

# **Social Contracts in Contemporary Belarus**

*Edited by*  
**Kiryl Haiduk  
Elena Rakova  
Vital Silitski**

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Belarusian Institute for Strategic Studies  
Jogajlos, 4, Vilnius, 01116, Lithuania  
Tel.: +37068280870  
E-mail: info@belinstitute.eu  
<http://www.belinstitute.eu>

Belarusian Institute  
for Strategic Studies **biss**

## Social Contracts in Contemporary Belarus

**Authors:** Marina Baturchik, Alexander Chubrik, Kiryl Haiduk, Anastasia Glambotskaya, Tatiana Lisovskaya, Elena Rakova, Vital Silitski, Gleb Shimanovich, Nadezhda Yefimova

**Editors:** Kiryl Haiduk, Elena Rakova, Vital Silitski

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## Editors' foreword

The phenomenon of continuing Belarusian social and economic stability has fascinated domestic and foreign economists, sociologists and politicians for many years. The Belarusian economic model survived dozens of gloomy forecasts about its imminent collapse, whereas the population does not show any active signs of discontent, despite substantial limitations on economic freedom and civil liberties. Furthermore, despite the clear difference in living standards compared to the CEE countries that successfully pursued market reforms, Belarusian society has been distinctly cautious about any changes that might improve these standards. By the mid-2000s, Belarus seemed to have reached a «counter-revolutionary phase», when elites were able to cope with governing the state, while the masses have no appetite for fundamental changes. Reforms were advocated by a tiny layer of experts and activists of the political opposition only.

Numerous attempts have been made to explain the phenomenon of Belarusian stability. Those explanations, apart from referring to the preemptive nature of Alexander Lukashenko's regime, focused on external sources of support for the Belarusian model (primarily via Russian oil and natural gas subsidies). There have also been references to the «traditional», parochial character of Belarusian society, which by definition would not dare to pick a bone with the authorities, or discuss alternatives and make up its mind about options. Such interpretations are not solid, though. Countries with a much easier access to cheap and easy money have often proved unable to keep the social compliance level high enough to avert political and social shocks. If the Belarusian regime manages to respond to any challenge and opposition, why should it bother about social support at all? Why did state expenditures on social programs and wages «skyrocket» in pre-election years, despite the seeming pointlessness of Belarusian elections? Why have efforts to uphold the status quo redoubled in what seems to be the most progressively-minded social groups? Why has the state, which is adequately «protected» by numerous special services, been promoting new priorities and pursuing not only a policy towards higher wages and salaries, but also a course aimed at infrastructure development and modernization?

Deliberations about modern Belarus are too often limited to the analysis of citizens' attitude to the specific people in power, especially the President, whereas analyses of in-depth factors of the relationship between society and the system as a combination of functions rather than separate representatives have been almost completely lacking. One possible instrument to shed light on the mystery of Belarusian stability is the social contract theory – a modern interpretation of the classic theory of social contracts suggested by prominent French thinkers of the XVII century. The social contract is based on an explicit or tacit (non-verbal) agreement between the authorities and society stipulating mutual obligations and limitations pertaining to the mechanisms engaged to pursue their interests. It is owing to this agreement that both parties (the authorities and citizens) enjoy certain

guarantees – security for the former (on condition it meets the minimum package of commitments to citizens); and well-being for the latter (as long as they play by the rules formulated by the authorities either in cooperation with citizens or independently).

An administrative system based on the framework of the social contract provides for certain advantages enjoyed both by the authorities and society. The state reduces the likelihood of being forcibly replaced by suppressing the motivation of citizens for advocating change, even if this means devoting vast resources to «buy loyalty» at the expense of rivaling power clans. By waiving certain rights and claims, citizens receive guarantees of stability and security in their everyday life. Even when the social contract is struck at a relatively low level of social commitments, it could prove more advantageous for citizens to abide by the terms than to strive for more, because the attempts to achieve «more» may result in a serious deterioration of personal living conditions. Furthermore, the results of protests are often uncertain, and benefits unclear. Rephrasing one French revolutionary, few are ready to sacrifice their small personal happiness for the sake of great happiness for all.

**The existence of the social contract in any system is at odds with the view that the system exclusively depends on fear and reprisals (they are not ruled out, though, apparently being a part of tacit agreements). By analyzing the social contract in Belarus we formulated the following general assertion: Belarusian stability is based on public consent to the state of things in the country determined by the authorities. The authorities provide the minimum package of obligations promised to society. Obviously, this deal was not reached using democratic procedures, but the social contract is not an exclusive feature of democratic countries.**

Historically, the social pact (contract) evolved differently in various countries, marking the patterns of development of society. Countries with a stronger civil society witnessed the formation of a horizontal social contract. Society adapted its organization to its relationship with the authorities and relations of its businesses with the regime. Weaker civil societies saw the state apply its hierarchical model in its relations with the economy and society. Belarus is characterized by the vertical social contract, where representatives of various social groups, being unable to reach an agreement on mutual rights with each other, «cede» their rights to some sovereign. The sovereign starts redistributing these rights without the consent of the groups involved.

Vertical social contracts in most CIS member-states are rooted in their common Soviet past. The standard formula of the social contract between the authorities and society in the Soviet model looked like this [coined by satirist M. Zhvanetsky]: «*You make believe that you work, and we make believe that we pay you*». This type of contract is notable for the simplicity of stimulation/consent mechanisms and a multitude of «sticks», that is, instruments to coerce groups into honoring the contract. There used to be no mechanisms of voluntary withdrawal from the contract, and any minor deviation was considered an attempt to escape, with all ensuing punitive consequences.

The history of the social contract in Belarus is quite long and is connected with the traditions of the paternalist nation and «the best Soviet republic» conceived under the charismatic leaders of the Soviet past – Kirill Mazurov and Petr Masherov. Originally, president Lukashenko only maintained that tradition, which contributed a lot to his popularity on the one hand and helped preserve the system, in which the authorities exert control over society by using relatively economic «contractual» instruments without large-scale application of force on the other. That contract used to remain primitive for a very long time. «*Anything for a life without war*» – this pattern of the social contract between the authorities and pensioners amply outlines the minimum package that about a quarter of the population wants from the government. The state is ready to deliver this package and even guarantee a certain increase in wages and pensions apart from general public order and clean and tidy streets.

However, in the early 20th century, the Belarusian authorities were faced with completely new social requirements that were to a great extent a result of the state wage pushing efforts. The state had set itself a «rating trap», when social commitments got broader, but the government was not always capable of meeting them. As a result, the state has to make steps towards economic liberalization, one purpose being to maintain the contract with those whose expectations it could barely satisfy. Also, the state started supporting, implicitly and explicitly, an «exit» from the contractual framework into the private sector, or labor migration.

**What can a study of the social contract bring on besides satisfying our curiosity? An understanding of the nature of mutual obligations and assessment of the level of their performance** allows not only to explain the status quo, but to provide political and civil actors with a set of positive messages that may be perceived by society on the basis of its demands and expectations. **We believe such proposals are possible primarily in the** areas where the contract is not carried out in full measure, and commitments fail to correspond to expectations. In the segments that maintain this balance, alternative actors should be extremely cautious in their proposals, **keeping in mind the balance of convenience, and refrain from promoting revolutionary changes.**

We need to emphasize that the social contract may be modified both from «above» and from «below», and modifications may range from minor to very significant. Sometimes it suffices to change the type of social contract (horizontal vs. vertical), but most often only the form (formula) changes. The social contract is altered from «above» in order to avert possible public discontent or as a delayed reaction to certain manifestations of public discontent. Changes originating from «below» come from negotiating sides, which can take various forms of dialogue between society (separate groups) and the authorities. For negotiating sides to work efficiently, certain conditions must be met: researchers note the importance of the noncommercial sector (various NGOs, business unions, think-tanks and other organizations), its unity, clearly worded demands (conditions), and maturity and competitive nature of the political field). In Belarus, the NGO sector and non-governmental expert community are weak (including business unions), both economically and organizationally; politics are dominated by a single vision, and

political parties are scattered and perform the role of dissidents and human rights organizations. Whereas the horizontal contract is characterized by actors' communicating with each other in search of a compromise, the vertical contract only allows a dialogue with the authorities. The efficiency of this type of dialogue in terms of changing the current situation remains low. People prefer adapting while almost completely disregarding the «voice» option, that is, political protest. The regime does not hesitate to use repressive mechanisms and promotes «managed voice» alternatives – complaints to the state about the state (state-controlled housing and utility agencies and courts, local authorities, etc.), government-organized non-profit organizations (Belarusian Republican Youth Union, etc). At the same time, the state closely follows the level of public consent/discontent, and if negative developments accrue, the state is there to interfere (and introduce the «one-stop» principle in the work of local authorities, cut red tape, and combat corruption, roll back reforms in social benefits, and many more).

Now that social guarantees and benefits as well as real wages and pensions have shrunk, the population finds it easiest to resort to the textbook adaptation strategy. The authorities are actively reformatting contractual relations with the basic social groups by slashing the «social package». The modifications of the social contract in the «authorities-business» framework (liberalization of the business environment commenced in late 2008 – early 2009 in the wake of the global crisis, which in some degree affected Belarus) had been advanced almost exclusively from «above», under tight control of regulatory bodies; the authorities only allowed proposals of the business community that fitted the bill.

The efficiency of reformatting and modifying the social contract parameters from «below» is contingent upon the protest potential of Belarusian society, which is completely insignificant. Not more than 4% of Belarusians are ready to personally take part in any protest actions (this holds for all social groups). A necessary precondition for establishing the horizontal social contract is the restoration of the institutes of public discussion and real democracy. This may take decades. Therefore, in the next few years Belarus will have to live with the broken or modified old contract and rudimentary new one.

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*Kiryl Haiduk  
Elena Rakova  
Vital Silitski*

## Chapter 1

# SOCIAL CONTRACT: A CONCEPTUAL FRAMEWORK

Kiryl Haiduk

## 1. INTRODUCTION

What makes the Belarusian socio-political system stable? Many analysts and observers have considered Belarus – a non-market economy with no open political competition – as a country that should eventually embark on the path of systemic reforms, following the path of the vast majority of former socialist countries. Many representatives of alternative political forces were expecting economic problems to be too grave for the wheels of state to overcome, so a new development scheme would inevitably be chosen. The reality proved quite different, though. On the one hand, there are no crisis tendencies in the economy, despite the global economic downturn. On the other hand, some analysts have noted the weakness of alternative political forces, which do not seem to enjoy the public support they are supposed to have.

Some researchers point at the change in the scheme of legitimization of the political authority, which enables it to preserve social support. It is maintained that back in the mid-1990s the support for President Lukashenko was a charismatic one, whereas by the 2001 elections it had been replaced by a «rationality-based» backing.<sup>1</sup> Belarusian philosopher Valentin Akudovich highlights the problem of incomplete national formation in Belarus on the debris of the collapse of the USSR: population simply wanted to swap the chaos and uncertainty of the early 1990s for stability and confidence (Akudovich, 2007). The buildup of the nation-state began with the return to the symbols of the «great past time» (i. e. pre-Soviet), but for most Belarusians the symbols were too abstract vis-a-vis the promises to stop the «slide into the abyss».

Indeed, the authorities managed to reach an economic expansion (Haiduk et al., 2004), which was essential for forming a rational electoral support. However, this rational support called for a continuous growth of incomes, which at the initial stage led to a reduction in the poverty level (Haiduk, Chubrik, 2007), and then ignited the improvements in the consumption standards. However, improved standards of living also imply qualitative changes in social behavior that could set a «motivation» (o «rating») trap<sup>2</sup>: prosperity growth entails an upgrade in social

<sup>1</sup> See: «Political Situation in Belarus in 2007: In Search of a New Vision», the Russian version: [http://www.belinstitute.eu/images/stories/documents/political%20situation%20in\\_blr\\_paper\\_ru.pdf](http://www.belinstitute.eu/images/stories/documents/political%20situation%20in_blr_paper_ru.pdf) and the English version: [http://www.belinstitute.eu/images/stories/documents/political%20situation%20in%20br\\_paper\\_eng.pdf](http://www.belinstitute.eu/images/stories/documents/political%20situation%20in%20br_paper_eng.pdf).

<sup>2</sup> See <http://www.nmnby.org/pub/0709/27d.html>.



demands, which cannot be satisfied within the framework of the existing economic system so further changes become very likely (Kruk, 2008).

An important economic and political factor of social stability was the political business cycle (see the discussion in Haiduk et al., 2004, Haiduk, Pelipas, Chubrik, 2007), within which the standard of well-being «on average in the economy» was increased prior to crucial political events. The cycle was primarily based on the increases of the average wage in the economy due to the maintenance of controls over the wage setting in Belarus. The costs of such policies were slowdown in real incomes in the post-electoral periods, but it would bring wage and income standards to a whole new level. Enterprises had no other option, but to pay higher wages. In order to follow this policy, the state supported economic entities with preferential loans. The cyclic nature of income flows contingent on the political events is observed throughout the entire period under review (see, for example, Kruk, Pelipas, Chubrik, 2006).

The occurrence of the cycle all along the entire decade may seem unexpected: rational expectations theory claims that political business cycles cannot be sustained since voters can be «cheated» by politicians only once. Over time, citizens are better capable of predicting the economic policies so it becomes harder to run the cycle (Cukierman, 1992; Lucas, Rapping 1972).

However, the use of political business cycle has been uninterrupted in Belarus. This indicates either the «irrationality» of Belarusian voters (which is unlikely), or the fact that the relations between the state and society are based on some stable – in a way contractual – principles, that is, an exchange of loyalty for certain benefits. This prompts us to use the term «social contract».<sup>3</sup>

The *social contract* hereby stands for an implicit agreement between the state and the main social groups, in which parties are more or less aware of the costs and benefits of their behavior. We also need to take into account the *regularity and intensity of the contract*, which is a result of collective actions. Whereas the costs of the protest are clearly perceived by one party (the punishment for a «default» on contract), the benefits of protests against the terms of the contract are not always clearly identified, while non-participation options are more appealing and even sanctioned by the authorities.

This book dwells on the issue of the social contract in an effort to shed light on the reasons behind the sociopolitical stability in Belarus. The social contract is not a written, but as an «as if», agreement. Its existence is premised upon the assertion that the era of charismatic support of political authority is over, while the use of coercive mechanisms is limited due to the costs it entail. Moreover, coercive methods cannot be applied to many spheres of social life: in the framework of the relations between the state and the basic social groups there is a place for rationality that we

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<sup>3</sup> This term had been introduced previously: it was noted at the BISS «Towards a New Vision of Belarus» conference of September 10–12, 2007, that the social contract included not only material aspects (preset by the functioning of the political business cycle), but also «moral», ethical political aspects, such as the idea of the role of the state in society, the notions of social justice, solidarity, etc. The conference report is available at <http://www.belinstitute.eu/images/stories/documents/reportrus.pdf>.

try to define and analyze. This rationality cannot be reduced to a mere mentality, historical or cultural factors. It is embedded into the processes of social interaction and may be described in terms of costs and benefits, and the choice of behavioral strategies in various repeated situations. There are theories exist for a better understanding of these processes.

The structure of this chapter is as follows. The first section discusses approaches to socioeconomic stability, which is necessary to understand the social contracting. This theoretical discussion provides us with the clues on how to conduct the research. The third section describes the principles of empirical analysis and provides data characteristics.

## **2. SOCIAL CONTRACT AND THEORIES OF SOCIAL ORDER AND STABILITY**

The origins of social theories that use the notion of the «social contract» can be traced to the works of Thomas Hobbes. According to him, the social contract is the social order secured by the state. Beyond this order a human life is «solitary, poor, nasty, brutish, and short» (Hobbes, 1964 [1588]), which is why, according to Hobbes, people rationally pursue a «hypothetical» social contract, under which they voluntarily submit to their sovereign. Other citizens behave in exactly the same way, and no one is motivated to breach the contract. The state grants its citizens with certain rights, freedoms and benefits, whereas citizens show loyalty to the state.

However, the state, with its coercion leverage, is capable of doing whatever it wants with its citizens. In essence, this makes the social contract asymmetrical. According to this logic, man does not reach an agreement with the state, but accepts the conditions the state imposes from «above». On the other hand, the general provisions of the contract are implicit, and are to a large extent created in the process of the interaction between the state and the citizen. Can we recognize this «act of violence» as a contract?

Hobbes notes that people voluntarily comply with the terms of social contract for a simple rational reason: it is better to live in security rather than choose the «bellum omnium contra omnes» option and linger in constant fear. At the same time, there should be a third party, a monarch and arbiter capable of using violence in case citizens seek to exit the contract or breach its provisions. The contract is therefore built on the power of rational judgments and the possibility of enforcement measures in case rational assumptions are distorted.

It follows that the stable monopoly of power allows the creation of enclaves of peaceful and secure life, where citizens can be beneficially engaged in economic and other activities. Citizens are not distracted in making investments and ensured in the safety of assets and gradually get accustomed to the dreadful «Leviathan», and trust it more and more.

Turning to economic theory, the contract is defined as a private institute (agreement), which envisages a certain mechanism of support for regular transactions between the parties to the contract. Contracts can reduce transaction

costs and encourage exchange (Novgorodtsev, 2006). However, in economic life, contracts are often well specified and set the framework of relationships in various recurrent situations. In contrast, the social contract is peculiar for its implicit nature, complexities related to social relations and «bounded rationalities» (Weiland, 2008) of the parties. Constant interactions between the parties are required in order to adapt to dynamic transaction terms, because the social contract does not stipulate specific conditions from the outset. In its turn, adaptation is a result of «exchange of signals» between the parties (Posen, 1995).

The process signaling may be illustrated by looking at the strategic interactions among central banks, firms, and workers (Iversen, 2000). The latter reduce the «inflationary markup» when bargaining over their wages and tend to coordinate their wage demands if the central bank «signals» its intention to adopt non-accommodating monetary policies. In case wage demands are inflation-adjusted, monetary non-accommodation leads to unemployment growth, and wage workers will be punished for their uncompromising attitude. In turn, central banks may opt for less tough policies, provided that firms and employed workers «signal» their intention to constrain wage demands (and actually do so) leading to lower costs for firms. As a result, unemployment level remains unchanged at best. These strategic interactions were observed in a number of Western European countries in 1950s – 1970s (see Iversen, Eichengreen, 1999).

Exchange of signals is observed in the spheres other than economic domain. The channel is mass media. The texts broadcast or published by the media define the range of socially-acceptable, «normal» behavior along with the unwanted behavior patterns. By transmitting the acceptable models of interaction between the authorities and social groups the media indicate how each text should be interpreted and how the addressee should act (Yefimova, 2009). Socially acceptable behavior patterns may be allocated among three distinct patterns: «loyalty» (approval), «exit» (refusal, understatement), and «voice» (active denial, protest) strategies.

The social contracting scheme thus comprises economic, political and ideological aspects. Provision of material benefits is combined with the use of force, or repression (formal, legally established procedures) that builds up loyalty, and ideological settings describing the behavior models recommended by the state.

The theory of sociopolitical order developed by Antonio Gramsci is often referred to by researchers that work in political economy, as it provides a coherent framework integrating political, economic and social aspects. According to Gramsci (1991), sociopolitical stability in any state is based on combinations of coercion and consent, compulsion and persuasion, legal and moral relations, controls and self-controls. The ruling elite uses a number of tools to perform the «control function» in «political society», which is regulated by formal legal provisions, and the «leadership function» in «civil society», where there are no formal hierarchic mechanisms, but civil society members accept the existing structure. Stability in any state is maintained not only by the coercive machine; rather, social and political stability is based on the «concentration of consent» and production of common ideological and cultural formulae (Gramsci, 1991).

*Gramscian theory* characterizes authoritarian societies as having weak civil societies. In democratic western countries there is a system of well-ordered relations between the state and society, or, to simplify, «political» and «civil» society; whereas in «oriental» societies the state was «everything», not «just a forward trench, with a succession of sturdy fortresses and emplacements» of civil society behind it (Gramsci, 1991). Apparently, the situation in Belarus is somewhere in between these two margins. Gramsci mentions a «transitional stage» between the dictatorship of political society (totalitarian state) and «traditional hegemony» (democratic state), «characteristic of certain situations in which the exercise of hegemonic function becomes difficult, while the use of force would involve too many dangers» (Gramsci, 1991).

Theories of political economy reveal the ways sociopolitical and economic institutions are «strategically» interrelated. The central message of *French Regulation School* is that economic growth, development and changes in political-economic systems are not propelled by economic factors alone (especially «accumulation of capital»), but also by the so-called «mode of regulation» (Dunford, 1990). The term «r gulation» [which could be translated as «regularization» or «normalization»] differs from «regulation», as it describes the concurrent operation of mechanisms that reproduce and modify the system, as well as transform it in the long run. The term emphasizes the combination of regulation and self-regulation processes.

According to the regulation theory, a stable interaction of political and economic factors fits into the framework of three interrelated concepts. The «accumulation regime» denotes stable relations between production (including factor productivity, comparative importance of industries and sectors, etc.) and consumption (structure of demand) through distribution of GDP among investment, consumption and profit. The «accumulation regime» functions due to a set of supporting institutions that forms the «mode of (social) regulation». The latter is defined as an array of institutional forms that provide the context for socioeconomic relations and practices. For example, the distribution of profits between investment and consumption depends on the existing system of collective bargaining (or, more precisely, the degrees of its centralization), and social safety net (welfare state). The «mode of regulation» therefore allows stabilizing the contradictory and uncooperative behavior of individuals and groups with a view to adapting it to the operation of the capital accumulation system and securing sustainable economic growth. Furthermore, mode of regulation also comprises the «societalization mode», or processes of social cohesion and public integration. These processes to a great extent weave the fabric of the social contract.

In other words, the trajectory of social and economic development is heavily influenced by social factors, including social relations and political actions. The mode of regulation determines the type of relations between employers and wage earners, the nature of competition among companies, and monetary and credit mechanisms, relations between the national and global economies, and the form of state interference in the economy. One of the central processes is the relationship between capital and labor, especially the organization of work and pay systems

(the distribution of the output among consumption, in the form of wages and salaries, profit, and accumulation in the form of investments).

The proponents of regulation theory have applied their theory to various economic systems, including the Soviet and post-Soviet ones (Boyer, 1997). The starting point was the declaration that various socioeconomic systems are characterized by certain instruments to coordinate economic relations and manage them. According to Aglietta (1979), the market economy is based on wage relations and resolution of the macroeconomic conflict: consumption versus investment (as in the «accumulation regime»). In the Soviet system, the main pillar was the resolution of the conflict within the production-accumulation-distribution triad.

The key role in the Soviet system was played by the state (Altwater, 1993), and regulation almost fully prevailed over self-regulation. Nevertheless, Sapir (2002) notes regular cyclical fluctuations of production, investment, factor productivity and even employment (among major sectors) in the Soviet system of regulation. He also points at some features common with market economies; however, in the Soviet system prices played almost no role in product distribution.

The Soviet economy must have tried to repeat the success of western «Fordism», but it failed to match the development of the consumer goods sector while constantly improving the quality of consumption. First of all, the Soviet system apparently lacked a distinct stimulus to produce consumption goods (Smith, Swain, 1998, p. 275). Recessionary trends were perceptible as early as the 1970s and had been caused, among other, by a gap between the real macroeconomic behavior and formal institutions and rules. The period was marked with the appearance of strategies for «exit», participation in informal activities and establishment of connections, etc. In due course, a parallel, or shadow, sector emerged, as formal institutions appeared to be lacking in flexibility to respond to challenges to the system and address all crisis contradictions (Altwater, 1993, p. 23). The crisis of the USSR was therefore can be interpreted as a crisis of the Soviet «regulation system», which proved incapable of efficiently coordinating the activities of its elements.

At the same time, the stability of social relations in the USSR was based on the exchange of certain benefits offered to the working class (as the largest social group) for its political loyalty. Some researchers have discovered that there used to be a sort of social contract in the USSR, and it showed the first signs of decay in the late 1980s, including for economic reasons. According to Cook (1993), the Soviet social contract consisted in the following: «... the regime provided broad guarantees of full and secure employment, state-controlled and heavily subsidized prices for essential goods ... and egalitarian wage policies. In exchange for [these benefits and] such comprehensive state provision of economic and social security, Soviet workers consented to the party's extensive and monopolistic power, accepted state domination of the economy, and complied with authoritarian political norms» (Cook, 1993, p. 2).

Perestroika questioned the fundamental provisions of the Soviet social contract. The Gorbachev leadership's agenda included an increase in wage differentials, price reforms, and facilitated the appearance of private businesses, which brought about social stratification. The disintegration of the Soviet social contract was

accompanied by mass protests, including rallies (Borisov, 2000), but protests subsided later on.

According to *Haggard and Kaufman* (Haggard, Kaufman, 1995), economic problems in authoritarian societies often result from the tendency for authoritarian leaders to hold power for too long, at least longer than required from the point of view of sustainable socioeconomic development. These leaders break accountability mechanisms and start to rely on certain clients, delivering coercion for many social groups. However, Haggard and Kaufman admit that authoritarian rule may be useful when the previous order has collapsed, and a new one has not been created yet. During the initial period a concentration of political power delivers solutions to collective action problems: for instance, investors are not eager to spend money amid political chaos. Uncertainty of any kind, including the vagueness connected with repartition of power, prompts many players to choose short-term, short-sighted strategies, or straddle the fence. This is why authoritarian governments, which guarantee order and irremovability of power at least for some time, help address the problem of collective actions in the economic sphere.

However, Haggard and Kaufman note that problems arise when authoritarian governments stay in power for too long while allowing no change when it is needed. In their economic management efforts they start relying on the clientele, which leads to economic inefficiencies. The thing is that authoritarian rulers as a rule tend to form closed political structures despite the fact that they originally were supported by wide public. In the course of time the social group that determines who stays in power narrows, because economic competition is stifled, corruption thrives, and private initiative is strangled. Only the team of confidants, who aspire to additional economic influence through the use of political leverage, have their property rights properly protected. Whereas in democratic countries the social group that determines the ones in power is formed by the majority of ordinary voters, in authoritarian countries this group is much smaller and comprises bureaucrats, the leadership of the ruling power, the military, etc.

