Wound of Change: The Long-Run Consequences of Transition Unemployment in Eastern Europe*

Christoph Koenig (University of Rome Tor Vergata)

Andreas Menzel (University of Padova)

Ekaterina Travova† (CEBI, University of Copenhagen‡)

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Abstract

This paper reexamines the relationship between life satisfaction and employment shocks during the transition period in 12 former communist countries of Eastern Europe, and explores whether these shocks have broader political or social implications. By leveraging newly collected data on regional sector-specific employment to create an instrumental variable, we find a significant long-term negative impact of transition disruptions on present-day life satisfaction. Causal mediation analysis indicates that social well-being and mental health are key contributors to this effect, while the economic impact appears secondary. We observe no significant changes in political orientation, except in East Germany, where transition shocks tend to shift political views to the right. This finding aligns with broader trends of declining political participation and trust.

JEL Classification: J14, J65, N34, P26

Keywords: Unemployment, Economic Disruption, Transition, Life Satisfaction, Right-Wing, Political Orientation

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†Corresponding author, ekta@econ.ku.dk.

‡Center for Economic Behavior and Inequality (CEBI), Department of Economics, University of Copenhagen.

1 Introduction

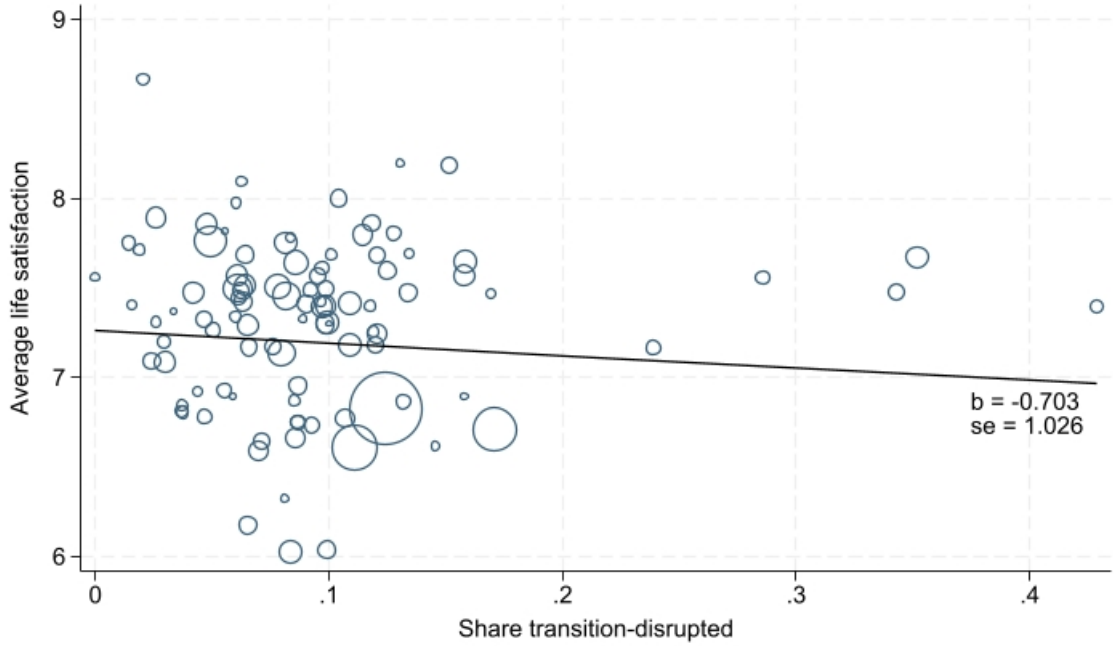
The fall of communism in Eastern Europe in the early 1990s triggered one of history's most dramatic peacetime economic transformations. As countries rapidly shifted from centrally planned to market economies, virtually all aspects of economic and social life underwent fundamental changes. Although the transition aimed to foster democratic governance and economic freedom, its economic and social costs were substantial, with many individuals facing long-term challenges related to economic security, health, and well-being (Roland 2000).

While existing literature has well-documented the negative association between transition and life satisfaction (Sanfey and Teksoz 2007, Guriev and Zhuravskaya 2009, Adserà et al. 2021), several crucial questions remain unanswered. In particular, there is limited evidence on the *causal* impact of specific transition-related risks, such as experiencing unemployment, on long-run well-being and attitudes, and the mechanisms driving these effects. This paper addresses this gap by reexamining the relationship between transition-era work displacement and current-day life satisfaction, a central measure of subjective well-being, in East Germany and 11 Eastern European countries. To understand the underlying mechanisms, we employ the causal mediation analysis recently developed by Dippel et al. (2020)

Recent scholarship has linked the transition shock to broader trends in political disenchantment and the rise of populism, drawing parallels between post-communist transitions and the globalization processes that reshaped Western Europe. Research suggests that the economic hardships of these transitions deepened social divides and created fertile ground for political elites to mobilize populist sentiment (Stanley 2017). Our study builds on this literature by examining how personal experiences of employment disruption during the transition period have shaped political attitudes, civic engagement, and general trust.

We utilize the Survey of Health and Retirement in Europe (SHARE), which enables us to reconstruct work and residence histories for more than 25,000 respondents. We define disruption as occurring when a respondent's pre-transition

Figure 1: Life satisfaction and disruption probability by the region of the country



Note: The graph presents the average life satisfaction and disruption probability by country region (with region as defined in the SHARE data). The size of each bubble is proportional to the number of respondents in a particular region.

job ended through lay-off or establishment closure during the transition period. Figure 1 documents the strong basic negative relationship between average life satisfaction and the probability of being disrupted during the transition period.

Recognizing that individual experiences of job disruption might be endogenous to unobserved characteristics, we develop a comprehensive IV-based empirical strategy following Anelli et al. (2021). Our shift-share-style instrument is based on two components. First, we collect and clean novel official statistical data to calculate average negative employment growth in each sector-region pair during the transition period. Second, we predict individuals' probabilities of working in different sectors using a multinomial logit model that incorporates gender, education, birth cohort, and pre-transition region of residence. The final instrument is the weighted average of sectoral employment shocks, with individual probabilities serving as weights.

This approach addresses potential endogeneity concerns in two crucial ways: we use employment shocks from outside an individual's region to avoid local

confounders, and we rely on predicted rather than actual sector choices to address selection issues based on unobservable characteristics. The use of pre-transition characteristics for predicting sector probabilities is particularly appropriate in our setting, as planned economies typically restricted self-selection into jobs and sectors more than market economies did. Our specifications include a rich set of fixed effects - including interactions between country, gender, birth cohort, and education - to account for potential confounders, with standard errors clustered at the region-gender-birth cohort-education level.

Our findings reveal several important patterns in the long-term impact of transition-era displacement. First, we document substantial negative effects on life satisfaction, with our IV estimates showing a reduction of 0.89 standard deviations - significantly larger than the 0.50 standard deviation gap previously documented between transition and non-transition countries.

Second, our causal mediation analysis reveals that the impact of transition unemployment on life satisfaction is predominantly driven by non-economic factors. Specifically, social well-being and mental health play a larger role in mediating the relationship between unemployment and life satisfaction than direct economic outcomes do. These findings underscore the need for policies that address mental health and social support alongside economic recovery efforts.

Regarding political attitudes, our analysis indicates no general shift toward authoritarian views across the entire sample. However, East Germany stands out as an exception, showing a significant association between transition unemployment and rightward shifts in political orientation. This suggests that the political consequences of transition unemployment may be context-dependent, influenced by regional factors such as historical legacies and social cohesion. Notably, we find that transition disruption significantly reduced participation in political and social organizations and decreased general trust across all countries studied.

