attitudes towards transition. Interestingly, conducting reforms too fast may be associated with a stronger individual resistance, as suggested by the larger coefficient on the “too fast” dummy. Also in this case the young cohort dummy becomes insignificant.

Political preferences or values may be another potentially omitted variable, especially in the equation for political reforms. We attempt to proxy for a preference towards dictatorship, using the

¹² This variable was already available in the dataset.

following two variables. Survey respondents were asked whether they would approve if the Parliament was suspended and whether it would be better “to get rid of Parliament and elections and have a strong leader”. Results in columns (4) and (5) indicate that such preferences are indeed significantly and negatively correlated to support for transition, both in the economic and in the political dimensions.

We then attempt to control for the extent of corruption in a country by generating a variable that equals 1 if an individual thinks that most or almost all “public officials are engaged in bribetaking and corruption” in his country, and equals zero if he thinks that “very few” or “less than half public officials are corrupt”. Unfortunately, this question was asked only in 2001 and 2004 and the sample size drops substantially. Nevertheless, as is indicated in column (6) the corruption variable is significant and has the expected negative sign for both economic and political attitudes. The coefficients on the other individual characteristics remained fairly robust.

The opinion that the state should engage more actively in redistributing resources across individuals may originate either as a cultural preference or as a reaction to current unfavorable economic circumstances. In any case, preferences towards redistribution may be correlated with individual attitudes towards transition from communism. This is indeed the case, as is shown in column (7). Those who agree with the statement that “incomes should be made more equal so there is no big difference in income” (as opposed to the statement “Individual achievement should determine how much people are paid”) have less support for transitional reforms.

In the related empirical literature, age is often used as a proxy for ideology. However, age could measure either the increased hardship imposed by transition on older individuals with obsolete skills, or, indeed, the fact that their ideological values might have been shaped by communist institutions and culture. In fact, as we have shown, older individuals are particularly negative about the transition process and are significantly more likely to belong to the “nostalgic” and “reactionary” groups. In addition, in column (8) we include a variable, which indicates whether the respondent or any of his family members was formerly a member of the Communist Party. As expected, this variable is significant and has a negative sign in both tables, suggesting that past party membership is negatively correlated with individual support for transition. At the same time, the sign and significance of the age dummies is reduced and the young cohort dummy becomes insignificant, which suggests that, indeed, age is also – but not only – a proxy for ideology.

Finally, we have introduced several variables that measure the diffusion of trust towards political institutions and people (columns 9-12). Our findings suggest that trust towards parties,

parliament, the president or other people is associated with a more positive assessment of the transition.

In general, while this descriptive exercise sheds additional light on the characteristics of those who is against transitional reforms, the sign and significance of other individual characteristics remain fairly robust to the introduction of additional variables and to the related changes in the composition and size of the sample. The CIS countries (and in some cases Lithuania) have always on average the lowest support attitudes. Thus, in what follows, we search for potential explanations for the lower level of support that apparently characterizes the CIS countries.

5. Why is support for transition lower in the CIS countries?

A common finding from the previous sections is that the average level of support for reforms, in both the economic and political dimensions, differs across countries, with the lowest support being in the CIS countries. In fact, given the diversity of the initial conditions, of the objectives and sequences of the reforms that have been adopted, of the forms and degrees of political developments and of the economic performance achieved, it would be surprising if citizens from different countries would converge to the same evaluations of their countries' experiences.

The CIS and CEE countries shared the experience of a socialist economy with relatively secure jobs, officially low inequality and equal pay, but also low motivation and low individual responsibility. There were, however, several important differences between these countries, including differences in their history and overall democratic achievements (Svejnar, 2002). First, most Central and Eastern European countries had stronger historical and geographic ties and trade relations with Western Europe. Second, the CIS countries have gone through a longer and more intense communist experience relative to most CEE countries: this experience lasted seven decades in the CIS, five in the Baltics and four in the CEE. Third, economic reforms have been implemented using different strategies and policies, and as a result the performance of the CIS and CEE countries has also differed. Finally, also the path of political liberalization has been different, so much so that in 2004 the Freedom House Ranking of political rights and civil liberties still ranged between “not free” for Belarus and “partly free” for Russia and Ukraine to “free” for the CEE countries. The potential explanations for these differences in performance suggested in the literature include larger safety nets and non-employment benefits in the CEE countries, better legal systems and enforcement of laws and regulations, a lower degree of corruption and rent seeking than in the CIS. On the basis of this literature, this section explores several potential explanations for the lower

support attitudes in the CIS. The list of potential channels is probably not exhaustive, but we explore both the role of individual experiences and preferences (Section 5a) as well as that of the countries' specific economic and institutional factors (Section 5b).

a. Individual experiences, values and preferences

In order to explore the reasons for the lower support in the CIS countries we add to our baseline model additional variables, such as individual experiences, values and preferences. If these new variables contribute to explain the lower levels of support in the CIS countries, we should observe a significant coefficient on these additional terms and at the same time the dummies for Russia, Ukraine and Belarus should either decrease in magnitude or become insignificant. On the basis of the literature mentioned above, the candidates for potential explanations in our dataset include preferences for redistribution and equality in income, for state's responsibility over individuals' material security and for state ownership, as well as for a secure (but also less rewarding) job.

[Insert Tables 4 and 5]

Tables 4 and 5 show the estimation results for both economic (Table 4) and political (Table 5) support attitudes. The other individual characteristics are the same as in the baseline model. Results in each odd-numbered column should be compared with those in the adjacent even-numbered column with the same sample size. Since the results are qualitatively similar in both tables, in what follows we will discuss them jointly. The coefficients on the CIS country dummies diminish most when introducing preferences for state ownership. This result is remarkably in line with the fact that the majority of individuals are not satisfied with privatization and want to revise it (Denisova et al., 2009). Trusting political institutions and having preferences for state's responsibility also contribute to a greater or smaller extent to explaining the lower support attitudes in the CIS, as the coefficients on the dummies for Russia, Ukraine and Belarus diminish in absolute value, while the additional terms are significant. On the other hand, preferences for redistribution of income contribute to explain the lower support attitudes only in Russia, while adding individual preferences for a secure job and low pay (as opposed to high-pay job and high risks), does not diminish the CIS coefficients.

In addition, we have also experimented with the variables already used in Table 3, such as transition-related hardship, opinions on the speed of reforms and on corruption, preferences for a strong leader and trust in political institutions (not reported, but available upon request). Regarding these factors, there is no conclusive evidence that transition-related hardship matters for explaining the lower support in the CIS countries. While the variable based on the destitution scale explains

part of this difference, as suggested by the decreased coefficients on the CIS country dummies, the number of weeks without pay or job does not. These results seem to suggest that it is living without food and heating that matters and not the number of weeks without pay or job. Indeed, this seems plausible if we take into account the peculiarities of transition processes in these two regions, in particular, labor hoarding and high wage arrears in Russia. Including opinions on the speed of the reforms lowers the coefficients for all CIS in the equation for economic reforms and for Russia and Ukraine in the equation for political reforms. Adding preferences for a dictatorship reduces the magnitude of the CIS dummies. Finally, including individual perceptions of corruption matters for Russia and Ukraine in the equation for economic evaluations and for Russia in the equation for political evaluations.

Overall, individual preferences, especially for state ownership, a need to live without basic necessities (such as heating or some food), trust in political institutions, preferences towards dictatorship, opinions on the speed of reforms and perceptions of corruption (especially in Russia) matter in explaining part of the lower support for reforms in the CIS countries. However, although the coefficients on the CIS dummies are diminished in size, they have not become insignificant after the inclusion of these additional terms. This suggests that there are other important factors that should be explored further.

b. Country-specific performance and institutions

To complete the picture, we now focus on macro-economic and institutional indicators of the overall quality of the economic and political systems. Note that in this case we pool together individual and country-level variables and standard errors have to be corrected accordingly. The role of institutions and policies in affecting individual attitudes in post-communist countries has been documented in the literature (see, among others, Denisova et al., 2009; Guriev and Zhuravskaya, 2009). For example, output growth and lower income inequality as well as less corruption or better governance could mean better opportunities for most individuals and thus could be associated with more support for reforms. On the other hand, as it is argued in Rodrik (1995) and Fidrmuc (1999), especially at the beginning of transition high unemployment may actually signal the need for more radical reforms and thus paradoxically reinforce support for reforms. Therefore, the sign on the unemployment variable is *a priori* ambiguous.

Again, we focus on how the introduction of these new variables into the baseline model affects the coefficients of the country dummies. Results are reported in Tables 6 and 7 for the economic and political systems, respectively.

