

# SYSTEM TRANSFORMATION IN CENTRAL AND EASTERN EUROPE, ECONOMIC DEVELOPMENT AND SUBJECTIVE WELL-BEING

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One of the vital questions connected with the system transformation in Poland and other former Soviet Bloc countries is whether the overthrow of the communist system was caused by the poor state of their economies or rather people's struggle for their civil rights. However, the "either/or nature" of this question is disturbed by another possibility: it might have been a relatively *good* state of the economy which made the overthrow possible. Moreover, there is no doubt that the introduction of free market and democracy resulted in many positive changes in people's lives: from the increase in life expectancy and subjective well-being to the growth of civil liberty. Yet, economic development and (more broadly) modernity also produce extensively described negative effects which, at certain point, seem to "neutralise" their positive ones. Poland and other Central and Eastern European countries seem to follow this path.

Keywords: system transformation, capitalism, economic growth, happiness, traditional and secular/rational values, material and post-material values, subjective well-being.

doi:10.3846/limes.2010.14

## Introduction

Before the system transformation of the late 1980s and early 1990s in Eastern and Central Europe, it had seemed certain that the only thing that communism had brought about was "doom and gloom". The early days under the rule of democracy and the "finally free" market were full of promise and made people hope for a better future. However, the reality proved, to say at least, a bit less promising.

In the official discourse, it is still underlined that what Poles and people in other Central- and Eastern-European countries fought for was freedom of speech and thought as well as democracy. However, it appears that what most of them actually did struggle for was rather the freedom to consume. At that point, there was a common belief that the goods that people in Western Europe had access to could make us fully happy. Or, in other words, the lack of products was what made most people dissatisfied with the quality of life. One can still remember those trips to "magical places" such as Germany, where you could eat a hamburger in a McDonald's restaurant or buy a few packets of bubble gum for your children. A recent survey by Centre for Public

Opinion Research (CPOR) has shown that the majority of Poles consider “full shelves” to be the biggest achievement of the transformation of 1989 (Centrum... 2010).

Almost 20 years after the transformation, however, it seems to be clear that though the free market and democracy have made people happier in many respects, they also have caused a lot of suffering. Why do people feel unhappy and happy nowadays? Why does it appear that, contrary to the official public discourse, economic growth is not able to sustain or increase the level of well-being among people? How do old lifestyles merge with the new ones from the West and how does it affect the quality of life?

The article is based on the statistical data from the following sources: *World Values Survey 2010*, *Diagnoza Społeczna 2000*, *Diagnoza Społeczna 2007* and *Diagnoza Społeczna 2009* (Poland), *International Monetary Fund* and other sources cited in the referenced books and articles.

## 1.

All the things that happened throughout Central and Eastern Europe on the verge of 1980s and 1990s seem to have had one thing in common. They brought about the feeling of freedom and hope for a better future. The citizens of countries such as Lithuania, Poland or (former) Czechoslovakia could see bright days ahead of them. The most important words seemed to be democracy, liberty, but also: free market. And indeed, though it is often said that it was people’s struggle for democracy, freedom of speech, etc. which gave rise to the overthrow of the communist system, it makes one wonder whether the economy was not the focal factor. Of course, democracy is a much broader concept than, for example, liberal market economy, but it is hard to imagine that most of the citizens of the countries in the communist bloc were actually more interested in democratic virtues than just in the opportunity to “lead a normal life”. One might ask, what it meant to them. What was it about the West that fascinated them so much? Was it the freedom of speech, or rather, the possibility of buying food and petrol on a daily basis? This article is not aiming at answering those kinds of questions, however, as it would probably be very difficult to do it in such a short form. Nevertheless, maybe we should at least take a closer look at the possibility that it was rather economic background which made the overthrow possible, not the other way round.