Our paper contributes to three main streams of literature. First, we build on research examining the long-run effects of transition and communism on well-being

(Sanfey and Teksoz 2007, Guriev and Zhuravskaya 2009, Myck and Oczkowska 2018, Guriev and Melnikov 2018, Fuchs-Schündeln and Schündeln 2020, Otrachshenko et al. 2021, Adserà et al. 2021). This body of work has two primary limitations. Studies that compare transition and non-transition countries often struggle to establish causality, given the challenge of finding appropriate counterfactuals. On the other hand, research focused on individual countries lacks a comparative perspective, making it harder to separate the impacts of the transition from other, country-specific factors. Results in these studies are more vulnerable to unique developments in particular transition countries (Roland 2000), where job losses may have been concentrated in certain industries or among specific groups of workers. For example, Myck and Oczkowska (2018) found that unemployment during the transition era in Poland correlated with negative economic outcomes but did not significantly affect life satisfaction. In contrast, our broader analysis across multiple Eastern European countries uncovers different patterns. We advance this literature by focusing specifically on individual experiences of transition-related economic shocks across various countries and by employing a novel instrumental variable (IV) approach to strengthen causal inference. Additionally, we provide insights into the causal mechanisms underlying the negative effects of transition disruptions, contributing both to the transition-related literature and to the broader discourse on the factors driving the impact of unemployment on subjective well-being.[1] Thus, some scholars document the significant role of non-pecuniary factors such as psychological distress, social work norms, and so on (Stutzer and Lalive 2004, Shields and Price 2005, Kassenboehmer and Haisken-DeNew 2009), while others suggest that the main mechanism is actually pecuniary (Bayer and Juessen 2015, Luo 2020). Our results highlight the crucial role of non-economic channels in driving

[1]There is extensive literature on the consequences of job loss in general. Studies such as Jacobson et al. (1993), Eliason and Storrie (2006), Couch and Placzek (2010), Schmieder et al. (2018) document that employees who experience job loss often face significant long-term earnings declines. Other research highlights the lasting effects of job loss on health and mortality (Sullivan and Von Wachter 2009, Eliason and Storrie 2009, Browning and Heinesen 2012, Currie et al. 2015), marital stability (Charles and Stephens 2004), fertility (Huttunen and Kellokumpu 2016), and other aspects of life outcomes.

persistent effects.

Second, we contribute to a growing body of work on the socio-political impact of transition to market economies (Belmonte and Rochlitz 2019, Kellermann 2024, Lueders 2024). Recent research has shown that transition exposure increased support for extremist parties in East Germany, potentially contributing to current political polarization. However, evidence from other Eastern European countries remains limited, making it difficult to determine whether the East German experience represents a broader pattern or a unique case. Our analysis provides the first comprehensive examination of political effects across the entire region. We document important heterogeneities in how transition experiences shaped political attitudes, demonstrating that while East Germany shows clear shifts toward right-wing positions, other countries exhibit different patterns of political disengagement and declining institutional trust. This variation helps illuminate how institutional contexts and historical experiences might mediate the political consequences of economic disruption.

Third, we advance the broader literature on political effects of adverse economic shocks (Margalit 2019, Autor et al. 2020, Anelli et al. 2021). While previous research has focused primarily on shocks from globalization or technological change in established market economies, we provide unique evidence from a comprehensive economic transformation during a critical historical juncture. This setting allows us to examine how the timing and context of economic disruption shape its long-term political implications. The scale and suddenness of transition-era displacement, combined with the simultaneous transformation of political and social institutions, provide insights into how societies process major structural changes. Our findings on the primacy of non-economic mechanisms in driving long-term effects have important implications for designing policy responses to future economic transitions.

The rest of the paper is organized as follows. The background and data are described in Sections 2 and 3 respectively. In Section 4, we present the empirical strategy. Section 5.1 provides the results on the long-term effect of

transition disruption on life satisfaction, and Section 6 investigates the mechanisms behind these results. Section 7 discusses the effect on political attitudes and civic engagement, and Section 8 concludes.

2 Background

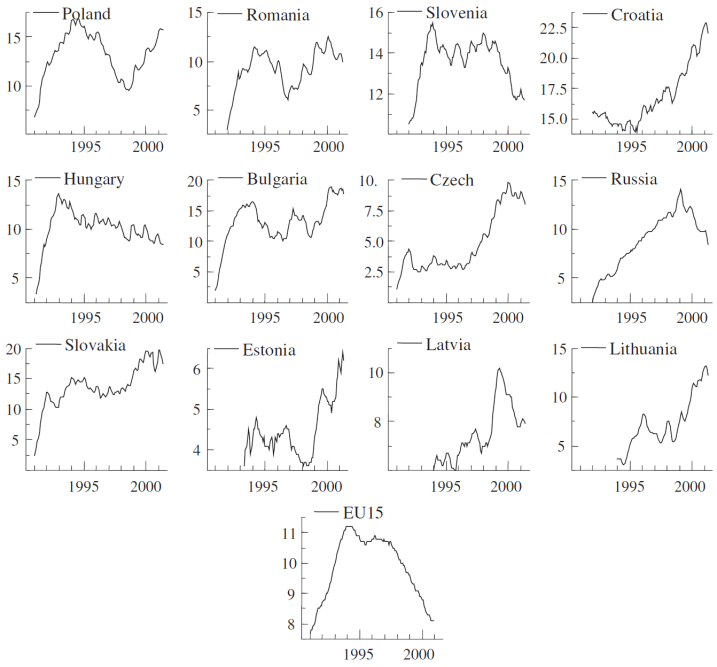
The transition in Eastern Europe was set in motion by a critical shift in Soviet policy. In mid-1989, Mikhail Gorbachev, the leader of the Soviet Union, publicly renounced the Brezhnev Doctrine. This doctrine, which had been a cornerstone of Soviet foreign policy since 1968, asserted the Soviet Union's right to intervene in any Eastern Bloc country if socialist rule was under threat. Gorbachev's rejection of this principle marked a turning point, as it ended the threat of Soviet military intervention in Eastern Europe.

This policy shift triggered a rapid political chain reaction across the region. By 1992, all communist regimes in Eastern Europe had fallen. This political upheaval set the stage for the economic transitions that followed. Each country, now free from Soviet influence, had to chart its own course towards a market economy. The speed and nature of these transitions varied widely, influenced by factors such as the strength of opposition movements, the level of economic development under communism, and the willingness of former communist elites to cede power. This rapid political transformation created both opportunities and challenges for economic reform. On one hand, it allowed for swift changes in economic policy and institutions. On the other, the sudden collapse of the old system left many countries ill-prepared for the complexities of market economics, contributing to the economic difficulties that followed.

An initial transitional recession during the first years of the transition led to a decrease of the combined GDP of Eastern European former (non-Soviet Union) communist countries by 15% (Mitra and Selowsky 2002)[2]. One decade into the

[2]The recession was even more severe in the former Soviet-Union countries, though these countries are not the focus of this study.

Figure 2: Unemployment Rates in Post-communist countries (from León-Ledesma and McAdam (2004))



recession, only two countries (Poland and Slovenia) managed to recover their total GDP from 1989. But even in these, as in all other Eastern European countries, there were fewer people working than there were in 1989, more people unemployed, higher rates of poverty, and substantial increases in economic inequality (Heyns 2005). Figure 2, taken from León-Ledesma and McAdam (2004), shows the evolution of unemployment rates in 11 Eastern European countries and Russia, plus of the EU-15 for comparison. A strong and sustained increase in unemployment is visible for all countries. Before the transition, unemployment was almost non-existent in the former planned economies, due to the political goals of ensuring full employment, as well as labor hoarding by firms to ensure that output targets could be met (Cuestas et al. 2011).

Economists were surprised by the sharp drop in output after the liberalization of the economies and the slow recovery that followed Roland 2000). The share of industry in output in the Eastern European countries fell from 45% to 33% in the first decade of transition, releasing large number of workers that struggled to find employment in the new businesses in the service sector, which's share in GDP

surpassed 50% by 1989 (Mitra and Selowsky 2002). Inequality increased in all Eastern European countries by at least five Gini-points (except Croatia, where it fell; see mitra2002transition). Generally, inequality increased more in countries who experienced a larger fall in GDP. The social repercussions of the transition were generally worsened as social systems dealing with unemployment, poverty, child care or health had to be largely established anew, as in the previous economies social security was provided through full employment and through the state enterprises in which people were employed (Roland 2000). Life expectancy and many health indicators worsened significantly during the transition, in particular for (middle-aged) men (Watson 1995), suicides increased in every transition country (Mäkinen 2000), and birth rates collapsed, only slowly starting to recover after a decade into the transition (Sobotka 2011).