Political leaders are rational and strive to remain in power. They are aware that their political survival depends on how long they will be able to provide their supporters with certain benefits. Also, they should prevent crises. The efficiency of policies «takes backseat», while the ability to choose the groups that can ensure the most significant support is brought to the forefront. The difference between democracy and autocracy lies in stimuli determining the institutionalized behavior of leaders.

This logic is formalized in *The Logic of Political Survival* by Bueno de Mesquita (De Mesquita et al., 2003), who indicates three basic parameters that influence the incentives of politicians. These are the size of the so-called «selectorate», the «winning coalition», and the balance between them. The «selectorate» denotes everyone who takes part in electing a leader (for example, in democratic countries it is represented by the electorate, voting citizens, while in totalitarian countries selectorate only includes party leaders). The «winning coalition» is defined as a subset of the selectorate that receives «private benefits» from the leader in exchange for loyalty and support during political campaigns (in democratic countries it is

formed by members of the party in office, and in totalitarian regimes it is a small faction that holds the levers of power). In turn, «private benefits» range from ministerial portfolios in democratic societies to key roles in corruption transactions in nondemocratic regimes. Public benefits are meant for all other citizens.

In this way, de Mesquita et al. maintain authoritarian leaders are aware that to preserve their power they need to conduct what they believe to be a rational policy in a given politico-institutional context. In authoritarian regimes, the winning coalition is small compared to the size of the selectorate, and leaders have to focus on providing relevant benefits for its members in such a way that the others will tend to lose. It happens this way because small coalitions cannot efficiently respond to wide demands of masses, which is why economic policies are built on the provision of private benefits to the clientele. Therefore, a «suboptimal» economic policy (also mentioned by Haggard and Kaufman as emerging due to the fact that the authoritarian model lingers after it plays its positive role) may be politically rational, but not viable in the long run.

In democratic regimes the size of the coalition that supports the leader (through the election mechanism) is larger than the selectorate; for that reason the likelihood that the members of the group (in fact, the majority of voters) will win does not depend on who is in power: in democracies, leaders require about half of the selectorate's votes, therefore the most efficient way to retain power is to provide public rather than private benefits, for example, education, infrastructure, health service, etc. In this way, democracies distribute the fruit of economic growth among the majority, the entire selectorate, and not the narrow group of the «winning coalition».

It is crucial for authoritarian regimes to keep the members of the coalition certain that the flows of private benefits will remain uninterrupted in the foreseeable future. Problems may appear because a «bad» economic policy has its limits, and sooner or later the economy will encounter difficulties. Masses see public benefits dwindle as the flows of private benefits peter out. De Mesquita et al. (2003) speak of the role of international institutions, including the International Monetary Fund (IMF), which provided support for authoritarian leaders helping them to retain power by holding back reforms.

However, not all authoritarian regimes are doomed to failure. The successes of authoritarian regimes, according to Besley and Kudamatsu (Besley, Kudamatsu, 2005), depend on the availability of mechanisms of selection of successors and accountability. Their empirical study shows that leadership change is positively associated with higher rates of economic growth. For instance, In Mexico, *Partido Revolucionario Institucional* stayed in power for a long time because of the internal competition mechanisms allowing leadership turnover. Interestingly, the party resorted to the political business cycle instruments: votes were «bought» before elections by way of increasing budget expenditures and pushing wages, etc. (Magaloni, 2006).

What happens in Belarus? It would be interesting to test the concept by Bueno de Mesquita, but it is a research of its own. For instance, one of the difficulties is to look at how the structure of the «winning coalition» changes, and determine its

composition. From the point of view of the social contract with various social groups, its very existence proves that the size of the selectorate may be larger than in a simple dictatorship. This may be proved by the fact that the benefits of economic growth have been distributed in favor of the lower-income households, and social expenditures have remained at quite a high level for a transition economy.

As we see, theories to one extent or another indicate the methods political leaders use to maintain the loyalty of citizens. This may be achieved through the creation of a «winning coalition» (De Mesquita et al., 2003), or labor market institutions that settle labor and wage conflicts (Boyer, 1997). Political leaders that head entire states may manage them as organizations that offer their members (citizens) certain benefits. If the state offers insufficient or low-quality benefits, citizens-clients cease to consume these benefits or make signals about the necessity to improve their quality by staging a public protest.

Hirschman (1970) uses the terms «exit», «voice» and «loyalty» as the axes that political leaders rely on to reduce the risk of a coup d'Etat or mass protest. In the scope of this «triad of strategies», «exit» (non-participation in social or political life, withdrawal to shadow economy, etc.) is crucial, as it allows reducing the level of coercion and «monitor» potentially active adversaries of the political system. Hirschman's concept, originally developed for organizations and their employees, or firms and consumers of their products may as well be applied to political systems (Hirschman, 1978).

However, the value of the concept for our analysis is not its parsimony. For instance, if product quality declines, the consumer would switch preferences (in conditions of a competitive market) in favor of another product («exit») or make a complaint in one form or another («voice»), whereas if it is impossible to buy exactly the same product or the consumer has a fondness for this brand, he or she will continue buying it («loyalty»). In fact, «voice» and «exit» are found in many everyday situations.

Hirschman's theory is valuable to our study, as it allows analyzing the range of strategies available to the parties to the social contract. Whereas the concepts of De Mesquita and Haggard and Kaufman focus on how political leaders build their relations with social groups, Hirschman's concept allows analyzing the behavior of social groups, understand their motivation and forecast possible responses to changes in the situation. Besides, it is a useful instrument to interpret the mechanisms of collective actions.

### **3. HIRSCHMAN'S CONCEPT**

Hirschman seeks to understand how organizations, whether firms or nation states, can improve their efficiency. He analyzes the set of strategies available to citizens-customers. The first one is «exit». For example, a product quality decline leads to a reduction in sales revenues, because customers switch to a substitute, thus alerting the firm to the necessity to improve quality. As a rule, this strategy is chosen by «alert» customers, whereas inert ones continue as buyers, showing loyalty to the product. Another mechanism to detect and eliminate «repairable lapse» is «voice»,



acting as a complement to «exit» or as a «substitute» for it (Hirschman, 1970, p. 33).

Hirschman defines «voice» as «any attempt at all to change rather than to escape from, an objectionable state of affairs, whether through individual or collective petition to the management directly in charge, through appeal to a higher authority or through various types of actions and protests, including those that are meant to mobilize public opinion» (Hirschman, 1970, p. 30). In a political system, voice has the «articulation-of-interests» function of this or that group.

«Exit» and «voice» jointly form a framework, in which the expression of voice depends on exit opportunities and «elasticity of demand» for goods. All other conditions being equal, the role of voice increases as the opportunities for exit decline. The absence of exit opportunities would eventually give voice the role of the only «reaction function», otherwise exit becomes the main reaction to deterioration (Hirschman, 1970, p. 35).

Exit is originally preferred to voice because in comparison to the exit option, voice is costly. The choice between exit and voice often depends on how the «effectiveness of voice» is (subjectively) evaluated. According to Hirschman, «if customers are sufficiently convinced that voice will be effective, then they may well postpone exit», which is chosen at an early stage of disagreement about the deterioration (Hirschman, 1970, p. 37). It appears that voice can be a substitute for exit as well as a complement to it.

On the one hand, the use of voice is always costly. For instance, a protest may result in a loss of job. On the other hand, when comparing protest costs and benefits, citizens customers take into account collective action factors. A reference to Mancur Olson (1971) is appropriate here. According to his collective action theory, people will not express their protest unless they are aware of its benefits and are certain that a «critical mass» of protesters supporting a change in the current situation will be reached. The voice costs and collective action factor can therefore enfeeble the development of voice as a behavioral strategy (Hirschman, 1970, p. 43). Reprisal may weaken voice by raising its costs and making the exit option more appealing.

The coexistence of voice and exit (as complementary or mutually exclusive options) is possible because there is the third option – «loyalty», – which, in its turn, makes exit less likely (Hirschman, 1970, p. 77). At the level of nations, loyalty may be attained through offering material benefits, as well as non-material, ideological factors. Loyalty, according to Hirschman, «far from being irrational, can serve the socially useful purpose of preventing deterioration from becoming cumulative, as it so often does» (Hirschman, 1970, p. 79). In other words, loyalty may constitute a barrier to exit and a «residual» strategy if voice proves too costly. It may be propelled by the sense of affiliation with a social group, organization or state, but unlike faith and trust, loyalist behavior retains reasoned calculation. High entry costs or serious punishment for the use of exit may increase the attractiveness of loyalty. At the same time, as soon as more and more participants notice that the organization is doomed to failure, loyalty disappears, giving way to voice or exit.

One should note that «voice» is mostly efficient when it is a collective response based on horizontal ties. A study made by Levada-Center shows that Russian society has no horizontal solidarity of this kind, which makes people rely on the «close circle» of social ties. Furthermore, voice costs are too high (because democracy is rather weak), so exit becomes a more attractive option, provided there is a chance, which, in turn, increases the appeal of loyalty for the rest of the population.

Hirschman illustrates the interaction of voice, loyalty and exit using the example of school education. A decline in quality of public (free) schools encourages better-off parents to send their children to private schools (thus choosing the exit option), characterized by a better-quality education. Exit is preferred to voice here, despite their equal availability, because the latter is more «cumbersome» compared to exit, as it requires the calculation of consequences under uncertainty. Besides that, the lack of coordination among the participants enfeebles voice. Voice is only chosen if the participants are certain it will be efficient (that is, if voice is «heard» or accounted for). Alternatively, exit consists in searching for a meaningful alternative. As soon as it is found, welfare improvements occur. Competition, therefore, weakens voice and is responsible for the inclination to choose exit.

The withdrawal of children of richer parents from public schools results in further deterioration of the quality of education, but schools are incapable of noticing this decline in the short run. This happens because pupils from well-to-do families constitute a small part of students; at the same time, private schools, where well off parents send their children, offer no exit option at all, and parents tend to resort to voice to improve education quality in the instance of «last resort» (for instance, they demand new teachers, improvements in the physical infrastructure, etc.). Some parents prefer staying «loyal», though, and keep their children in public schools, as they are certain the situation will improve in the long run.

In economics, entrepreneurs and investors may also «vote with feet» looking for the best possible «business climate» (Hirschman, 1978, p. 100). Hirschman notes that «capital flight ... was perceived as a salutary restraint on an arbitrary government both by Montesquieu and [Sir James Steuart] Mill» (Hirschman, 1978, p. 99), and is a factor helping to improve the efficiency of state administration. Smaller economies are especially sensitive to capital outflows, because their internal investment resources are limited.

More broadly, the exit-voice-loyalty triad, according to Hirschman, may be used in the «analysis of state» and «political behavior» (Hirschman, 1978). One of the aspects of this analysis is the political effects of «institutionalized [channels of] exit». An important result of the presence of these channels is the fact that as soon as they become available (as an instrument to settle the conflict), the exit practices become «self-reinforcing», so that the power of voice, which is the essence of political process, becomes restrained (Hirschman, 1978, p. 95). With exit available as an «outlet for the disaffected», the voice option became less appealing: «the ships carrying the migrants contained many actual or potential anarchists or socialists, reformers and revolutionaries» (Hirschman, 1978, p. 102). For instance, mass

migration thus reduced social protest in the European-American state systems as a whole and not only in the sending countries (Hirschman, 1978, p. 102).

Hirschman's theory may thus be applied to studies of social behavior strategies. The theories of sociopolitical stability briefly discussed above show that politicians build their relations with society by balancing consent with coercion. Because the latter envisages costs and has efficiency limits, it is preferable to elaborate effective mechanisms of achieving consent. These mechanisms cannot be imposed from above, but are formed as a result of interaction with the behavioral strategies that tend to be selected by the parties to the social contract.

One of the objectives of this book is to reveal these strategies as reactions of citizens-customers to the framework set by the state. At the same time, the strategies are not universally applicable for all, but differentiated, which is why we consider the social contract with various social groups.

#### 4. THE GROUPS OF SOCIAL CONTRACT IN BELARUS

We identify social groups depending on their *social mobility* possibilities, which differ according to the levels of accumulated human capital. Human capital to a great extent determines the social chances of an individual. Economic changes call for new skills, which must be provided by either an efficient retraining system, or enterprises themselves. On the other hand, the state may interfere in the economy and restrain reform and thus creating no demand for new skills. However, such intervention might prevent inequality from rising, but may adversely affect the external competitiveness of the country. In market economies the welfare state has played an important role in the protection of certain skills, but in a way compatible with maintaining competitiveness of domestic firms on foreign markets (Iversen, 2002). The state saw «demand» from various population groups, and politicians who came to power would reach coalition decisions that satisfied the majority.

It is logical to stipulate that various population groups have various demands for public benefits, and – based on what has been said above – these demands differ depending on how people evaluate their capabilities, the level of accumulated «human capital» and possibilities of its utilization in this or that sector of the economy, which is expressed in the position on the labor market that the individual takes.

Besides the considerations related to human capital and its protection by the state, we have heavily leaned on the experiences with opinion polls conducted by NOVAK sociometric laboratory and Independent Institute of Socio-Economic and Political Studies (IISEPS). In particular, the following social groups have been identified: young workers and students, wage workers, entrepreneurs, pensioners and civil servants<sup>4</sup>. In order to be able to categorize respondents, we used the

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<sup>4</sup> Besides, depth interviews with civil servants were conducted. Their results are studied in a separate research.

question about the occupation of the respondent with possible answers below (Table 1).

**Occupations of employed respondents**

Table 1

| <b>Occupation</b>                                                                           | <b>%</b> |
|---------------------------------------------------------------------------------------------|----------|
| 1. Owner (co-owner) of an organization, business (employer)                                 | 0.8      |
| 2. Top executive (senior manager), director ( <u>except in schools</u> )                    | 0.5      |
| 3. Middle manager, deputy director ( <u>except in schools</u> )                             | 3.5      |
| 4. Qualified specialist, manager                                                            | 15.6     |
| 5. Worker, vendor, etc.                                                                     | 24.9     |
| 6. Civil servant                                                                            | 1.8      |
| 7. Serviceman, law-enforcer, etc.                                                           | 0.8      |
| 8. Budget-paid employee (teacher, medic, librarian, maintenance and utilities worker, etc.) | 8.3      |
| 9. Individual entrepreneur, farmer                                                          | 1.1      |
| 10. Household worker making products for sale                                               | 0.3      |
| 11. Pensioner                                                                               | 26.7     |
| 12. Student                                                                                 | 7.5      |
| 13. Homemaker                                                                               | 2.8      |
| 14. Unemployed                                                                              | 4.4      |
| 15. Other                                                                                   | 1.2      |

The group of wage workers (the employed, to be more precise), includes the following categories: (1) workers of enterprises/organizations (answers 4 and 5), (2) state-paid workers [public sector employees] (answer 8), (3) civil servants (answer 6), servicemen, etc. (answer 7) and those who make products for further sale in households or choose the answer «other» (that is, typically the self-employed). The group of wage workers appeared to be the largest one; the remaining groups will be addressed separately. The affiliation criteria are as follows: these people are not owners of businesses and are in employment at a private or state entity. Their economic status is greatly determined by the employer, and the same is true for their career prospects. As for the self-employed, they are, as a rule, small producers or suppliers of services. They accept market conditions shaped by the state policies and behavior of large companies.

The study used the data collected based on focus groups (three groups were conducted with budget-paid workers, three with wage workers and two with young workers) and during a nationwide poll<sup>5</sup> (representative sampling, 1,577 people aged 18 to 75, including 833 employed persons). The subgroups that we will use for comparison are the following:

- state-paid workers (public sector employees, civil servants and servicemen) – 20.5% of the group; and non-budget sector workers (employees of enterprises and organizations, and those working in households) – 79.3%;
- private sector employees (20.7%) and public sector employees (79.2%).

The main characteristics of the «employed» group at large and two subgroups are presented in table 2.

<sup>5</sup> The poll was conducted by *NOVAK* in early 2009.

Table 1

## Some characteristics of «the employed» group

|                                                        | The employed | Non-budget  | Budget      | Private     | Public      |
|--------------------------------------------------------|--------------|-------------|-------------|-------------|-------------|
| <b>The employed</b>                                    | <b>100.0</b> | <b>79.3</b> | <b>20.5</b> | <b>20.7</b> | <b>79.2</b> |
| <b>Place of residence</b>                              |              |             |             |             |             |
| Brest region                                           | 12.8         | 11.8        | 17.0        | 10.4        | 13.5        |
| Vitebsk region                                         | 12.7         | 12.5        | 12.9        | 12.1        | 12.9        |
| Gomel region                                           | 15.4         | 14.8        | 18.1        | 12.1        | 16.3        |
| Grodno region                                          | 13.5         | 13.7        | 12.3        | 9.8         | 14.4        |
| Minsk region                                           | 12.7         | 12.4        | 14.0        | 9.2         | 13.6        |
| Minsk                                                  | 20.8         | 23.7        | 9.9         | 39.9        | 15.9        |
| Mogilev region                                         | 12.0         | 11.0        | 15.8        | 6.4         | 13.5        |
| Total                                                  | 100.0        | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Settlement size</b>                                 |              |             |             |             |             |
| Over 1 million (Minsk)                                 | 20.9         | 23.7        | 9.9         | 40.1        | 15.9        |
| 100,000–500,000                                        | 32.7         | 30.5        | 40.7        | 31.4        | 33.0        |
| 50,000–100,000                                         | 5.5          | 5.4         | 5.8         | 2.3         | 6.4         |
| 10,000–50,000                                          | 16.6         | 15.6        | 20.3        | 12.8        | 17.5        |
| 5,000–10,000                                           | 2.5          | 3.0         | 1.2         | 0.6         | 3.0         |
| Fewer than 5,000                                       | 21.8         | 21.8        | 22.1        | 12.8        | 24.2        |
| Total                                                  | 100.0        | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Gender</b>                                          |              |             |             |             |             |
| Females                                                | 47.8         | 41.2        | 73.3        | 34.3        | 51.3        |
| Males                                                  | 52.2         | 58.8        | 26.7        | 65.7        | 48.7        |
| Total                                                  | 100.0        | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Age</b>                                             |              |             |             |             |             |
| 18–24                                                  | 10.4         | 10.7        | 9.9         | 17.9        | 8.6         |
| 25–34                                                  | 26.1         | 26.0        | 26.2        | 31.8        | 24.5        |
| 35–44                                                  | 26.2         | 26.5        | 24.4        | 30.1        | 25.1        |
| 45–54                                                  | 30.3         | 29.8        | 32.0        | 16.8        | 33.7        |
| 55–64                                                  | 6.8          | 6.7         | 7.6         | 3.5         | 7.7         |
| 65 +                                                   | 0.2          | 0.3         | 0.0         | 0.0         | 0.3         |
| Total                                                  | 100.0        | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Internet use</b>                                    |              |             |             |             |             |
| Daily                                                  | 8.5          | 9.2         | 5.8         | 21.4        | 5.3         |
| A few times a week                                     | 12.1         | 10.1        | 19.9        | 17.3        | 10.7        |
| A few times a month                                    | 8.9          | 7.1         | 15.2        | 9.2         | 8.8         |
| Once a month or less frequently                        | 6.1          | 5.4         | 8.8         | 5.8         | 6.2         |
| Do not use                                             | 61.8         | 65.2        | 49.1        | 45.7        | 66.0        |
| Do not know what Internet is                           | 2.5          | 2.9         | 1.2         | 0.6         | 3.0         |
| Total                                                  | 100.0        | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Education</b>                                       |              |             |             |             |             |
| Primary and lower                                      | 0.7          | 0.9         | 0.0         | 3.5         | 0.0         |
| Junior secondary                                       | 1.2          | 1.1         | 1.7         | 0.0         | 1.5         |
| Secondary                                              | 18.1         | 20.7        | 8.1         | 20.9        | 17.4        |
| Specialized secondary (technical school, college)      | 32.4         | 33.3        | 29.1        | 32.0        | 32.5        |
| Vocational training (training school)                  | 24.7         | 27.2        | 14.5        | 21.5        | 25.6        |
| Higher                                                 | 22.9         | 16.8        | 46.5        | 22.1        | 23.0        |
| Total                                                  | 100.0        | 100.0       | 100.0       | 100.0       | 100.0       |
| <b>Monthly income</b>                                  |              |             |             |             |             |
| Sufficient, can put money aside monthly                | 7.1          | 7.6         | 5.2         | 10.4        | 6.4         |
| Can put month aside, but not regularly                 | 47.9         | 47.0        | 51.2        | 49.1        | 47.5        |
| Can make both ends meet                                | 35.5         | 35.8        | 34.3        | 27.7        | 37.4        |
| Not sufficient at all, deny themselves every necessary | 5.3          | 4.8         | 7.0         | 4.0         | 5.7         |
| No answer/Undecided                                    | 4.2          | 4.8         | 2.3         | 8.7         | 3.0         |
| Total                                                  | 100.0        | 100.0       | 100.0       | 100.0       | 100.0       |

Source: calculations are based on Belarusian Institute for Strategic Studies (BISS) research

## 5. CONCLUSION: SOCIAL CONTRACT IN CONTEMPORARY BELARUS

Our study is based on the premise that the political system of any state cannot be based on repression and coercion, as the elements of public consent are vital for its survival over the long run. However, in non-democratic societies it is the state, and not civil society, that sets the framework of the consensus by offering material and non-material benefits in exchange for citizens' loyalty. Because the state plays the dominant role in the political and economic life, whereas civil society remains relatively weak, their interrelationships are asymmetric.

This asymmetry does not rule out the presence of bilateral relations, though. Although the parties to the social contract are not in equal conditions, there are instruments to express protest, or at least signal problems. Therefore, the state has to somehow account for them. These signals are perceived by the state, which aims at seeking consent. Furthermore, there are possibilities of «exit», or alternatives located beyond the space controlled by the state. Moreover, the applications of coercive mechanisms have their efficiency limits. In fact, any authority is interested in having its actions meet the expectations of the majority, if it is to remain in power over the medium to the long runs.

Following Hirschman, we consider the state as an organization that offers its citizens-customers certain benefits. If the level/quality of benefits is insufficient, customers may either cease consuming them, thus choosing the strategy of non-participation, or demand improvements. According to Hirschman, citizens-customers have two options, namely, «exit» (strategy of non-participation in public or political life) and «voice» (to signal problems or protest). The choice of either way indicates that the third option – «loyalty», or adaptation to the existing situation, – is not selected. If costs of voice are high, loyalty may be preferred. The latter may also be chosen because of ideological settings, that is, subjective sense of attachment, non-material factors.

In brief, here is the logic design our study is based on, but we use it not because it is simple and applicable to a broad range of social situations. Firstly, it is in line with some of the relevant theories of social order and stability, which suit well to understand the situation in Belarus. Secondly, these are «macrosocial» theories, whereas we are trying to understand the «microsocial» motives. Thirdly, proceeding from the definition of the social contract we gave above, the suggested logical scheme corresponds with many of its aspects, for instance, it enables us to detect and analyze which social strategies each party to the social contract tends to choose in order to reduce uncertainty.

From the perspective of social groups, we consider the «demand» for state services in terms of social security, especially at the level of protection of the accumulated human capital. This is one of the axes of the empirical part of our study, which in many aspects correlates with the poll-based experience accumulated by Novak laboratory and the IISEPS, as they frequently indicate the similarity of opinions within the social groups we identify. We have also accounted for other important aspects of social contracting, including non-material and ideological factors.

When it comes to non-materials aspects, the system of values configured by media messages is of particular interest. The value settings may enhance loyalty thereby weakening the attractiveness of voice. One should remember that in our study we proceed from the subjective estimates of social group members and make use of available statistical data, but only for the sake of illustration or an additional source of information.

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## Chapter 2

# **SOCIAL CONTRACT: WAGED WORKERS**

Alexander Chubrik, Kiryl Haiduk

### **1. INTRODUCTION**

This chapter investigates the structure and content of the social contract with waged workers in contemporary Belarus. The structure of this chapter is as follows: the first section addresses the roots of the social contract in order to give a clear picture of the existing situation. The second section analyzes some specific mechanisms of its work, namely, labor market regulation (including employment and wage controls). Specifically, we emphasize the instruments to punish for «disloyalty», ways to «pay for loyalty» and the use of sanctions. The third session considers the available possibilities of «exit» as a means to stabilize the implementation of the social contract in a way that waged workers always have a chance to choose an alternative, which weakens the power of their «voice». In the fifth section, we consider the recent challenges to the Belarusian economy. We believe they may be serious enough to entail a revision of existing agreements related to implicit social contracting. The extent of the possible «revision» of the social contract depends on the anticipated and real impact of the global financial crisis on the Belarusian economy. At the same time, there is an addition room opens for a dialogue, production of positive messages, including those for alternative political forces.

### **2. THE SOURCES AND ELEMENTS OF THE SOCIAL CONTRACT WITH WORKERS**

#### **2.1. Sources of the social contract with workers**

The idea of the social contract broadly lies in the fact that stable relations are built and maintained between the state and social groups. The parties of the contract offer each other certain benefits – not necessarily material goods – including symbolic ones (among them are indications as to mutually acceptable behaviors).

The Belarusian economy in many aspects lags behind other former socialist economies by the extent of reform (take the share of the private sector in GDP, which remains between 20% and 25%, one of the lowest levels for countries in transition, see EBRD (2009)). The state still preserves controls over prices, wages and important labor market institutions. Furthermore, the government imposes growth targets on industrial manufacturers and sees that all the targets are met.

The prevalence of political and social motives over purely economic factors against the background of socio-political stability all suggests that Belarus may have a peculiar kind of tacit «as if» agreement between the authorities and major social groups. We classified in our preliminary study the groups based on the degree of their dependence on the state and economic situation, which is to some extent controlled by the authorities. This investigation looks into the relations with waged workers as a significant social group in Belarus.