[Insert Table 6 and Table 7]

In order to facilitate comparisons, column (1) in both tables reproduces the results from Table 1 (columns 1 and 5). Individual controls are included in all regressions, but are not reported to save space. We first introduce sequentially three traditional macro-economic control variables, aggregate unemployment, GDP per capita and inflation. When added sequentially, none of these macroeconomic variables was statistically significant and only adding inflation eliminated the significance of the CIS dummies, suggesting that this variable is important in explaining the lower level of reform support in the CIS. However, adding to this equation a control for the extent of democracy in the countries, the Democracy Index from the Polity IV database, (see column (2)), raises the coefficients on the CIS dummies and they become again statistically significant (the coefficient on Ukraine remains insignificant in the equation for political system change). As can be seen from column (2), none of the macro-economic variables is significant (note, however, that they are included *in addition* to country and year-specific effects).¹³ This may be due to several reasons. First, individuals may care more about their own performance, e.g. unemployment, than about unemployment in their country in general (this is consistent with the so-called “individualist” hypothesis from the political economy literature). A second reason may be that left-wing and right-wing individuals might place different weights on unemployment vs. inflation.¹⁴ As argued by DiTella and MacCulloch (2005), consistent with “partisan” models of political economy, left-wing individuals care more about unemployment relative to inflation than right-wingers. When averaging across left and right-wing individuals (as is done here), these differences may cancel out. Third, high unemployment might actually signal the need for more reforms (as in Rodrik, 1995). Finally, an indicator for the overall progress in transition could constitute an omitted variable. Hence, in column (3) we control for the lagged EBRD index of transition reforms (adding a lagged value reduces the potential endogeneity). In any case, the reforms index is either only marginally significant or insignificant and, if anything, a higher unemployment rate is negatively correlated with support for economic transition, but is unrelated with support for political transition.

A higher level of democracy is negatively related to support for transition in both Tables. To interpret this result, note that, for the majority of countries, this indicator does not vary much during this period, with the exception of Romania (where it is increasing) and Belarus (where it is decreasing). Thus, this variable acts almost as a dummy, reflecting at most the difference between EU and non-EU members, and does not convey much additional information into the regressions. It

¹³ Note also that these country-specific variables may be collinear with country and year fixed effects

¹⁴ In addition, there might be a relevant discontinuity in the individual reactions to inflation, as many countries in our sample were characterized by hyperinflation in the early 1990s.

is also in line with the results in Guriev and Zhuravskaya (2009), who find a negative relation between democracy and the happiness index, and also with Denisova et al. (2009), who show that, in more democratic countries, individuals who experience economic hardship during transition are more likely to favor re-nationalization.

Holding the level of democracy constant, income inequality may be another reason why people have negative attitudes towards the economic or the political system. In line with Guriev and Zhuravskaya (2009), we find that the Gini index has a large and significant negative effect in both Tables (column (5)). Its inclusion, however, diminish the significance of the CIS dummies only slightly for Russia and Ukraine in Table 6, while in Table 7 CIS dummies become insignificant already in the sub-sample with non-missing Gini index in column (4). This suggests that increased inequality might constitute a partial explanation of the lower support for the economic reforms in Russia and Ukraine.¹⁵

Finally, to analyze whether the quality of political institutions matter, we include World Bank Governance Indicators (column (7)). The results should be compared with column (6) now, where the baseline regressions are run for the same sub-sample with non-missing information on governance. Notably, the inclusion of these indicators eliminates the significance of all the negative CIS country dummies in the equation for the economic transition. In the equation for the political system (Table 7), the coefficients on CIS country dummies become insignificant already in the sub-sample with non-missing observations for the governance indicators. This seems to suggest that the lower quality of institutions contributes to explaining the lower support towards economic changes in the CIS countries. In addition, the Governance Indicators have significant effects on economic and political attitudes. While political stability, regulatory quality (marginally) and the rule of law are associated with higher support for the economic transition, it is political stability and the rule of law that matter for the evaluation of change in the political system, with the latter variable having the largest positive effect.

¹⁵ In addition, to proxy for the deterioration of public goods we have experimented with several indicators, such as hospital beds, life expectancy, number of doctors, public expenditures on health and education, mortality rates of children, immunization rate and enrollment rates in primary, secondary and tertiary education. For instance, life expectancy, in particular of males, declined significantly in the CIS countries (Svejnar, 2002). However, the inclusion of these variables, in general, did not contribute to the disappearance of significant effects on the CIS country dummies, while the number of hospital beds and doctors reduced somewhat the magnitude of some country-specific effects (available upon request).

6. Robustness checks

This section presents several additional sensitivity checks. First, our results suggest that individual characteristics influence in the same way evaluations of the economic and political systems. Hence, it is likely that individual evaluations of the economic and political systems are correlated. Indeed, the raw correlation between these two outcomes is high and equal to 0.63. Therefore, we have also estimated the seemingly unrelated regressions (SUR) model, allowing for correlated errors across equations (not reported, but available upon request). Overall, the results from OLS estimates were confirmed, although there was some gain in efficiency for individual coefficients.

[Insert Table 8]

Second, we have estimated the baseline models for the economic and political system using the non-standardized distance as a dependent variable (see Table 8 columns (1) - (2)). In general, the results are qualitatively unchanged and can be interpreted quantitatively now in terms of the corresponding points on the scale from -200 to +200. For example, university graduates give on average 21 (27) points more to the evaluations of the economic (political) reforms. Second, we have used a different binary dependent variable that is equal to 1 if an individual give higher evaluations to the present system than to the past system (columns (3) and (4)). Again, the results are qualitatively identical, both for individual characteristics as well as for country and year dummies. Finally, in the last column, the dependent variable equals 1 if an individual agrees with the statement “We should return to Communist rule”. Note also that in this case the sample size drops and thus the composition of the sample changes. In general, the characteristics that affect positively (or negatively) the probability of agreeing with this statement are the same as those that decrease (or increase) support for transition. Overall, our results remain robust to the estimation method employed, the dependent variable used as well as changes in the composition of the sample.

7. Conclusions

As the recent EBRD Life in Transition survey remarks, “17 years of transition have taken a toll” (EBRD, 2007b). Indeed, there is a certain “transition fatigue” in the region, a discontent with transitional reforms that could be also responsible for the more frequent changes of government in several countries in the recent years. In this paper we document the extent of this discontent in 14 transition countries during 1991-2004 and analyze its determinants.

We find that the overall support for change in both the economic and political systems is relatively low and heterogeneous across different interest groups and countries. There is also an

increasing trend in support for the economic changes in many countries, while public support for political reforms is higher than for the economic reforms and is more stable. This is consistent with the political economy approach that suggests that more popular reforms should be implemented first, and with the observation that democratic reforms preceded economic reforms in all Central and Eastern Europe, since support for democracy was larger than for economic reforms (Roland, 2002). The lower support is found, in line with the related literature, among the older, less educated, unemployed and poor individuals and among females, that is those who were more likely to “lose” from transition in relative terms, and these negative effects are generally stronger during the period of recession in the 1990s. Support for transitional reforms is in general lower in the CIS countries. The effects of almost all country dummies are stronger during the 1990s, and support increases particularly in Belarus and Estonia during the 2000s.

Our main findings remain robust to changes in the specification and in the sample, as well as in the definition of the dependent variable. Interestingly, it appears that the same factors that are related to an “aversion to transition” (lower support) are also positively related to a willingness to return to communism. However, only one-third of those individuals who evaluate the past socialist economy or communist system positively, would actually agree to do so.

We also find evidence that transition-related hardship, opinions on the speed of reforms, political preferences and preferences towards redistribution, ideology and social capital matter. Economic difficulties experienced during the transition, individual preferences towards dictatorship or redistribution of incomes, opinions on corruption, ex-Communist party membership and less trust for politicians or other people are associated with lower support for the transition process. Those individuals who think that the reforms were conducted too fast are most likely to oppose the transition.

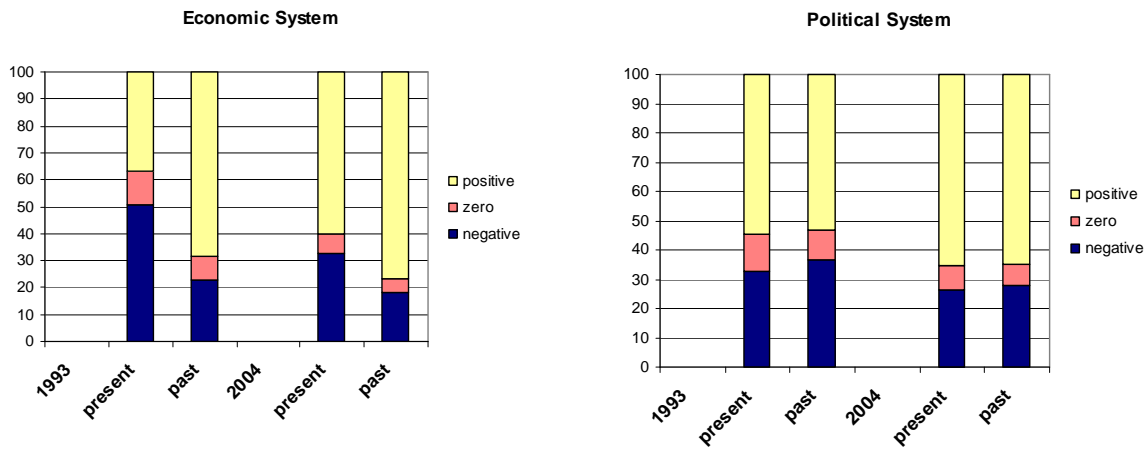
Finally, exploring the potential explanations for the lower support attitudes in the CIS countries, we find evidence for the importance of trust in political institutions, perceptions of corruption, preferences for greater role of the state in the economy, and, especially, preferences for state ownership. There is also evidence that macro-economic and political institutions matter, as the quality of political institutions, measured by the Governance indicators, contributes greatly to explaining the lower support for the economic reforms in the CIS. In particular, while political stability, regulatory quality and the rule of law affect positively the support for the economic changes, it is the rule of law that has the largest positive impact on the support for the political reforms.