3 Data

3.1 The SHARE Data

We use SHARE (Survey of Health and Retirement in Europe) data from survey waves two (2006/7) to seven (2017), and focus on East Germany and 11 Eastern European countries[3] that are members of the European Union, and thus covered by the data. SHARE is an unbalanced panel of individuals. When people leave the panel due to death or other reasons, new individuals are sampled and added. Generally, newly included individuals are at least 50 years old, though a small number of respondents (<1% of the sample) are between 40 and 50 years old because the partners of sampled individuals are also interviewed. This age structure of the survey is ideal for our research question, as it allows us to study the effects of transition shocks around and just after 1989 on current-day outcomes. For instance, a 50-year-old respondent in wave 2 of the survey in 2006 was 33 years old in 1989,

[3]Bulgaria, Croatia, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia, Slovenia.

while a 50-year-old respondent in wave 7 in 2017 was 22 years old in 1989.

In each survey wave, people are asked about life satisfaction and a number of questions about their health and socio-economic situation. Other questions, such as about political orientation on the left-right spectrum are only asked in a sub-set of survey waves, and which survey waves contain these questions can differ from country to country (Appendix A, Table A1). Furthermore, not all countries are included in all survey waves. Generally, the coverage of countries follows the expansion of the European Union over time. Thus, for example, Romania, Bulgaria, or Croatia will not be included in the first survey waves, as they joined the European Union after 2006. Furthermore, some counties skipped some survey waves. Only survey wave 7 covers all countries in our sample. Thus, for each individual, we take averages over his or her responses to our key outcome and control variables across all waves in which the individual was surveyed. However, our results are robust to using only the data collected from survey wave 7.[4] Moreover, we always control for country fixed effects, thus only compare individuals from the same country, with similarly collected data.

Apart from the standard survey waves, at some selected waves all individuals in the panel go through a longer ShareLife survey module that collects more background information about these persons. In the countries covered by our data, these modules were conducted in waves 3 and 7 (conditional on the country generally participating in the SHARE surveys by these waves). Importantly, each respondent is supposed to go only once through this ShareLife module. Thus, an individual still in the panel by wave 7, who already did the ShareLife module in wave 3 will not go through that module again in wave 7.

[4]We checked if responses by the same individual to questions such as life satisfaction or left-right orientation follow trends over time, but did not find this to be the case. First differences in these responses seem to follow a random process. We thus decided to average over all available responses by the individuals for these outcomes, in order to increase precision in measuring these variables.

3.1.1 Employment and Residence Histories

We use the information collected in the ShareLife modules to reconstruct the full work history of the respondents. The ShareLife module asks the respondents to go chronologically through every job the respondent had in their life, and reporting for each the start and end year, the sector and type of job, the reason why the job ended (resigned, laid-off, establishment closed, retired,...), the wage at the start of the job, and what the person did right after the job (starting another job, unemployed, self-employed,...).

Finally, in the same way that the ShareLife surveys collect retrospective work histories for all respondents, it also collects information allowing to reconstruct the full personal residence history of a respondent. Persons were asked where they were born, and until which year they lived there, unless they still live in the same region. If they moved to another region, they are asked from which to which year they lived in that region, and so on. This geographical information is standardized by SHARE into regions that closely resemble, but are not identical to, NUTS-3 regions. In the remainder of the paper, we simply refer to these geographical units as "regions".

3.1.2 Sample and Treatment Indicator

We define the transition year for each country in our sample based on the EBRD Transition Indicator for Price Liberalisation following Adserà et al. (2021): 1990 - Croatia, Hungary, Poland, Slovenia, East Germany; 1991 - Bulgaria, Czech Republic, Slovakia; 1992 - Latvia; 1993 - Estonia, Lithuania, Romania. Our baseline definition of a transition period is the transition year plus the following 5 years.[5] From ShareLife employment histories, we isolate the job that the person had in the year before the transition year, and its sector, and create an indicator variable of whether the person experienced a *disruption* when this job ended during the transition period. We define a disruption having occurred to a respondent if his

[5]In the robustness check section, we demonstrate that the results are robust to the minor variation in the length of transition period.

or her job held before the transition ended with a lay-off or with the establishment closing down. From ShareLife residence histories, we mark for each person the region in which he or she lived in the year before the transition, in the same way as we mark the characteristics of the job the person had in that year. Figures B1 and B2 in Appendix B show the average shares of disrupted respondents by sector and region varying from 16% in Agriculture, hunting, forestry, fishing to 4% in Health and social work and from 43% in Mecklenburg-Western Pomerania (East Germany) to 0 in Lower Sava (Slovenia).

We drop respondents who were below 15 years old in the year before the transition, to include only persons who were in the working age during the transition. Generally, we only include respondents in our sample that worked prior the transition, as only these respondents could have experienced a disruption in their work histories in the ensuing years. We also restrict our sample to people who still live in the same country as in the year before the transition.

In the final sample, 32% of respondents who experienced employment disruptions reported having a gap of six months or more before securing their next job. Additionally, 20% indicated that the disrupted position was their last paid employment, whether as an employee or self-employed. Moreover, more than 60% of these individuals characterize themselves as unemployed and actively seeking work following the employment disruption. This substantial proportion highlights the prolonged challenges faced by individuals in the aftermath of employment shocks, particularly in the context of the economic transitions in Eastern Europe.

3.1.3 Outcomes

Table A2 in Appendix A presents summary statistics for our baseline sample. One of our primary attitudinal outcomes is life satisfaction, measured on a 0-10 Likert scale, with higher values indicating greater life satisfaction. Additionally, we incorporate a needs satisfaction measure—a quality of life parameter specifically designed for individuals in early old age Hyde et al. 2003. This measure ranges from 12 to 48,

with higher scores reflecting a higher quality of life.

Left-right political orientation is measured on a similar 11-point Likert scale, with higher values indicating a more right-wing orientation. Additionally, we construct a continuous variable for extreme political views by taking the absolute value of the left-right variable after subtracting 5, and a binary indicator for respondents with extreme political views (those who choose 0 or 10). We also use several indicators of civic and community engagement (participating in a political or community-related organization, participating in religious organization activities, attending sports, social, or other clubs, doing voluntary or charity work) and a continuous variable for general trust, which ranges from 0 to 10.

The socio-economic outcomes available in the survey that we use include household income and assets, to which we apply the inverse hyperbolic sine transformation (IHST), difficulty in making ends meet, and indicators for having at least one child, ever being married, and never being divorced.

Our set of physical and mental health variables from the SHARE data includes self-perceived health status, number of chronic diseases, number of doctor visits, indicator for hospital stay(s), and indicators for ever being depressed or suicidal. We also use outcomes indicating behavioral risks (smoking, drinking, weight problem) and preferences (risk-taking and plan horizon).

3.2 Official Employment Data

We construct a novel database of NACE-level employment data for each SHARE region using official statistical publications from 1980 to 2000 for each country included in the study. One of the key challenges we face is the correspondence between pre-transition sector classifications and the NACE system. While pre-transition sectors were relatively similar across countries, mapping them to NACE categories requires careful alignment. We address this by comparing national aggregates of sectoral employment before and after the adoption of NACE, striving to match sectors as closely as possible. For example, we group Manufacturing,

Mining, and Energy sectors into a broader "Industry" category. To handle discrepancies in sector definitions during the transition to NACE, we set employment growth for the year of NACE adoption to the average growth rate from the years immediately before and after the transition.

Other challenges include the lack of regional data for the Baltic countries before the transition, where only national-level data are available. Additionally, we have to account for instances of missing or incomplete data, as well as changes in sub-national administrative units over time.