Some authors suggest that there is no correlation between the state of the economy, i.e. GDP *per capita*, and the political shift from autocracy towards democracy. For instance, Adam Przeworski and Fernando Limongi claim that according to their research of regime shifts between 1950s and 1990s, there is no evidence that economic growth encourages a shift from the former towards the latter (Przeworski, Limongi 1997: 160). What they suggest is that economic growth is merely likely to help sustain democratic rule. That is in agreement with Seymour Martin Lipset’s claim that “the more well-to-do a nation, the better the chance that it sustains democracy” (Welzel, Inglehart 2005: 81). So is it democracy which provides conditions in which economy thrives, or the free market which causes the autocratic systems to collapse? The kind

of statistics Przeworski and Limongi are referring to suggest that the former is the case. Especially if one takes into consideration the fact that in the twilight of their existence, communist state economies were in quite poor condition.

But indeed, there is a vast array of data which suggests the latter possibility as well. For instance, Christian Welzel and Ronald Inglehart say that the figures gathered by Przeworski and Limongi may *not* necessarily prove that there is no correlation between economic growth and the shift towards democracy (Welzel, Inglehart 2005: 82). Przeworski and Limongi examined how often the nations classified as “autocratic” had shifted towards democracy. However, as Welzel and Inglehart claim, the problem with this is that poor countries are generally unstable, which means they are far more likely to overthrow *any kind* of political regime on a general basis, irrespective of whether they are democratic or autocratic. According to their analysis, if one takes into consideration not only the frequency of changes *both* away from and towards democracy, but economic growth as well, then the data reveal dramatically different patterns: “In countries with *per capita* incomes below \$1000, changes toward democracy emerge only one-tenth as often as changes toward autocracy. But in countries with *per capita* incomes above \$7000, changes toward democracy emerge 28 times as often as changes into autocracy. Each \$1000 unit increase in *per capita* income roughly doubles the proportion of changes toward democracy [...] economic development does contribute to the emergence of democracy and it does so dramatically. Economic development acts on the regime selection process, introducing a strong bias in favour of democracy” (Welzel, Inglehart 2005: 83–84). Based on this sort of evidence, concluding that the growth of economy was the major factor behind the regime shifts in Central- and Eastern Europe in the late 1980s and early 1990s would be a very tempting thing to do: if a shift toward democracy takes place, it is far more probable that it does so because the economy of a particular country is in good condition.

However, one can think of at least one issue which does not make it as straightforward as it seems to be. First of all, there is still a strong argument behind the fact that, indeed, communist economies had been struggling a lot before being overthrown. Understandably, this makes one wonder whether the *poor* state of the economy might have been the original cause here. Let us not forget about the fact that a large group of Soviet Bloc citizens did have an opportunity to see what life looked like in the West, if not in person, then through the members of their family or friends. And the first and most memorable things they had encountered were probably not the freedom of speech or *trias politica*, but rather cars in the streets or full supermarket shelves, which mean that people in countries such as Poland could have felt economically deprived. If we agree that this was the case, then it seems obvious that economic *crisis* was something which led to the eagerly anticipated changes. Nevertheless, it is absolutely essential to realize that the *relative* poverty here is much more important than the absolute one. The citizens of the Soviet Bloc countries *felt* poor, but in comparison to other countries throughout the world, the situation was not even close to dramatic. For instance, as of 2009 the GDP *per capita* of Gambia is \$1430 which forces its inhabitants to deal with undoubtedly more adverse conditions (International Monetary

Fund 2010). This means that it cannot have been objective poverty which led to the shift towards democracy. The citizens of the Soviet Bloc states, while not quite well-off, in most cases, were *not* on the verge of struggle for survival. In the late 1980s, people were not starving or fighting to make ends meet on a daily basis, which is hardly the case when one takes a look into statistics now: as of 2009, 41.2% people in Poland claim everyday life used to be easier before 1989, while only 27.2% say it is easier now (Diagnoza... 2009: 233). Moreover, the gap between the rich and the poor is as wide as ever: the wealthiest families earn on average as much as 1591 PLN (net) *per capita* in a family while the poverty stricken merely 653 PLN (Diagnoza... 2009: 43). The gap, at almost 250%, is wider than in 2000 when it was around 200% (Diagnoza... 2000: 18). Hence, in many cases, numerous groups tend to experience more financial difficulties and anxiety today than they used to in the past.