Before embarking on our study we should note that the group of waged workers is not homogeneous. There is no «representative» member in the group; however, the case of workers may be used to display the functioning of the social contract, from direct participation in the contract to the stabilizing component, located beyond the contract, namely, the possibility of «exit».

When describing the preferences of the parties to the social contract, we will focus on the following points. One of the key considerations for the authorities is certainly the absence of any public protest. Representatives of the currently ruling political class currently in power must remember well the protests of the early 1990s. The doubling in prices in April 1991 resulted in mass protests of workers at large Minsk-based factories (Minsk Electrical Works, Automated Lines Works, Gear Works and some departments of Minsk Tractor Plant). The protesters mostly wanted their wages adjusted proportionally to inflation. Prior to that, in 1989, miners of Soligorsk came out on strike in solidarity with the miners of Donetsk and polar regions. «Gomselmash» workers were also on strike in 1990 to seek higher «Chernobyl» allowances.

The protests clearly came as a surprise both to the authorities and the representatives of alternative political forces (see *Sovetskaya Belorussia* of April 24, 1991). At least 40 Minsk-based enterprises and two trolleybus stations were on strike on April 24, 1991, and in Orsha protesters threatened to disrupt train services. The government was forced to make concessions, and the wave of strikes subsided. The strike committee of Minsk Automobile Plant decided to discontinue the protest as early as April 25. The June 1991 program of economic reforms was based on the necessity to preserve a «socially-oriented» market economy as a «strategic orientation». This basic principle has remained unchanged thus far and is safely embedded in the current economic policy of the state.

The strikes became a clear indication to the Belarusian authorities that society is not passive. Firstly, they proved that a spontaneous strike was not impossible; secondly, they showed that the main reason behind the protests was the uncertainty of workers and their fear of losing their jobs, which could mean an increase in poverty in conditions of an underdeveloped private sector. Besides, the workers used to have «specific assets» (Williamson, 1996) highly valued in the Soviet economy. They could not be easily transferred between various fields of activity in a new situation. Many workers had no experience in entrepreneurial activities, whereas foreign companies were not eager to come to Belarus.

An essential economic goal the authorities were to fulfill was to secure jobs at large enterprises while increasing incomes on a regular basis (to catch up with the constant rise in consumer prices, an effect of the devaluation of the national

currency) in order to stave off poverty among the employed population. The maintenance of full employment therefore became a cornerstone material component of the social contract, which was reckoned with when correlated with the other constituents of the contract and factors that ensure its stable performance. At the same time, it would be more appropriate here to speak about the regulation of the labor market as a whole, including wage controls.

In addition, the stability of relations governed by the social contract is built on the possibility of «exit», which in the given case may be represented by private sector opportunities, work in the informal labor market, or labor migration. Even the Belarusian government admits that the share of the shadow economy stands between 10 and 15% of GDP, and takes it for granted rather than perceives it as a serious problem. According to Gurr (1970), the number of alternatives for the protest-oriented social classes is in inverse proportion to the likelihood of a collective social protest. Olson (1963) juxtaposes modernizing societies and modern industrial societies and notes that the former were characterized by political instability because of the absence of a mechanism to compensate to those who were «losing» as a result of the modernization process. In turn, such institutes as the welfare state and social security programs rendered industrially developed economies more efficient (see also Boyer, 1997).

It has been noted that there was a sort of social contract back in the Soviet Union, its main component being the industrial class (Cook, 1993). The essential commitments under that contract were to ensure full employment and provide a broad range of social benefits, namely, housing, health service and education. Adam (1991) suggests the following elements of the Soviet social contract: (1) right to employment; (2) entitlement programs; (3) stable low prices for staple goods; (4) even distribution of incomes; (5) accessibility of education, including higher education. In this study we are more interested in elements (1) to (3) than in the rest of them. In the 1990s, the Soviet social contract started changing dramatically, especially as far as universal full employment was concerned (Chapman, 1991). Belarus also saw the Soviet social contract modified, but the authorities attempted to preserve control of the labor market in order to maintain full employment.

## **2.2. Labor market control as an element of the social contract**

The share of the manufacturing sector in the occupational structure decreased in the period 1991 through 2006, while the share of the service sector expanded (one reason was the appearance of a small-sized private sector). Nevertheless, the potential of the private sector in creation of jobs remains insignificant. Officially, the share of the «private sector» in the national economy stands at 45%, but this figure covers the workers employed by joint-stock companies (which in fact may be regarded as former state enterprises) to a greater or lesser degree controlled by the state via stock ownership. At the same time, waged workers traditionally have education – more than half have graduated from some education establishment, including training colleges and vocational schools.

The policy to maintain a high employment rate (including through the use of budget subsidies) is the material benchmark of the social contract. The Belarusian social safety net barely covers the unemployed: a jobless person cannot have a decent unemployment benefit (which hardly exceeds a quarter of the minimum wage), moreover, to receive it he or she must agree to be engaged in public works and take on some other commitments.

A more important advantage is the relatively low, but stable income. Based on the political business cycle, all wages are increased prior to the important political events (Haiduk et al., 2006). The single-tier pension system completely controlled by the state makes a withdrawal from official employment bringing forth a lower pension in the long run. Private pension schemes are almost non-existent. Finally, some social benefits used to be distributed through enterprises (although the scale of benefits and distribution schemes decreased subsequently). For example, larger manufacturers offered their employees kindergarten and polyclinic services, as well as holiday recreation centers. Trade union organizations at large enterprises also could provide additional support by paying bonuses for seniority or material aid to the needy. According to focus group participants, the «official trade unions» are always on the side of the «administration», but you can sometimes (at least once a year) reap a benefit, say, a discounted hotel voucher or lower children's summer camp fees. This makes vacations partially «guaranteed», that is, workers are spared the necessity to set money aside the whole year just to pay for the summer break.

The state has always been keen on retaining its monopoly on relations with workers, and the domain of independent trade unions has been progressively narrowed. They had to appeal to the International Labor Organization, but the situation with the rights of independent trade unions – according to their representatives – has changed for the better only slightly (see various materials on the website «Trade union movement in Belarus» at <http://www.praca-by.info/>). Another failure of Belarusian independent trade unions was their inability to overcome the «contractual employment» system, that is, a transfer from permanent labor agreements to fixed-term contracts (one to five years), despite an organized nationwide campaign.

Fixed-term labor agreements, or «contracts», superseded, in spite of a chilly welcome from employees, all other employment schemes. Nearly all participants of focus groups noted that contracts restrained their rights, but nothing could be done about it. The dependence on the state or authorities got even stronger, while the «contractual system» has become an integral part of the social contract. Fixed-term contracts is an instrument of sanctions, a punishment for protests, or a reminder about the potential sanctions for disloyalty. According to representatives of independent trade unions, fixed-term contracts were also used to get rid of activists of independent trade unions: they simply did not have their contracts prolonged. A loss of work, especially in Belarusian regions, where the number of jobs is limited, was particularly painful. It appears that any actions that fail to fit in the acceptable framework of relations between the authorities and a citizen may result in a loss of work for waged workers. This is an immediate sanction for disloyalty and a guarantee that the punishment is inevitable.

Besides sanctions, the authorities have preserved the mechanism of encouraging loyalty by way of establishing tight wage control in order to prevent wage differentiation. Since 1998, the state has campaigned for reducing the differences in labor compensations. Those emerged in 1994-1998, when enterprises were allowed to set their own wage rates, and naturally resulted in wage differentiation both inside industries and between them. The government decided to respond and narrow the wage gaps. However, some enterprises are still capable to pay higher wages due to special agreements with the state.

At the same time, wage control was used within the framework of political business cycles (Haiduk et al., 2006) to raise incomes before important political events. This has serious repercussions for the economy, since increases in real wages periodically exceeded the growth of labor productivity. Maintenance of employment and wage increases proved to be costly so the state resorted to bank loans, which were not always provided for purely economic reasons. Moreover, the resources that could otherwise have been invested were spent to buy «loyalty» of waged workers.

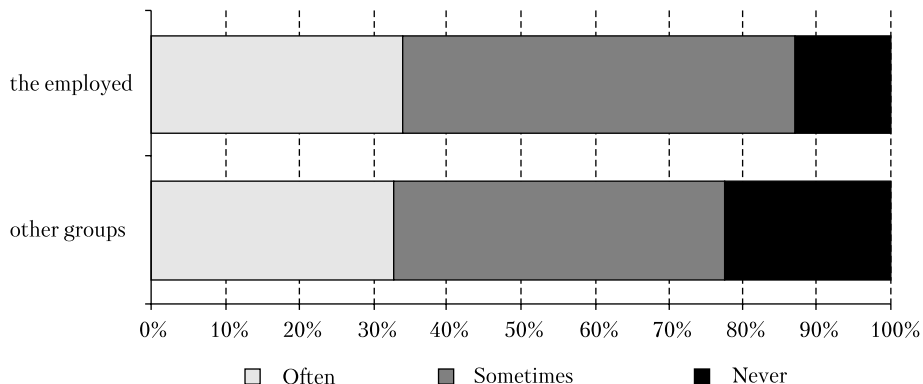
Whereas waged workers were offered a gradual reduction in wage differences, managers were provided economic incentives if they were successful. There were attempts to raise salaries of executives and peg them to performance indicators. In the first half of 2008, the government passed a number of legislative acts to increase salaries of managers at state enterprises through higher bonus payments. Furthermore, some scales and tariffs were adjusted.

The social contract with waged workers was reshaped in that period as far as employment and wages were concerned. While employment support remained one of the material pillars of social contract (even though the efficiency of producers was affected), tight wage controls were successfully used to reduce wage differentiation levels. Furthermore, wage rises were regular, albeit cyclical. Yet, remuneration rates are lower than those in the neighboring countries; payments for labor are not sufficient to ask for loans to pay for housing or take part in private retirement pension schemes. The contractual employment system has made the threat of sanctions for disloyalty appreciable and immediate. However, workers have always had an option to «exit», connected with the work of the private sector, informal labor market and temporary labor migration.

### **3. STRUCTURE OF A SOCIAL CONTRACT: A STUDY**

#### **3.1. Formulation of the hypotheses**

Workers are the major group engaged in the interaction with the state, given the fact that about 80% of the Belarusian workforce is involved in the public sector. This explains the higher degree of reflection on the influence of the state upon the life of this social group, compared to all other groups, – nearly 90% of workers once in a while ponder on how the state shapes their lives. In other groups, the share of those who are «being aware of» is about 10 percentage points lower, see Figure 1.



Source: BISS

**Figure 1. Answers to the question: «How often do you think about how the state influences your life and the life of your family?»**

In fact, there are two social subgroups – persons of the preretirement age and youth (younger than 25) – that are better aware of the «active role» of the state in their lives than people in the other clusters. These two subgroups are quite concerned over the state's influence (the former are getting ready to retire, while the latter are preoccupied with their future careers). At the same time, the «youth» group shows the higher proportion of those who never think about the influence of the state on their lives, with over 18%, compared to the average of 12.4% in other age groups. The frequency reflection on the relations with the state suggests that these groups are better aware of the «contract» with the state and its features. The ratio we propose here is as follows: the higher the subjective assessment of the quality of human capital, the lower the observed degree of reflection on the relations with the state. Young people seem to have insufficient capital because of their age, whereas preretirement persons «acquired» their capital back in the Soviet times. The following hypotheses are formulated:

1. **The higher the degree of subjective dependence on the state, the stronger the demand for public social benefits.**
2. **The degree of conformity of the offered benefits to the expectations defines the proneness to using the possibility of «exit».**
3. **The higher the subjective liquidity of human capital, the lower the subjective dependence on the state. The higher the mobility of human capital, the stronger the inclination to «exit» and disposition to «voice».**

### 3.2. Conformity of state actions to expectations

The level of expectations from the state is calculated based on the following methodology.

Respondents were asked to choose whether it is important that the state should be responsible for the 16 activities below:

- make it possible to earn money;
- provide preferences, benefits;
- provide pensions;
- pay educational allowances;
- provide free secondary education;
- provide free higher education;
- provide quality health services;
- protect from crime;
- extend 100% guarantee of bank deposits;
- guarantee employment;
- provide free health services;
- secure political stability;
- guarantee due course of law, so that I could settle disputes in courts;
- see that employers meet their obligations to employees;
- make it possible to be engaged in business activities;
- assist in housing acquisition, provide concessional loans.

Possible answers included «very important» (code «2»), «rather important» (code «1»), «rather not important» (code «-1») and «not important at all» (code «-2»). The weighted average was calculated according to the following formula:

$$(2 \cdot x_1 + 1 \cdot x_2 - 1 \cdot x_3 - 2 \cdot x_4) / (N - NA),$$

where  $x_{1, \dots, 4}$  is the number of respondents that chose one of the suggested answers (from «very important» to «not important at all»), NA is the number of respondents that were undecided. The final result may vary from 2 ( $x_1 = N - NA$ ) to -2 ( $x_4 = N - NA$ ), that is, from «very important» to «not important at all».

In order to evaluate the conformity of the state actions in the 16 given areas to expectations, a question was asked to indicate what the state really does in each domain. The results were calculated using the same formula. The negative sign may be interpreted as default of obligations, whereas the positive sign may be perceived as a failure to meet obligations fully.

Finally, the percentage of conformity of the state actions to expectations was calculated (the quotient of the second and first indicators multiplied by 100). The results are presented in Table 1.

From workers' point of view, the key functions of the state (in the decreasing order) are provision of quality health services, protection from crime, making it possible to earn, protection of workers' rights, independent judicial service/rule of law. Only three key functions of the state from the workers' list got into the top-five rankings of other social groups (in which pensioners constitute more than half of the total number), namely, quality health services, protection from crime and independent courts (other groups added pension provision and political stability to the list of staples). *A conclusion we can draw here is that workers generate high demand for the services that they find very hard to pay for using only their incomes,*



*but these services are irreplaceable if really required. In other words, workers show a strong demand for the social benefits that enable them to exist in the system with state wage controls and restrained private sector.*

Table 1

**Level of expectations from the state and conformity  
of the real situation to expectations**

| Areas of state activity:                               | Level of expectations |             | Conformity to expectations |             | Conformity to expectations, per cent |             |
|--------------------------------------------------------|-----------------------|-------------|----------------------------|-------------|--------------------------------------|-------------|
|                                                        | Workers               | Others      | Workers                    | Others      | Workers                              | Others      |
| 100% guarantee of bank deposits                        | 1.48                  | 1.19        | 0.03                       | 0.11        | 2.2                                  | 9.2         |
| Free health services                                   | 1.46                  | 1.32        | 0.71                       | 0.83        | 49.0                                 | 63.1        |
| Possibilities to earn                                  | 1.65                  | 1.02        | -0.02                      | -0.07       | -1.0                                 | -6.7        |
| Possibilities of business activities                   | 1.06                  | 0.63        | 0.07                       | 0.13        | 6.4                                  | 20.8        |
| Protection of workers' rights                          | 1.61                  | 0.99        | 0.03                       | 0.10        | 2.1                                  | 9.9         |
| Employment guarantees                                  | 1.55                  | 0.89        | -0.27                      | -0.20       | -17.5                                | -22.7       |
| Protection from crime                                  | 1.67                  | 1.61        | 0.40                       | 0.59        | 24.0                                 | 36.4        |
| Quality free secondary education                       | 1.32                  | 0.79        | 0.66                       | 0.76        | 50.3                                 | 96.4        |
| Quality higher education                               | 1.12                  | 0.70        | 0.55                       | 0.64        | 49.4                                 | 92.4        |
| Quality health services                                | 1.70                  | 1.77        | -0.24                      | 0.12        | -14.3                                | 6.7         |
| Benefits                                               | 1.25                  | 1.45        | -0.19                      | -0.01       | -15.3                                | -0.3        |
| Independent courts, compliance with law                | 1.60                  | 1.53        | 0.19                       | 0.44        | 11.6                                 | 28.4        |
| Decent pensions                                        | 1.42                  | 1.54        | -0.33                      | 0.02        | -23.4                                | 1.3         |
| Political stability                                    | 1.50                  | 1.60        | 0.33                       | 0.56        | 22.0                                 | 35.3        |
| Assistance in housing construction, concessional loans | 1.46                  | 0.93        | 0.41                       | 0.42        | 28.3                                 | 44.5        |
| Educational allowances                                 | 1.03                  | 0.64        | 0.29                       | 0.36        | 28.2                                 | 56.6        |
| <b>Average</b>                                         | <b>1.43</b>           | <b>1.16</b> | <b>0.16</b>                | <b>0.30</b> | <b>11.5</b>                          | <b>25.8</b> |

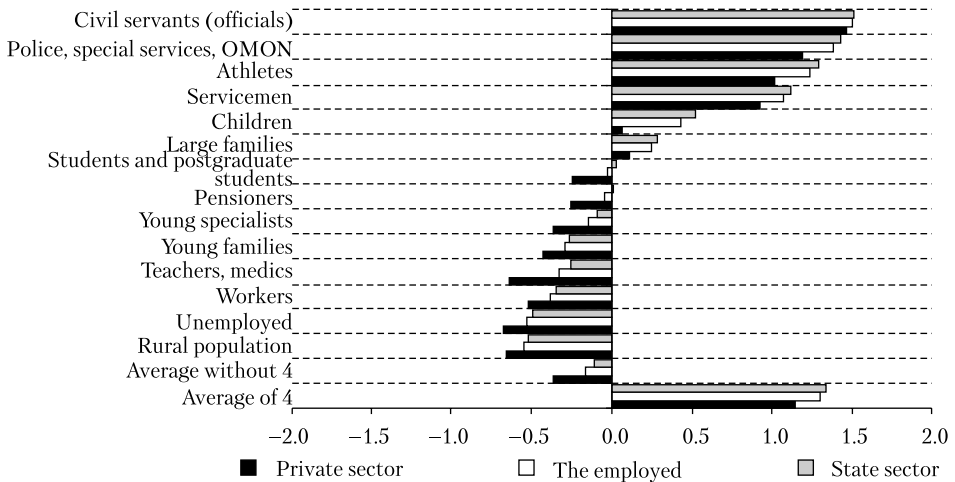
*Source:* estimates based on BISS data

When it comes to the conformity of the state to workers' expectations, they believe the state's chief achievements are free medical services and education (both secondary and higher), as well as assistance in acquisition of housing and protection from crime. Workers almost fully agree with the rest of the social groups here – except for housing, which is replaced by political stability in other groups' top-five list.

*On the whole, the level of workers' expectations from the state is higher than that of other social groups (by 23%).* However, compared to other social groups, the state conforms to the expectations of workers to a much lesser degree (by 45.2%). Only 11.5% of all workers are satisfied with the policy of the state, compared to 25.8% in other groups. Two more questions were asked to additionally check the conformity of the state policy to the expectations of respondents: (1) does the state take a good care of some social groups (most of which can be considered the most vulnerable)? and (2) which state expenditures should be reduced, which expenditures should be increased, and which should be left without changes (the classification of expenditures matched the list of social groups from the first question). The answers are presented in Figures 2 and 3.

In terms of the «care» of the state for specific social groups, four privileged groups were identified – civil servants, militia and other law-enforcement agencies, athletes and servicemen – with the average exceeding 1 for each group (that is,

corresponding to an answer that could be formulated as «rather [takes] very good care»). As for other groups, which could be categorized as vulnerable and at the same time deprived of the state care, according to workers, they include children and large families (with around 0.5, that is, «rather not very good care»). One should note that children and large families are the groups that are most susceptible to poverty risks, and the perception of the state «care» for them may be rooted in the myths propagated by the official media.



*Note:* The indicator is based on the distribution of answers to the question: «Does the state take a good care of the following population groups in Belarus?» The answers «good care» («bad care») were coded «2» («-2»), and «rather good care» («rather bad care») were coded «1» («-1»), respectively. After that the average weighted index was provided, weights being the shares of respondents choosing the suggested answers in the total number of respondents in a relevant group, except for those undecided. The «average without four» is the arithmetic average for all groups, save for four, which cannot be classified as «vulnerable»: civil servants, the police, servicemen and athletes. The «average of four» is the average of these four groups.

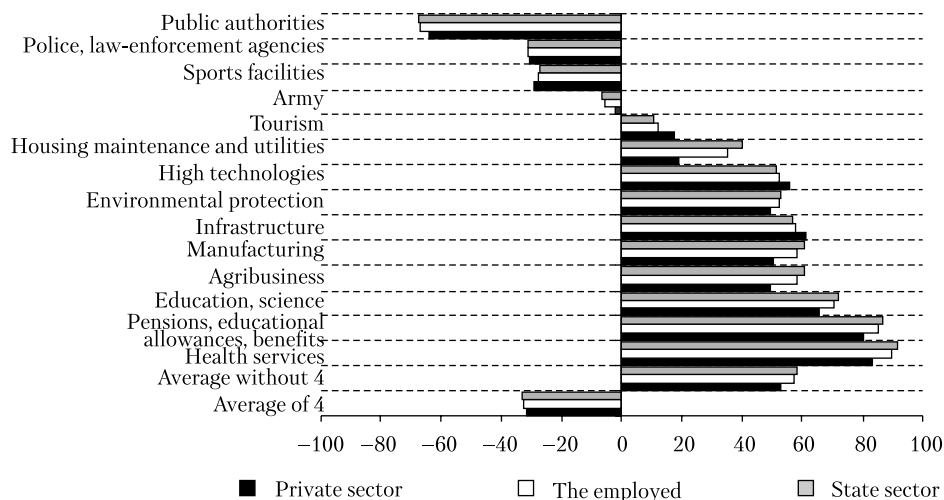
*Source:* estimates based on BISS data.

**Figure 2. State «care» for various social groups**

The remaining eight groups may all be included in the «rather bad care» division. The unemployed and rural population clearly stand out from the other because of high poverty levels, which characterizes the perception of the social safety net by workers as not very efficient.

The presence of the «privileged» groups (officials, law enforcers, athletes and servicemen) is perceived negatively and interpreted as a redistribution of budget funds from the «right» areas to the «wrong» ones – this is evident from the alterations in the budget expenditure pattern proposed by workers. The number of respondents advocating reductions in the four «privileged» expenditure items was on average 30% and more above the number of proponents of increases in financing.

The remaining ten items saw the number of respondents supporting a rise in spending some 60% above the number of those wishing to have expenditures «sequestered».



*Note:* The indicator is based on the distribution of answers to the question: «Which state expenditures should be increased and which expenditures should be reduced?» and represents the difference between the share of those who chose the option «to increase financing» and those who believe that financing should be cut (the percentage was calculated as a ratio to the number of respondents who provide a definite answer, that is, were not undecided). The «average of four» and «average without four» are the same as for Figure 2.

*Source:* estimates based on BISS data.

**Figure 3. Correspondence of the state expenditure pattern to the pattern valued by the respondents**

The most poorly financed expenditure items were, in workers' opinion, (a) public health service (the majority of respondents named its poor quality one of five key problems in Belarus); (b) pensions, educational allowances and benefits and (c) education and science. Simultaneously, the educational scheme was called a serious achievement of the Belarusian state (see table 3), that is, workers believe it is an area that can be perfected endlessly.

The ideological clichés that promote the notion of the dominant role of the state therefore work to boost demand for a greater state support in various spheres. Apparently, unreasonable expectations create a situation when most of the waged workers do not believe the state actions conform to their expectations (see above).

*When encountered with the failure of the government's real actions to conform to their expectations, people start relying primarily on themselves without reducing the level of expectations from the state (which turn into a sort of stereotypes about what*

*the state must do*). Evidently, the reward for loyalty offered by the state has to a great extent a «mythological» nature, and leaves ample room for «exit» (Haiduk, Chubrik, 2009). At the same time, since all expectations are about future events, there is always hope that they will ultimately be satisfied (assuming that in the past living standards were improving). Because only a few expectations have been fulfilled, namely, those regarding employment and pay increases, there is always room for improvement. This hope contributes to the stability of the social contract; it is part of the «rationality» of waged workers.

### 3.3. Waged workers and social contract groups

To identify social contract groups, a cluster analysis was performed based on the following questions:

1. What do the following items depend on to a greater extent – the state or your personal efforts:
  - your well-being;
  - your health;
  - your education and education of your children;
  - your employment.
2. To what extent do you agree with the following:
  - it is better to have a smaller wage and a guaranteed job;
  - it is better to have average health services, but have them free of charge;
  - it is better to assign jobs to graduates on a compulsory basis rather than leave them unemployed;
  - it is better to work at a state enterprise than for a private firm;
  - it would be better if Belarusian enterprises generated not very high profits, but were not ceded to foreigners.
3. To what extent do you agree with the following: «Our state secures civil peace and political stability, and this justifies certain limitations of democracy and freedom of speech?»

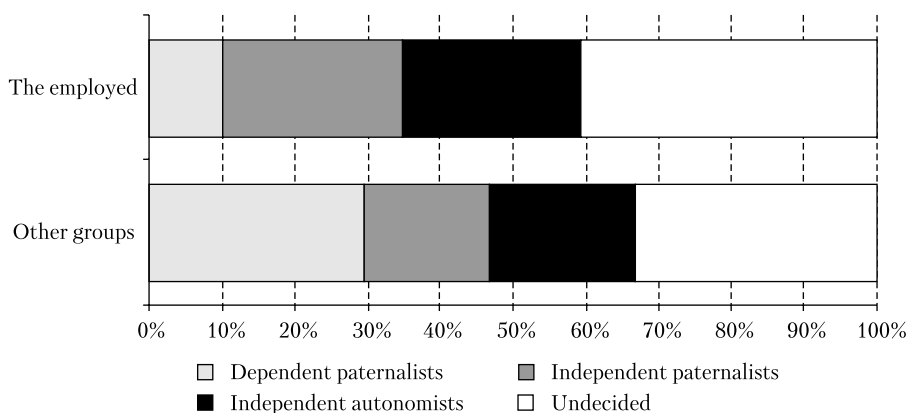
The first question enables us to look at the motives for the respondents' choice of any given strategy of behavior (for instance, exit or the use of state benefits). The second question helps identify the values of the respondent (to some extent this reflects the «mythological» component of the social contract). The first question offers four possible answers: «[depends] only on me», «rather on me», «rather on the state», «only on the state». The second question, too, proposes four answers: «disagree», «rather disagree», «rather agree» and «agree». The answer «no answer/undecided» is considered to be missed data.