4 Empirical Strategy

Even though our baseline specification (1) includes region and gender - birth cohort - education - by - country fixed effects, it still leaves us with unobservable factors that could correlate with the pre-transition sector-region cell of a respondent and our long-term outcomes. We first note, however, that such concerns may be slightly less worrying in our context of Socialist Eastern Europe. Generally speaking, the choice of employment sector was more limited in command economies. For instance, access to higher education, and thus to a variety of jobs, was highly restricted and conditioned on acquiescence with the regime (Fuchs-Schündeln and Masella 2016). In addition, the state economy preferred to create larger firms that were easier to manage (Roland 2000). This resulted in many smaller towns having a single firm as their sole main employer which, again, restricted sectoral employment choice for many workers (Heyns 2005). Moreover, unemployment was practically non-existent before the transition, and wage fluctuations were kept to a minimum. The typical sorting of employees to sectors based on notions of job security or career possibilities under market economies was thus, at best, very limited (Roland 2000).

While the above points may alleviate endogeneity concerns somewhat, they leave some important problems unaddressed while opening up others. For instance, one cannot rule out that ambitious individuals still sorted for some reason into sectors in

which Socialist countries were on a par or even ahead of their capitalist counterparts, and in which individuals thus experienced a lower (or maybe higher) disruption probability after the transition. In addition, state control over university access meant that, conditional on ability, conformism translated into higher chances of ending up in more advanced sectors of the economy. These examples show that, even under state Socialism, one cannot rule out that people with particular personality traits selected before the transition into sectors with different probabilities of job disruptions 1989-1995 and that these traits may have also affected life satisfaction or political attitudes 20 years later.

To address these concerns, we instrument $Disrupted_{irs}$ in (1) with predicted transition exposure $Exposure_{isr}$ as defined in (2):

$$Outcome_{isr} = \widehat{Disrupted}_{isr} + \gamma_r + \mu X_i + \epsilon_{isr} \quad , \tag{1}$$

$$Exposure_{isr} = \sum_s \widehat{P(s_i = S)} \times NegEmpl_{s,-r} \quad . \tag{2}$$

In a nutshell, $Exposure_{isr}$ is the inner product of individual i's probabilities to work in a particular sector $\widehat{P(s_i = S)}$ and the country-wide sector-specific employment shocks $NegEmpl_{s,-r}$ outside of i's home region. The employment probabilities $\widehat{P(s_i = S)}$ are obtained from estimating for each country in our sample a multinomial logit model of sector choice using as inputs fixed effects for respondents' demographic group defined by education, gender and birth cohort as well as pre-transition region of residence. Employment shocks $NegEmpl_{s,-r}$ are presented by the negative values of annual employment growth in sector s of country c outside region r averaged across the transition period.

Our identification strategy follows Anelli et al. (2021), who use multinomial logit models to predict occupational sorting. While they eliminate mechanical correlation in their instrument by estimating occupational probabilities from the EU Labour Force Survey as a separate sample, historical data limitations require us

to predict sector choices using our main SHARE sample. To prevent actual sector choices from directly influencing predicted probabilities $\widehat{P(s_i = S)}$, we estimate the multinomial model separately for each worker i, excluding their own observation from the estimation sample. Furthermore, to ensure our instrument captures only the relevant variation in employment shocks rather than the direct effects of worker characteristics, we control for all variables used in the multinomial model: region indicators, education, gender and birth cohort fixed effects, as well as their interactions with each other and with country fixed effects.

5 Main Results

This section presents our key findings on how job displacement during the post-communist transition period continues to affect life satisfaction decades later. We further validate these findings using a specialized quality of life metric, which shows that transition-related job loss negatively impacts multiple dimensions of life quality, including feelings of control, autonomy, pleasure, and self-realization.

5.1 Life Satisfaction

Table 1 presents the results on our first main outcome variable, life satisfaction. To understand the size and direction of potential bias, we show simple correlation in column (4) with gradually added fixed effects in columns (5)-(7). The results suggest that without the correction for endogeneity we would significantly underestimate the effect of disruption. In columns (8) and (9), we apply the above described instrumental variable strategy with the full set of fixed effects. We set this very demanding specification as our baseline to ensure that we account for all potential confounders and our estimates can be interpreted causally.

The first stage coefficient is highly significant and has the expected sign (columns (1)-(3)). As the results show, the inclusion of demographics-by-country and region fixed effects does not significantly affect either the point estimate or its significance.

The Kleibergen-Paap F-statistic is above 100, which is sufficiently high to support the validity of the instrument.

Table 1: The effect of disruption on life satisfaction

	Disrupted			Life satisfaction					
	(1) OLS	(2) OLS	(3) OLS	(4) OLS	(5) OLS	(6) OLS	(7) OLS Z-score	(8) 2SLS	(9) 2SLS Z-score
Exposure	-0.007***	-0.007***	-0.007***						
	(0.001)	(0.001)	(0.001)						
Disrupted				-0.270***	-0.210***	-0.213***	-0.119***	-1.604***	-0.892***
				(0.040)	(0.037)	(0.037)	(0.021)	(0.375)	(0.208)
Demographics-Country FEs		✓	✓		✓	✓	✓	✓	✓
Region FEs			✓			✓	✓	✓	✓
Kleibergen-Paap F								140.307	140.307
N	25,045	25,045	25,045	25,045	25,045	25,045	25,045	25,045	25,045

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents the results of OLS (columns (4)-(7)) and 2SLS (columns (8)-(9)) analyses with the first stage coefficients in columns (1)-(3). Columns (7) and (9) contain standardized coefficients. Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

The obtained results are in line with our graphical evidence (Figure 1), and suggest that there is still significant long-lasting effect of experiencing disruption during the transition on contemporary life satisfaction.

5.2 Robustness Checks

In Table A3, Appendix A, we run our baseline specification dropping all respondents from a particular country to check whether our main result on satisfaction is not driven by that country. As columns (2)-(13) show, the estimates are highly robust: coefficients are significant at 1% level with magnitude varying between -1.247 (without Slovakia) and -2.274 (without East Germany). Table A4 in Appendix A presents the results for a similar exercise but with dropped sectors. As columns (2)-(13) suggest, our result on satisfaction is not driven by a particular sector: estimates are significant at 1% level and vary between -1.251 (without Public administration and defense) and -1.937 (without Industry).

We also conduct several additional robustness checks, with the results presented in Table A5, Appendix A. In column (2), we add other potentially relevant controls,

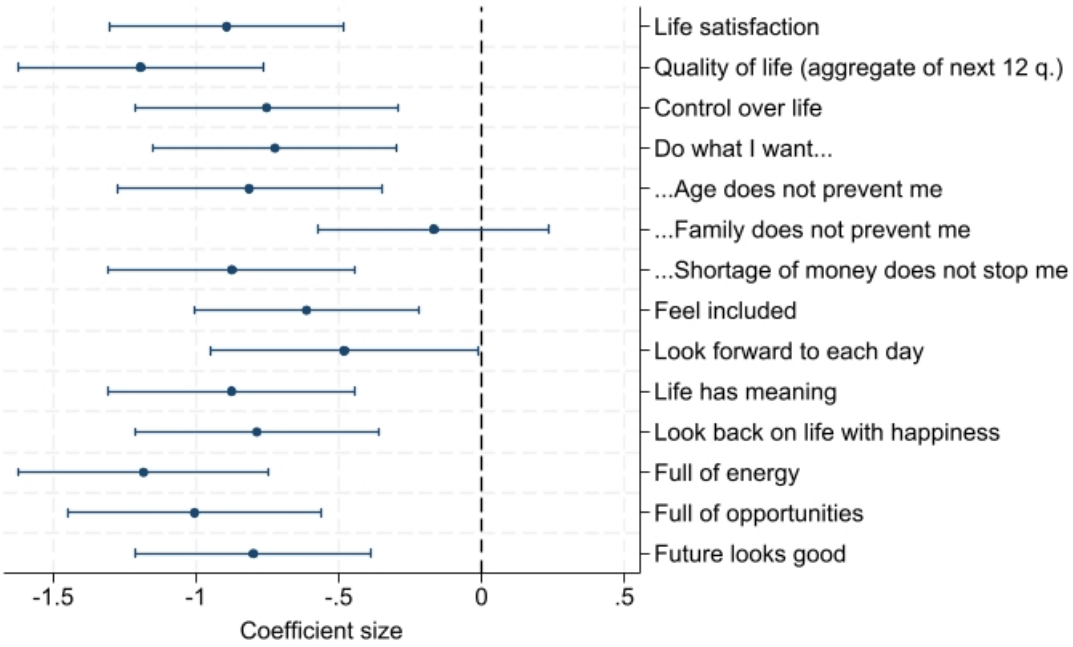
such as an indicator for living in a rural area prior to the transition, an indicator for having a serious illness or disability prior to the transition, and years of employment at the start of the transition. Here, the coefficient is close to the baseline. In column (3), we test the robustness of our results by using only Wave 7 values of life satisfaction instead of averaging them across all waves. While the coefficient is smaller—about half the size of the baseline—and significant at only the 10% level, the results remain consistent with our main findings. This underscores the value of averaging across waves to reduce noise and obtain more precise estimates. Finally, in columns (4) and (5), we vary the length of the transition period by 1 year, which yields similar point estimates and standard errors.