As a result, it would be difficult to prove that in the late 1980s ordinary people in Central and Eastern Europe were so eager to abolish the system because of the *objectively* difficult economical situation they found themselves in. On the contrary, the hard statistical fact is that while in 1950 GDP *per capita* in Poland was around \$2400, by the end of the 1980s it was more than twice as high, which, according to Welzel and Inglehart, makes the transition towards democracy *six times more* probable. At the same time, this result was much better than that of many other countries throughout the world. So, in absolute terms, Poland was not in the most difficult economic situation possible. The same is true about countries such as (former) Czechoslovakia. For instance, as of 1990, the GDP *per capita* of the Czech Republic was \$8895 and it was not much smaller in Slovakia either – \$7762<sup>1</sup> (Maddison 2006: 165). However, that is not to say that financial aspects were not important. They did matter, but in *relative* terms. As noted earlier, the curtain between the East and West could have been made of iron, but only in a metaphorical sense. It was impossible for Czechs or Slovaks not to see that life in neighbouring Austria, with its GDP *per capita* of \$16,881, was indeed different (Maddison 2006: 165). Naturally, what could be observed gave only a superficial picture of life under capitalism. But still, it must have looked as if life in Austria, with all the cars and highways, colour TVs and a wide variety of products available, was incomparably fuller and more enjoyable.

To sum up, if the economic situation indeed had been a major force behind the process of the shift towards democracy in Central and Eastern Europe it was not because it was so severe, but rather it was *perceived* as such by the citizens of the Soviet Bloc countries. Moreover, this does not stand in opposition to the fact that, in *objective* terms, the condition of those economies was not dramatically serious and *precisely* because of this, the shift was even more likely. That is, if we agree with Welzel and Inglehart that countries with a GDP *per capita* of about \$7000 dollars are 28 times more likely to change from autocracy towards democracy than those with a GDP *per capita* of \$1000.

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<sup>1</sup> Unfortunately, I have not been able to find the data from 1989, but it can be assumed that it was not much lower because in 1973 it was already \$7041 for Czechoslovakia (Maddison 2006: 165).

Yet, all that being said, one cannot assume a direct link between wealth and democracy, poverty and autocracy. In many cases, it appears that it is democracy that provides the conditions for a thriving economy. As Welzel and Inglehart put it: “Getting rich does not automatically make a country democratic – if it did, the oil exporting countries would be model democracies. Instead, we argue that the impact of economic development on democracy works primarily through its tendency to give rise to cultural changes that place increasing emphasis on human emancipation and self-expression” (Welzel, Inglehart 2005: 84). Accordingly, it is not *merely* money which causes countries to turn away from authoritarian regimes, but rather, the emergence of certain values that make *masses* strive for democracy. A strong contra-argument in this case could be that if it had not been for such international events as the end of the Cold War, nor the elites of the opposition in the countries under Soviet rule, the overthrow would have been impossible. The authors are well aware of this: “The choices of elites and international events [...] are also unquestionably important: though a number of East European countries had already developed the mass-level preconditions for democratization by the 1980s, these mass preferences could have little impact as long as the threat of intervention by the Red Army was present. But as soon as that threat was withdrawn, societal factors that had seemed to be irrelevant up to that point, such as mass values, suddenly became crucial elements in deciding whether democracy would emerge” (Welzel, Inglehart 2005: 84). Therefore, taking into consideration everything that has been said so far, it was neither the low standards of living nor the abundance of things as such which led to the decline of the Soviet Bloc and the emergence of a number of democratic countries throughout Eastern and Central Europe. It was not just poverty, nor merely affluence but rather something that could be described as one of “the effects of modernity” or, as Anthony Giddens calls them, “the consequences of modernity” (see Giddens 1990). One of its effects is the fact that people tend to focus increasingly on self-expression and emancipation. However, this is only possible if we provide them with the conditions for that. And those conditions are provided mainly by the process of industrialization and the project of modernity.

