

## Editor's Note

The charismatic, Nobel Prize-winning economist Amartya Sen applied the theory of social choice to a variety of problems relating to income and gender poverty, inequality, disadvantage, and deprivation in developing countries during the 1980s. He demonstrated how identifying consistent social preferences are affected by the assumptions we make about types of differences between individuals. This new approach changed everything in the economics of development, as it provided a superior alternative to the neoclassical narrow framework of economic analysis, in which human behavior depends on individual utility maximization.

At the World Social Science Forum in Bergen in 2009, held in the impressive Grieghallen building, I was privileged to hear Professor Sen's keynote speech on the new challenges facing social science in this century. He provided excellent cross-sectional insights into the development of economic thought through time in different countries, and encompassed the subject of political freedom as well as philosophical questions of justice, fairness, and equality. His lecture was a strong impetus for following sessions of the World Social Science Forum.

Many other distinguished speakers at the Forum demonstrated the strength of interdisciplinarity in scientific research, particularly within the field of social science itself, but also in conjunction with the humanities, and even with natural

science. They argued that being able to explain such controversies as increasing economic growth versus sustainable development, climate change versus reducing the gap between rich and poor, promoting universal values versus local cultural diversity, and raising life expectancy versus population growth and ageing, is no longer a matter of creative choice, but rather of necessity. It is essential to keep social science relevant and forceful. These controversies have multiple consequences which cannot be addressed separately, or from the point of view of one discipline alone. Therefore, scientific disciplines must encourage a multilateral approach to research in order to be able to understand and explain the social problems and human interactions which Sen perceived several decades ago. Today this is ever the more urgent, because the “village” of our global community is interrelated and interdependent as never before, a fact which has been demonstrated in recent times by the economic and social crises whose impact has spread rapidly, even to geographically distant countries.

Upon my return from the conference, I was invited to become the editor of *Croatian Economic Survey*, a journal which has enjoyed considerable success over eleven years. Stimulated and refreshed by the internationally eminent scholars who contributed to the World Social Science Forum, I was glad to take up the offer, and to dedicate this twelfth issue of the journal to the topics of welfare and well-being in post-socialist Europe. My decision was influenced not only by Sen's social choice theory, but also by a desire to stimulate interest in comparative and interdisciplinary investigations in order to arrive at a better understanding of these phenomena in post-socialist European countries, for which the period of political transformation and transition to a market economy has been a turbulent time. In terms of income group measured by GDP, they remained in the category of developing countries, as GDP was the single critical indicator for demonstrating income levels of economic activity. Sen's concept of the “capability approach” for measuring the quality of life of human beings and their freedom to make decisions, combined with increasing global awareness of economic growth sustainability, goes beyond GDP and points to a new way of measuring quality changes. Physical measures remain relevant, but not to the exclusion of intangible changes. People's perceptions of economic activity and their descriptions of how they feel tell a very different story from that offered by pure statistics. Of course, in research the best result is when statistical data offer proof of individual opinion as to whether something is low or high, small or big, strong or weak. However, most often we are dealing with second best solutions which use explanations based on hard statistical data (objective measures)

coupled with soft perceptions (subjective measures) in relation to a single socio-economic problem. Therefore, subjective measures of well-being should complement rather than replace the traditional economic welfare measures which are no longer sufficient explanations in themselves. Not surprisingly, capturing quality changes in a person's life has become a new field of research for economists and the wider community of social scientists. Improving the quality of life is a universal desire and aim. In some respects it is particularly interesting to investigate such changes in the post-socialist countries, as they have passed through a historically unique political and social experiment. In these countries we expect to find proof that quality of life has improved and satisfaction increased, despite inequalities between certain population groups and regions. New institutions and conditions have arisen through the changed social and economic environment. Our task is to investigate their impact, their sources, and the strength of their influence.

This issue of *Croatian Economic Survey* presents five articles which have successfully passed double-blind review assessment. We place these contributions in the context of wider debates relating to sociological, psychological, and economic concept of well-being.

Iva Tomić and Joanna Tyrowicz explore changes regarding the size and composition of the middle class in two transition countries, Croatia and Poland. Their comparative analysis provides new insights into different transformation processes of the middle class, together with potential similarities between the two countries. The major difference emerging in regard to changes in the middle class is that while highly skilled workers have moved above the category of middle class in Croatia, in Poland they have mostly entered the middle class.

Lena Malešević Perović compares life satisfaction in Croatia in two periods of time: 1999 and 2006. Her investigation does not support the common finding that education has a significant influence on satisfaction. The author argues that this result has arisen because education did not have an effect on life satisfaction independently of income and employment status in 1999. The 2006 results show that life satisfaction scores were higher for people who were married, who were employed, who were out of the labor force, who had a university degree, and for those who had higher incomes.

Danijel Nestić explores the gender wage disparity in Croatia. He shows that the average female wage was 11 percent below the average male wage in 2008, and that

this raw gap has been narrowing over time. However, women in employment in Croatia possess higher quality labor market assets than men, especially education, but continually receive much lower rewards despite this. The author found that the wage gap which can be attributed exclusively to differing rewards between men and women, and not to differing characteristics, was much higher and even increased between 1998 and 2008.

William Bartlett, Hristina Cipusheva, Marjan Nikolov and Miroljub Shukarov deal with regional differences in respect of life satisfaction in FYR Macedonia. A household survey has revealed a very low level of life satisfaction and happiness in FYR Macedonia compared to other European and transition economies. It also showed large regional disparities within the country, greater for females than males, greater for younger people than older, greater for the better educated than the less educated, and greater for those living in urban areas than those in rural regions. This could be important for formulating regional policy in order to improve people's life experience in the most deprived parts of the country.

Massimo Franco and Monia Trombetta use the concept of cybernetic theory, which is based on the discrepancy between perceptions and desires, to explain well-being in the workplace. Their first hypothesis concerns the universal effect of locus of control as a personality trait on variables measuring well-being. The results demonstrate a strong correlation between locus of control and both job satisfaction and overall well-being. The second hypothesis concerns the effectiveness of variables which represent the discrepancy between perceptions and desires, in respect to perception variables only. Even though this study was conducted based on highly developed economy conditions, it can be useful in analyzing the specific working environments of post-socialist countries.

As the new editor, I hope that this themed issue of the journal will meet your expectations, stimulate further research, and encourage your submissions. Finally, I have to express my deepest gratitude to the members of the international editorial board for their helpful comments and suggestions.

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April 2010