In addition, since the information on various outcomes was not collected in all waves, we re-estimate the effect of disruption on life satisfaction for the samples of respondents for whom this information is available. Table A6 in Appendix A presents the estimation results. The estimates are highly significant and have similar magnitude varying from -1.132 for the preferences sample to -1.617 for the behavioral risks sample.

5.3 Quality of Life

To validate the robustness of our findings beyond the life satisfaction measure, we examined the needs satisfaction score, a specialized quality of life metric developed for early old age assessment. We run 2SLS regressions on both the composite score and its twelve individual components. The results presented in Figure 3 show that employment shock during the transition period has a statistically significant negative impact across all dimensions of this score, including domains such as control, autonomy, pleasure, and self-realization. This strengthens our main findings, suggesting that the detrimental impact of transition disruption is not limited to any single measure of well-being but rather represents a broad and systematic pattern affecting various aspects of life quality.

Figure 3: The effect of disruption on quality of life



Note: The graph presents 2SLS estimates of the effect of disruption on quality of life measured by the QoL score specifically designed for early old age. The coefficients are standardized. Baseline specification includes Region FEs and Demographics-Country FEs presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors are clustered by region - gender - birth cohort - education group.

6 Mechanisms

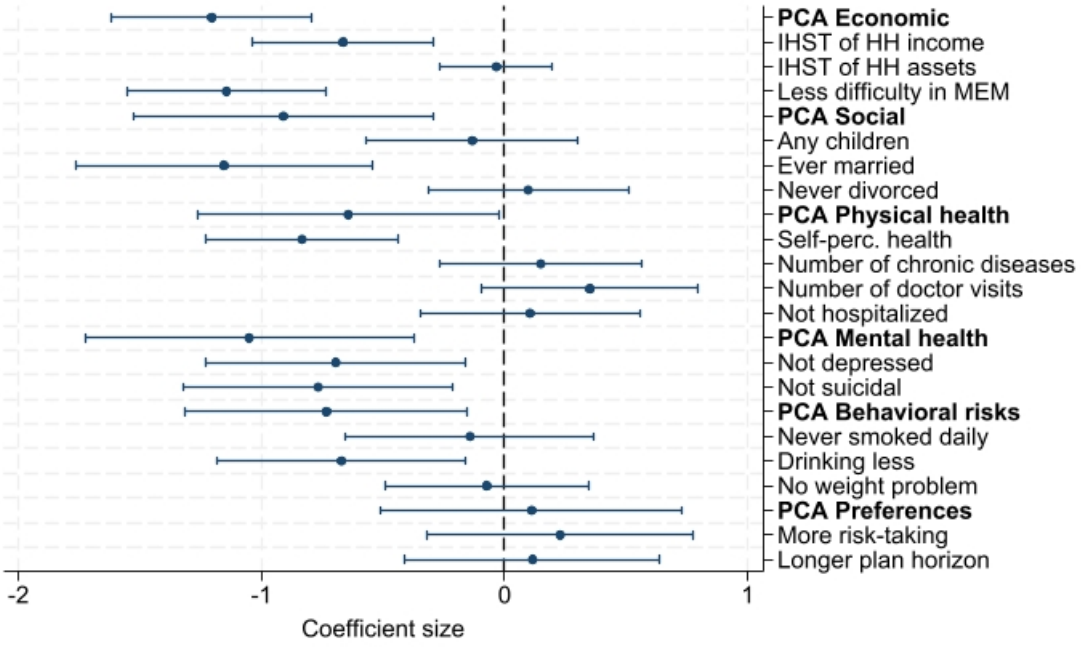
6.1 Potential Channels

To better understand the long-term impacts of employment disruptions during the transition period on overall well-being, we investigate a range of potential channels, including economic stability, social connections, health outcomes, behavioral risks, and preferences. We conduct our baseline 2SLS analysis separately for each outcome and for their principal components, organized by subgroup.

One prominent mechanism through which transition-related employment disruptions could still impact life satisfaction is through economic and social well-being. Results from the 2SLS analysis, presented in Figure 4, indicate that respondents who faced employment instability during the transition period experience lower household income, greater difficulty in making ends meet, and are

significantly less likely to have ever been married. These results suggest that both economic hardship and social disconnection might have long-term impacts on well-being, limiting access to resources, social support, and overall life satisfaction.

Figure 4: The effect of disruption on various outcomes



Note: The graph presents 2SLS estimates of the effect of disruption on various outcomes groupped into 6 main domains: economic, social, physical health, mental health, behavioral risks, and preferences. The coefficients are standardized. Baseline specification includes Region FEs and Demographics-Country FEs presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors are clustered by region - gender - birth cohort - education group.

In addition to economic and social outcomes, the paper also investigates physical and mental health as a potential mechanism. Results show that while experiencing employment disruption during the transition significantly lowers self-perceived health, it does not seem to influence objective health measures, such as the number of chronic conditions, frequency of doctor visits, or hospitalization rates. However, the analysis indicates a marked increase in the probability of depression and suicidal thoughts among those affected, along with higher levels of alcohol consumption. These shifts in mental health and behavior highlight the adverse psychological impact of economic instability, potentially affecting individuals' ability to maintain well-being over time.

Lastly, we consider the role of risk preferences and planning horizons as possible channels but find no significant effects in these areas. This suggests that while economic hardship, social disconnection, and health deterioration are influential, the effects of transition disruptions on forward-looking behaviors may be more limited.

Together, these findings underline the multifaceted ways through which employment disruptions during the transition period continue to shape individuals' economic, social, and health landscapes, which in turn might contribute to overall life satisfaction.

6.2 Causal Mediation Analysis

Employment disruption during transition not only triggers immediate economic challenges but, as our previous results suggest, has persistent effects on individuals' economic status well into early old age. However, the impact of transition-related shocks extends beyond purely economic outcomes, affecting multiple dimensions of well-being. Our analysis reveals significant deterioration in social relationships, health status, and increased prevalence of risky behaviors among those who experienced employment disruption.

To disentangle whether the effect of transition disruption on life satisfaction operates solely through economic channels or is mediated by other dimensions of well-being, we employ the causal mediation framework developed by Dippel et al. (2020). This methodology allows us to decompose the total effect of treatment into direct and indirect effects while using a single instrument, under less restrictive assumptions than traditional mediation analysis. Specifically, we treat our economic principal component as the dependent variable and examine other principal components (social, health, and behavioral) as potential mediators. The key advantage of this framework is that it allows for unmeasured confounding between mediators and outcomes, requiring only that such confounding is independent of the instrumental variable. This approach is particularly suitable for our setting, where complex relationships between different dimensions of well-being likely exist but are

difficult to fully observe or measure.

Table 2 displays the outcomes of the mediation analysis, where the total effect of employment disruption on economic well-being is broken down into a direct effect and an indirect effect through various mediating factors. The total effect varies across models due to differences in sample sizes, as some of the outcomes used to form the mediating principal components are not available for the entire sample.