References

- Aghion, P. and Blanchard, O.-J. (1994). On the Speed of Transition in Central Europe. NBER Macroeconomics Annual: 283-319.
- Alesina, A. and Fuchs-Schuendeln, N. (2007). Good Bye Lenin (Or Not?). The Effect of Communism on People's Preferences. American Economic Review 97: 1507-28.
- Bertrand, M. and Mullainathan, S. (2001). Do People Mean What They Say? Implications for Subjective Survey Data. American Economic Review 91 (2): 67-72.
- Blanchard, O.-J. (1997). Clarendon Lectures: The Economics of Transition in Eastern Europe. Oxford University Press, Oxford.
- Boeri, T. (2000). Structural Change, Welfare Systems and Labor Reallocation. Oxford: Oxford University Press.
- Boeri, T. and K. Terrell (2002). Institutional Determinants of Labor Reallocation in Transition. Journal of Economic Perspectives 16 (1): 51-76.
- Brainerd, E. (1998). Winners and Losers in Russia's Economic Transition. American Economic Review 88 (5): 1094-1116.
- Campos N. and F. Coricelli (2002) "Growth in Transition: What We Know, What We Don't, and What We Should" , Journal of Economic Literature, XL, September, pp.793-836.
- Denisova, I., Eller, M., Frye, T. and Zhuravskaya, E. (2009). Who Wants to Revise Privatization and Why? The Complementarity of Market Skills and Institutions. American Political Science Review, 103 : 284-304.
- Easterlin, R.A. (2009). Lost in Transition: Life Satisfaction on the Road to Capitalism. Journal of Economic Behavior and Organization 71 (2): 130-45.
- EBRD (2007a). Transition Report: People in Transition. European Bank for Reconstruction and Development, London, UK.
- EBRD (2007b). Life in Transition. European Bank for Reconstruction and Development, London, UK. (<http://www.ebrd.com/pubs/econo/lit.htm>)
- Fernandez, R. and Rodrik, D. (1991). Resistance to Reform. Status Quo Bias in the Presence of Individual-Specific Uncertainty. American Economic Review 81: 1146-55.
- Fidrmuc, J. (1999). Unemployment and the Dynamics of Political Support for Economic Reforms. Journal of Policy Reform 3: 139-59
- Fidrmuc, J. (2000). Political Support for Reforms: Economics of Voting in Transition Countries. European Economic Review 44: 1491-1513.
- Guriev, S. and Zhuravskaya, E. (2009). (Un)Happiness in Transition. Journal of Economic Perspectives, 23(2): 143-168.
- Hayo, B. (2004). Public Support for Creating a Market Economy in Eastern Europe. Journal of Comparative Economics 32: 720-44.
- Kahanec, M. and Zaiceva, A. (2009). Labor Market Outcomes of Immigrants and Non-Citizens in the EU: An East-West Comparison. International Journal of Manpower, 30 (1+2): 97-115.
- Kim, B-Y. and Pirttilä, J. (2006). Political Constraints and Economic Reform: Empirical Evidence from the Post-Communist Transition in the 1900s. Journal of Comparative Economics 34: 446-66.

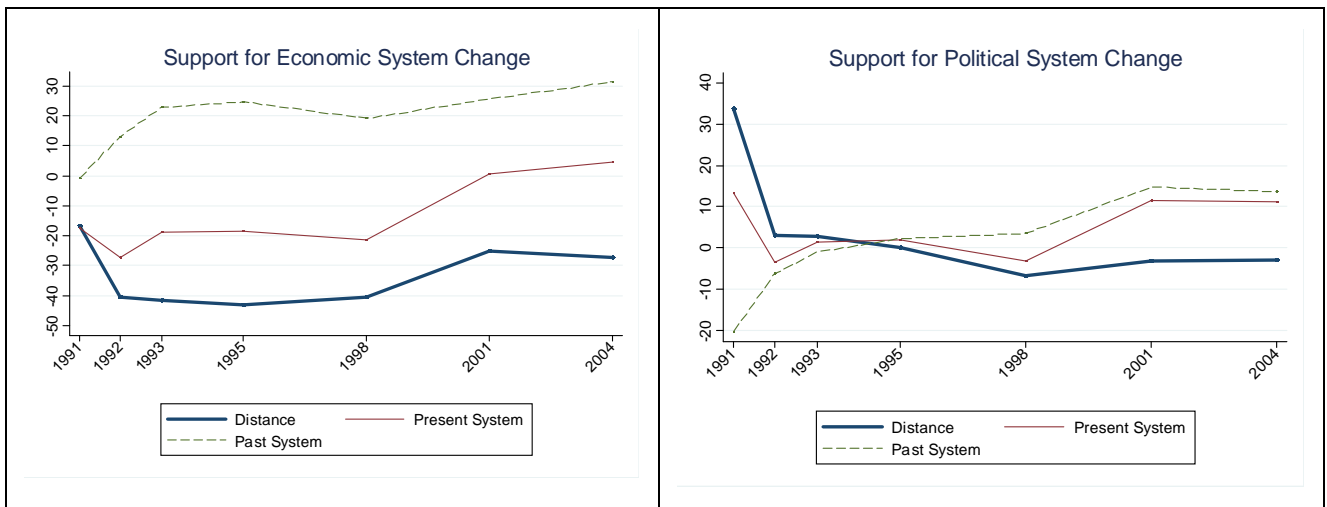
- Landier, A., Thesmar, D. and Thoenig, M. (2008). Investigating Capitalism Aversion. *Economic Policy*, July: 465-97.
- Lazar, O., Mishler, W., and Rose, R. (2007.) What is the Effect of Globalization on Support for Market Economies in Post-Communist Europe? University of Aberdeen, Centre for the Study of Public Policy, Studies in Public Policy No. 421.
- Linz, S.J. and A. Semykina (2008). How Do Workers Fare During Transition? Perceptions of Job Insecurity Among Russian Workers, 1995-2004. *Labour Economics* 15: 442-58.
- Mayda. A.M. (2006). Who Is Against Immigration? A Cross-Country Investigation of Individual Attitudes toward Immigrants . *Review of Economics and Statistics* 88 (3): 510-30.
- McMillan, J - Havrylyshyn, O. (2004) Reform: What Pace Works. *Finance and Development*, September, 34-41.
- Milanovic, B; and Ersado, L. (2008). Reform and Inequality during the Transition: An Analysis Using Panel Household Survey Data, 1990-2005. World Bank Policy Research Working Papers no. 4780.
- Mishler, W. and Rose, R. (2000a). Political Support for Incomplete Democracies: Realist vs. Idealist Theories and Measures. University of Aberdeen, Centre for the Study of Public Policy, Studies in Public Policy No. 333.
- Mishler, W. and Rose, R. (2000b). Regime Support in Non-Democratic and Democratic Contexts. University of Aberdeen, Centre for the Study of Public Policy, Studies in Public Policy No. 336.
- Mishler, W. and Rose, R. (2002). Learning and Re-Learning Regime Support: The Dynamics of Post-Communist Regimes. *European Journal of Political Research* 41: 5-36.
- Mishler, W. and Rose, R. (2008). A Two-Way Street in Popular Support for New Regimes: The Political Economy of Post-Communist Transitions. University of Aberdeen, Centre for the Study of Public Policy, Studies in Public Policy No. 441.
- Murphy, K., Schleifer, A. and Vishny, R. (1992). The Transition to a Market Economy: Pitfall of Partial Reform. *Quarterly Journal of Economics* 107(3) (August): 889-906.
- Rodrik, D. (1995) The Dynamics of Political Support for Reforms in Economies in Transition. *Journal of Japanese and International Economics* 9: 403-25.
- Roland, G. (2002) The Political Economy of Transition. *Journal of Economic Perspectives*, 16(1): 29-50.
- Rose, R. (2007). Learning to Support New Regimes in Europe. University of Aberdeen, Centre for the Study of Public Policy, Studies in Public Policy No. 424.
- Rovelli, R. and Zaiceva, S. (2009) Transition fatigue? Cross-country evidence from micro data. IZA Discussion Paper No. 4224.
- Scheve, K. F. and Slaughter, M. J. (2001). Labor Market Competition and Individual Preferences ver Immigration Policy. *Review of Economics and Statistics*, 83:133—45.
- Svejnar, J. (2002). Transition Economies: Performance and Challenges. *Journal of Economic Perspectives* 16 (1): 3-28.
- Terrell, K. (1999). Worker Mobility and Transition to a Market Economy: Winners and Losers, in: *New Markets, New Opportunities? Economic and Social Mobility in a Changing World*. Nancy Birdsall and Carol Graham (eds.), Washington DC, Brookings Institution, Ch. 7.