Based on the cluster analysis (performed for the entire sample group), the following social contract groups (clusters) were identified:

- *dependent paternalists* – those who indicate that their life (except for health) depends on the state rather than on themselves. They tend to «agree» or «rather agree» with the «paternalist» versions of the second question;
- *independent paternalists* – those who note that their life depends rather on themselves, but agree with the idea expressed in the second question;

- *independent autonomists* – those who do not depend on the state and disagree with the second question;
- *undecided* – those whose position on the first and second questions is hard to identify.

Cluster distribution (workers *vs.* other groups) is presented in Figure 4.



Source: estimates based on BISS data

**Figure 4. Difference in social contract types between the employed and other groups (based on the cluster analysis)**

The share of the «undecided» and «independent» among workers is much higher than that in other groups, which means the employed use the possibilities of exit more actively than other groups, or at least they are more mobile compared with other social groups. Workers possess certain skills that they believe they can use elsewhere as soon as they are faced with material problems (like some focus group participants pointed out). This confirms the assumption that the degree of dependence on the state, as well as the demand for social support, decreases in inverse proportion to the growth in self-evaluation of the personal human capital. Table 2 presents a number of cluster features that more or less identify their mobility, as well as their social peculiarities and market values.

**Gender.** On the basis of gender, considerable differences were revealed between the cluster of dependent paternalists (in which females dominate) and the remaining clusters (with a higher share of males). These differences indirectly characterize the mobility of clusters, as women prevail in lower-paid jobs, for example, in the so-called «budget sphere» (teachers, medics, culture workers, etc.), light industry and so on. The high dependence of these professions on the state explains why there are so many women in the first cluster. This group is the least mobile one while being the most vulnerable one.

**Age.** The youngest cluster is that of independent autonomists – the share of respondents aged under 25 is twice if not thrice as large as those in other clusters.

Table 2

## Cluster characteristics (type of the social contract)

| Characteristics:                                  | Dependent paternalists | Independent paternalists | Independent autonomists | Undecided   | The employed |
|---------------------------------------------------|------------------------|--------------------------|-------------------------|-------------|--------------|
| <b>The employed, total</b>                        | <b>10.1</b>            | <b>24.8</b>              | <b>24.4</b>             | <b>40.7</b> | <b>100.0</b> |
| <b>Sex</b>                                        |                        |                          |                         |             |              |
| females                                           | 63.1                   | 47.8                     | 43.1                    | 46.6        | 47.7         |
| males                                             | 36.9                   | 52.2                     | 56.9                    | 53.4        | 52.3         |
| <b>Age</b>                                        |                        |                          |                         |             |              |
| 18–24                                             | 3.6                    | 7.8                      | 18.6                    | 8.9         | 10.5         |
| 25–34                                             | 10.7                   | 24.8                     | 35.3                    | 25.4        | 26.2         |
| 35–44                                             | 23.8                   | 23.3                     | 26.0                    | 28.4        | 26.1         |
| 45–54                                             | 53.6                   | 34.5                     | 17.2                    | 29.6        | 30.2         |
| 55+                                               | 8.3                    | 9.7                      | 2.9                     | 7.7         | 7.1          |
| <b>Education</b>                                  |                        |                          |                         |             |              |
| Secondary and lower                               | 31.3                   | 24.8                     | 17.7                    | 15.6        | 20.0         |
| Specialized secondary (technical school, college) | 28.9                   | 29.6                     | 34.5                    | 33.9        | 32.5         |
| Vocational training (training school)             | 25.3                   | 22.8                     | 20.2                    | 28.3        | 24.7         |
| Higher                                            | 14.5                   | 22.8                     | 27.6                    | 22.1        | 22.9         |
| <b>Ownership</b>                                  |                        |                          |                         |             |              |
| private                                           | 2.4                    | 17.5                     | 43.1                    | 13.6        | 20.6         |
| state                                             | 97.6                   | 82.5                     | 56.9                    | 86.4        | 79.4         |
| <b>Income per family member, per month</b>        |                        |                          |                         |             |              |
| up to 250,000 rubles                              | 18.3                   | 11.0                     | 7.8                     | 9.7         | 10.5         |
| 251,000 – 500,000 rubles                          | 60.6                   | 49.2                     | 53.0                    | 49.0        | 51.1         |
| 501,000 – 1 million rubles                        | 19.7                   | 35.4                     | 33.7                    | 39.3        | 35.1         |
| over 1 million rubles                             | 1.4                    | 4.4                      | 5.4                     | 2.0         | 3.4          |
| <b>Attitude to temporary labor contracts</b>      |                        |                          |                         |             |              |
| Positive                                          | 22.6                   | 24.2                     | 27.9                    | 30.7        | 27.6         |
| Neutral                                           | 33.3                   | 24.2                     | 28.4                    | 25.4        | 26.6         |
| Negative                                          | 38.1                   | 48.8                     | 38.7                    | 36.9        | 40.4         |
| No answer/Undecided                               | 6.0                    | 2.9                      | 4.9                     | 7.1         | 5.4          |
| <b>Which is better:</b>                           |                        |                          |                         |             |              |
| to have a low but stable wage                     | 75.0                   | 42.5                     | 21.6                    | 48.1        | 42.9         |
| to take risks and get a greater reward            | 15.5                   | 45.4                     | 68.1                    | 43.7        | 47.2         |
| No answer/Undecided                               | 9.5                    | 12.1                     | 10.3                    | 8.3         | 9.8          |
| <b>Internet use</b>                               |                        |                          |                         |             |              |
| Daily/A few times a week                          | 7.1                    | 19.0                     | 37.9                    | 15.0        | 20.8         |
| A few times a month and less frequently           | 10.6                   | 10.7                     | 14.3                    | 18.5        | 14.8         |
| Never/Do not know what it is                      | 82.4                   | 70.2                     | 47.8                    | 66.5        | 64.5         |
| <b>Wish to leave the country</b>                  |                        |                          |                         |             |              |
| Rather yes                                        | 6.0                    | 14.0                     | 38.9                    | 17.1        | 20.5         |
| Rather no                                         | 83.3                   | 78.3                     | 51.2                    | 71.7        | 69.5         |
| No answer/Undecided                               | 10.7                   | 7.7                      | 9.9                     | 11.2        | 10.0         |

Source: estimates based on BISS data.

The largest share of preretirement persons is found in the cluster of dependent paternalists. It appears that age differences also indirectly indicate the different mobility rates of various clusters.

**Education.** On the basis of education, the differences between the clusters are also quite serious. Independent autonomists show the highest share of respondents with specialized secondary education and higher education. The cluster of

dependent paternalists is characterized by the prevalence of people with secondary education (and lower), whereas the «undecided» cluster mostly includes people with vocational-oriented education.

**Property ownership.** On this basis, the differences are evident: over 40% of independent autonomists work in the private sector, while in the other clusters the public sector has the dominant position. In the «independent paternalists» group, 17.5% of respondents are engaged in the private sector, compared to only 2.4% in the «dependent paternalists» cluster. Apparently, those employed by privately-owned businesses have already used the possibility of «exit» after failing to find their place in the public sector, thus withdrawing from its direct «guardianship».

**Income bracket** is also important to identify the mobility of the «independent autonomists» cluster, as well as of independent paternalists – the two groups have the largest shares of respondents with monthly incomes exceeding 1 million Belarusian rubles. Most of those undecided earn 500,000 rubles to 1 million rubles a month. Nevertheless, the data presented in the study are to a great extent distorted, especially in the private sector, as people tend to understate their incomes (especially if their incomes are not always official).

**Attitudes to fixed-term labor contracts** are almost identical in all clusters, the main exception being the cluster of independent paternalists. Nearly 50% of respondents from this group have a negative attitude towards the contractual system of labor relations (compared to 35–40% in other clusters), because most of independent paternalists work in the state sector and regard fixed-term contracts as an attempt to control them by the employer and the state (the key reason behind the negative attitude is that «they deprive us of our rights in our relations with employers», as some representative of the focus groups noted).

**Choice between incomes and risks.** Another mobility criterion is the life philosophy on which is better – to have a stable but low wage or take risks and get a greater reward. On this basis, the «polar» clusters are dependent paternalists and independent autonomists, whereas independent paternalists and undecided respondents have similar profiles.

**Internet use** as a mobility criterion also showed that independent autonomists represent the most mobile cluster (which may pretty much be attributed to the age of the cluster representatives): around 40% of respondents from this cluster are active Internet users (at least once a week or more frequently). Independent paternalists, who rank second, have only 19% of active Internet users, whereas the «undecided» cluster leads by the number of occasional Internet users (a few times a month or less frequently).

Since the cluster of independent autonomists proves to be the most mobile one, it has the largest share of respondents that wish to leave the country (about 40%). The figure is as small as 6% in the «dependent paternalists» group.

The hierarchy of clusters by the degree of mobility looks as follows:

- *independent autonomists* – the most mobile group (by definition);
- *independent paternalists* – people who find exit beyond the framework of the system, and are also capable to use loopholes within it; that is why they are less mobile;

- *undecided* – the largest group; most of its representatives work within the system, but to a greater extent «go with the stream», compared to independent paternalists (that is, they do not seek exit even within the system);
- *dependent paternalists* – the most vulnerable group with the lowest degree of mobility. Preretirement-aged people make up more than 50% of this group – their mobility is very much restricted (a loss of job would be equivalent to permanent unemployment for many of them).

### 3.4. Subjective evaluation of the liquidity of human capital and structure of the social contract

Another factor to measure the mobility of groups with various types of the social contract is the liquidity of «human capital» (the notion «liquidity» was used by some participants in focus groups with state budget-paid workers, who pointed at the low «liquidity» of their skills, which obstructed their «exit» possibilities). The study only presents subjective estimates of human capital liquidity. What is meant here is how the respondents evaluate their skills as «specific assets» (Williamson, 1996), which require social protection by the state. A set of questions to gauge the liquidity of human capital was provided in the questionnaire (see Table 3).

Table 3

#### «Liquidity» of human capital among cluster representatives

| Do you agree with the following                                                       | Dependent paternalists | Independent paternalists | Independent autonomists | Undecided | The employed |
|---------------------------------------------------------------------------------------|------------------------|--------------------------|-------------------------|-----------|--------------|
| <b>I have an interesting job</b>                                                      |                        |                          |                         |           |              |
| Agree                                                                                 | 55.3                   | 68.0                     | 70.0                    | 56.4      | 62.5         |
| Disagree                                                                              | 36.5                   | 28.2                     | 28.1                    | 38.9      | 33.3         |
| No answer/Undecided                                                                   | 8.2                    | 3.9                      | 2.0                     | 4.7       | 4.2          |
| <b>With my qualification/education I will easily find a good job in Belarus</b>       |                        |                          |                         |           |              |
| Agree                                                                                 | 41.7                   | 47.6                     | 50.0                    | 43.5      | 45.9         |
| Disagree                                                                              | 50.0                   | 48.1                     | 43.1                    | 50.3      | 48.0         |
| No answer/Undecided                                                                   | 8.3                    | 4.4                      | 6.9                     | 6.2       | 6.1          |
| <b>With my qualification/education I will easily find a good job abroad</b>           |                        |                          |                         |           |              |
| Agree                                                                                 | 17.9                   | 28.0                     | 36.9                    | 25.5      | 28.2         |
| Disagree                                                                              | 69.0                   | 53.6                     | 46.3                    | 52.2      | 52.8         |
| No answer/Undecided                                                                   | 13.1                   | 18.4                     | 16.7                    | 22.3      | 19.0         |
| <b>My employer would find it very hard to replace such a qualified worker as I am</b> |                        |                          |                         |           |              |
| Agree                                                                                 | 29.8                   | 32.0                     | 34.5                    | 31.8      | 32.3         |
| Disagree                                                                              | 63.1                   | 59.2                     | 54.2                    | 57.1      | 57.5         |
| No answer/Undecided                                                                   | 7.1                    | 8.7                      | 11.3                    | 11.0      | 10.1         |
| <b>To a large extent I work because no one else wants to do my job</b>                |                        |                          |                         |           |              |
| Agree                                                                                 | 28.6                   | 23.2                     | 20.7                    | 18.1      | 21.1         |
| Disagree                                                                              | 67.9                   | 72.9                     | 72.9                    | 76.0      | 73.6         |
| No answer/Undecided                                                                   | 3.6                    | 3.9                      | 6.4                     | 5.9       | 5.3          |
| <b>If it were not for my connections, my employer would have fired me long ago</b>    |                        |                          |                         |           |              |
| Agree                                                                                 | 15.3                   | 6.3                      | 6.9                     | 8.3       | 8.2          |
| Disagree                                                                              | 80.0                   | 88.5                     | 87.2                    | 86.4      | 86.5         |
| No answer/Undecided                                                                   | 4.7                    | 5.3                      | 5.9                     | 5.3       | 5.4          |

*Note:* The option «agree» includes the answers «agree» and «rather agree» (the same goes for the «disagree» option).

*Source:* estimates based on BISS data



The answers to almost each one of these questions showed that *independent autonomists believe they possess the most liquid assets*. For example, one of the manifestations of a high liquidity of human capital for them is the ability to find an interesting job. In the two «independent» clusters, the share of respondents with interesting jobs amounted to around 70%, and in the clusters of dependent paternalists and those «undecided» the share of interesting jobs stands a bit above 50%. The reverse side of the liquidity of human capital is the *return on this production factor*. In our questionnaire it was measured using the degree of satisfaction with wages on the one hand and various bonuses and positive working conditions on the other hand. The results are presented in table 4.

Table 4

### Subjective evaluation of the returns on human capital

| What do you like/dislike about your job?    | Dependent paternalists | Independent paternalists | Independent autonomists | Undecided | The employed |
|---------------------------------------------|------------------------|--------------------------|-------------------------|-----------|--------------|
| <b>Wage level</b>                           |                        |                          |                         |           |              |
| Like                                        | 29.4                   | 36.7                     | 40.4                    | 30.6      | 34.4         |
| Dislike                                     | 69.4                   | 62.3                     | 57.6                    | 68.2      | 64.3         |
| No answer/Undecided                         | 1.2                    | 1.0                      | 2.0                     | 1.2       | 1.3          |
| <b>Possibilities for career development</b> |                        |                          |                         |           |              |
| Like                                        | 50.6                   | 40.6                     | 42.9                    | 43.5      | 43.3         |
| Dislike                                     | 42.4                   | 52.7                     | 51.7                    | 50.0      | 50.3         |
| No answer/Undecided                         | 7.1                    | 6.8                      | 5.4                     | 6.5       | 6.4          |
| <b>Possibilities for advanced training</b>  |                        |                          |                         |           |              |
| Like                                        | 56.0                   | 57.0                     | 56.4                    | 56.8      | 56.7         |
| Dislike                                     | 36.9                   | 37.7                     | 38.7                    | 38.2      | 38.1         |
| No answer/Undecided                         | 7.1                    | 5.3                      | 4.9                     | 5.0       | 5.3          |
| <b>Work schedule</b>                        |                        |                          |                         |           |              |
| Like                                        | 90.5                   | 82.1                     | 74.8                    | 73.9      | 77.8         |
| Dislike                                     | 9.5                    | 15.5                     | 21.8                    | 24.6      | 20.1         |
| No answer/Undecided                         | 0.0                    | 2.4                      | 3.5                     | 1.5       | 2.0          |
| <b>«Social package» (social guarantees)</b> |                        |                          |                         |           |              |
| Like                                        | 66.3                   | 55.3                     | 55.2                    | 55.6      | 56.5         |
| Dislike                                     | 25.3                   | 35.9                     | 38.4                    | 37.6      | 36.1         |
| No answer/Undecided                         | 8.4                    | 8.7                      | 6.4                     | 6.8       | 7.3          |
| <b>Relationship with staff</b>              |                        |                          |                         |           |              |
| Like                                        | 94.1                   | 88.5                     | 86.3                    | 87.2      | 88.0         |
| Dislike                                     | 5.9                    | 9.1                      | 10.3                    | 11.0      | 9.8          |
| No answer/Undecided                         | 0.0                    | 2.4                      | 3.4                     | 1.8       | 2.2          |
| <b>Wage increase prospects</b>              |                        |                          |                         |           |              |
| Like                                        | 42.4                   | 30.6                     | 36.6                    | 29.7      | 32.9         |
| Dislike                                     | 50.6                   | 62.1                     | 55.4                    | 64.4      | 60.2         |
| No answer/Undecided                         | 7.1                    | 7.3                      | 7.9                     | 5.9       | 6.9          |
| <b>Employer's attitude to the employee</b>  |                        |                          |                         |           |              |
| Like                                        | 75.3                   | 68.0                     | 69.8                    | 63.3      | 67.3         |
| Dislike                                     | 24.7                   | 29.6                     | 24.3                    | 31.7      | 28.6         |
| No answer/Undecided                         | 0.0                    | 2.4                      | 5.9                     | 5.0       | 4.1          |

Note: The option «like» includes the answers «like» and «rather like» (the same goes for the «dislike» option).

Source: estimates based on BISS data

The obtained results prove that the only difference between independent autonomists and the remaining clusters is a *higher degree of satisfaction with their compensations*. Working conditions (including the job schedule, working

environment, and attitude of the administration, etc.) in the organizations, which mostly employ independent autonomists, are more stringent than in the organizations that employ representatives of other clusters. The cluster that proved to be the most satisfied of all with working conditions is «dependent paternalists» (the same cluster is the least satisfied with its wages). Therefore, *the least mobile groups with the least liquid human capital believe that the «care» of the state is crucial, however hard it is to measure this «care» in monetary terms.*

We are thus encountered with the protection of «specific», relatively less mobile work skills with the help of employment. This is a sort of substitution for the «welfare state», which in a number of West European countries played an important role in the protection of specific skills, at least prior to the 1970s. But this role had resulted from political struggle and popular vote for the parties that offered social protection in their programs (see Iversen, 2008). At the same time, it may turn out that this «care» is partially a myth created by official propaganda, and partially an attempt of the respondents to excuse themselves for having such little wages (in their own words).

### **3.5. «Voice» opportunities and perceptions of protest**

According to Hirschman, «voice» is an important signal for an organization – it is an indication that it loses efficiency and has to change to keep working. Hirschman applies similar conclusions to nations (Hirschman, 1978). In democratic nations, voice is manifested during elections, after which governments may change their compositions if voters decide differently compared to the previous elections. At the level of a business, one can have an open conflict with the employer, ask trade unions for protection, take the case to court or «vote with feet», in other words, to quit and find another job. The last option is characteristic of independent autonomists rather than other groups. In case of conflict, they would rather change their jobs than come into a conflict with the employer, thus choosing «voice». They believe conflict costs are higher than the losses they will incur while looking for a new job.

At the same time, this group counts on the protection of state authorities even more than those who work for the authorities, for instance, dependent paternalists. Almost half of them would prefer adapting to what they think is a deteriorating situation to having an open conflict. This group considers conflict-caused losses higher than the costs they would incur when choosing to openly protect their relatively «illiquid» skills (see Table 5). Those «undecided», on the other hand, have the share of respondents unwilling to express their discontent half as large, which is very close to the average mean for the entire group of jobholders. In all the clusters taken together, the share of the respondents that opt for «exit» is more than a third, although more than half of the respondents tend to use various instruments to «signal» their problems (by appealing to the authorities, trade unions, court, tax inspection – any agency that represents the state), except for the cluster of dependent paternalists, where the adaptation strategy outweighs the strategy of voicing (47.2 vs 42.7%). Some 52% of the employed choose to «voice»,

which means people either rely – possibly hypothetically – on the state’s performing the «justice function» and/or consider the expenses of a protest to be too high.

Table 5

**Answers to the question: «How would you act in case of a dispute with the employer?» – depending on the type of the social contract**

|                                                                | <b>Dependent paternalists</b> | <b>Independent paternalists</b> | <b>Independent autonomists</b> | <b>Undecided</b> | <b>The employed</b> |
|----------------------------------------------------------------|-------------------------------|---------------------------------|--------------------------------|------------------|---------------------|
| Would quit my job                                              | 26.9                          | 30.1                            | 38.4                           | 36.0             | 34.2                |
| Would agree to offered conditions, would not conflict          | 47.2                          | 29.9                            | 19.4                           | 21.2             | 25.6                |
| Would appeal to state authorities that protect workers’ rights | 16.1                          | 26.0                            | 22.4                           | 22.7             | 22.8                |
| Would appeal to trade unions                                   | 13.6                          | 17.6                            | 5.9                            | 15.8             | 13.6                |
| Would file a lawsuit against the employer                      | 9.6                           | 6.3                             | 15.0                           | 17.9             | 13.5                |
| Would appeal to the tax inspection (or a similar agency)       | 3.4                           | 3.9                             | 6.7                            | 2.4              | 3.9                 |
| Other                                                          | 2.0                           | 1.2                             | 1.9                            | 1.4              | 1.5                 |
| No answer/Undecided                                            | 1.6                           | 6.1                             | 7.5                            | 7.5              | 6.6                 |

*Source:* estimates based on BISS data

Still more interesting from the sociopolitical point of view are the possible reactions of people to state policies (see Table 6). Both independent paternalists and autonomists would prefer showing no reaction at all to seeking confrontation. However, more than 20% regard a complaint – in one form or another – as an acceptable strategy. It is interesting that the trust in elections as a mechanism of expressing «voice» or addressing an elected representative is considered to be a less efficient strategy by all groups compared to a simple adaptation and complaint, with less than 20% of respondents, except for dependent paternalists, with almost 25%. At the same time, dependent paternalists and the «undecided» cluster agree to bear the expenses of legal recourse, meaning their personal problems that they believe state authorities could tackle.

Representatives of political forces and civil society have always been interested in protest moods and the potential of open protests, on which high hopes were once pinned. It was deemed that Belarus could once again get back to the year 1991 – economic policies would prove inefficient, a new economic crisis would erupt, bringing about hikes in prices and/or reductions in incomes, and people’s patience would wear out. It was also believed that a crisis would lead to social desperation, when people finally understand that there was no chance to earn, there were no savings to rely on, and the future was vague – the only way out would be to take to the streets and make a declaration.

One should be aware of the difference between the current situation and the year 1991: people lost all their savings then, it was not clear what would be built on the ruins of the Soviet Union, and no one could answer how people could make their living. Almost twenty years have passed, and in the past decade both incomes and savings have been growing; new opportunities for making money appeared,

and a private sector emerged (even though it does not play a significant role in the economy). There are new possibilities for «exit» both for temporary and permanent labor migration, and both for blue and white collars.

Indeed, an appreciable share of able-bodied Belarusians is officially not employed, and the share of economically active population decreased to 46.7% (of the total population) in 2007 from 49.3% in 1991. On the other hand, Belstat’s household polls show that the real employment rate exceeds the official data. In 2007, 71.9% of all respondents aged 17 to 64 said they were employed, up from 68.9% in 1995. The figures are above the official statistics on the number of jobholders.

The gap between the able-bodied population and economically active population shows that some people work in the «shadow economy». The International Fund for Agricultural Development (IFAD) in early 2008 reported that labor migrants from Belarus had netted at least U.S. \$2.3 billion in incomes in 2006, which made up 6.3% of that year’s GDP.<sup>1</sup> The official estimate of the National Bank of Belarus is at least ten times as low. The IFAD data were based on the International Organization for Migration (IOM) statistics, which were almost the same as estimates of independent experts, namely, between 400,000 and 700,000 labor migrants from Belarus annually.

Finally, Belarus developed a system of economic relations with certain logics and definite operating principles, which encompasses the public sector, enterprises, labor market, etc. In its turn, the government aims at stabilizing this system and undertakes reforms only as the need arises, mostly to respond to external shocks. The current economic crisis is indeed a serious shock capable of reformatting the social contract, but it will hardly «break» the system the way the crisis of 1991 did, or have similar consequences. Furthermore, large-scale protests took place too long ago, and rally turnout has been decreasing. The data we present below give some reasons why protests have become progressively weaker.

Table 6

**Answers to the question: «If you are to some extent not satisfied with what the state does for you, how is it possible for you to change the situation?» – depending on the type of the social contract**

|                                                     | <b>Dependent paternalists</b> | <b>Independent paternalists</b> | <b>Independent autonomists</b> | <b>Undecided</b> | <b>The employed</b> |
|-----------------------------------------------------|-------------------------------|---------------------------------|--------------------------------|------------------|---------------------|
| Adapt, not change anything                          | 45.6                          | 56.0                            | 55.6                           | 51.1             | 52.9                |
| Complain to the state                               | 28.3                          | 22.0                            | 23.2                           | 23.9             | 23.7                |
| Appeal to the media, public organizations           | 11.7                          | 17.3                            | 14.3                           | 24.7             | 19.0                |
| Vote in elections, appeal to elected representative | 24.5                          | 17.2                            | 15.0                           | 19.3             | 18.3                |
| Take legal action                                   | 17.7                          | 8.6                             | 7.1                            | 16.5             | 12.4                |
| Other, No answer/Undecided                          | 11.5                          | 11.1                            | 11.8                           | 6.6              | 9.5                 |
| Take part in mass protest actions                   | 2.2                           | 1.6                             | 4.7                            | 4.6              | 3.6                 |

Source: estimates based on BISS data

<sup>1</sup> See <http://www.ifad.org/events/remittances/maps/europe.htm> for details.