Table 2: Mediation analysis

	PCA, economic				
	(1)	(2)	(3)	(4)	(5)
Mediator:	Social	Phys. health	Ment. health	Behav. risks	Preferences
Total effect	-1.130***	-1.139***	-0.607***	-0.592***	-0.811***
	(0.201)	(0.203)	(0.210)	(0.227)	(0.246)
Direct effect	-0.020	-0.076	-0.094**	-0.093*	-0.076
	(0.066)	(0.058)	(0.045)	(0.051)	(0.125)
Indirect effect	-1.160*	-0.883	-1.119**	-0.874	0.206
	(0.620)	(0.599)	(0.529)	(0.541)	(0.511)
Demographics-Country FEs	✓	✓	✓	✓	✓
Region FEs	✓	✓	✓	✓	✓
N	25,120	25,026	14,749	11,972	10,734

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents the results of causal mediation analysis Dippel et al. 2020 with different mediating variables (principal components). Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

Notably, the analysis suggests that the indirect effects — primarily through social well-being and mental health — play a more significant role than the direct economic impact. For social well-being, our data captures aspects of family stability and social connections, measured through indicators such as having children, marital status, and divorce history. The results indicate that employment disruptions may affect individuals' lives beyond financial considerations. Specifically, these disruptions can lead to changes in family dynamics and household composition, as individuals face increased economic pressures that can significantly influence their decisions regarding marriage and child-rearing. Mental health, measured by indicators such as experiences of depression and suicidal thoughts, also emerges as a key mediator.

The findings suggest that economic instability can elevate stress levels and lead to mental health challenges, creating a significant pathway through which employment shocks affect overall well-being.

7 The Political Legacy of the Transition

The long-lasting impact of transition-era disruptions on individual well-being raises important questions about the broader social and political implications. Existing research indicates that globalization, which shared many similarities with the post-communist transition process, has significantly reduced trust in political institutions and fueled the rise of populism across Western Europe (Guriev and Papaioannou 2022). Given that "the post-communist transition [...] was imitative of globalization processes," it is reasonable to expect that it would have "a similar impact on social divides and their politicization by elites" (Stanley 2017). Indeed, the 1990s saw the emergence of short-lived radical parties in response to the hardships of the transition, while the 2000s brought new forms of anti-elite populism even from former mainstream parties. More recently, studies have documented an increase in authoritarian views and voting behavior in East Germany due to the negative consequences of transition shocks (Kellermann 2024). However, evidence from other Eastern European countries remains fragmented and largely descriptive.

In light of this broader context, we investigate whether the adverse effects of transition disruptions on life satisfaction, which our previous analysis found to be primarily channeled through non-economic factors, may also translate into changes in political attitudes. Applying our baseline instrumental variable approach, we first examine the impact on extreme political views, regardless of left or right leanings. We then look at whether employment shocks led to a particular ideological shift.

The results, presented in Table 3, do not reveal any consistent effects across the majority of countries in our sample. However, East Germany stands out as a notable exception, where respondents who experienced transition disruptions tend to lean

toward the right end of the political spectrum.

Table 3: The effect of disruption on political attitudes

	Extreme views (binary)			Extreme views (cont.)			Left-right		
	(1)	(2) only Germany	(3) w/o Germany	(4)	(5) only Germany	(6) w/o Germany	(7)	(8) only Germany	(9) w/o Germany
Disrupted	-0.059	0.016	-0.112	-0.353	-0.177	-0.478	0.161	0.373**	0.011
	(0.076)	(0.058)	(0.125)	(0.273)	(0.202)	(0.448)	(0.290)	(0.173)	(0.474)
Demographics-Country FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓
Region FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓
First stage	-0.007***	-0.02***	-0.005***	-0.007***	-0.02***	-0.005***	-0.007***	-0.02***	-0.005***
	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.001)	(0.001)	(0.002)	(0.001)
Kleibergen-Paap F	88.456	66.984	41.316	88.456	66.984	41.316	88.456	66.984	41.316
N	13,417	819	12,598	13,417	819	12,598	13,417	819	12,598

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents the results of 2SLS analyses for the full sample in columns (1), (4), (7), only East Germany - in columns (2), (5), (8), and other countries (without East Germany) - in columns (3), (6), (9). Columns (4)-(9) contain standardized coefficients. Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

While East Germany received substantial financial support from West Germany during reunification, this aid did not prevent economic disruption and perceived unfairness that fueled resentment. The abrupt absorption into the West German system led to mass layoffs and a painful adjustment to a new economic reality (Diewald et al. 2006). Though other post-communist states had less aid, their transitions were more gradual. The psychological impact of suddenly becoming the poor region in a rich country may have been more distressing for East Germans than if they had transitioned within the context of a broadly poorer nation. The wealth disparity between East and West was glaring and unavoidable. Moreover, a number of East Germans felt that they disproportionately suffered the consequences of the Second World War while West Germany was allowed to more rapidly recover and thrive economically. The perception that the East was forced to pay for Germany's past while the West got off relatively lightly likely fueled bitterness and anger. These factors combined - the abruptness of change, the perception of an unfair economic gap with the West, and a sense of unjustly bearing the post-war burden - could create a perfect storm for disillusionment. The conditions were ripe for a political backlash expressing anger at the new order.

Since we do not find consistent evidence of transition disruptions influencing political ideology across the majority of countries in our sample, we broaden our

investigation to examine the effects on civic engagement and social trust more broadly. Our analysis reveals significant declines in several key indicators, including political and social participation, general trust in institutions and fellow citizens, as well as engagement in voluntary work (Table 4).

Table 4: The effect of disruption on civic engagement

	Polit./commun. org.	Sport, social, oth. club	Religious org.	Voluntary work	Trust
	(1)	(2)	(3)	(4)	(5)
Disrupted	-0.190***	-0.171*	0.117	-0.266***	-0.651**
	(0.068)	(0.089)	(0.128)	(0.092)	(0.264)
Demographics-Country FEs	✓	✓	✓	✓	✓
Region FEs	✓	✓	✓	✓	✓
First stage	-0.007***	-0.007***	-0.006***	-0.007***	-0.007***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Kleibergen-Paap F	143.919	143.919	54.051	143.919	103.661
N	24,602	24,602	9,727	24,602	14,708

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents the results of 2SLS analyses. Column (5)contains standardized coefficient. Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

Our findings suggest that the far-reaching consequences of economic upheaval during major societal transformations may extend well beyond individual well-being, with the potential to undermine the foundations of social cohesion and democratic engagement more broadly. The erosion of trust and participation might reflect a complex interplay of factors, including the psychological impact of economic insecurity, a sense of disillusionment with governing institutions, and weakened social ties within communities.

These results are particularly concerning given the centrality of civic engagement and social capital for the healthy functioning of democratic societies. The transition from communism to market economies involved not just economic change, but a fundamental reordering of political, social, and cultural systems. Our analysis indicates that the social and political ramifications of these massive structural shifts continue to resonate decades later, potentially fueling further polarization and disaffection with democratic norms and processes. Ultimately, this study underscores the importance of understanding the comprehensive, long-term impacts of economic crises and transitions, beyond merely material outcomes.

8 Conclusion

This paper investigates the long-term effects of employment disruptions experienced during the post-communist transition on life satisfaction and political attitudes across Eastern Europe. Combining the SHARE data with newly collected official employment statistics, we employ an instrumental variable approach to estimate the causal impact of job loss during the transition period on subjective well-being. Our findings indicate that the consequences of these early employment shocks extend well into later life, significantly reducing life satisfaction among affected individuals.

We find that these impacts are predominantly driven by non-economic factors, with social and mental well-being playing a more substantial role than direct financial outcomes. Social stability indicators, such as marriage and family dynamics, and mental health factors, including depression and suicidal thoughts, emerge as significant channels through which employment disruptions affect life satisfaction. This highlights the importance of considering both psychological and social dimensions in evaluating the consequences of economic shocks, as these effects often surpass the material losses traditionally associated with job displacement.