Figure 1: Evaluations of the economic and political systems in 1993 and 2004



Source: Authors' tabulations from the New Barometers data. Sample includes all individuals.

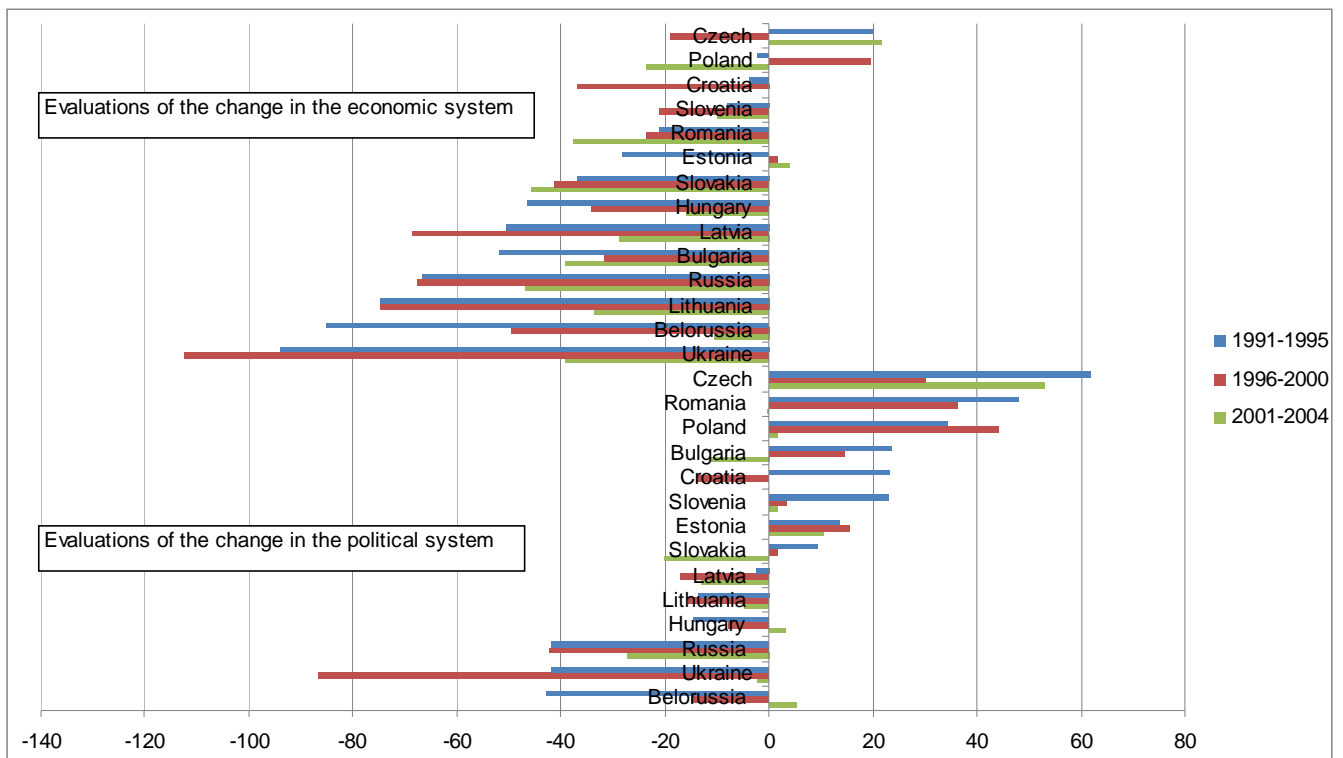
Figure 2: Dynamics of Support, 1991-2004



Source: Authors' tabulations from the New Barometers data. See text and Appendix for definition of distance.

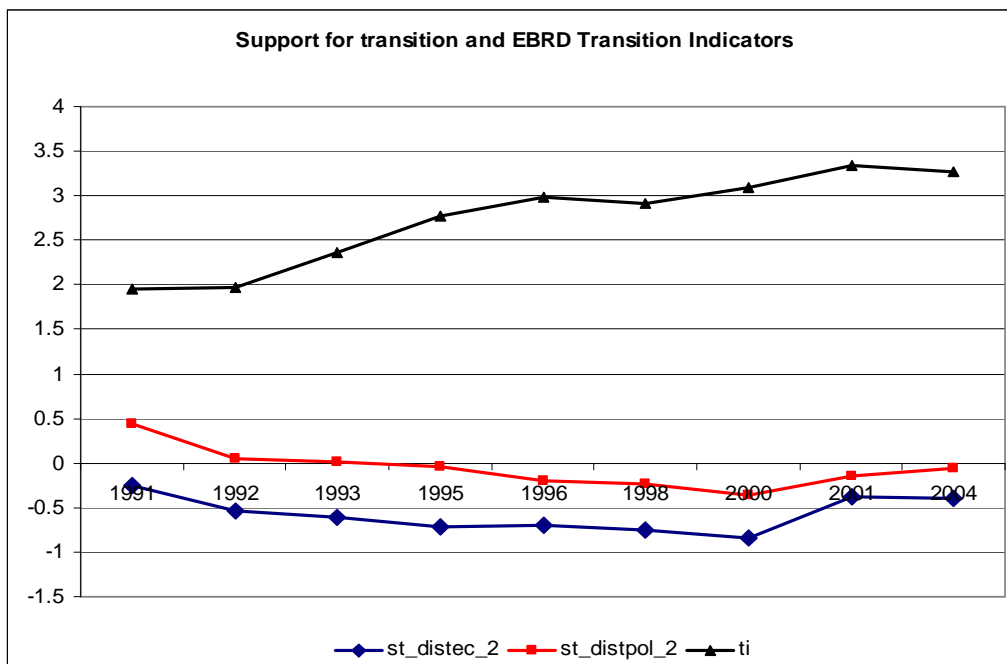
Notes: 1996 and 2000 are excluded, since only Russia and the Baltics are available for these years. Sample includes all individuals.

Figure 3: Support for change in the economic and political systems, by country



Source: Authors' tabulations from the New Barometers data. Notes: Final sample used in the regressions. In 2001 for Slovakia info on marital status is missing, thus sample excludes marital status variable; in 1993 age for Romania is missing, thus sample excludes age variable; in 1995 and in 2001 for Romania marital status is missing, thus sample excludes marital status variable; in 1992 city size variable is missing for Slovenia, thus sample excludes city size variable; in 2001 for Slovenia info on marital status is missing, thus sample excludes marital status variable.

Figure 4:



Source: Authors' tabulations from the New Barometers data and EBRD Transition Report (2007). Notes: "ti" stands for the average of EBRD indicators of the progress in transition for countries in the sample in the respective years.