Modernity itself is an extremely vast subject and one cannot attempt to cover it in such a short form. However, things such as the introduction of public education, the development of medicine, increasing interest in issues such as hygiene and public health must have had an impact on people’s longevity. For us, however, the main focus is the economic background. Although, undoubtedly, the project of modernity was closely associated with the beginnings of capitalism, it was also connected with industrialization which could be implemented by the Soviet regime without the need of free market. The communist establishment became really involved in the idea though they were not fond of capitalism. Hundreds of thousands people were either made to work or willingly did so in heavy industry. The process of industrialization, which may not have been as astonishingly successful when deprived of free market, still brought about crucial changes to people’s lives for it did cause economic growth throughout the countries under the Soviet rule. As Inglehart puts it: “as economic development takes place, human life expectancy rises. In the poorest countries of the world, even

today the average life expectancy is forty years or less. In the richest societies, such as Japan or Switzerland, it approaches eighty years. But this relationship is curvilinear. We find a steep rise in life expectancy as income rises from the subsistence level to several thousand dollars per year; but when we reach the ranks of the advanced industrial societies, there is very little increase. Life expectancy in Germany is no higher than it is in Ireland, even though the average German income is twice as high. This suggests that industrialization and economic growth have a tremendous payoff in terms of human survival, but beyond a certain point they bring diminishing returns” (Inglehart 2000: 215–216). This happens *irrespective* of whether a given country is capitalist or socialist partly because of other components of modernity (in which both kinds of regimes were involved). These include the development of medicine (e.g. the discovery of antibiotics), extensive public healthcare (e.g. mass vaccinations) or public education (putting an increasing stress on personal hygiene which helped prevent a lot of diseases from spreading). Industrialization brings about changes which affect the lives of masses even if they are made to live in socialist economies and under less liberal regimes for it “brings tremendous payoff in terms of human survival” only up to the point of several thousand dollars. When this level is surpassed, the economic growth brings “increasingly diminishing returns”. This threshold had been passed by all the Soviet Bloc countries long before the late 1980s. The case of Poland illustrates it plainly: while in 1950 (GDP *per capita* of \$2447) the average life expectancy was lower than 60 years (58.8), in 1990 it reached almost 70 years (68.6) (Główny Urząd Statystyczny 2010). At that time, the GDP *per capita* was \$5115 (Maddison 2006). A twofold growth of income caused a steep increase of 10 years in the longevity of the population. In the next 19 years, GDP *per capita* rose *threefold*: up to an all-time high of \$17.989 (International Monetary Fund 2010). At the same time the average life expectancy rose to 75.54 years (Główny Urząd Statystyczny 2010). As we can see, while a twofold increase of income in the beginnings of industrialization brought about an increase of ten years longer life, a threefold rise caused “diminishing returns” of fewer than 7 years. And Poland is now approaching the point when average life expectancy becomes less and less associated with the increase in wealth of a given society. Yet, this is only one of “the effects of modernity” though the next one is its outcome. The unprecedented rise of life expectancy and the growth of safety of survival brought about another, even more important, phenomenon: a major shift in people’s attitudes and the predominant values they represent.

As Inglehart and Wayne E. Baker observe: “[...] economic development has systematic and, to some extent, predictable cultural and political consequences. These consequences are not iron laws of history; they are probabilistic trends. Nevertheless, the probability is high that certain changes will occur, once a society has embarked on industrialization” (Inglehart, Baker 2000: 20). This claim is based on the quantitative research carried out across the globe since 1981: The World Values Survey. So far 65 countries representing 75% of the world’s population have been closely examined by the researchers. There have been five waves of the survey: 1981, 1990, 1995, 2000 and 2005. A vast body of evidence gathered so far suggests that there are certain trends

connected with industrialization. Although they are subject to some degree of change; especially dependent on the socio-cultural background, they can be described as more or less universal: “industrialization leads to occupational specialization, rising educational levels, rising income levels, and eventually brings unforeseen changes – changes in gender roles, attitudes toward authority and sexual norms, declining fertility rates, broader political participation, and less easily led publics. Determined elites in control of the state and the military can resist these changes, but in the long run, it becomes increasingly costly to do so and the probability of change rises” (Inglehart, Baker 2000: 21). This sounds like the story of the socialist system being overthrown in a number of countries across Central and Eastern Europe. The important question here is: what is the mechanism behind these changes? Why do they happen irrespectively of where industrialization takes place? Though, as noted earlier, this process is path-dependent to some degree, it exists universally around the globe (for more, see Inglehart, Baker 2000: 42–50).