Our study also contributes to understanding the broader political ramifications of economic disruptions. While recent literature (see Guriev and Papaioannou (2022) for the overview) links economic distress with rising political polarization and populism, our analysis finds limited evidence of a consistent shift in political orientation across the broader Eastern European sample. However, East Germany stands out, where we observe a notable rightward political shift among individuals impacted by job loss. This exception underscores the context-dependent nature of economic shocks, suggesting that regional histories, social cohesion, and economic conditions can significantly shape political outcomes. Additionally, our findings suggest a broader decline in civic engagement and institutional trust among those affected by job loss, pointing to a potential erosion of social capital that may have lasting implications for democratic resilience and social cohesion in Eastern European countries.

The unique historical and socio-political context of the post-communist transition raises important considerations regarding the external validity of our findings. While the specific event of the fall of communism and the subsequent economic restructuring may not be replicable in the same way, certain aspects of this experience - such as large-scale employment disruptions and the social and psychological consequences of job loss - could offer relevant insights for other countries undergoing economic or political transformations. In particular, future societies experiencing rapid economic shifts, political upheaval, or the challenges of transitioning from state-controlled to market economies may encounter similar effects on life satisfaction and political attitudes. Nevertheless, we caution against over-generalizing these results, as each transition is shaped by a unique combination of historical, political, and economic factors that may moderate the intensity and nature of these effects.

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A Supplemental Tables

Table A1: Availability of questions by country and wave

	Life satisfaction (Left/right in bold)						Life history	
	W2 2006/07	W3 2008/09	W4 2010/11	W5 2012/13	W6 2014/15	W7 2017/18	W3 2008/09	W7 2017/18
Bulgaria						+		+
Croatia					**+**	+		+
Czechia	**+**		**+**	**+**	+	+	+	+
Estonia			**+**	**+**	+	+		+
Germany	**+**		+	**+**	+	+	+	+
Hungary			**+**			+		+
Latvia						+		+
Lithuania						+		+
Poland	**+**		+		+	+	+	+
Romania						+		+
Slovakia						+		+
Slovenia			**+**	**+**	**+**	+		+

Note: The plus sign indicates in which country and wave the question about life satisfaction was asked and life histories were collected. If the sign is in bold than in this country and wave the survey also included the question about political left-right orientation.

Table A2: Summary statistics

	Mean	SD	Min	Max	N
Women	0.547	0.498	0	1	25198
Birth cohort:					
before 1935	0.030	0.169	0	1	25198
1935-1944	0.222	0.415	0	1	25198
1945-1954	0.397	0.489	0	1	25198
1955-1964	0.316	0.465	0	1	25198
after 1964	0.036	0.185	0	1	25198
Education:					
none or primary education	0.055	0.228	0	1	25198
lower secondary education	0.168	0.374	0	1	25198
upper secondary education	0.507	0.500	0	1	25198
post-secondary non-tertiary education	0.072	0.259	0	1	25198
tertiary education	0.198	0.399	0	1	25198
Sector:					
Agriculture	0.153	0.360	0	1	25198
Industry	0.299	0.458	0	1	25198
Construction	0.074	0.261	0	1	25198
Trade	0.082	0.274	0	1	25198
Hotels and restaurants	0.026	0.159	0	1	25198
Transport	0.070	0.256	0	1	25198
Financial intermediation	0.012	0.111	0	1	25198
Real estate	0.004	0.061	0	1	25198
Public administration	0.055	0.229	0	1	25198
Education	0.085	0.278	0	1	25198
Health	0.057	0.232	0	1	25198
Other	0.083	0.277	0	1	25198
Disrupted	0.103	0.304	0	1	25198
More satisfied with life	7.189	1.775	0	10	25046
Quality of life score	36.387	5.774	12	48	23636
HH income	12450.893	12548.602	0	360000	25198
HH assets	38031.672	66921.070	-325316	2616116	25198
Less difficulty in MEM	2.455	0.824	1	4	25129
Any children	0.935	0.246	0	1	25197
Ever married	0.959	0.199	0	1	25189
Never divorced	0.912	0.283	0	1	25189
Self-perc. health	2.623	0.911	1	5	25188
Number of chronic diseases	1.186	1.128	0	9	25134
Number of doctor visits	5.859	6.613	0	98	25157
Not hospitalized	0.743	0.437	0	1	25191
Less depressed	9.568	1.909	0	12	14756
Not suicidal	0.887	0.317	0	1	14781
Never smoked daily	0.521	0.500	0	1	14879
Drinking less	5.171	1.747	1	7	12007
No weight problem	0.219	0.413	0	1	25033
More risk-taking	1.260	0.501	1	4	12968
Longer plan horizon	2.125	1.170	1	5	10768
Left/right attitudes	4.998	2.243	0	10	13422
Extreme views (cont.)	1.494	1.673	0	5	13422
Extreme views (binary)	0.107	0.310	0	1	13422
Polit./commun. org.	0.071	0.257	0	1	24614
Sport, social, oth. club	0.248	0.432	0	1	24614
Religious org.	0.134	0.341	0	1	9736
Voluntary work	0.140	0.347	0	1	24614
Trust	5.754	2.187	0	10	14711

Table A3: Robustness check: Dropping countries

	(1) Baseline	(2) No Bulgaria	(3) No Croatia	(4) No Czechia	(5) No Estonia	(6) No Germany	(7) No Hungary	(8) No Latvia	(9) No Lithuania	(10) No Poland	(11) No Romania	(12) No Slovakia	(13) No Slovenia
Disrupted	-1.604***	-1.733***	-1.577***	-1.606***	-1.396***	-2.274***	-1.502***	-1.616***	-1.712***	-1.508***	-1.617***	-1.247***	-1.598***
	(0.375)	(0.374)	(0.377)	(0.354)	(0.517)	(0.528)	(0.365)	(0.372)	(0.392)	(0.378)	(0.372)	(0.366)	(0.383)
Demographics-Country FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Region FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
First stage	-0.007***	-0.007***	-0.007***	-0.008***	-0.006***	-0.006***	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
(0.001)	(0.001)												
Kleibergen-Paap F	140.307	136.576	136.236	155.482	91.047	85.192	133.329	141.903	126.602	131.356	136.277	139.810	133.554
N	25,045	23,509	23,575	21,265	21,277	24,173	23,823	23,744	23,503	21,204	23,795	23,256	22,371

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents the results of a 2SLS analysis, where column (1) contains baseline estimates, and columns (2)-(13) - estimates for the samples without respondents from a particular country. Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

Table A4: Robustness check: Dropping industries

	(1) Baseline	(2) No 1	(3) No 3	(4) No 5	(5) No 6	(6) No 7	(7) No 8	(8) No 9	(9) No 10	(10) No 11	(11) No 12	(12) No 13	(13) No 14
Disrupted	-1.604***	-1.301***	-1.937***	-1.580***	-1.748***	-1.668***	-1.706***	-1.639***	-1.663***	-1.251***	-1.422***	-1.589***	-1.737***
	(0.375)	(0.442)	(0.550)	(0.359)	(0.364)	(0.371)	(0.408)	(0.382)	(0.379)	(0.382)	(0.440)	(0.422)	(0.369)
Demographics-Country FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Region FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
First stage	-0.007***	-0.009***	-0.005***	-0.008***	-0.008***	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***	-0.006***	-0.006***	-0.008***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	
Kleibergen-Paap F	140.307	103.314	74.648	149.068	162.686	148.113	122.935	136.908	140.872	124.733	99.348	103.359	141.321
N	25,045	21,193	17,555	23,200	22,998	24,396	23,287	24,732	24,955	23,651	22,920	23,613	22,944

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents the results of a 2SLS analysis, where column (1) contains baseline estimates, and columns (2)-(13) - estimates for the samples without respondents from a particular sector. The numbers in the column titles correspond to the sectors as follows: 1 - Agriculture, hunting, forestry, fishing, 3 - Industry, 5 - Construction, 6 - Wholesale and retail trade, 7 - Hotels and restaurants, 8 - Transport, storage and communication, 9 - Financial intermediation, 10 - Real estate, renting and business activities, 11 - Public administration and defence, 12 - Education, 13 - Health and social work, 14 - Other community-related activities. Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