Table 7

**Attitude to protest actions and their participants depending on the type of the social contract**

| Which of the following do you agree with?                                                                                      | Dependent paternalists | Independent paternalists | Independent autonomists | Undecided | The employed |
|--------------------------------------------------------------------------------------------------------------------------------|------------------------|--------------------------|-------------------------|-----------|--------------|
| <b>On protest actions:</b>                                                                                                     |                        |                          |                         |           |              |
| Participation in rallies should be punishable: criminal and administrative measures must be applied                            | 10.7                   | 6.3                      | 4.4                     | 2.9       | 4.9          |
| As a citizen, you must obey the rules, not rebel against them by having rallies and protests                                   | 35.7                   | 18.8                     | 15.8                    | 19.8      | 20.2         |
| Rallies and protest actions are normal: people must be given a chance to speak out                                             | 20.2                   | 34.3                     | 35.0                    | 31.9      | 32.1         |
| Rallies and protest actions are acceptable, as they express people's will                                                      | 13.1                   | 26.1                     | 27.1                    | 23.6      | 24.0         |
| Other                                                                                                                          | 1.2                    | 1.4                      | 1.5                     | 2.4       | 1.8          |
| No answer/Undecided                                                                                                            | 19.0                   | 13.0                     | 16.3                    | 19.5      | 17.0         |
| <b>On participants in protest actions:</b>                                                                                     |                        |                          |                         |           |              |
| I believe demonstrators get paid for rallies                                                                                   | 31.8                   | 28.5                     | 17.2                    | 12.6      | 19.6         |
| I believe demonstrators act foolishly, as they will not reap anything except for punishment                                    | 32.9                   | 21.3                     | 18.2                    | 32.9      | 26.5         |
| I believe demonstrators are brave people who adhere to their principles, are ready to assert their interests, despite reprisal | 17.6                   | 33.8                     | 44.3                    | 33.8      | 34.7         |
| Other                                                                                                                          | 0.0                    | 1.0                      | 1.5                     | 1.2       | 1.1          |
| No answer/Undecided                                                                                                            | 17.6                   | 15.5                     | 18.7                    | 19.4      | 18.1         |

Source: estimates based on BISS data

Although about 56% of all waged workers admit that protest actions are not unacceptable, the share of dependent paternalists who do not mind protests is lower by almost 20 percentage points, and about half of such respondents consider protest actions inefficient. Almost 65% said *protesters are either irrational, or take part in rallies for mercenary motives (i. e. for money)*. The highest share of respondents who believe protests are reasonable and have a positive attitude towards participants in protest actions, over 44%, is observed in the cluster of independent autonomists. The undecided are somewhere in the middle, closer to independent paternalists than to independent autonomists or dependent paternalists. It ought to be noted that the attitude to protests (either approval or disapproval) does not guarantee that the respondent will act in accordance with his or her opinion. Besides, the share of respondents who remained undecided on this issue is considerable, between 13% and 20% depending on the cluster.

In all groups combined, we observe the same tendency as observed from the table above: *the degree of loyalty decreases as we move from dependent paternalists (whose distinctive feature is the possession of «specific assets» or «non-liquid» human capital) to independent autonomists (who possess more «liquid» skills)*. The attitude to protests is ambiguous, and there is proof that people would rather voice their problems by taking them to state authorities. The state is trying to combat protest moods to some extent by promoting the possibility to «legitimate voice» including the «one stop shop» rules, decree on cutting red tape, campaigns against corruption, etc. These instruments are to show people that they can turn to official authorities

when they «hunt» the truth and persuade them that relations based on conflict are inefficient. However, these mechanisms and rules used to work during the relatively favorable economic period. The crisis is capable of modifying these instruments, though.

### **3.6. Impact of the financial crisis: possible modification of the social contract**

The economic crisis has brought about major adjustments to Belarus' economic policies and the fulfillment of the social contract. This is especially true for waged workers, because the crisis proved ruinous for a large number of enterprises, including the core ones responsible for the country's gross industrial output. We should remind that back in April 1991 the workers of flagship producers were among the most active strikers.

The global downturn leads to an increase in the cost of fulfilling the social contract provisions for enterprises and waged workers, whereas the sources to finance the implementation of the social contract or maintain it as it used to be are dwindling. This is caused, on the one hand, by a reduction in exports and general growth in foreign debt, which is required to keep the national currency stable (and it is getting harder to raise USD-denominated wages); whereas, on the other hand, enterprises see the demand for their outputs fall, which will sooner or later make them release labor. One of the cornerstone principles of the social contract – full employment and protection of the relatively lower-quality «human capital» – is thus at risk.

The influence of the crisis therefore challenges the very economic structure of the social contract. A modification, or reformatting, depends on the expectations regarding the duration and depth of the financial crisis, as well as the gravity of its adverse effects on Belarus. The government thus far has been looking ahead with cautious optimism, and a moderate package of measures has been prepared to address any possible deteriorations. If we assume that the crisis will not be long-lasting, the current social contract will be preserved, but increases in compensations and incomes will not be significant. The workers will be left with a single option, namely, to adapt to new conditions, especially if «exit» opportunities shrink (for instance, because of the economic contraction in Russia, which affects the demand for workforce, including labor migrants from Belarus).

But the costs of maintaining full employment may increase should the crisis and the resulting diminution in demand on foreign and domestic markets continue for long. In this case one of the fundamental provisions of the social contract, namely, full employment, will have to be revised. In turn, this will bring about changes in social protection schemes. Proposals have been made to increase (quadruple) the average unemployment benefit to the subsistence wage. Furthermore, new opportunities will have to be promoted in the private sector in order to create new jobs and «absorb» the released workforce. In this case we will see a very serious revision of the social contract as we have known it for the past decade. It may be succeeded by a «revamped», or modified social contract.

Currently, the authorities regard the preservation of the social contract as it is now as their chief priority not only for sociopolitical, but also for economic motives. Some enterprises cannot be allowed to reduce output now, because when the growth period starts, it will be hard to get skilled workers back (this holds for chemical and petrochemical enterprises). This is why the contract will be revised only when the real need or unavoidable challenge arises, although certain reductions in social commitments of the government seem to be inevitable in the future. In this context the crisis gives the state additional room for maneuver, whereas workers may get intimidated by the uncertainty of their future and choose to adapt to a new environment.

On the other hand, a reformatted social contract with waged workers offers them additional possibilities for self-organization. The growing social vulnerability, looming threat of unemployment and narrowing «exit» possibilities encourage workers to join independent trade union organizations. Even informal participation (in the framework of trade union groups) may become the first step towards a more serious organization.

#### 4. CONCLUSION

The analysis we have conducted shows that the degree of subjective dependability on the state and aspiration to participation in the social contract (as well as demands for the benefits offered by the state) is contingent on the subjective evaluation of human capital. The higher the confidence that the accumulated human capital will be sufficient to reap the expected reward upon the skills, the weaker the paternalist commitments of the social group and the higher the likelihood to choose the «exit» strategy.

At the same time, the members of this social group are sensitive to economic problems, such as consumer price increases and higher utility fees; however, very few (11.4%) believe improvements in living standards hinge on market reforms. One cannot claim that the idea of reforms is not supported by this social group. If the advocates of economic reforms are added to those who believe that although the state should interfere in the economy, it should not uphold loss-making enterprises (that is, supporters of restructuring), and those who call for restructuring plus a labor market reform, the number of «partisans of the reform» will go up to almost half the entire group of waged workers. Keeping in mind that the share of obvious opponents of reforms is much smaller – less than 20% – a properly presented program of market reforms could meet with support of waged workers. Furthermore, one positive effect of market reforms would be an enhancement of exit and the job opportunities in the private sector

A key «lapse» of the state (according to workers) is its failure to create new opportunities for making money, which calls for exit enhancement. The idea to create new jobs, especially in the private sector, would obviously enjoy a positive response from waged workers.

Nevertheless, this social contract group is sensitive to the social support from the state. Workers tend to make demands that not always fit into the declared

«socially oriented» framework of the state budget. They would welcome reductions in expenses to maintain the state machine, security officials, construction of sports facilities and the army and would rather spend released funds to support the vulnerable (the unemployed, employees paid from the state budget, etc.).

Finally, waged workers would welcome labor market reforms if they abolished fixed-term labor contracts. Over 40% of waged workers appear to have a negative attitude to termed contracts, believing they strip workers of their rights in their relations with employers. A transfer to permanent labor contracts is a crucial element of the labor market reform, which could contribute to the appeal of the entire package of market reforms.

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## Chapter 3

# SOCIAL CONTRACT: PENSIONERS

Marina Baturchik, Alexander Chubrik

### 1. INTRODUCTION

Pensioners constitute the second-largest social group after employed workers, but this group is much more homogeneous than workers, as the latter look at the social contract from the perspective of the subjective evaluation of their «human capital». Pensioners are traditionally considered the core «electorate» of the authorities in power, which suggests that this group is well aware of the «social contract», which envisages a set of benefits in exchange for loyalty.

This chapter studies the key element of the social contract between the state and pensioners in terms of «loyalty», «exit» and «voice». Its second part addresses the social contract as an object of reflection of this group. Following are the analysis of the social contract structure (especially the pensioners' expectations from the state and evaluation of the state's success in meeting these expectations, the mobility of this social group and other aspects). The third part studies the horizontal connections within the group, and the fourth one addresses the economic status of this social group and its economic settings. Conclusions complete the chapter.

### 2. STUDY OF THE SOCIAL CONTRACT WITH PENSIONERS

#### 2.1. Structure of the social contract with pensioners

The Belarusian pension system is managed by the state. Possibilities for private pension funds are almost nonexistent despite pensioners' desire to participate.<sup>1</sup> Current legislation guarantees pension payment to all Belarusian citizens; moreover, pensions are increased following wage increases. It ought to be noted that the Belarusian pension scheme is to a great extent a «leveling» system – the average pension paid after 30 years of continuous employment is only twice as high as the minimum pension guaranteed to those who have no time in employment at all (about 2% of the total number of pensioners). Pensions of civil servants, former law-enforcers and government officials are often much higher than the average (which now stands at 30% of the average wage). «Higher» pensions are paid directly from

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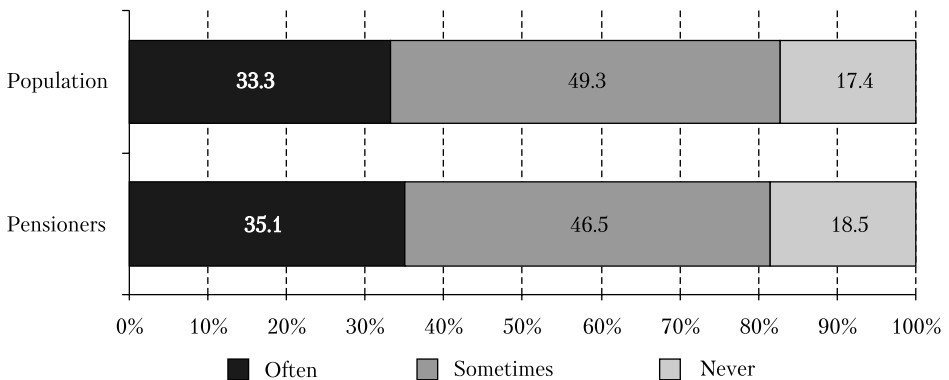
<sup>1</sup> Baturchik, M., Chubrik, A. (2008) *Vospriyatie naseleniem pensionnoy sistemy Belarusi: rezultaty oprosa naseleniya* [Population's Attitude towards the Pension System of Belarus: The Results of the National Opinion Poll]. In: Chubrik, A. (ed.) (2008) *Pensionnaja sistema Belarusi: otnoshenie naselenija i scenarii izmenenij* [Pension System in Belarus: Public Attitudes and Scenarios of Changes], Minsk, IPM Research Center.

the state budget, not the Social Security Fund managed by the Labor and Social Protection Ministry. As we see, the majority is offered basic guarantees, whereas privileged categories get additional benefits.

Belarus does not have plans to reform its pension scheme. The Social Security Fund has been posting a stable surplus, hence insufficient stimuli to modify the pension scheme. In late 2008, representatives with the Ministry started public discussions about raising the retirement age with a view to addressing the demographic problems Belarus will be faced with in the future. The campaigners failed to secure public support, though, mostly because of the life expectancy statistics in Belarus. Given the high reliance of pensioners on the state in Belarus, we put forward the following propositions:

- 1. Pensioners are more sensitive to social benefits offered by the state than other groups and their demand for benefits is stronger;
- 2. The great dependence of this group on the state, susceptibility to stereotypes and limited possibilities of «exit» enhance the loyalty of this group.

Pensioners as a social group think about the role of the state almost as often as the rest of the population (Figure 1). This indicates the medium level of the social contract’s urgency for this group – we cannot say they perceive themselves as totally dependent on the state.



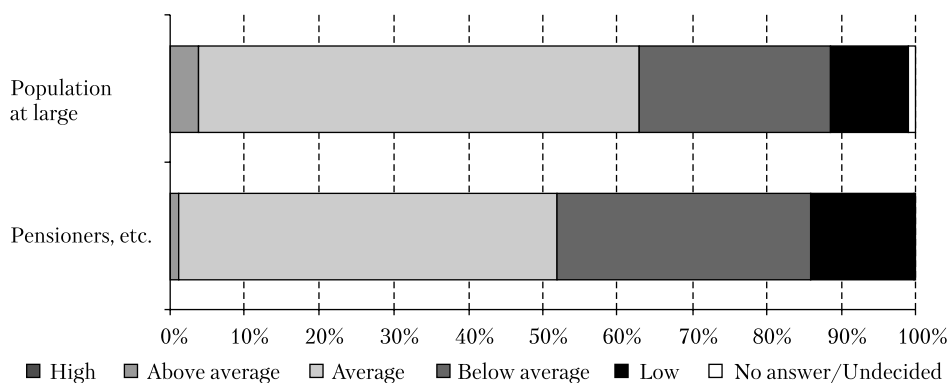
Source: estimates based on BISS data

Figure 1. Answers to the question: «How often do you think about how the state influences your life and the life of your family?»

This distribution of answers evidently depends on the following aspects. Firstly, the basic mechanism of pensioners’ reliance on the state is connected with pension payment, which is regarded as the minimum required fulfillment of commitments by the state. In other words, the risk of non-performance is considered insignificant:

it is taken for granted that the state must pay pensions. *Pension payment is perceived not as an aspect of the social contract, but something that the state owes pensioners irrespective of their fulfillment/non-fulfillment of their obligations to the state.*<sup>2</sup> Pension coverage is therefore not reason enough for loyalty. Secondly, pensioners' expectations regarding the size of pensions are much more moderate than the expectations of other social classes regarding their incomes. The social group of pensioners regards retirement benefits as satisfactory.

On the whole, pensioners evaluate their material situation as below average, which does correspond to reality; however, given the general satisfaction with the degree of social support of the state and size of pensions it is not a factor that violates the provisions of the social contract. Pensioners do not expect higher pensions considering the existing pension level to be natural. The perception of Belarus as the country where people like them live better than elsewhere, provides ample proof of this (Figure 2).



Source: estimates based on BISS data

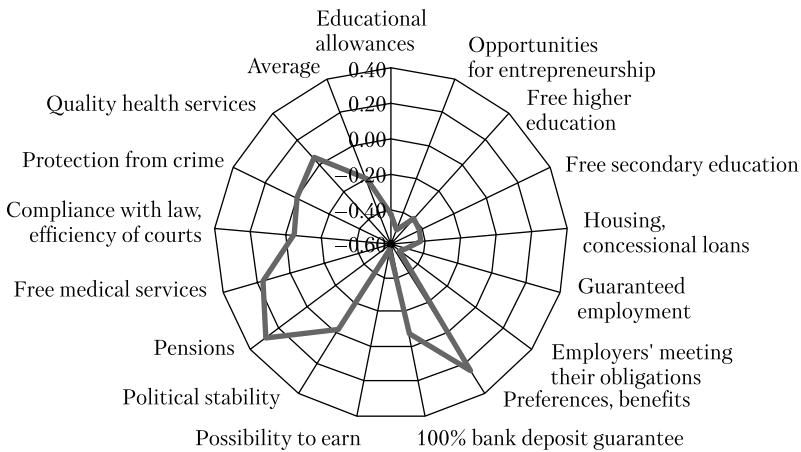
**Figure 2. Answers to the question: «How do you estimate your living standards?»**

*The structure of the social contract is reflected in the social groups' expectations from the state and perception of what the state expects from citizens. Pensioners' expectations from the state are generally lower than the average for the entire population. The average score of pensioners' expectations (on a scale one to four<sup>3</sup>) is 3.22 on aggregate, compared to 3.43 for the population at large.*

<sup>1</sup> Baturchik, M., Chubrik, A. (2008) Vospriyatie naseleniem pensionnoy sistemy Belarusi: rezultaty oprosa naseleniya [Population's Attitude towards the Pension System of Belarus: The Results of the National Opinion Poll]. In: Chubrik, A. (ed.) (2008) *Pensionnaya sistema Belarusi: otnoshenie naseleniya i scenarii izmenenij* [Pension System in Belarus: Public Attitudes and Scenarios of Changes], Minsk, IPM Research Center.

<sup>3</sup> 1 point – the state should not provide these benefits; 2 points – the state rather should not provide these benefits; 3 points – the state rather should provide these benefits; and 4 points – the state should provide these benefits.

Like the population in general, pensioners prioritize free of charge high-quality medical service and protection from crime. Specific expectations include provision of benefits and pensions (Figure 3). The remaining categories do not seem to matter to pensioners that much, especially those related to non-paternalistic actions of the state: creation of possibilities to earn and opportunities for entrepreneurship.



Note. At the axis, there is a difference between the average expectation score for pensioners and the whole population.

Source: estimates based on BISS data.

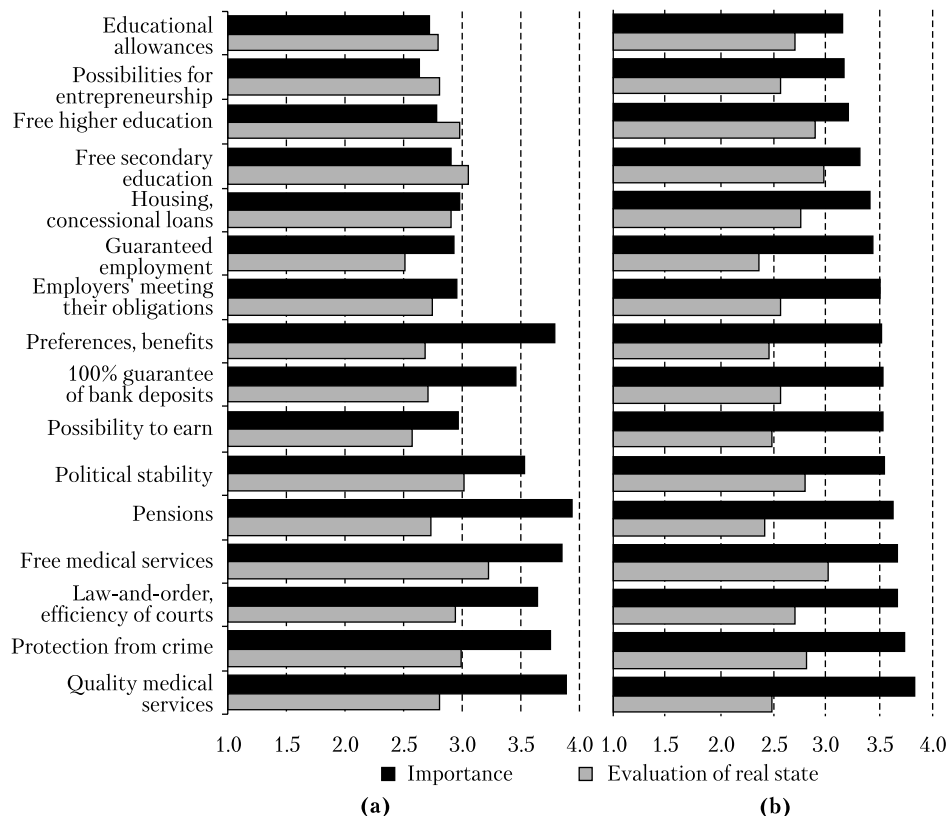
**Figure 3. Difference in the importance of state actions between pensioners and the entire population (positive value = more important to pensioners, negative value = less important to pensioners than for population at large)**

*Pensioners prioritize the stability factors, both political and financial (for example, 100% guarantee of bank deposits) (Figure 4), which stand out against other indicators. Also important is law and order (efficiency of the court system).*

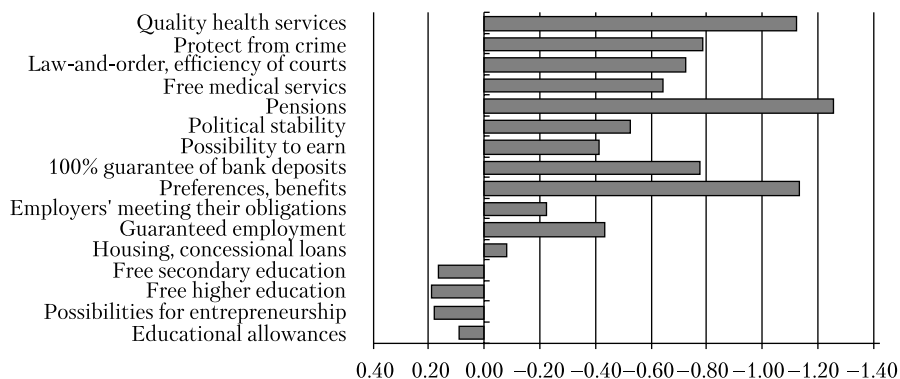
Pensioners seem to value possibilities to earn and employment guarantees at quite a low rate, but since expectations are low for these two entries, these issues are not problematic for this group.

## 2.2. Loyalty factors

To evaluate the level of satisfaction with the implementation of the social contract, it is necessary to draw a correlation between the evaluation of the real state of affairs and expectations. From this perspective the most problematic issue is pensions (Figure 5), which must be because of their size (58.7% believe it is not sufficient). As for the payment itself and the regularity of payment, they are not perceived as problems.



**Figure 4. Evaluation of importance and real state of certain aspects of social assistance by (a) pensioners; (b) the population at large**

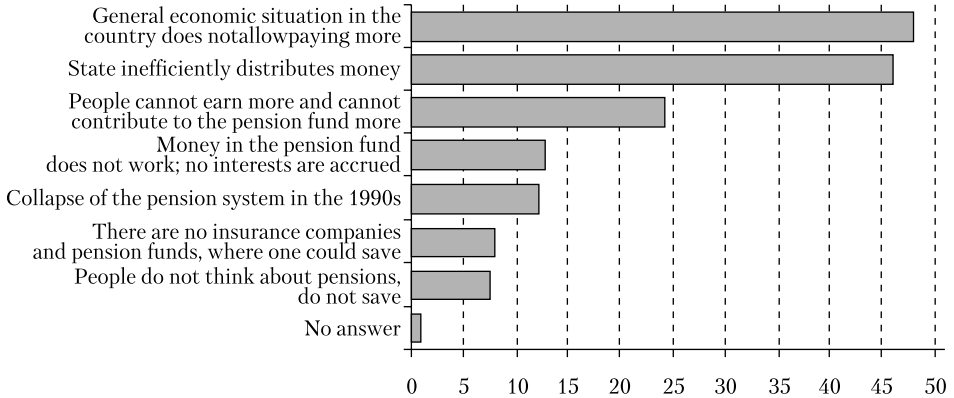


Note. OX axis presents the difference between the average evaluation of the real actions of the state and average rate of expectations.

Source: estimates based on BISS data.

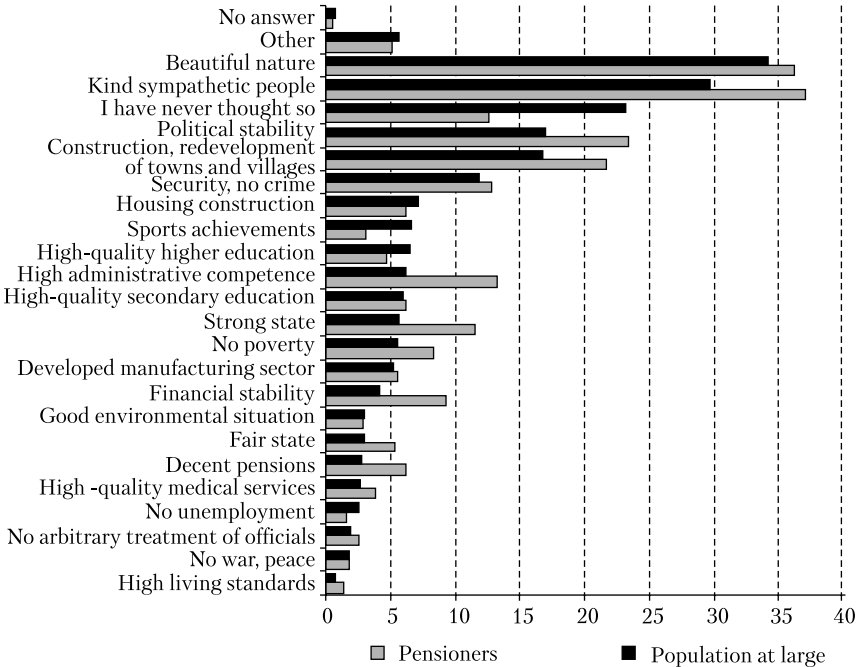
**Figure 5. Differences between contentment and significance of factors**

The group believes low pensions are due to the general economic situation in the country and actions of state authorities (this was mentioned mostly by Minsk dwellers – 63.4% of the total noted the responsibility of the state) (Figure 6).