Table 1: Determinants of individual evaluations of reforms

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Economic system | | | | Political system | | | |
| | 1991- 2004 | 1991- 2004 | 1991- 1998 | 2000- 2004 | 1991- 2004 | 1991- 2004 | 1991-1998 | 2000- 2004 |
| Female | -0.124** (0.047) | -0.129** (0.047) | -0.140** (0.059) | -0.109** (0.037) | -0.090** (0.032) | -0.090** (0.031) | -0.091** (0.037) | -0.086*** (0.027) |
| Young_cohort | 0.091*** (0.019) | 0.080*** (0.023) | 0.063** (0.028) | 0.107*** (0.028) | 0.077*** (0.017) | 0.066*** (0.018) | 0.045 (0.027) | 0.097*** (0.031) |
| Age 30-39 | -0.046** (0.016) | -0.042** (0.017) | -0.052*** (0.016) | -0.037 (0.033) | -0.038** (0.013) | -0.034** (0.014) | -0.060*** (0.016) | 0.011 (0.036) |
| Age 40-49 | -0.144*** (0.024) | -0.151*** (0.024) | -0.160*** (0.024) | -0.127** (0.047) | -0.120*** (0.017) | -0.128*** (0.018) | -0.137*** (0.020) | -0.095** (0.038) |
| Age 50-59 | -0.169*** (0.026) | -0.168*** (0.025) | -0.173*** (0.027) | -0.168*** (0.034) | -0.145*** (0.029) | -0.143*** (0.029) | -0.149*** (0.033) | -0.130*** (0.037) |
| Age>60 | -0.106* (0.049) | -0.111** (0.048) | -0.108** (0.044) | -0.155** (0.067) | -0.115** (0.054) | -0.112** (0.051) | -0.120** (0.055) | -0.113* (0.063) |
| Secondary / vocational | 0.088*** (0.029) | 0.063** (0.028) | 0.055* (0.029) | 0.104** (0.042) | 0.133*** (0.027) | 0.117*** (0.025) | 0.123*** (0.024) | 0.118** (0.045) |
| University | 0.289*** (0.026) | 0.255*** (0.028) | 0.232*** (0.035) | 0.325*** (0.036) | 0.335*** (0.029) | 0.313*** (0.023) | 0.314*** (0.028) | 0.321*** (0.038) |
| Single | 0.074*** (0.022) | 0.083*** (0.018) | 0.055** (0.025) | 0.125*** (0.025) | 0.053*** (0.017) | 0.056*** (0.016) | 0.030 (0.023) | 0.113*** (0.019) |
| Divorced / widowed | 0.026 (0.018) | 0.036** (0.014) | 0.041** (0.018) | 0.017 (0.022) | 0.017 (0.022) | 0.016 (0.018) | 0.004 (0.020) | 0.044 (0.034) |
| City | 0.096* (0.046) | 0.105** (0.045) | 0.136*** (0.040) | 0.019 (0.056) | 0.085 (0.050) | 0.093* (0.047) | 0.111** (0.043) | 0.030 (0.056) |
| Big town | -0.006 (0.024) | 0.006 (0.023) | 0.016 (0.028) | -0.017 (0.027) | -0.019 (0.032) | -0.000 (0.030) | 0.006 (0.035) | -0.031 (0.040) |
| Unemployed | -0.149*** (0.034) | -0.138*** (0.028) | -0.140*** (0.039) | -0.155*** (0.032) | -0.112*** (0.025) | -0.099*** (0.023) | -0.113*** (0.030) | -0.096*** (0.028) |
| Pensioner | -0.054* (0.031) | -0.048 (0.029) | -0.078** (0.033) | 0.020 (0.031) | -0.014 (0.025) | -0.016 (0.023) | -0.017 (0.024) | -0.006 (0.043) |
| Student / housewife | 0.075*** (0.015) | 0.083*** (0.015) | 0.098*** (0.019) | 0.046* (0.022) | 0.067*** (0.020) | 0.074*** (0.020) | 0.072** (0.030) | 0.066*** (0.020) |
| 2 nd hh. income quartile | 0.043* (0.021) | 0.054*** (0.012) | 0.028* (0.015) | 0.122*** (0.020) | 0.057** (0.020) | 0.070*** (0.011) | 0.046** (0.017) | 0.127*** (0.037) |
| 3 rd hh. income quartile | 0.135*** (0.025) | 0.153*** (0.016) | 0.133*** (0.018) | 0.204*** (0.029) | 0.151*** (0.021) | 0.165*** (0.013) | 0.155*** (0.020) | 0.212*** (0.039) |
| 4 th hh. income quartile | 0.319*** (0.039) | 0.346*** (0.032) | 0.291*** (0.030) | 0.454*** (0.044) | 0.284*** (0.032) | 0.302*** (0.025) | 0.251*** (0.026) | 0.425*** (0.050) |
| Czech Republic | 0.522*** (0.015) | | 0.508*** (0.023) | 0.531*** (0.010) | 0.569*** (0.025) | | 0.560*** (0.031) | 0.554*** (0.013) |
| Slovakia | -0.256*** (0.012) | | -0.289*** (0.015) | -0.146*** (0.008) | -0.081*** (0.015) | | -0.091*** (0.019) | -0.082*** (0.008) |
| Hungary | -0.387*** (0.014) | | -0.490*** (0.019) | -0.035 (0.062) | -0.310*** (0.016) | | -0.407*** (0.024) | -0.014 (0.055) |
| Poland | 0.119*** (0.012) | | 0.180*** (0.020) | 0.029 (0.059) | 0.159*** (0.017) | | 0.207*** (0.026) | 0.059 (0.054) |
| Estonia | -0.033 (0.035) | | -0.222*** (0.057) | 0.382*** (0.079) | -0.061* (0.032) | | -0.135*** (0.044) | 0.124* (0.063) |
| Lithuania | -0.677*** (0.034) | | -0.932*** (0.058) | -0.213** (0.076) | -0.300*** (0.033) | | -0.454*** (0.044) | -0.022 (0.054) |
| Latvia | -0.530*** (0.035) | | -0.693*** (0.057) | -0.154* (0.074) | -0.323*** (0.033) | | -0.403*** (0.045) | -0.121** (0.055) |
| Bulgaria | -0.370*** (0.009) | | -0.417*** (0.009) | -0.148** (0.053) | -0.069*** (0.014) | | -0.007 (0.010) | -0.083* (0.044) |
| Romania | -0.101*** (0.031) | | -0.068 (0.041) | -0.126*** (0.013) | 0.340*** (0.026) | | 0.411*** (0.034) | 0.114*** (0.011) |
| Croatia | 0.220*** (0.036) | | 0.132*** (0.043) | | 0.266*** (0.036) | | 0.204*** (0.046) | |

| | | | | | | | | |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Russia | -0.688*** (0.027) | | -0.752*** (0.035) | -0.438*** (0.075) | -0.675*** (0.021) | | -0.788*** (0.028) | -0.411*** (0.053) |
| Ukraine | -1.052*** (0.019) | | -1.375*** (0.023) | -0.300*** (0.016) | -0.623*** (0.024) | | -0.901*** (0.026) | 0.006 (0.016) |
| Belarus | -0.749*** (0.023) | | -1.000*** (0.029) | 0.098*** (0.024) | -0.530*** (0.026) | | -0.712*** (0.033) | 0.095*** (0.021) |
| 1991 | -0.163 (0.134) | | -0.006 (0.101) | | 0.219 (0.142) | | 0.210 (0.124) | |
| 1992 | -0.366*** (0.115) | | -0.157* (0.086) | | -0.043 (0.108) | | 0.022 (0.126) | |
| 1993 | -0.288** (0.125) | | -0.010 (0.120) | | 0.046 (0.108) | | 0.139 (0.114) | |
| 1995 | -0.345** (0.152) | | -0.076 (0.115) | | 0.025 (0.134) | | 0.115 (0.117) | |
| 1996 | -0.213 (0.144) | | 0.079 (0.120) | | 0.040 (0.096) | | 0.165 (0.102) | |
| 1998 | -0.248 (0.148) | | | | -0.086 (0.156) | | | |
| 2000 | -0.316** (0.129) | | | -0.357** (0.130) | -0.087 (0.087) | | | -0.144** (0.055) |
| 2001 | 0.041 (0.105) | | | 0.061 (0.102) | -0.001 (0.090) | | | 0.015 (0.088) |
| Constant | -0.093 (0.135) | -0.392*** (0.054) | -0.208** (0.095) | -0.492*** (0.059) | 0.006 (0.120) | -0.195*** (0.044) | 0.001 (0.095) | -0.275*** (0.066) |
| Country*year dummies | No | Yes | No | No | No | Yes | No | No |
| Observations | 72012 | 72012 | 49376 | 22636 | 70532 | 70532 | 48375 | 22157 |
| R-squared | 0.19 | 0.23 | 0.22 | 0.16 | 0.17 | 0.20 | 0.20 | 0.12 |

Notes: Estimation method: OLS. Standard errors clustered by country are reported in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. Dependent variable is the standardized distance between the rankings of present and past economic or political systems. Reference individual is male, age 20-29, cohort between 18 and 55 years old in 1990, less than secondary school education, married, living in rural or small town, employed, with household income in the 1st quartile. Reference country and year: Slovenia, 2004. In columns (3) and (7) reference year is 1998, in columns (4) and (8) reference year is 2004.