Table A5: Additional robustness checks

	Life satisfaction				
	(1) Baseline	(2) Additional controls	(3) Only wave 7	(4) + 4 years	(5) + 6 years
Disrupted	-1.604***	-1.406***	-0.889*	-1.640***	-1.700***
	(0.375)	(0.371)	(0.513)	(0.375)	(0.370)
Additional controls		✓			
Demographics-Country FEs	✓	✓	✓	✓	✓
Region FEs	✓	✓	✓	✓	✓
First stage	-0.007***	-0.007***	-0.007***	-0.006***	-0.008***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Kleibergen-Paap F	140.307	130.719	131.848	145.091	137.566
N	25,045	23,638	24,072	25,045	25,045

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents the results of a 2SLS analysis with several modifications of the baseline specification in column (1): column (2) - additional controls (indicators for living in a rural area and having a serious illness or disability prior to the transition, years of employment at the start of the transition) are added; column (3) - only wave 7 values are used instead of averages across all waves, columns (4) and (5) - different lengths of the transition period (baseline is transition year + 5 consecutive years). Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

Table A6: Robustness check: Different samples

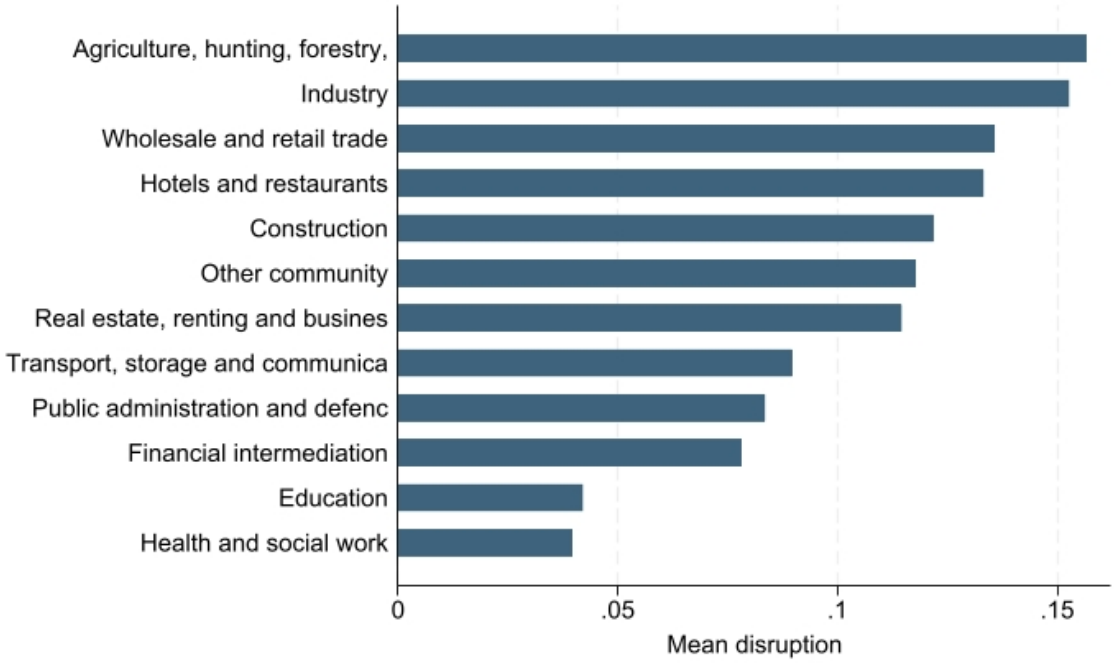
	(1) Baseline	(2) Political	(3) Economic	(4) Social	(5) Health	(6) Mental	(7) Risks	(8) Preferences	(9) QoL
Disrupted	-1.604***	-1.383***	-1.582***	-1.631***	-1.591***	-1.569***	-1.617***	-1.132***	-1.607***
	(0.375)	(0.394)	(0.372)	(0.375)	(0.374)	(0.379)	(0.422)	(0.374)	(0.365)
Demographics-Country FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓
Region FEs	✓	✓	✓	✓	✓	✓	✓	✓	✓
First stage	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***	-0.007***	-0.008***	-0.007***
	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)	(0.001)
Kleibergen-Paap F	140.307	88.506	140.778	147.100	139.250	105.577	85.743	78.363	139.611
N	25,045	13,417	24,983	25,026	24,955	14,749	11,954	10,732	23,614

* $p < 0.10$, ** $p < 0.05$, *** $p < 0.01$

Note: The table presents 2SLS estimates of the effect of disruption on life satisfaction for the restricted samples of respondents for whom the following outcomes are available: political - column (2); economic - column (3), social - columns (4), physical health - (5), mental health - column (6), behavioral risks - column (7), preferences - column (8), and quality of life score - column (9). Demographics-Country FEs are presented by the interaction of gender, birth cohort, education, and country FEs. Standard errors in parentheses are clustered by region - gender - birth cohort - education group.

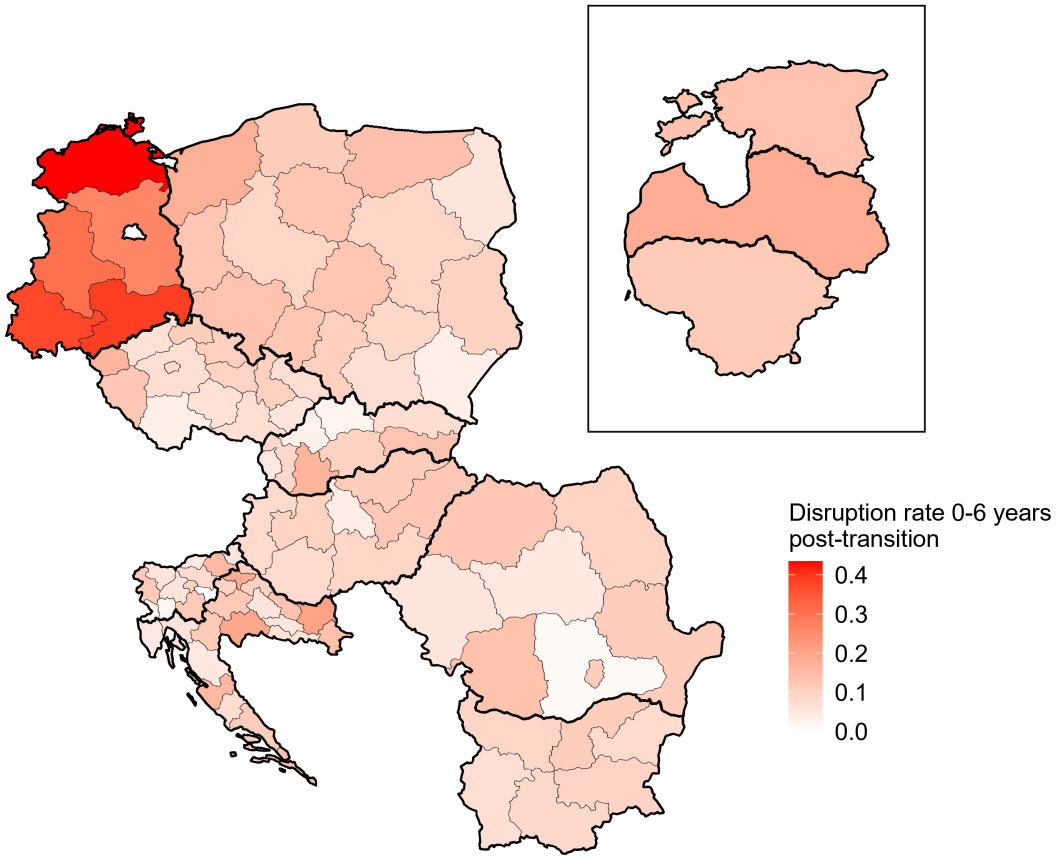
B Supplemental Figures

Figure B1: Share of disrupted by sector



Note: The graph displays the average share of disrupted SHARE respondents by sector. Manufacturing, Mining, and Energy sectors are grouped into a broader "Industry" category.

Figure B2: Share of disrupted by region



Note: The graph displays the average share of disrupted SHARE respondents by region. The frame includes Latvia, Lithuania, and Estonia, for which regional-level employment statistics are unavailable.