In this line, Inglehart and Baker claim that on the basis of a vast body of evidence from World Values Survey, one can distinguish two types of shifts in the pre-eminent values, which are connected with industrialization and, on a broader outline, economic development. The first one is the move away from *traditional* orientations to *secular-rational* orientations toward authority. Traditional societies tend to: have a relatively low level of tolerance for abortion, divorce or homosexuality, underline male dominance in family life and politics, put emphasis on obedience towards authority and the importance of family life and, most of them, on religion. Societies with secular rational values favour the opposite. The other dimension of changes connected with industrialization and economic growth is the shift from survival values to self-expression values. The more well-off a nation is, the more its citizens tend to emphasize self expression values at the cost of survival values. Yet, these two major shifts have their different reasons. Inglehart and Baker “[...] suggest that economic development gives rise to not just one, but two main dimensions of cross-cultural differentiation: a first dimension linked with early industrialization and the rise of the working class; a second dimension that reflects the changes linked with the affluent conditions of advanced industrial society and with the rise of the service and knowledge sectors” (Inglehart, Baker 2000: 21). In saying so, they refer to Daniel Bell’s characteristic of pre-industrial, industrial and post-industrial societies (for more, see Bell 1973, 1976). While pre-industrial life was based on “game against nature” – the struggle for survival, industrial life becomes “game against fabricated nature” – the harnessed nature is not longer a source of uncertainty, but people have to deal with things such as bureaucracy, machines, etc. As a result, the role of religion diminishes being supplanted by the materialistic and scientific visions of the world. All of these are connected with the early phases of industrialization and the rise of the working class. However, as industrialization and economic growth progress, there is yet another crucial change which leads the prevailing values in another direction: with the rise of the service class, life becomes more a “game between persons” than “against fabricated nature”. This introduces a shift from survival values toward self-expression

values. People do not spend most of the time dealing with machines but dealing with other people; the most economically important sectors are the ones based on “soft” interpersonal skills, and the most successful companies are those which know what to produce rather than just how to do it (Inglehart, Baker 2000: 22).

Post-modern or, in other words, post-materialist values prevail in post-World War II affluent societies. “During the period since World War II, advanced industrial societies have attained much higher real-income levels than ever before in history. Coupled with the emergence of the welfare state, this has brought about an historically unprecedented situation: Most of their population does not live under conditions of hunger and economic insecurity. This has led to a gradual shift in which needs for belonging, self-expression, and a participant role in society became more prominent. Prolonged periods of prosperity tend to encourage the spread of post-materialist values; economic decline tends to have the opposite effect (Inglehart 2000: 221). However, one cannot claim that there is a simple, one to one relationship between the level of income and the prevalence of post-materialist values. They have been *gradually* changing in affluent societies along with the generational trends. The older people are, the more they tend to be materialists. Yet, when we move from older groups to younger ones, the numbers of materialists decline in favour of post-materialists. Among people born after World War II, post-materialists outnumber materialists. “Societies at the early stages of the curve [of rising GDP *per capita*] tend to emphasize economic growth at any price. But as they move beyond a given threshold, they begin to emphasize quality of life concerns such as environmental protection and lifestyle issues” (Inglehart 2000: 219). Inglehart’s theory about the origins of this intergenerational change consists of two assumptions. The first one is the “scarcity hypothesis”: an individual’s priorities are the mirror of their socio-economic background. One places the greatest subjective value on the things which are in the shortest supply. The other is the “socialization hypothesis”: the rapid changes in the socio-economic background do not have a direct, one-to-one impact on an individual’s basic values for “these values reflect one’s subjective sense of security, not one’s economic level *per se*. While rich people tend to feel more secure than poor people, one’s sense of security is also influenced by the cultural setting and social welfare institutions in which one is raised” (Inglehart 2000: 221). In the early stages of our life, we are pre-wired for some kinds of preferences, which are not easily supplanted by others. Therefore, in order for materialist values to shift toward post-materialist ones, a substantial time lag is needed. This trend can also be observed in Poland: in 1992, 37.2% of people declared that money is one of the three most important things in life. In 2009, we can see a drop to 30.3%. At the same time, Polish people seem to put increasing emphasis on friends – a rise from 4.7% to 10.4% (*Diagnoza...* 2009: 196). So far, however, Poles are steadily devoted to family, which supports Inglehart’s and Baker’s claim that while the trends connected with industrialization and economic growth are universal, they are also path dependent because the socio-cultural and historical background plays a huge role. This means that in order to judge the changes in the system of values brought about by first industrialization, economic development and then the transition to democracy and the introduction of free market, we still need time.