Table 2. Determinants of adherence to a group, 1991-2004

| | (1) | (2) | (3) | (4) | (5) | (6) |
|----------------------------|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | Economic system | | | Political system | | |
| | Positive | Pro-market | Nostalgic | Compliant | Democrat | Reactionary |
| Female | -0.015 (0.012) | -0.022*** (0.007) | 0.053*** (0.020) | 0.007 (0.005) | -0.035*** (0.009) | 0.030** (0.013) |
| Young_cohort | 0.015 (0.012) | 0.016** (0.007) | -0.041*** (0.012) | 0.010 (0.012) | 0.019** (0.008) | -0.037*** (0.009) |
| Age 30-39 | -0.003 (0.006) | -0.012** (0.006) | 0.014* (0.008) | 0.005 (0.008) | -0.014* (0.007) | 0.013** (0.006) |
| Age 40-49 | -0.013 (0.009) | -0.030*** (0.005) | 0.063*** (0.008) | 0.013 (0.012) | -0.039*** (0.009) | 0.056*** (0.009) |
| Age 50-59 | -0.002 (0.008) | -0.034*** (0.006) | 0.061*** (0.012) | 0.019* (0.011) | -0.045*** (0.010) | 0.065*** (0.014) |
| Age>60 | 0.001 (0.014) | -0.019* (0.011) | 0.038 (0.023) | 0.008 (0.013) | -0.032* (0.017) | 0.057*** (0.021) |
| Secondary / vocational | 0.003 (0.006) | 0.019*** (0.007) | -0.031*** (0.012) | -0.002 (0.007) | 0.042*** (0.010) | -0.042*** (0.008) |
| University | -0.001 (0.010) | 0.066*** (0.008) | -0.111*** (0.013) | -0.026*** (0.007) | 0.114*** (0.011) | -0.104*** (0.009) |
| Single | -0.002 (0.007) | 0.011* (0.006) | -0.029*** (0.007) | -0.013* (0.007) | 0.017** (0.009) | -0.018*** (0.007) |
| Divorced / widowed | -0.003 (0.004) | 0.003 (0.004) | -0.008 (0.006) | -0.012** (0.006) | 0.001 (0.007) | -0.000 (0.008) |
| City | -0.011 (0.010) | 0.025** (0.011) | -0.051*** (0.016) | -0.024* (0.014) | 0.026 (0.020) | -0.031* (0.016) |
| Big town | 0.002 (0.007) | 0.004 (0.005) | -0.010 (0.009) | -0.005 (0.008) | -0.001 (0.012) | -0.001 (0.012) |
| Unemployed | -0.006 (0.007) | -0.028*** (0.005) | 0.048*** (0.011) | 0.002 (0.008) | -0.039*** (0.007) | 0.045*** (0.010) |
| Pensioner | 0.009 (0.010) | -0.017** (0.007) | 0.021* (0.012) | 0.015 (0.010) | -0.010 (0.010) | 0.003 (0.010) |
| Student / housewife | 0.011 (0.008) | 0.014** (0.006) | -0.038*** (0.007) | -0.016** (0.007) | 0.035*** (0.009) | -0.019* (0.011) |
| 2nd hh. income quartile | 0.015*** (0.004) | 0.010*** (0.004) | -0.033*** (0.006) | 0.005 (0.004) | 0.021*** (0.005) | -0.024*** (0.003) |
| 3rd hh. income quartile | 0.030*** (0.005) | 0.029*** (0.003) | -0.069*** (0.008) | -0.001 (0.004) | 0.052*** (0.004) | -0.055*** (0.005) |
| 4th hh. income quartile | 0.045*** (0.006) | 0.078*** (0.0010) | -0.152*** (0.012) | -0.013* (0.007) | 0.106*** (0.009) | -0.103*** (0.008) |
| Observations | 17389 | 9779 | 31271 | 17323 | 18684 | 19674 |
| Observations | | 72012 | | | 70532 | |
| Pseudo R- squared | | 0.12 | | | 0.09 | |

Notes: Marginal effects from multinomial logit. Standard errors clustered by country are reported in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. Additional regressors include interactions between country and year dummies. Baseline groups are negative and skeptic, for economic and political outcomes, respectively.

Table 3. The impact of additional variables on individual evaluations of the system change

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) |
|--------------|--|----------------------|--|-----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|---------------------|---------------------|
| | Nr. weeks hardship | Doing without | Ref. fast + Ref. slow | Parliament suspend | Leader | Corruption | Equal income | Ex- communist | Trust parties | Trust Parliament | Trust president | Trust people |
| | Dependent variable: Support for change in the economic system | | | | | | | | | | | |
| | -0.003*** (0.001) | -0.061*** (0.006) | -0.496*** (0.050) -0.280*** (0.047) | -0.301*** (0.036) | -0.287*** (0.024) | -0.313*** (0.032) | -0.218*** (0.025) | -0.210*** (0.027) | 0.081*** (0.016) | 0.084*** (0.014) | 0.082*** (0.013) | 0.023* (0.011) |
| Observations | 27834 | 33608 | 14392 | 60607 | 59298 | 16040 | 37363 | 18271 | 53698 | 54279 | 51135 | 25092 |
| R-squared | 0.27 | 0.28 | 0.31 | 0.24 | 0.25 | 0.15 | 0.24 | 0.33 | 0.24 | 0.24 | 0.25 | 0.19 |
| | Dependent variable: Support for change in the political system | | | | | | | | | | | |
| | -0.003*** (0.001) | -0.049*** (0.006) | -0.443*** (0.037) -0.168*** (0.045) | -0.383*** (0.060) | -0.376*** (0.023) | -0.333*** (0.036) | -0.288*** (0.024) | -0.251*** (0.034) | 0.093*** (0.019) | 0.095*** (0.018) | 0.102*** (0.018) | 0.032*** (0.010) |
| Observations | 27219 | 33011 | 14131 | 59771 | 58238 | 15730 | 36543 | 18147 | 52854 | 53390 | 50274 | 24741 |
| R-squared | 0.22 | 0.24 | 0.24 | 0.22 | 0.21 | 0.12 | 0.20 | 0.27 | 0.20 | 0.21 | 0.21 | 0.16 |

Notes: Estimation method: OLS. Standard errors clustered by country are in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. For variables definitions, see text and Data Appendix. Additional controls include country and year dummies interactions.

Table 4. The role of individual preferences in explaining lower evaluation of the economic reforms in CIS

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | trustpart | trustpart | trustparl | trustparl | trustpres | trustpres | equalinc | equalinc | stateresp | stateresp | stateprop | stateprop | securejob | securejob |
| Belarus | -0.822*** (0.019) | -0.818*** (0.019) | -0.827*** (0.019) | -0.839*** (0.017) | -0.831*** (0.020) | -0.815*** (0.019) | -0.606*** (0.024) | -0.623*** (0.023) | -0.613*** (0.024) | -0.609*** (0.024) | -0.621*** (0.023) | -0.521*** (0.019) | -0.551*** (0.009) | -0.582*** (0.010) |
| Ukraine | -1.095*** (0.013) | -1.076*** (0.014) | -1.095*** (0.013) | -1.046*** (0.016) | -1.104*** (0.013) | -1.016*** (0.020) | -1.004*** (0.019) | -1.007*** (0.019) | -1.007*** (0.018) | -0.986*** (0.018) | -1.019*** (0.017) | -0.910*** (0.024) | -0.788*** (0.032) | -0.806*** (0.032) |
| Russia | -0.697*** (0.047) | -0.646*** (0.049) | -0.708*** (0.046) | -0.628*** (0.048) | -0.709*** (0.047) | -0.620*** (0.053) | -0.549*** (0.088) | -0.532*** (0.091) | -0.554*** (0.088) | -0.560*** (0.082) | -0.574*** (0.089) | -0.451*** (0.091) | -0.546*** (0.080) | -0.592*** (0.082) |
| trustpart | | 0.092*** (0.018) | | | | | | | | | | | | |
| trustparl | | | | 0.100*** (0.015) | | | | | | | | | | |
| trustpres | | | | | | 0.086*** (0.011) | | | | | | | | |
| equalinc | | | | | | | | -0.228*** (0.027) | | | | | | |
| stateresp | | | | | | | | | | -0.306*** (0.027) | | | | |
| stateprop | | | | | | | | | | | | -0.384*** (0.030) | | |
| Secjob | | | | | | | | | | | | | | -0.193*** (0.033) |
| Constant | -0.094 (0.138) | -0.347** (0.136) | -0.085 (0.137) | -0.415*** (0.123) | -0.072 (0.138) | -0.497*** (0.141) | -0.197 (0.157) | -0.092 (0.152) | -0.199 (0.155) | -0.023 (0.143) | -0.198 (0.158) | -0.042 (0.143) | -0.200 (0.128) | -0.071 (0.124) |
| Observations | 53698 | 53698 | 54279 | 54279 | 51135 | 51135 | 37363 | 37363 | 37261 | 37261 | 36164 | 36164 | 26921 | 26921 |
| R-squared | 0.19 | 0.21 | 0.19 | 0.21 | 0.19 | 0.21 | 0.19 | 0.19 | 0.19 | 0.20 | 0.19 | 0.21 | 0.16 | 0.16 |

Notes: Estimation method: OLS. Standard errors clustered by country are in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. Additional controls include individual characteristics as in Table 1, country fixed effects and year dummies.