Source: estimates based on BISS data

**Figure 6. Answers to the question: «If you believe your pension is not sufficient, what is the reason behind low pensions in Belarus?»**

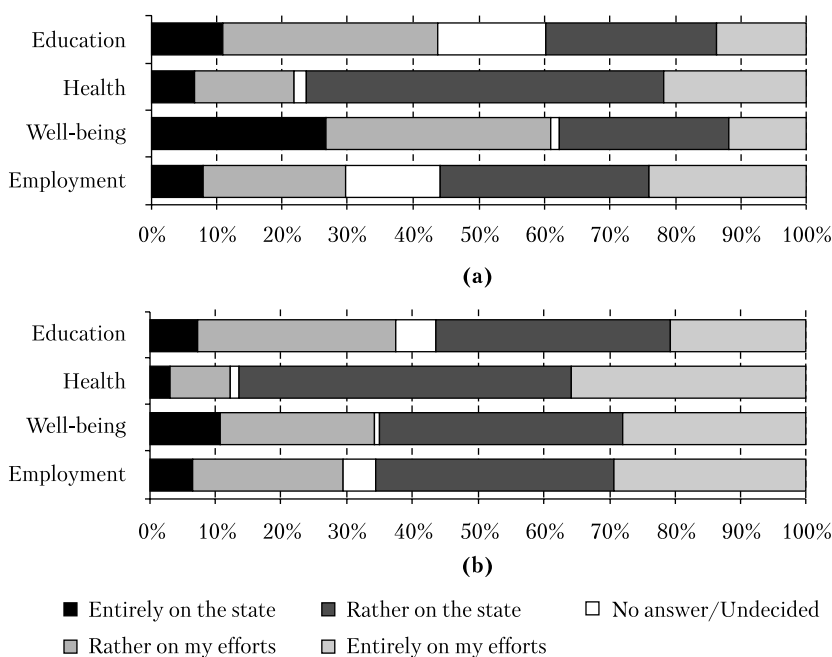


Source: estimates based on BISS data

**Figure 7. Answers to the question: «Remember the last time you told yourself 'It is good I live in Belarus!'» What was it connected with?**

The level of satisfaction with preferences and benefits, as well as medical services, is also low. Pensioners are not satisfied with the level of protection from crime and guarantee of bank deposits.

*Ideological constructs constitute another essential element of the social contract, alongside with material and non-material benefits.* The categories «strong state», «high administrative competence», «fair state» are the entities that determine the positive perception by Belarusian society (Figure 7). Also highly ideology-driven are the components connected with political stability, construction and capital improvement and redevelopment of towns and villages. *For the social group of pensioners, the ideological component of state action is a crucial loyalty factor.*



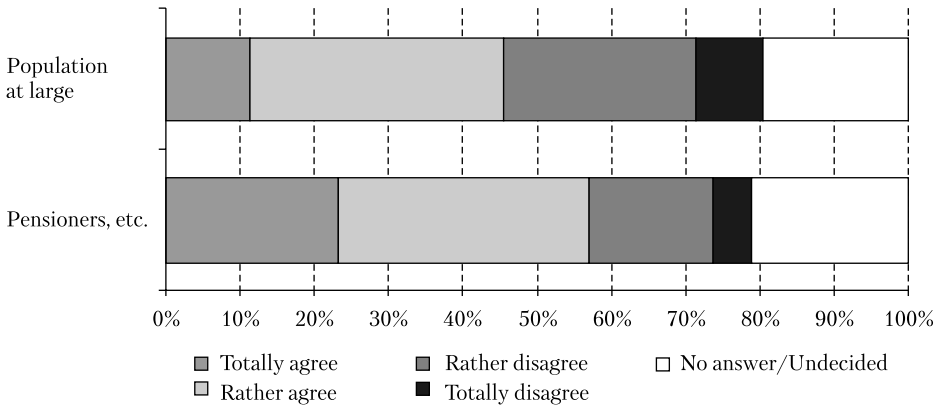
Source: estimates based on BISS data

**Figure 8. Answers to the question: «What does your ... depend the most?» by (a) population at large; (b) pensioners**

A peculiarity of pensioners as a social group is the *quite high level of consent with the provisions of the social contract in Belarus as a socially-oriented agreement.* On aggregate, 57.1% of all pensioners «agree» or «rather agree» that civil peace and stability are worth certain democratic restraints. Pensioners constitute a considerable part of those Belarusians who support such a contract (Figure 9).

Pensioners consider their material standing to be highly dependent on the state (Figure 8). *Over 60% of pensioners believe the state is to some extent responsible for*

their well-being, which testifies to the fact that the majority of this group has no additional sources of income – savings, support of relatives, etc. Pensioners more often depend on the state in health matters – the healthcare system is of primary importance, but their requirements are not completely met.



Source: estimates based on BISS data

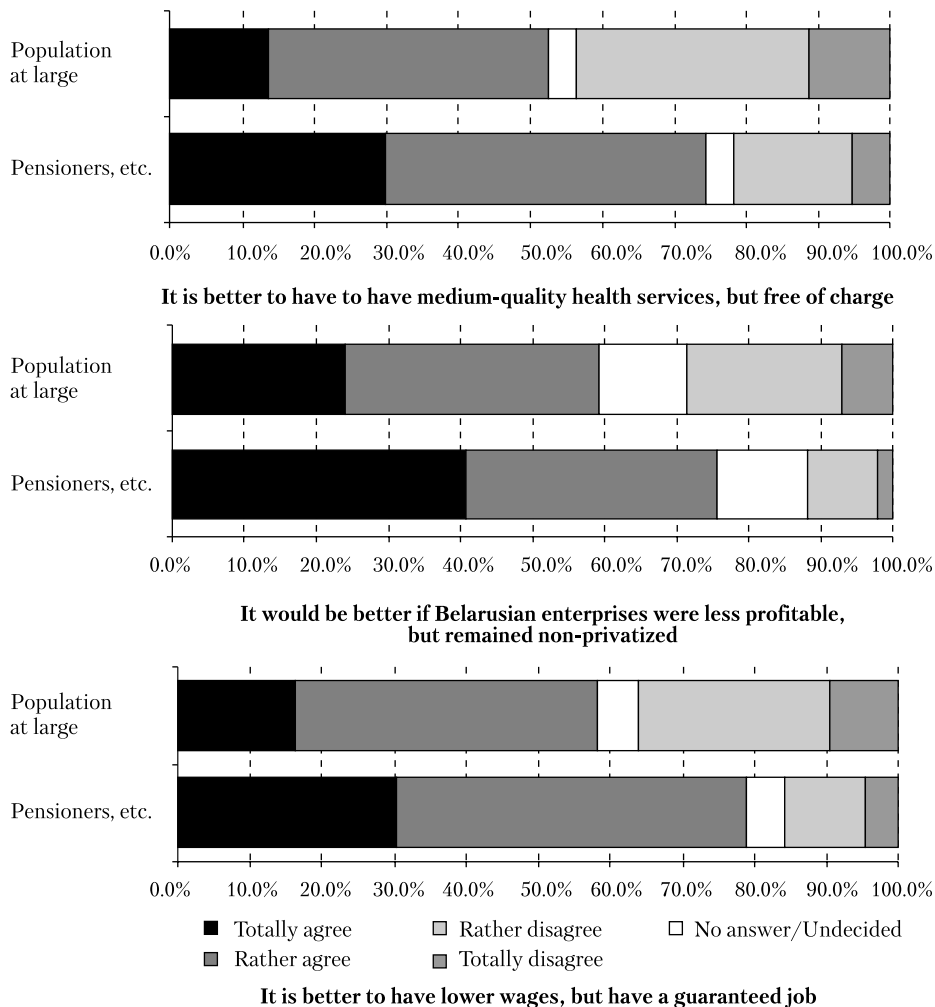
**Figure 9. Answers to the question: «Do you agree that our state secures civil peace and political stability, and this justifies certain restrictions on democracy and the freedom of speech?»**

Most of Belarusian pensioners are paternalists, as 78.8% believe the conditions of the social contract envisaging lower wages in exchange for stability are acceptable. Similarly, 74.2% of the respondents agree to have medium-quality health services, but free of charge; 75.7% would prefer Belarusian enterprises to be less profitable, but remain state owned (Figure 10). The above indicators are higher than the average for the Belarusian population, which proves the high level of loyalty of this group.

Also, pensioners show a high level of satisfaction with the activity of the state (Figure 11). Most of them (61.8%) believe the state takes a good or rather good care of them. Moreover, the share of those who believe the state takes good care of pensioners among the population-at-large is smaller than among pensioners themselves. In other words, *pensioners are more optimistic about their status than other groups perceive it. This must be due to the understated expectations* (which is confirmed by other studies<sup>4</sup>).

<sup>4</sup> Baturchik, M., Chubrik, A. (2008) Vospriyatie naseleniem pensionnoy sistemy Belarusi: rezultaty oprosa naseleniya [Population’s Attitude towards the Pension System of Belarus: The Results of the National Opinion Poll]. In: Chubrik, A. (ed.) (2008) *Pensionnaja sistema Belarusi: otnoshenie naselenija i scenarii izmenenij* [Pension System in Belarus: Public Attitudes and Scenarios of Changes], Minsk, IPM Research Center.





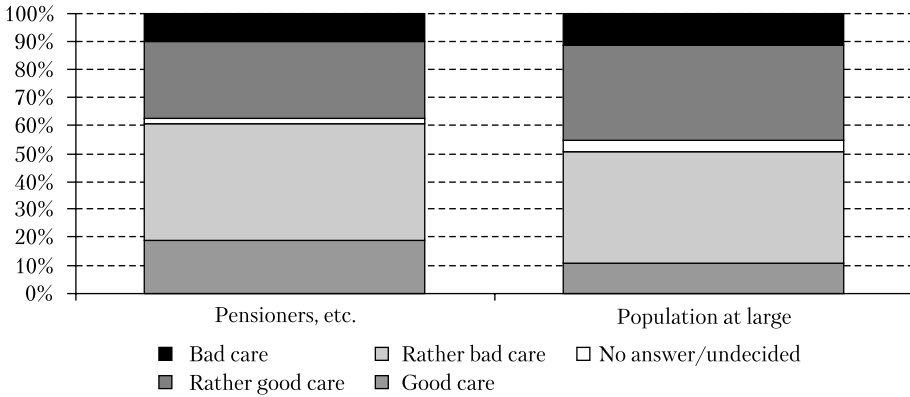
Source: estimates based on BISS data

**Figure 10. Answers to the question: «To what extent do you agree with the statement?»**

When analyzing the degree of satisfaction among pensions, we need to differentiate among various aspects of the work of the pension system. Some of them are more problematic (the size, same-pensions-to-all principle, and adjustments to changing conditions) than others (regularity, etc.) (Figure 12).

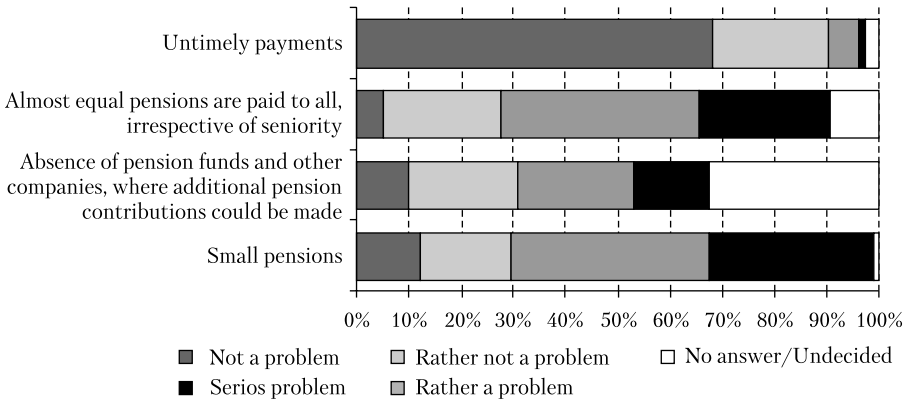
In the context of the tendencies towards the formation of a two-tier pension accruals scheme, it is important to estimate pensioners' demand for non-governmental retirement funds. As of today, the absence of institutions providing additional sources of income for pensions (retirement funds, companies) is a

problem for 36.5% of the respondents, which means the demand is being formed now.



Source: estimates based on BISS data

**Figure 11. Answers to the question: «Does the state take good care of the following social groups? Pensioners»**

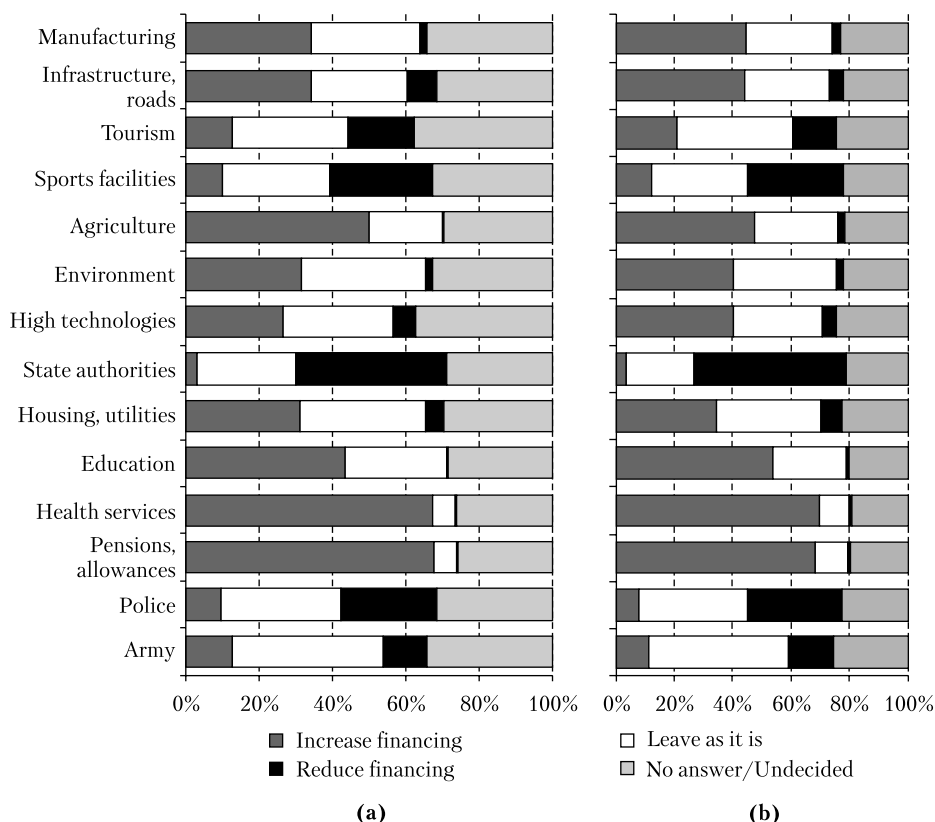


Source: estimates based on BISS data

**Figure 12. Answers to the question: «What in your opinion are the main problems of the Belarusian pension system?»**

Pensioners more often find it hard to assess the efficiency of state expenditures than the rest of the population. On most criteria, this social group has the same recommendations as the population at large – it is necessary to increase expenditures on pension provision, educational allowances, benefits, health services; and cut the expenditures on state authorities, the police and construction of sports facilities. Pensioners tend to support increases in subsidies to agribusiness more than the

entire population, whereas they are less eager to advise increases in financing of high technologies (Figure 13).



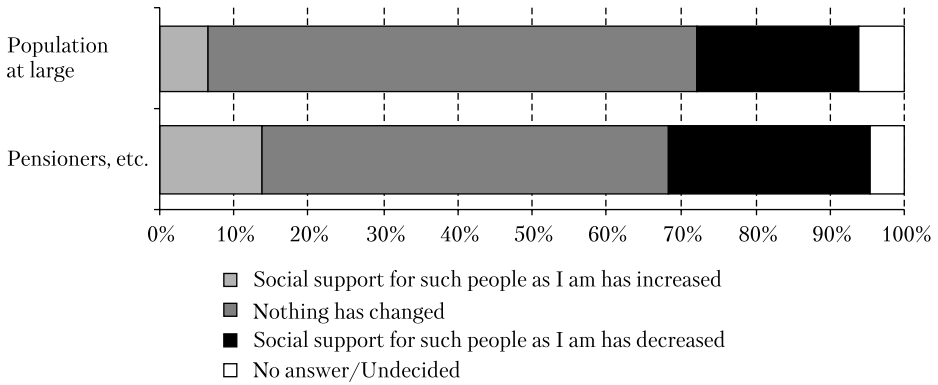
Source: estimates based on BISS data

**Figure 13. Answers to the question: «Where should the state channel more money into, and which expenditures should be cut?» (a) pensioners, (b) population at large)**

Moreover, despite the abolition of benefits for this group, most pensioners believe social support has not decreased. Only a third of them think the situation has deteriorated, which is nevertheless more than for the population at large. However, the share of those who believe social support for pensioners has increased substantially is much higher among pensioners than among other groups, and stands at 13.7% (Figure 14).

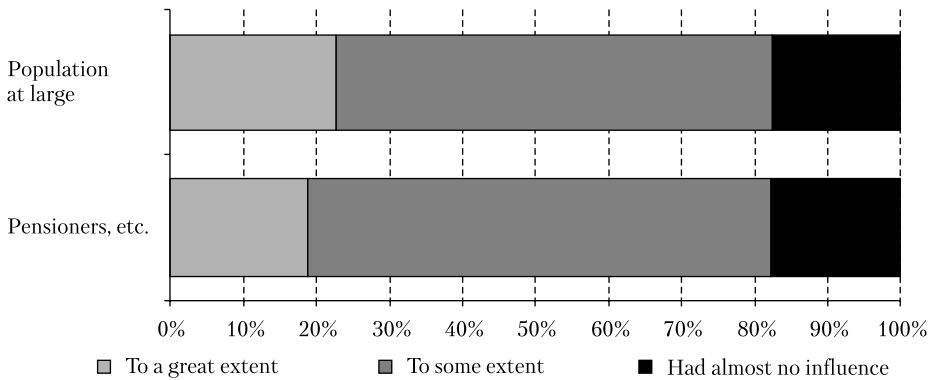
Pensioners appeared to be now very sensitive to changes in social support (both positive and negative), although the majority (63.6%) believes the extent of social support has changed (Figure 15). The abolition of benefits therefore did not become a significant reason behind the growth in discontent about the provisions of the

social contract. Important aspects of social support, according to pensioners, include, inter alia, preferential medication prices (Figure 15, 16).



Source: estimates based on BISS data

Figure 14. Answer to the question: «How has social support for people like you changed over the past year or two?»



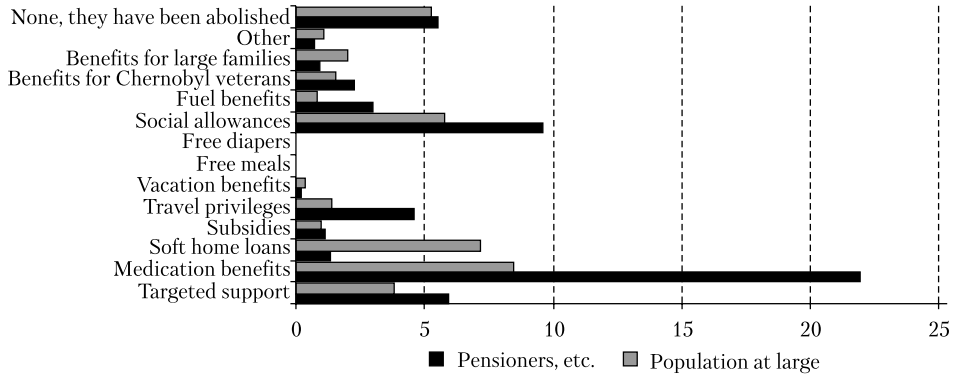
Source: estimates based on BISS data

Figure 15. Answers to the question: «To what extent have changes in social support influenced your life?»

### 2.3. Response to current policies

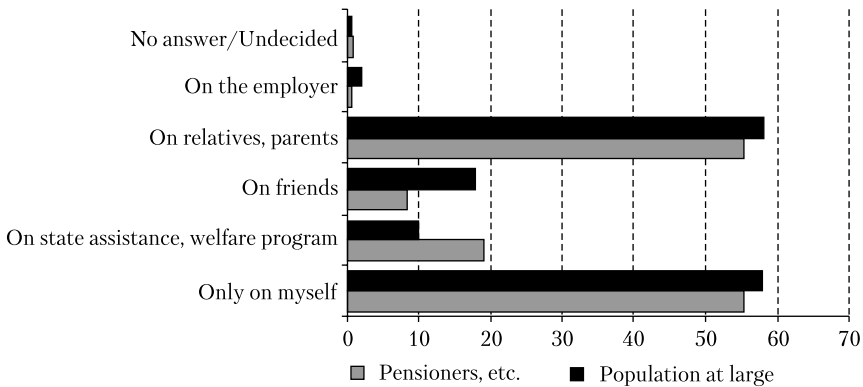
Pensioners largely rely on state support: the share of the respondents hoping for its help in case of financial problems is higher than in other social groups, at 19.1% (Figure 17). A contradiction should be emphasized, though: more than half of all pensioners say their well-being depends on the state, *but in case of need, 80% of*

*pensioners will not rely on the state.* This, again, must be due to low expectations: this group does not believe the state is capable of giving more than the minimum stable pension and there is no use hoping for additional assistance.



Source: estimates based on BISS data

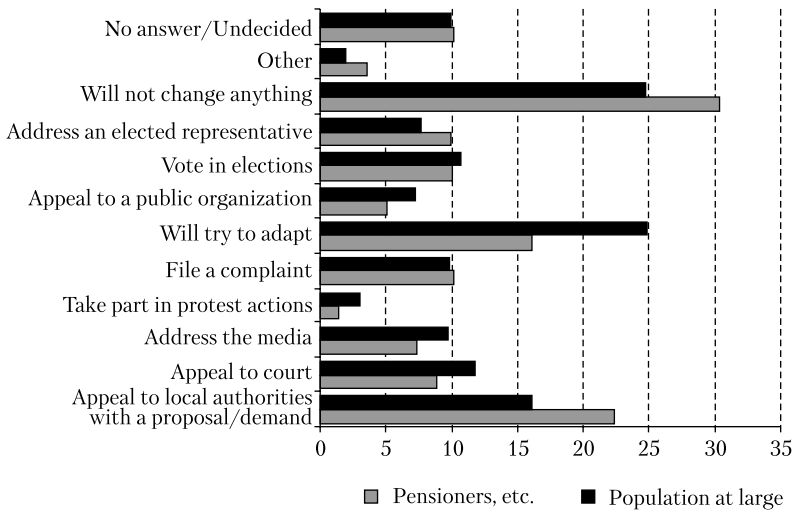
**Figure 16. Answers to the question: «Which social support programs for people like you are you aware of?»**



Source: estimates based on BISS data

**Figure 17. Answers to the question: «Imagine you are faced with serious financial problems. Who do you count on in such a situation?»**

As was noted above, the level of discontent is not critical in this group, whereas changes in the social contract provisions will lead to lower expectations and conformism. If they are dissatisfied, 30.3% of pensioners will not change anything (Figure 18), which may be explained by the absence of any liquid assets or other sources of income (except pensions guaranteed by the state) in this group.



Source: estimates based on BISS data

**Figure 18. Answers to the question: «If you were to some extent dissatisfied with what the state is doing for you, how would you change the situation?»**

The best acceptable active strategy aimed at changing the parameters of the social contract for pensioners is to *appeal to local authorities with suggestions or demands*. This strategy aims at optimization of the existing pattern of relations and search for additional possibilities for communication in the framework of the exiting contract. In fact, this channel is used by the state as an instrument to differentiate the conditions of the social contract for various social groups. This happens by way of provision of benefits and bonuses for the least satisfied group or the group that has no other means to satisfy their demands. Furthermore, these groups are ready to spend time and effort on communication with bureaucrats/officials and deal with formalities hoping for assistance. The bureaucratic procedure is a «screening» machine, as groups having alternative possibilities as a rule do not use these channels to seek additional benefits.

*The likelihood of other strategies besides loyalty and modification of the social contract by way of appealing to bureaucrats is low.* An insignificant share of pensioners leave room for voice and open protest: only 1.3% of them are ready to participate in mass actions, 5.1% are capable of appealing to a public organization, and 7.3% may take their cases to courts. All the above practices have a much lower share of advocates among pensioners, compared to other groups (see Figure 18).

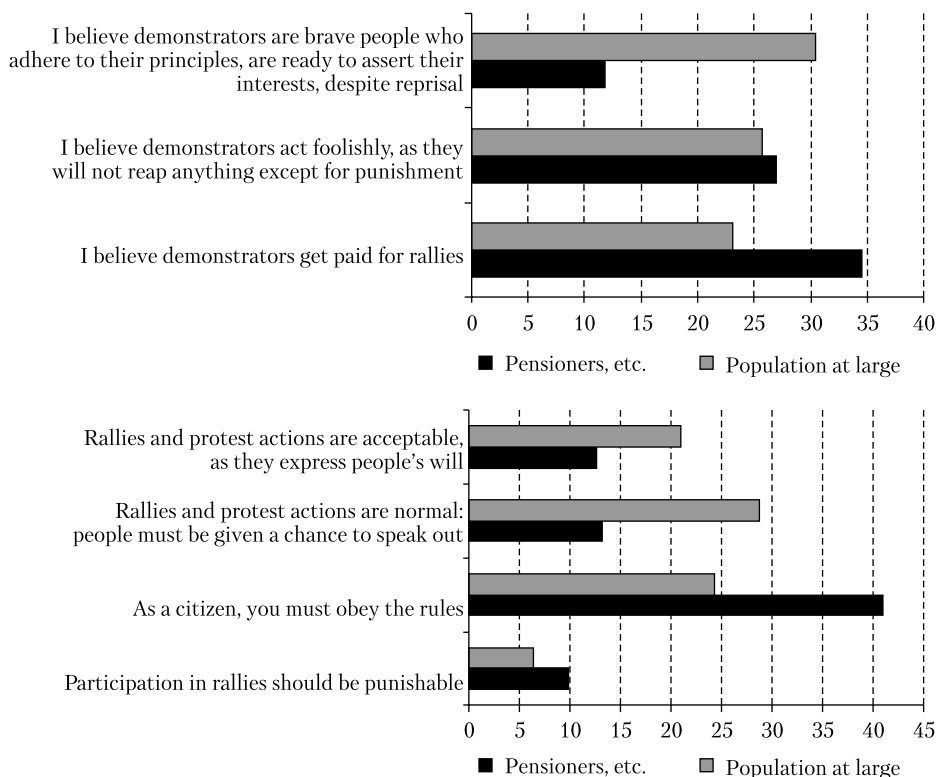
Pensioners tend to criticize protest actions more than other groups. This group cannot be called «sympathizing», as it does not negate the right to protest, but believes protests are irrational. On the contrary, participation in rallies is regarded as a threat to stability, the status quo, which runs counter to pensioners' values. Furthermore, pensioners believe protesters are paid for taking part in rallies, which corresponds to the messages of the state mass media (Table 1, Figure 19).