## 2.

Nevertheless, the case of Poland fits another, probably the most important trend connected with the economic development of industrial and post-industrial societies. Economic growth has been proved to provide people with a high level of subjective well-being, which in other words can be described as “the level of happiness”. The typical questions asked in surveys to determine its level are: “How would you assess your life as a whole?”, or “Taking everything into consideration, how would you assess your life these days?”. There is already a long history of this kind of research dating back at least until the early 1980s. World Values Survey is one of the first ones that started an in-depth cross-national analysis of the issue<sup>2</sup>.

Though it would seem that subjective well-being is dependent on things such as cultural background, physical condition, social comparison or the socially constructed meaning of “good life”, it has been proved that it is most closely connected with the level of economic development, i.e. GDP *per capita* and other factors connected with modern, liberal, free-market democracies. Ruut Veenhoven observes that “if subjective well-being is a culture-specific construct, its determinants will also be culturally specific. Hence empirical studies on correlates of subjective well-being must show considerable cultural variation and hardly any universal pattern. Yet the available data show otherwise. Comparison of average subjective well-being across nations reveals a common pattern. Subjective well-being is systematically higher in nations that provide a decent standard of living, that are politically democratic and well governed, and where the cultural climate is characterized by trust and tolerance. Together these objective societal characteristics explain about 75% of the differences in subjective well-being across nations” (Veenhoven 2008: 49).

Hence, Poland meets all the requirements of being a “happy nation” and it surely is. Between 1991 and 2007, the number of people who “assess their life as a whole” as “rather good” or “good” rose from roughly 57% up to 72% (Diagnoza... 2007). These numbers are close to the results in countries such as Germany or France, which are much wealthier than Poland. 50.9% of Germans choose 8, 9 or 10 (on a 1–10 scale, where 1 means “dissatisfied with life” and 10 – the opposite) when asked: “All things considered, how satisfied are you with your life as a whole these days?”. 44.1% of French people do the same. Poland has astonishingly good results in the same survey: 47.9% (World Values Survey 2005). Although there is a lot to cheer about when we read such statistics, the general trends also tell us that working even harder, spending even more time at the office than with your family in order to be economically successful will most probably not bring the foreseen effects. Indeed, Poles will be

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<sup>2</sup> There are a lot of issues connected with the notion itself which cannot be discussed here. These include questions such as: how people assess their lives (what kind of information do they draw from when asked to judge their life); is the level of well-being something we are born pre-wired for; is it rather based on social comparison or an individual’s personality; is subjective well-being based on hedonic fulfillment (the positive balance between “goods” and “bads”, joyful and negative experiences in one’s life) or rather the feeling of fulfillment connected with the values one appreciates?

even wealthier, but they are unlikely to become much happier in their lives. That is because of the fact that “the peoples of rich societies are happier than those of poor societies. The overall correlation is very strong (0.68). But beyond a certain point, the curve levels off. As we move from low-income societies to high-income societies, there is a steep increase in subjective well-being. But the impact of rising income stops when we reach the threshold of \$10,000. Beyond that point, there is practically no relationship between income and subjective well-being. The Irish are happier than the Germans, although the Germans are twice as wealthy. And the Taiwanese are as happy as the Japanese although the Japanese are three times as wealthy” (Inglehart 2000: 218). Poland has already passed this threshold, which poses some important questions for the future. The development of post-industrial economies, while bringing about the safety of survival and diminishing the risk of sudden death or starvation, is also widely recognized to impose anxiety, uncertainty and illnesses unknown to the people of yesteryear (for more about the links between subjective well-being and the difficulties of post-modern everyday life, see Frank 2007).