Table 5. The role of individual preferences in explaining lower evaluation of the political reforms in CIS

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) | (10) | (11) | (12) | (13) | (14) |
|--------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| | trustpart | trustpart | trustparl | trustparl | trustpres | trustpres | equalinc | equalinc | stateresp | stateresp | stateprop | stateprop | securejob | securejob |
| Belarus | -0.586*** (0.020) | -0.581*** (0.019) | -0.592*** (0.020) | -0.604*** (0.017) | -0.595*** (0.021) | -0.573*** (0.019) | -0.403*** (0.025) | -0.423*** (0.024) | -0.409*** (0.025) | -0.408*** (0.025) | -0.415*** (0.024) | -0.297*** (0.022) | -0.416*** (0.008) | -0.449*** (0.010) |
| Ukraine | -0.715*** (0.011) | -0.695*** (0.013) | -0.715*** (0.012) | -0.660*** (0.017) | -0.717*** (0.012) | -0.606*** (0.020) | -0.586*** (0.024) | -0.589*** (0.026) | -0.593*** (0.024) | -0.576*** (0.024) | -0.613*** (0.023) | -0.487*** (0.028) | -0.391*** (0.028) | -0.408*** (0.028) |
| Russia | -0.653*** (0.032) | -0.596*** (0.032) | -0.663*** (0.032) | -0.574*** (0.032) | -0.662*** (0.032) | -0.550*** (0.038) | -0.624*** (0.089) | -0.602*** (0.091) | -0.632*** (0.090) | -0.638*** (0.087) | -0.642*** (0.089) | -0.495*** (0.093) | -0.609*** (0.058) | -0.655*** (0.062) |
| trustpart | | 0.102*** (0.020) | | | | | | | | | | | | |
| trustparl | | | | 0.109*** (0.019) | | | | | | | | | | |
| trustpres | | | | | | 0.107*** (0.016) | | | | | | | | |
| equalinc | | | | | | | | -0.285*** (0.024) | | | | | | |
| stateresp | | | | | | | | | | | -0.266*** (0.034) | | | |
| stateprop | | | | | | | | | | | | -0.456*** (0.031) | | |
| Secjob | | | | | | | | | | | | | | -0.202*** (0.033) |
| Constant | 0.001 (0.121) | -0.277** (0.125) | 0.010 (0.121) | -0.350*** (0.109) | 0.034 (0.119) | -0.502*** (0.127) | -0.051 (0.156) | 0.079 (0.153) | -0.049 (0.156) | 0.107 (0.146) | -0.055 (0.154) | 0.131 (0.141) | -0.073 (0.105) | 0.062 (0.110) |
| Observations | 52854 | 52854 | 53390 | 53390 | 50274 | 50274 | 36543 | 36543 | 36433 | 36433 | 35442 | 35442 | 26207 | 26207 |
| R-squared | 0.16 | 0.18 | 0.16 | 0.18 | 0.15 | 0.19 | 0.15 | 0.16 | 0.15 | 0.16 | 0.15 | 0.19 | 0.12 | 0.13 |

Notes: Estimation method: OLS. Standard errors clustered by country are in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. Additional controls include individual characteristics as in Table 1, country fixed effects and year dummies.

Table 6: The role of macroeconomic and institutional determinants in explaining lower evaluation of the economic reforms in CIS

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----------------|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|
| Belarus | -0.749*** (0.023) | -1.519** (0.519) | -1.347** (0.481) | -3.064** (1.024) | -3.196*** (0.877) | -3.146* (1.565) | 0.197 (1.368) |
| Ukraine | -1.052*** (0.019) | -1.412*** (0.460) | -1.288*** (0.421) | -2.351** (0.778) | -2.059** (0.729) | -2.600** (1.146) | 0.137 (1.125) |
| Russia | -0.688*** (0.027) | -1.086** (0.362) | -1.024*** (0.333) | -1.984*** (0.635) | -1.377* (0.669) | -2.133** (0.926) | 1.399 (1.089) |
| Unempl. Rate | | -0.013 (0.007) | -0.017** (0.006) | -0.040** (0.017) | -0.044*** (0.014) | -0.047 (0.030) | 0.005 (0.019) |
| GDP p.c. | | -0.001 (0.039) | -0.003 (0.035) | -0.071 (0.056) | -0.077 (0.052) | -0.109 (0.084) | -0.138* (0.071) |
| Inflation | | -0.000 (0.000) | -0.000 (0.000) | 0.000 (0.000) | 0.000 (0.000) | -0.001 (0.000) | -0.002** (0.001) |
| Democracy | | -0.092*** (0.019) | -0.096*** (0.021) | -0.157*** (0.050) | -0.151*** (0.048) | -0.136 (0.077) | -0.111** (0.045) |
| Tr. Indic.(t-1) | | | 0.185* (0.099) | | | | |
| Gini | | | | | -3.785*** (0.994) | | |
| Gov. Indic. | | | | | | | |
| Voice | | | | | | | -0.014** (0.006) |
| Pol. Stab. | | | | | | | 0.038*** (0.007) |
| Gov. effect. | | | | | | | -0.010 (0.007) |
| Regul. qual. | | | | | | | 0.012* (0.006) |
| Rule of law | | | | | | | 0.032*** (0.007) |
| Control corr. | | | | | | | -0.000 (0.008) |
| Constant | -0.093 (0.135) | 0.991 (0.874) | 0.445 (0.836) | 3.008* (1.541) | 4.088*** (1.150) | 3.529 (2.192) | -1.304 (1.901) |
| Observations | 72012 | 72012 | 72012 | 48967 | 48967 | 40420 | 40420 |
| R-squared | 0.19 | 0.20 | 0.20 | 0.19 | 0.20 | 0.21 | 0.23 |

Notes: Estimation method: OLS. Standard errors clustered by country are in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. For definitions of macro and institutional variables, see text and Data Appendix. Additional controls include individual characteristics as in Table 1 and year dummies.

Table 7: The role of macroeconomic and institutional determinants in explaining lower evaluation of the political reforms in CIS

| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
|-----------------|----------------------|----------------------|----------------------|---------------------|----------------------|-------------------|---------------------|
| Belarus | -0.530*** (0.026) | -0.962* (0.483) | -0.937* (0.457) | -1.697 (1.175) | -1.799 (1.044) | -2.119 (2.066) | -1.063 (1.336) |
| Ukraine | -0.623*** (0.024) | -0.678 (0.453) | -0.660 (0.437) | -1.149 (0.895) | -0.960 (0.848) | -1.755 (1.453) | -0.991 (1.099) |
| Russia | -0.675*** (0.021) | -0.851** (0.337) | -0.842** (0.327) | -1.267 (0.715) | -0.864 (0.731) | -1.639 (1.173) | -0.063 (0.973) |
| Unempl. Rate | | -0.011 (0.008) | -0.011 (0.008) | -0.027* (0.015) | -0.030** (0.013) | -0.040 (0.029) | -0.017 (0.026) |
| GDP p.c. | | 0.018 (0.037) | 0.018 (0.037) | -0.016 (0.065) | -0.020 (0.060) | -0.084 (0.101) | -0.176* (0.082) |
| Inflation | | -0.000* (0.000) | -0.000* (0.000) | -0.000** (0.000) | -0.000 (0.000) | -0.001 (0.001) | -0.001** (0.001) |
| Democracy | | -0.080*** (0.024) | -0.081*** (0.026) | -0.118* (0.056) | -0.114** (0.051) | -0.085 (0.103) | -0.083 (0.049) |
| Tr. Indic.(t-1) | | | 0.027 (0.106) | | | | |
| Gini | | | | | -2.570*** (0.773) | | |
| Gov. Indic. | | | | | | | |
| Voice | | | | | | | -0.016** (0.006) |
| Pol. Stab. | | | | | | | 0.021** (0.007) |
| Gov. Effect. | | | | | | | -0.005 (0.007) |
| Regul. Qual. | | | | | | | 0.004 (0.005) |
| Rule of law | | | | | | | 0.045*** (0.009) |
| Control corr. | | | | | | | -0.012 (0.007) |
| Constant | -0.006 (0.120) | 0.590 (0.847) | 0.510 (0.793) | 1.602 (1.777) | 2.353 (1.453) | 2.652 (2.838) | 1.218 (1.968) |
| Observations | 70532 | 70532 | 70532 | 48165 | 48165 | 39666 | 39666 |
| R-squared | 0.17 | 0.17 | 0.17 | 0.18 | 0.18 | 0.16 | 0.17 |

Notes: Estimation method: OLS. Standard errors clustered by country are in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. For definitions of macro and institutional variables, see text and Data Appendix. Additional controls include individual characteristics as in Table 1 and year dummies.