Table 1

**Pensioners' and population's attitude to protest actions and protesters, %**

|                     | Protests   |                     | Protesters |                     |
|---------------------|------------|---------------------|------------|---------------------|
|                     | pensioners | population at large | pensioners | population at large |
| Absolutely positive | 0.9        | 5.1                 | 1.4        | 5.1                 |
| Rather positive     | 10.3       | 25.3                | 12.1       | 30.0                |
| Rather negative     | 32.3       | 30.3                | 38.6       | 28.6                |
| Absolutely negative | 28.0       | 16.4                | 17.8       | 10.9                |
| No answer/Undecided | 28.5       | 23.0                | 30.1       | 25.4                |
| Total               | 100.0      | 100.0               | 100.0      | 100.0               |

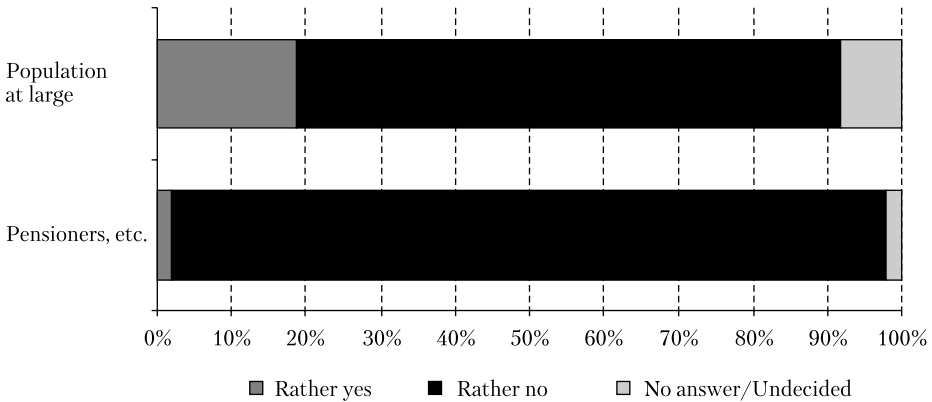
Source: estimates based on BISS data



Source: estimates based on BISS data

**Figure 19. Answers to the question:  
«Which of the following do you agree with?»**

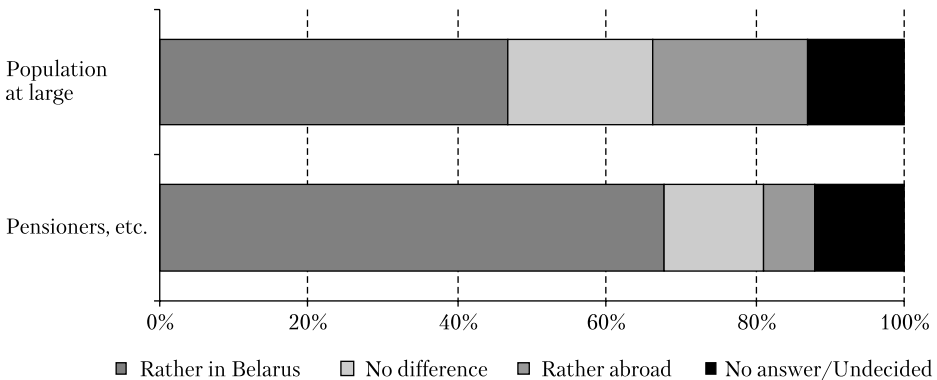
*The possibility of the «exit» strategy in conditions of an unsatisfactory social contract is very low for pensioners. This group does not want to leave the country, although the share of potential migrants is high for the population at large, and reaches 39.7% in the youth and non-workers groups (Figure 20).*



Source: estimates based on BISS data.

Figure 20. Answers to the question: «Would you like to leave the country?»

Pensioners, on the one hand, are well aware of the illiquidity of their assets («human capital»). On the other hand, they believe this social group has a better life in Belarus than elsewhere (Figure 21). This means the perception of the existing social contract is positive and once again reminds about the *significance of ideological constructs for this group*, especially those connected with the image of Belarus as a country offering pensioners decent living standards.

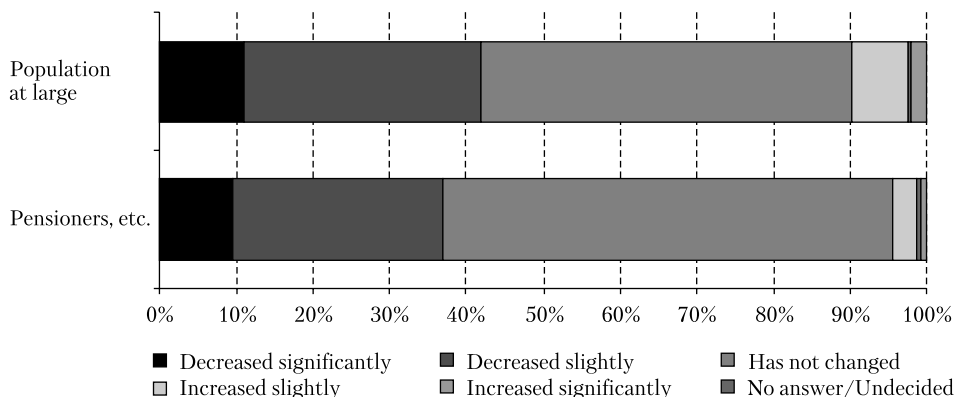


Source: estimates based on BISS data.

Figure 21. Answers to the question: «Where do you think people like you live better – in Belarus or abroad?»

Pensioners do not expect any changes in their material status (neither for the better nor for the worse). The material standing of pensioners is more stable than that of other groups (Figure 22). It must be the key vector of social expectations for this group.

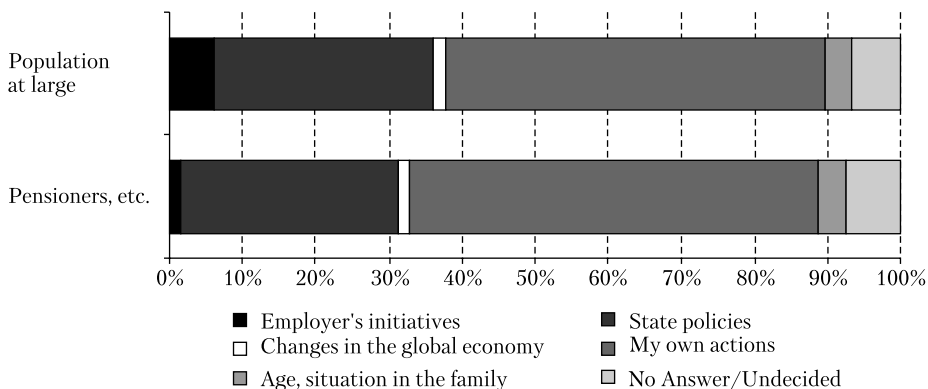




Source: estimates based on BISS data.

**Figure 22. Answers to the question: «How has your material status changed over the past 12 months?»**

The material situation in this social group is connected with the actions of the state (pensioners confirm this). However, when it comes to any deterioration, pensioners, like other groups, tend to blame them on the financial crisis, that is, external factors (Figure 23).



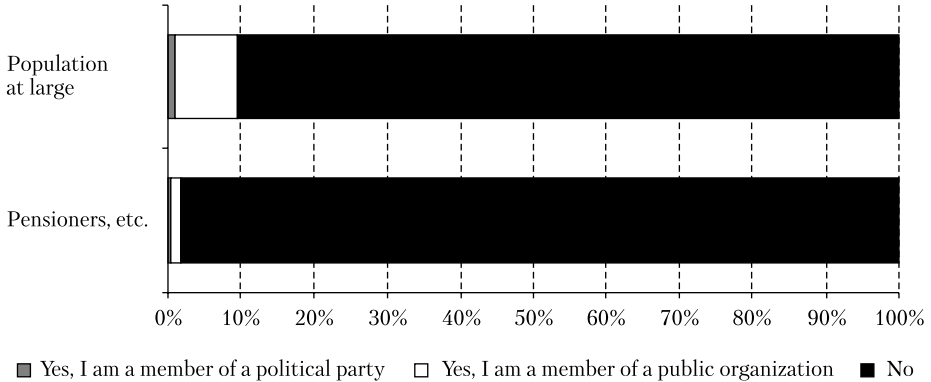
Source: estimates based on BISS data.

**Figure 23. Answers to the question: «If your material situation should deteriorate in the 12 months to come, what do you think it might be caused by?»**

If the state continues promoting this idea, any further possible deterioration in the situation is likely to be interpreted as «force-majeure» rather than changes in the terms of the social contract.

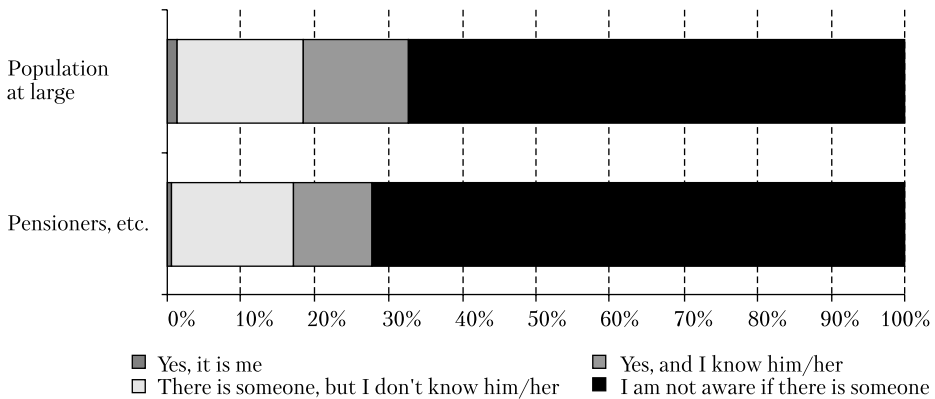
### 3. HORIZONTAL TIES

Horizontal ties as indicators of the potential to resist the contract terms imposed by the state are weak. Firstly, the share of pensioners involved in the activity of political parties and public organizations is much lower than in other groups – the segment of activists is almost non-existent (Figure 24). This can be connected to the absence of relevant settings for such activities among senior citizens on account of the experience, practices and system of values generated during Soviet times.



Source: estimates based on BISS data.

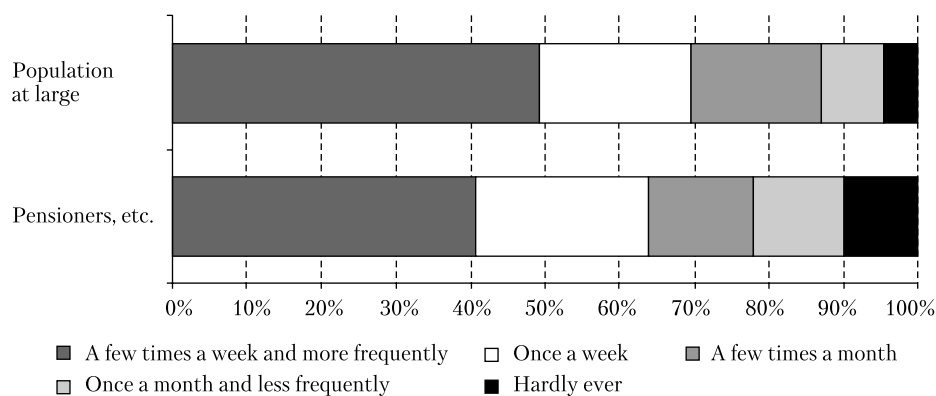
Figure 24. Answers to the question: «Are you a member of a political party or public organization?»



Source: estimates based on BISS data.

Figure 25. Answers to the question: «Is there anyone in the building where you live performing the role of voluntary community activist responsible for complaints, collection of signatures, contacts with the authorities?»

Nevertheless, pensioners appear to be less active even in the social activities that do not involve political aspects – they prove the least active participants in local communities, especially if they are compared with the group of entrepreneurs/executives. One should note that *public activity is connected with general activity in the economic area*, as entrepreneurs/executives are the most active members of parties/organizations, community leaders and providers of free aid. *Pensioners, while being economically passive, are not active in social interaction* (Figure 25, 26). As a result, pensioners have a low potential for resisting the terms of the social contract imposed by the state.



Source: estimates based on BISS data.

**Figure 26. Answers to the question: «How often do you communicate with friends?»**

#### 4. CONCLUSION

As we see, pensioners constitute the most adaptable social group. Our propositions regarding their acceptance of the existing social contract because of their reliance on the state and susceptibility to stereotypes have been confirmed. Pensioners are satisfied with the current pension scheme. Being guided to a great extent by ideological constructs, pensioners believe the current situation in Belarus is stable. Members of this group also believe it is better to live in Belarus than elsewhere.

This high degree of social satisfaction is rooted not in the sufficient size of pension payments, but in low expectations combined with guarantees of receiving a minimum social package. The social contract for pensioners, therefore, does not manifest itself in material subsidies, but in some subjective, «socially constructed» perception of stability and availability of the minimum social package. Pensioners do not strive for more, but rule out the possibility of instability. At the same time, pensioners prioritize stability and guarantees of bank deposits, which stand for the minimum level of stability. Moreover, pensioners are interested in the very possibility of making long-term deposits.

Since there are no horizontal connections, pensioners often rely on the state. The key peculiarity of the social contract with this group is the low degree of demands made by the group in combination with the high degree of paternalism.

The likelihood of protest and «exit» in this group is minimal because of the high level of conformism and illiquidity of human capital. This allows the state additional room for maneuver when unilaterally changing the terms of the social contract. One should bear in mind that given the ideological aspects of the contract, further deterioration of the situation might be interpreted as effects of external factors.

## Chapter 4

# **SOCIAL CONTRACT: YOUTH**

Marina Baturchik, Gleb Shimanovich

### **1. INTRODUCTION**

The youth is frequently considered to be the most active and mobile social group. Politicians pin high hopes on youth, for many analysts believe «generation change» may lead to a change in the political regime (see, for example, a Stephan Batory Foundation report<sup>1</sup>). Moreover, young people are believed to have a wide range of opportunities and decisions regarding their future. They are not constrained by accumulated social capital, hence additional possibility for social mobility. They can therefore seek participation in the social contract voluntarily or select various exit options (for instance, to leave the country).

At the same time, some members of this social group, while being economically inactive (in particular, being unemployed), may be involved in the interaction between the state and society to a lesser degree compared to other social groups, but still show a strong demand for social programs, as they have no sources of income of their own. Indeed, state programs target, *inter alia*, young families, young specialists, etc. Alongside with other measures, these support programs could be regarded as instruments to enhance the integration of this social group in the social contracting system.

In this study, we also address the behavior of nonworkers, as well as their evaluation of the situation. Nonworkers, like the young, may tend to select the paternalist policy, or, while being officially jobless, may have possibilities to earn in the informal sector. The non-participation in the «vertical» social contract, in its turn, may be compensated by «horizontal» connections.

The structure of this study is as follows: first, we formulate preliminary propositions, consider the relevance of the social contract from the point of view of this group, analyze the structure of the contract and presence of horizontal connections; then study the motivation of this social group and factors that influence the choice of some behavioral strategy (exit, voice, or loyalty); finally, we address the evaluation of the economic situation by nonworkers; conclusions complete this study.

### **2. SOCIAL CONTRACT FOR YOUTH**

#### **2.1. Main propositions**

Youth form one of the most dependent social groups. With insufficient accumulated human capital, young people require the social support of the state more than other

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<sup>1</sup> The Stephan Batory Foundation (1991), <http://www.batory.org.pl/ftp/program/forum/rap4eng.pdf>.

social groups (which is traditionally indicated in policy documents and declared social programs, including support for young specialists, young families, etc.). This determines the high dependence of this group and its integration into the social contracting system. We therefore put forward the following proposition:

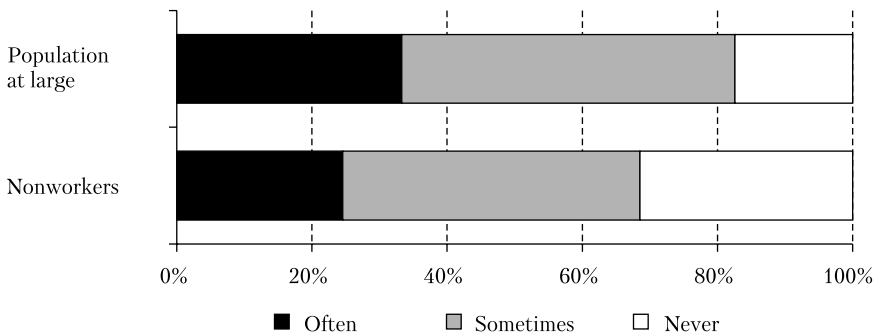
**1. The young require state support programs aimed at improving their social prospects (education, employment, housing, etc.)**

On the other hand, youth do not always accept the current system of values and available political rights and may opt for the strategy of non-participation in the social contract or the «exit» option. Therefore, we can also suggest the following proposition:

**2. The young, as a group that has no specific human potential accumulated in the past, may be more inclined to select the «exit» strategy or choose not to participate in the social contract.**

*These propositions are not mutually exclusive, as it is considered that there may exist ambivalent trends in the youth group.* If this is so, the group is not homogeneous, but segmented. The aim of the analysis is, therefore, to identify the subgroups that choose one or another behavioral pattern.

As for the first hypothesis, the polls conducted for the study do not corroborate it. State support does not appear to be a significant factor for young people, and this group does not reflect much on the engagement in the social contract (picture 1). On the other hand, the people that form the «nonworkers»<sup>2</sup> group think about the role of the state in their lives the least. A third of respondents representing this group (31.5%) have never thought how the state influences their lives, which is almost twice as much as the average for all respondents (Figure 1). This means the group has the least people who regularly think about how their lives depend on the state.



**Figure 1. Answers to the question: «Do you often think how the state influences your life and the life of your family?»**

<sup>2</sup> Hereinafter we refer to nonworkers as the economically inactive group including youth, the unemployed and homemakers.

This *disregard for the state* could be attributed to the fact that nonworkers sense their dependence on the state indirectly rather than feel its immediate influence. Students are mostly provided for by their parents, housewives and jobless citizens live off their working relatives. They owe their social status and incomes to their families, that is, specific people, not some abstract state.

Two conclusions may be drawn here: firstly, *representatives of this social group do not tend to reflect on the social contract*; and, secondly, the social contract itself must have dimensions other than «stability in exchange for freedom» for students, housewives and the unemployed.

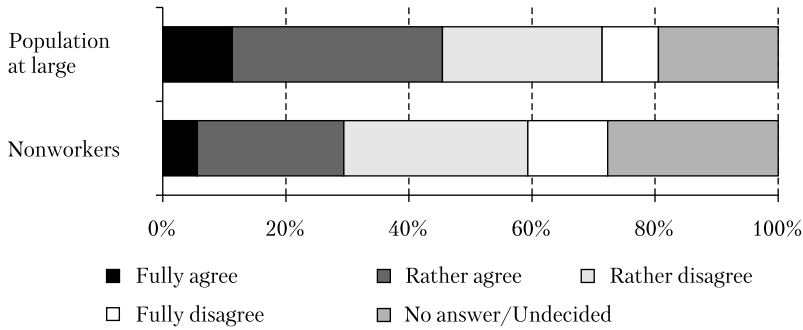
The results of the poll correlate with the results of the focus group tests. Students perceive the state as an entity that is little included in their everyday life, as the state is mostly represented by the directors of educational establishments. In other respects, they interact with the state «through the agency» of their parents, who are more integrated into the social contract. *The situation is quite different for young workers, though, as public welfare becomes more significant.*

## 2.2. Social contract structure

The social contract may be defined as a model of the relationship between the state and a social agent representing a complex of agent's expectations from the benefits offered by the state in exchange for loyalty. Loyalty is expressed in the support and/or acceptance of state actions by the social agent. The degree of required support is differentiated depending on social groups: it could be lower for some, with the minimum level of engagement required, or very high for other groups, envisaging more substantial bonuses offered in exchange.

The intensity of support could vary within the same group: the offered contracts could provide for additional benefits (formal and informal) in exchange for additional support (for instance, the Belarusian Republican Youth Union for the young). Enhanced commitment implies the participation in institutionalized forms of political engagement (parties, associations, patriotic unions, etc.).

The Belarusian government constantly emphasizes the «socially-oriented» nature of the Belarusian economy, which to a large extent determines the nature of the social contract in Belarus (similarly to some other countries, including Russia). The state declares that it ensures civil peace and stability, as well as social guarantees, which are presented as justifications of freedom limitations. Forty-five and a half per cent of Belarusians believe such an agreement is fair (Figure 2). In the nonworkers group, this concept is *supported* only by 29.4%, the lowest registered level among all groups. Meanwhile, the share of those who *disagree* with this premise does not differ much from the mean value – 42.9% and 35.1%, respectively. This social contract type is mostly criticized by entrepreneurs, not nonworkers. The latter have often failed to think about this problem at all: polls show that more than a quarter of all respondents in the group of nonworkers found difficulties in answering the question about their attitude to this issue.



**Figure 2. Answers to the question: «Do you agree that our state secures civil peace and political stability, and this justifies certain restrictions on democracy and the freedom of speech?»**

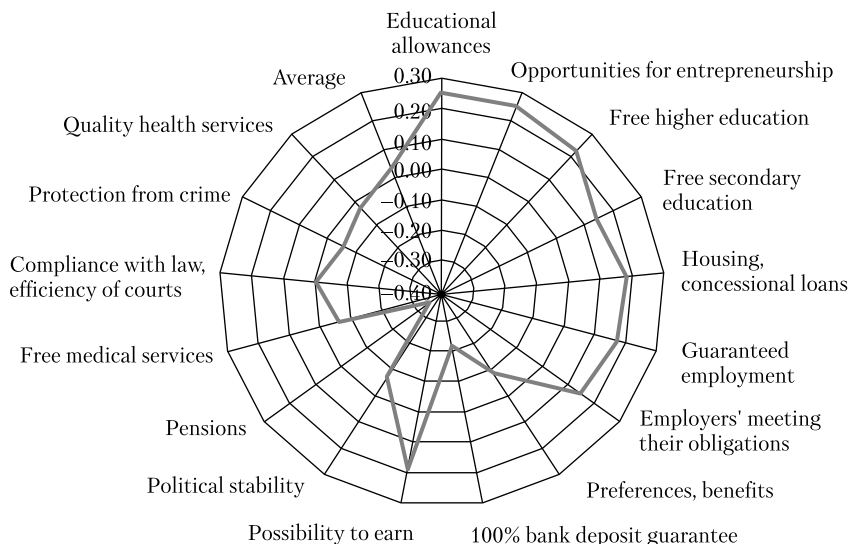
Despite the fact that nonworkers do not seem to think about the role of the state, it would only be logical to assume that they must depend on the state more than other social groups, except for pensioners. The share of people who associate their welfare with the state, and not their own efforts, stands at 26% (Figure 3) in this group, which is mostly formed by students, housewives and jobless people. It is naturally higher than that in the groups of entrepreneurs and wage workers<sup>3</sup>. While it confirms the first proposition about the «demand for the state [benefits]» from the young, the difference between the personal evaluation of welfare dependence on the state between the groups of wage workers and nonworkers is not really significant, given that formally students live off educational allowances, and nonworkers' only incomes are formed by unemployment benefits. This on the one hand may indirectly prove that nonworkers rely on their relatives; on the other hand, this must indicate the presence of self-employment among students, housewives and formally unemployed.

The structure of the social contract may be determined by evaluating the expectations of the social group and its perception of what the state expects from its citizens. Expectations may be revealed in several aspects. Firstly, there are material benefits (direct payments, conditions for earning); secondly, there are additional welfare-related benefits, such as medical service, education and security; finally, there are non-material benefits connected with the positive image of the state from the perspective of citizens. These are ideological constructs based on the ideas of patriotism, identification with a strong authority and various «social myths». These elements of the social contract are broadcast mainly by the mass media. Ideological constructs are tied with symbols, stereotypes and social myths.

The stability of the social contract lies in social groups' accepting its key elements. The satisfaction of social groups is achieved by meeting their expectations from social benefits and positive evaluation of the actual performance of commitments by the state.

<sup>3</sup> This indicator stands below the average for the entire sample only because pensioners show an extremely high level of reliance on the state.





**Figure 3. Difference in the importance of aspects of state actions between youth/nonworkers and the entire population (positive value = more important to youth/nonworkers, negative value = less important to youth/nonworkers than for the population at large)**

The young and nonworkers have higher expectations than the average for the entire population, with average value standing at 3.47 for the young and 3.43 for population at large. Young people and nonworkers tend to prioritize payments of educational allowances, free secondary and higher education, compared to average expectations (these benefits, vis-a-vis other factors, are of higher-than-average significance). They are regarded as the basic social benefits that the state must provide for young people (Figure 4).

Young people also believe a good environment for entrepreneurship and possibility to earn to be more significant than the population at large. This shows that the group under analysis needs the state to secure clear rules of the game and ensure an entrepreneur-friendly environment, alongside with direct support.

Less significant aspects of state activities include, according to the young and nonworkers, payment of pensions and guarantee of bank deposits, largely because young people prefer current consumption to saving. *The expectations of youth and nonworkers are therefore connected not only with social support, but also with the provision of possibilities to earn without direct interference of the state.* The young and nonworkers tend to disregard pensions and benefits, as they are matters of «distant future» (Figure 5).

The largest gap between the expectations and real actions of the state, according to youth and nonworkers, is observed in the possibilities to earn and employment guarantees, as well as seeing that employers meet their obligations. It appears that the key issues here are potential employment and support provided when a citizen

enters the labor market. The low satisfaction with medical services is also mentionable; however, this aspect seems to be of high priority in all social groups in Belarus now.