At the same time getting wealthier brings diminishing returns. This is the dilemma brought about by economic growth which was first mentioned by Richard A. Easterlin in his two now-famous articles: “Does Money Buy Happiness?” (Easterlin 1973) and “Does Economic Growth Improve the Human Lot?” (Easterlin 1974). Among examples of extremely rich and not particularly happy countries one can find Japan. As Robert H. Frank says: “[it] was a very poor country in 1960. Since then, its *per capita* income has risen several-fold, and is now among the highest in the industrialised world. Yet the average happiness level reported by the Japanese is no higher now than in 1960. They have more washing machines, cars, cameras and other things than they used to, but they haven’t registered significant gains on the happiness scale” (Frank 2007: 67). Another important factor is that economic growth brings not only diminishing returns, but is also a source of new kinds of anxiety, illness and further complexities of contemporary everyday life. This subject is thoroughly described by, among others, Avner Offer in his book “The Challenge of Affluence” (Offer 2006). In the wake of democracy and free market in Poland, Lech Wałęsa fantasized about it becoming a “second Japan”. This figurative phrase perfectly struck the chord with most Poles. Now the question is: should we still want to become “the second Japan”? The answer, anyone?

## Conclusions

There are many reasons for linking the overthrow of the Soviet rule and the shift toward democracy in Central and Eastern Europe on the verge of the 1980s and 1990s with the economic development of those countries. Contrary to the popular belief, it was rather industrialization and economic growth which made the transition possible. Modernization, economic development and industrialization bring about universal changes to the sets of pre-eminent values in societies across the world. This process was involved in the overthrow of the Communist regime as well. The growth of

average life expectancy, emergence of liberal aspirations and post-material values are all brought about by economic development. It also causes people's subjective well-being to rise considerably. However, those "healing effects" of economic development cease at a certain point and countries such as Poland have already passed this threshold. This puts us in a situation similar to this of advanced Western economies, which are nowadays facing the negative effects brought about by several decades of economic growth. Therefore, while there is no "finish line" for the capitalist economy, we might be facing a question whether working even harder will bring us even more benefits of different kind. Basing on the data from other countries, this seems to be an improbable scenario. The further development of increasingly difficult life in free-market economies and its connection with people's subjective well-being demands further research.

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## SISTEMOS TRANSFORMACIJA VIDURIO IR RYTŲ EUROPOJE, EKONOMIKOS PLĖTRA IR SUBJEKTYVIOJI GEROVĖ

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Santrauka

Vienas svarbiausių klausimų, susijusių su sistemos transformacija Lenkijoje ir kitose buvusiose sovietinio bloko šalyse, yra toks – ar komunistinio režimo nuvertimas buvo sukeltas neturtingų valstybių ekonomikos, ar žmonių kovos dėl savo teisių? Kad ir kaip būtų, šio klausimo atsakymui „arba... arba“ trukdo kita galimybė: tai galėtų būti gera valstybė, kurios ekonomika sudarė palankias sąlygas nuversti minėtą režimą. Be to, nėra abejonių, kad laisvos rinkos ir demokratijos įvedimas sukėlė daug pozityvių pokyčių žmonių gyvenime – nuo didėjančių galimybių ir gerovės iki augančios pilietinės laisvės. Vis dėlto ekonomikos plėtra ir modernumas taip pat sukelia plačiai aprašytą negatyvių pasekmių, kurios tam tikrais atvejais naikina pozityviasias. Lenkija ir kitos Vidurio bei Rytų Europos šalys eina šiuo keliu.

Reikšminiai žodžiai: sistemos transformacija, kapitalizmas, ekonomikos augimas, laimė, tradicinės ir sekulariosios bei racionaliosios vertybės, materialinės ir postmaterialinės vertybės, subjektyvioji gerovė.

*Received 5 January 2010, accepted 10 June 2010*