Table 8: Robustness checks

| | (1) | (2) | (3) | (4) | (5) |
|--------------|-----------------------|-----------------------|------------------------|-----------------------|--------------------------------|
| | Dependent variable: | | | | |
| | Distance_Econ, OLS | Distance_Pol, OLS | Higher_Econ, Probit | Higher_Pol, Probit | Return to communism, Probit |
| female | -9.003** (3.395) | -7.367** (2.584) | -0.042*** (0.013) | -0.050*** (0.013) | 0.019*** (0.007) |
| young_cohort | 7.292*** (1.336) | 6.109*** (1.297) | 0.035*** (0.008) | 0.041*** (0.011) | -0.010 (0.008) |
| age3039 | -3.403** (1.192) | -3.085** (1.057) | -0.017* (0.009) | -0.007 (0.007) | 0.017 (0.011) |
| age4049 | -10.509*** (1.761) | -9.574*** (1.327) | -0.053*** (0.010) | -0.049*** (0.010) | 0.069*** (0.011) |
| age5059 | -12.416*** (1.798) | -11.756*** (2.180) | -0.070*** (0.012) | -0.060*** (0.013) | 0.081*** (0.018) |
| age60m | -7.977** (3.388) | -9.565** (4.097) | -0.043** (0.021) | -0.043* (0.024) | 0.079*** (0.024) |
| secvocat | 6.722** (2.473) | 10.916*** (2.497) | 0.036*** (0.011) | 0.065*** (0.015) | -0.078*** (0.010) |
| uni | 21.154*** (2.082) | 26.859*** (2.534) | 0.125*** (0.013) | 0.166*** (0.014) | -0.127*** (0.007) |
| single | 4.966*** (1.643) | 3.847** (1.469) | 0.028*** (0.011) | 0.041*** (0.011) | -0.013 (0.010) |
| divwid | 2.255* (1.217) | 1.856 (1.728) | 0.002 (0.004) | 0.010 (0.010) | 0.008 (0.009) |
| city1 | 7.870** (3.516) | 7.386* (4.096) | 0.039** (0.019) | 0.031 (0.027) | -0.038*** (0.015) |
| bigt1 | -0.054 (1.845) | -1.446 (2.540) | 0.002 (0.011) | -0.014 (0.017) | 0.000 (0.009) |
| unemployed | -11.420*** (2.435) | -9.170*** (2.053) | -0.053*** (0.012) | -0.059*** (0.013) | 0.043*** (0.010) |
| pens | -4.075* (2.261) | -1.257 (2.052) | -0.026** (0.013) | -0.018 (0.013) | 0.027*** (0.010) |
| hwstudent | 5.125*** (1.131) | 5.475*** (1.454) | 0.030*** (0.008) | 0.034*** (0.010) | -0.003 (0.008) |
| hhincq2 | 3.616** (1.411) | 4.732** (1.590) | 0.020*** (0.006) | 0.024** (0.010) | -0.026** (0.011) |
| hhincq3 | 10.363*** (1.769) | 12.247*** (1.643) | 0.046*** (0.008) | 0.067*** (0.012) | -0.060*** (0.013) |
| hhincq4 | 23.994*** (2.796) | 23.199*** (2.603) | 0.118*** (0.017) | 0.125*** (0.016) | -0.099*** (0.015) |
| cz | 36.912*** (1.183) | 48.007*** (1.839) | 0.258*** (0.006) | 0.269*** (0.008) | -0.053*** (0.005) |
| sk | -21.011*** (0.854) | -4.491*** (1.131) | -0.064*** (0.003) | 0.010 (0.006) | 0.095*** (0.005) |
| hu | -24.958*** (1.113) | -21.749*** (1.263) | -0.103*** (0.004) | -0.098*** (0.007) | 0.032*** (0.006) |
| pl | 4.998*** (1.078) | 12.827*** (1.354) | 0.078*** (0.006) | 0.085*** (0.008) | 0.035*** (0.006) |
| ee | -2.403 (2.621) | -2.133 (2.314) | 0.033** (0.015) | 0.008 (0.014) | -0.078*** (0.007) |
| lt | -48.400*** (2.543) | -21.990*** (2.417) | -0.159*** (0.008) | -0.105*** (0.013) | -0.057*** (0.008) |
| lv | -36.907*** (2.610) | -22.350*** (2.409) | -0.131*** (0.009) | -0.125*** (0.013) | -0.096*** (0.006) |
| bu | -36.318*** (0.649) | -1.789 (1.140) | -0.101*** (0.004) | -0.023*** (0.007) | 0.120*** (0.006) |
| ro | -10.190*** (2.261) | 28.225*** (2.064) | -0.033*** (0.011) | 0.142*** (0.011) | 0.000 (0.012) |
| cr | 12.733*** | 18.710*** | 0.060*** | 0.067*** | -0.056*** |

| | | | | | |
|--------------|------------|------------|-----------|-----------|----------|
| | (2.476) | (2.894) | (0.015) | (0.013) | (0.009) |
| ru | -49.763*** | -49.841*** | -0.182*** | -0.260*** | 0.256*** |
| | (2.184) | (1.553) | (0.008) | (0.008) | (0.012) |
| ua | -67.781*** | -49.141*** | -0.200*** | -0.215*** | 0.235*** |
| | (1.330) | (1.815) | (0.003) | (0.008) | (0.006) |
| by | -47.614*** | -40.117*** | -0.152*** | -0.171*** | 0.244*** |
| | (1.659) | (1.871) | (0.004) | (0.011) | (0.009) |
| yr91 | -7.585 | 16.783 | -0.065* | 0.096 | |
| | (9.395) | (12.188) | (0.037) | (0.060) | |
| yr92 | -22.513*** | -2.674 | -0.109*** | -0.022 | |
| | (6.859) | (9.048) | (0.025) | (0.044) | |
| yr93 | -19.093** | 2.890 | -0.095*** | 0.005 | -0.038* |
| | (7.821) | (8.731) | (0.032) | (0.046) | (0.020) |
| yr95 | -24.157** | -0.013 | -0.092** | -0.002 | -0.009 |
| | (10.586) | (10.873) | (0.040) | (0.056) | (0.035) |
| yr96 | -17.959* | 1.145 | -0.076* | -0.016 | -0.016 |
| | (9.210) | (7.822) | (0.039) | (0.042) | (0.019) |
| yr98 | -18.150* | -6.444 | -0.084*** | -0.042 | 0.025 |
| | (10.088) | (13.020) | (0.032) | (0.060) | (0.034) |
| yr00 | -26.082** | -8.820 | -0.088** | -0.051 | 0.011 |
| | (9.986) | (7.309) | (0.037) | (0.038) | (0.031) |
| yr01 | 0.813 | -0.764 | 0.014 | -0.010 | 0.020 |
| | (8.133) | (7.643) | (0.037) | (0.039) | (0.026) |
| Constant | -7.396 | -2.619 | | | |
| | (9.297) | (10.120) | | | |
| Observations | 72012 | 70532 | 72012 | 70532 | 54553 |
| R-squared | 0.18 | 0.16 | | | |

Notes: Standard errors clustered by country are reported in parentheses. * significant at 10 percent; ** significant at 5 percent; *** significant at 1 percent. Reference individual is male, age 20-29, cohort between 18 and 55 years old in 1990, less than secondary school education, married, living in rural or small town, employed, with household income in the 1st quartile. Reference country and year: Slovenia, 2004.

RECent Working Papers Series

The 10 most RECent releases are:

- No. 59 INDIVIDUAL SUPPORT FOR ECONOMIC AND POLITICAL CHANGES: EVIDENCE FROM TRANSITION COUNTRIES, 1991-2004 (2011)
R. Rovelli and A. Zaiceva
- No. 58 TRANSNATIONAL SOCIAL CAPITAL AND FDI. EVIDENCE FROM ITALIAN ASSOCIATIONS WORLDWIDE (2011)
M. Murat, B. Pistoresi and A. Rinaldi
- No. 57 DYNAMIC ADVERSE SELECTION AND THE SIZE OF THE INFORMED SIDE OF THE MARKET (2011)
E. Bilancini and L. Boncinelli
- No. 56 CARDINALITY VERSUS Q -NORM CONSTRAINTS FOR INDEX TRACKING (2011)
B. Fastrich, S. Paterlini and P. Winker
- No. 55 THE ATTRACTIVENESS OF COUNTRIES FOR FDI. A FUZZY APPROACH (2010)
M. Murat and T. Pirotti
- No. 54 IMMIGRANTS, SCHOOLING AND BACKGROUND. CROSS-COUNTRY EVIDENCE FROM PISA 2006 (2010)
M. Murat, D. Ferrari, P. Frederic and G. Pirani
- No. 53 AGRICULTURAL INSTITUTIONS, INDUSTRIALIZATION AND GROWTH: THE CASE OF NEW ZEALAND AND URUGUAY IN 1870-1940 (2010)
J. Álvarez, E. Bilancini, S. D'Alessandro and G. Porcile
- No. 52 ON THE RATIONALIZABILITY OF OBSERVED CONSUMERS' CHOICES WHEN PREFERENCES DEPEND ON BUDGET SETS AND (POTENTIALLY) ON ANYTHING ELSE (2010)
E. Bilancini
- No. 51 SLAVERY, EDUCATION, AND INEQUALITY (2010)
G. Bertocchi and A. Dimico
- No. 50 A DYNAMIC POLITICO-ECONOMIC MODEL OF INTERGENERATIONAL CONTRACTS (2010)
F. Lancia and A. Russo

The full list of available working papers, together with their electronic versions, can be found on the RECent website: <http://www.recent.unimore.it/workingpapers.asp>