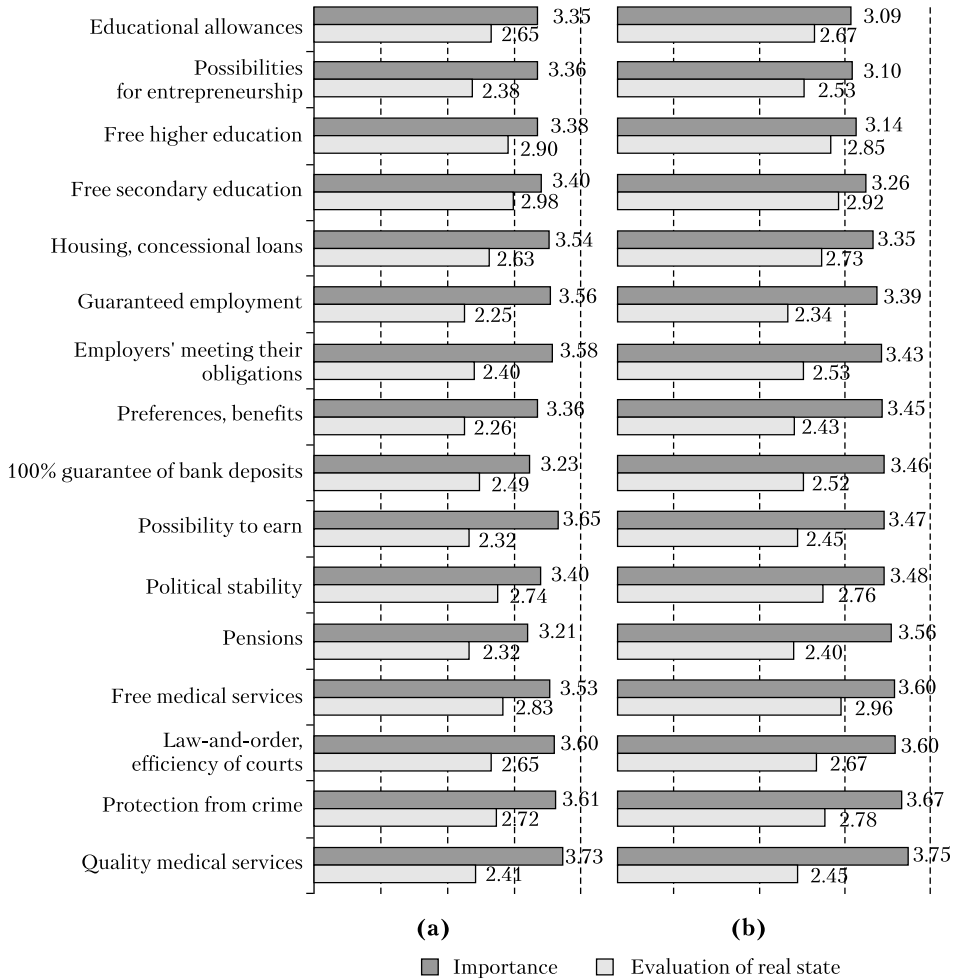
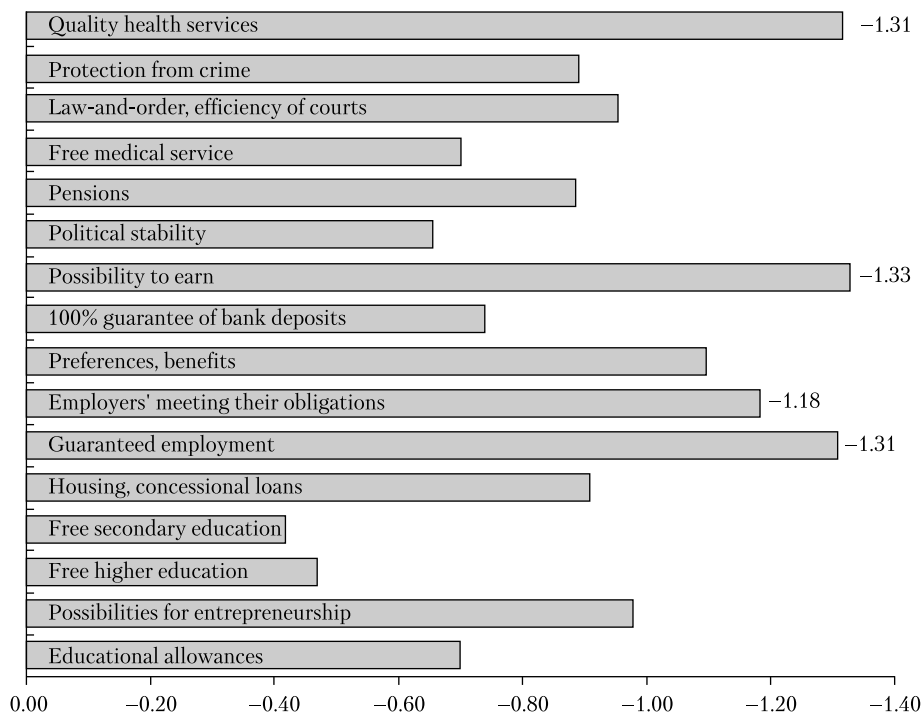


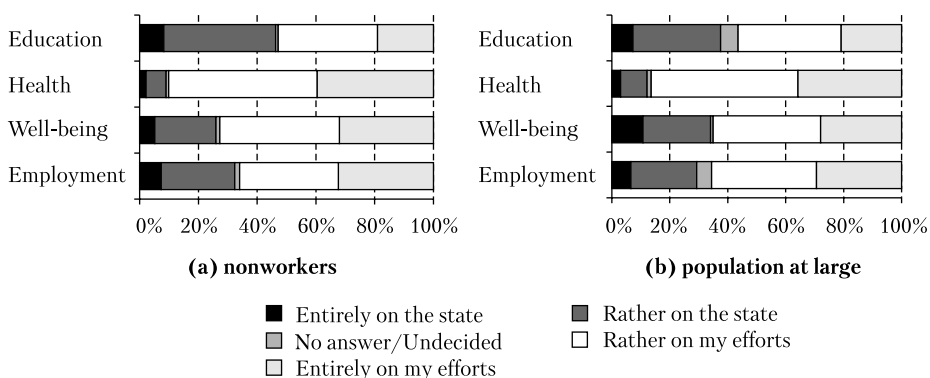
Figure 4. Evaluation of importance and real state of certain aspects of social assistance by (a) youth/nonworkers; (b) population at large

As was noted above, nonworkers sense their bond with the state and participation in the social contract to a lesser extent compared to other groups. On the other hand, they appear to rely on the state more than other groups when it comes to employment: 32.3% of the respondents believe their employment depends on the state (slightly above the 29.3% share on average for all Belarusians (Figure 6). Indeed, about half of Belarusian students are educated on a free-of-charge basis and «assigned» a job upon graduation. The share of students in the group of

«nonworkers» is well over 50%, which explains the share of respondents in this group that believe their employment depends on the state.



**Figure 5. Differences between satisfaction with the quality of the services performed by the state and significance of factors for this social group**



**Figure 6. Answers to the question: «Which does your employment, well-being, health and education depend on the most?»**

Employment aspects are crucial for this social group, and the degree of satisfaction determines the loyalty level. Students are rather vaguely aware of their future employment. One-third of them (33.3%) do not see clear prospects of finding a job according to their occupation, and 5.8% of all students believe being employed in their specialization is unrealistic. Only 12.5% of students see good prospects of finding a job according to their professional training, and the rest (46.7% of students) believe they have a chance, but have their doubts.

Under the circumstances, the chief element of the social contract for students is the mechanism of job assignment – some 40% of the young express loyalty towards this component of the social contract. This means there is certain demand for the «protective function» of the state, and the same applies to the passive economic behavior model – *the agreement to be paid smaller wages in exchange for guaranteed employment* – their share of those accepting this pattern is about 40% in the social group of youth and nonworkers.

In this social group, the segment of those who are not ready to accept the social contract terms exceeds the same for the entire population. This segment represents the group that is potentially ready to choose the «exit» strategy.

Nonworkers on average have a negative attitude to the assignment procedure, but the share of opponents of the assignment system, at 51.3%, is not really dominating (the proportion of advocates of this procedure stands at 39.7%). Many students consider compulsory assignment a possibility to find a job or gain experience that will come in handy when they seek jobs later. They agree to work for lower wages and salaries, because education does not guarantee that they possess all the required skills.

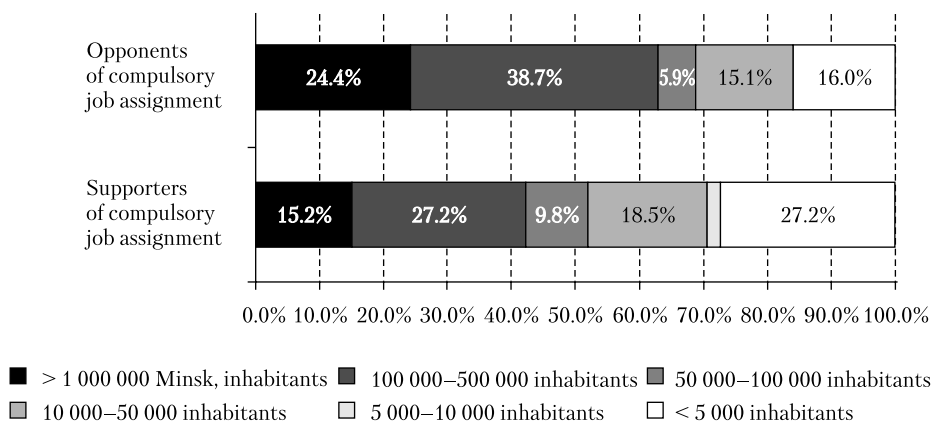
Nationwide, figures look different: 52.5% of the respondents support the assignment practice (because it is backed by pensioners; see Baturchik, Chubrik, 2009), and 35.1% are against it. More than a third of students (35.8%) believe only the state needs student job assignment, but we cannot say the attitude to assignment is universally negative: 37.5% of students say both the state and students benefit, and 14.2% believe only students benefit from being assigned.

This element of the social contract is more important to groups that have a smaller potential for self-fulfillment because of foreign factors and personal potential. Job assignment is mostly supported by residents of smaller settlements; Minsk and region centers have a much smaller share of supporters of obligatory assignment, as there are more employment opportunities (Figure 7).

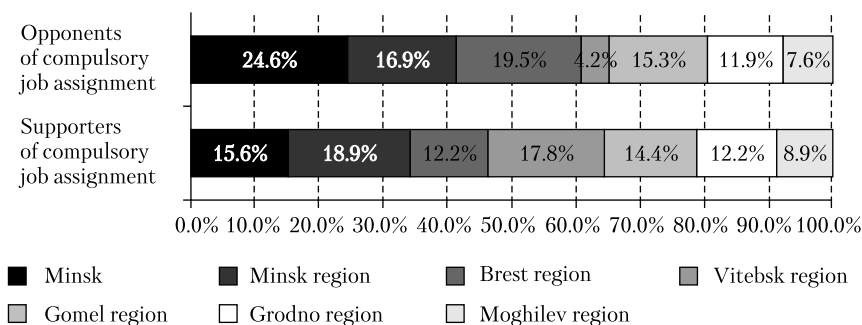
The share of proponents is much higher in the Vitebsk region, where household incomes are the lowest in the county (Figure 8), while Minsk and the Brest region have the largest shares of opponents mainly because of the possibility to have incomes without state support.

There is no significant correlation between the attitude to mandatory post-graduate assignment and current incomes – the young are guided by potential perception of their prospects rather than the current situation. The dependence on education is not considerable, either: the groups of advocates of assignment and its opponents have almost equal shares of nonworkers with higher and specialized secondary education (Figure 9). People with vocational technical training and

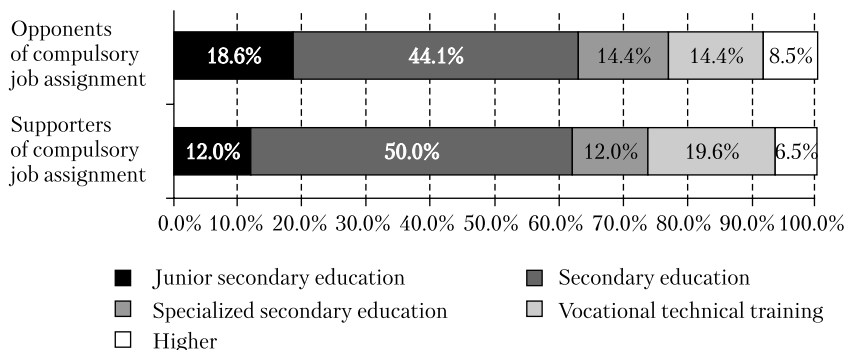
junior secondary education prevail in the group of advocates of obligatory job assignment.



**Figure 7. Distribution of supporters and opponents of compulsory job assignment depending on the settlement size**



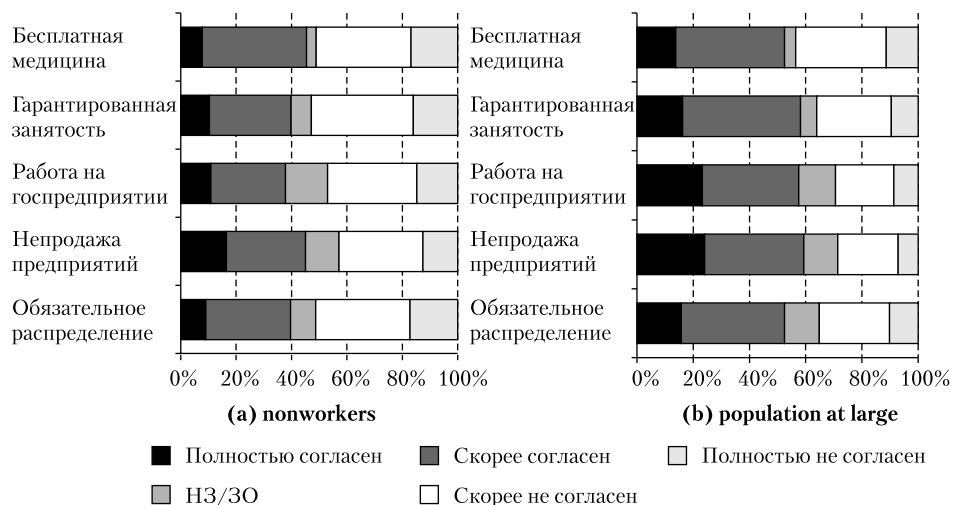
**Figure 8. Regional distribution of supporters and opponents of job assignment**



**Figure 9. Distribution of supporters and opponents of job assignment depending on their education**

The chief motive of the Belarusian social contract is the paternalist policy – social security and guarantees amid low incomes. However, in the long view, the young do not seem eager to accept the contractual terms and work for government enterprises. If they were to choose, nonworkers would rather go for a job at a privately owned company (47% of all respondents). In fact, private companies form an environment, where the social contract is implemented indirectly («the state influences the employer, not me»).

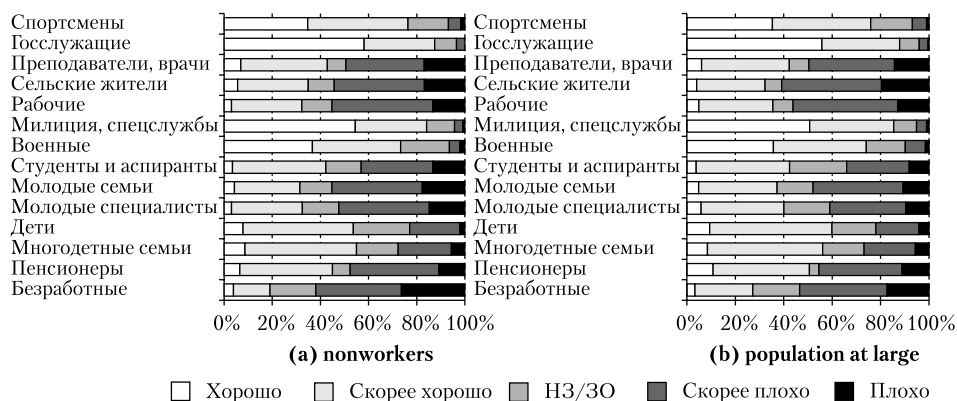
Only 37.8% of nonworkers would like to work for a state-owned enterprise, which compares to 57.6% for the population at large. Work for a private company is associated not only with additional opportunities, but also with more responsibility and risk. Nonworkers would accept such conditions, as they are not eager to sacrifice the size of their incomes for the sake of stability. Only 39.8% of nonworkers would agree to earn less while being in guaranteed employment, less than the average for the country (58.2%, Figure 10) by a third.



**Figure 10. Answers to the question: «To what extent do you agree with the following: it is better to have lower wages/salaries while having a guaranteed job; medium-quality medical services, but free of charge; assign jobs to graduates, but not leave them unemployed; work for a state enterprise instead of a private one; and is it better for Belarusian enterprises to reap moderate profits than be sold to foreigners?»**

It can be expected that people representing the nonworkers group are trying to withdraw from state «custody». It is mostly due to the evaluation of the quality of this «support». In the group of nonworkers, 32.5% believe the state takes good care of young specialists, 31.5%, young families, and 42.2%, students and postgraduates. These figures are lower than the average for the entire sample (40.1, 37.3 and 42.4%, respectively), which means the state cares more about

advertising its assistance than about providing the support itself. The group that appears to be the most «deprived» of state support is the unemployed, as only 19% of nonworkers (and 27.2% of all respondents) believe the state takes care of jobless citizens. The best-protected population groups, according to nonworkers, are civil servants, the police and special services, athletes and the military (Figure 11).



**Figure 11. Answers to the question: «Is the state taking good care of the following population groups?»**

Nonworkers' evaluation of changes in the level of social support for their group is the same as the average for the population at large. Most of the respondents, 62.3%, have seen no changes at all, despite the abolition of travel privileges. Twenty-two and a half per cent felt deterioration, and only 5.2% said there were improvements (4). Of those who said social support had dwindled, more than a third called the deterioration «serious» – the share of such nonworkers stands at 8.4%, whereas the share of those who have seen considerable improvements has reached 2.2%.

The degree of nonworkers' awareness of social security programs in Belarus is lower than the average for all respondents. Only 24.7% of them could recollect some program (which compares to the average of 29.6%). Another 4.3% said all the programs of state support they were aware of had been cancelled (Figure 12). The best-known state programs of social support, according to nonworkers, are concessional home loans and social allowances.

When the interviewer mentioned some specific program, it often appeared that nonworkers knew about it. Some 58.4% of the respondents were aware of the program of targeted support for lower-income and large families, 56.3% of them knew about social privileges for the citizens that were affected by the Chernobyl accident, 63.6% knew about preferential medication prices and 73.2% were aware that concessional housing loans were provided in Belarus (Table 1). The figures are below the average for all the respondents, but the knowledge about the programs

and available social support in this group turned into tangible assistance more frequently than in other social groups (save for lower prices for medications offered to pensioners).

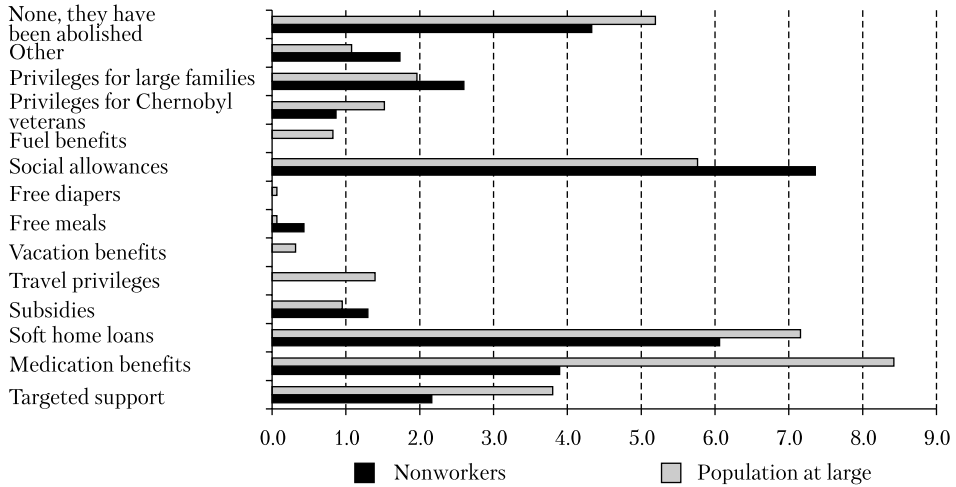


Figure 12. Answers to the question: «What social support programs for such people as you are you aware of?»

Table 1

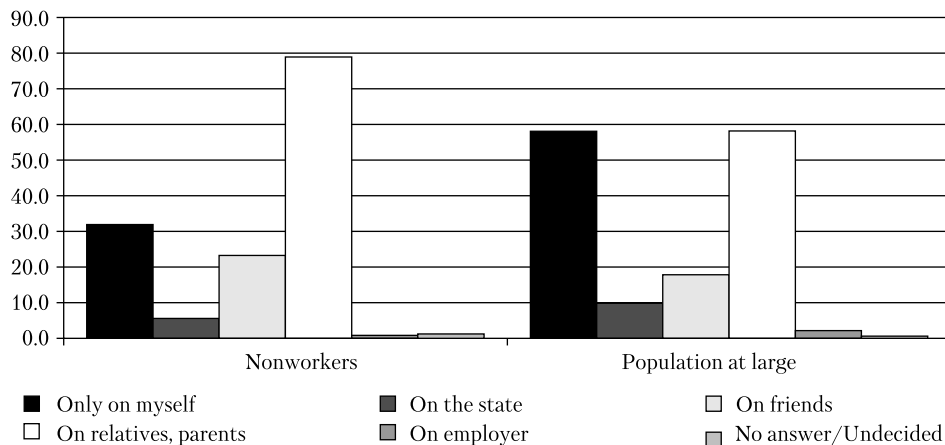
Awareness of social support programs and use of these programs, %

|                                                                               | Know about the program |            | Use the program |            |
|-------------------------------------------------------------------------------|------------------------|------------|-----------------|------------|
|                                                                               | nonworkers             | population | nonworkers      | population |
| Targeted support for lower-income and large families                          | 58.4                   | 65.5       | 7.4             | 2.9        |
| Concessional housing loans                                                    | 73.2                   | 77.9       | 6.5             | 4.8        |
| Social benefits for the citizens that were affected by the Chernobyl accident | 56.3                   | 70.2       | 3.8             | 1.9        |
| Preferential medication prices                                                | 63.6                   | 77.1       | 10.9            | 15.1       |
| Other                                                                         | 12.6                   | 7.9        | 41.4            | 35.5       |

Source: BISS.

The absence of significant support for nonworkers by the state and lack of knowledge about social programs among the respondents result in the low level of reliance on the state in case of need. Should their material situation deteriorate, students, housewives and jobless citizens mostly rely on their relatives (78.9%), but not on the state (5.6%). This group tends to rely on their own efforts less than any other group (with the share of self-sufficient respondents in this group twice as little as the average for all respondents), which emphasizes the lack of protection and stresses the need for support (Figure 13).



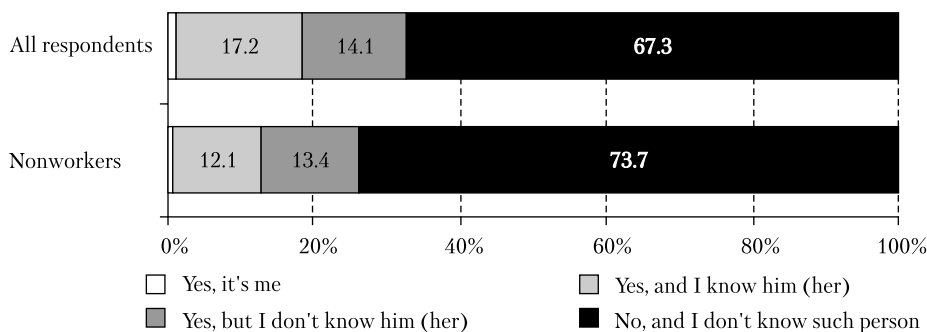


**Figure 13. Answers to the question: «Who do you rely on in case of serious material problems?» (nonworkers vs. population at large)**

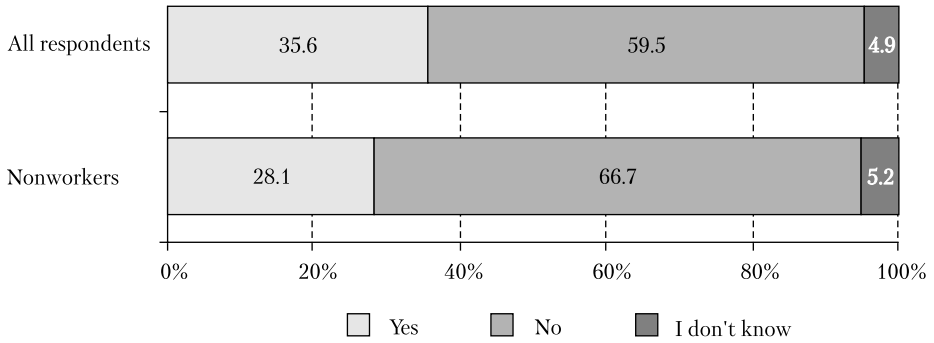
### 2.3. Social connections

The social contract presupposes interaction between members of the social groups and the state, in which a separate individual does not possess adequate resources to resist the conditionality of the latter. An individual participant in the social contract may act only as a representative of a social group, although the potential of the group is connected both with its resources and with the activity of separate members. The activity of a social group is only possible if there are sufficient horizontal ties. In this connection, a study of the involvement of an individual into horizontal ties (which weakens the pressures of the «vertical» social contract) would be important.

Our empirical research shows that youth and nonworkers may be combined in a group engaged in the social contract less than others due to their economic inertness (Figures 14, 15).

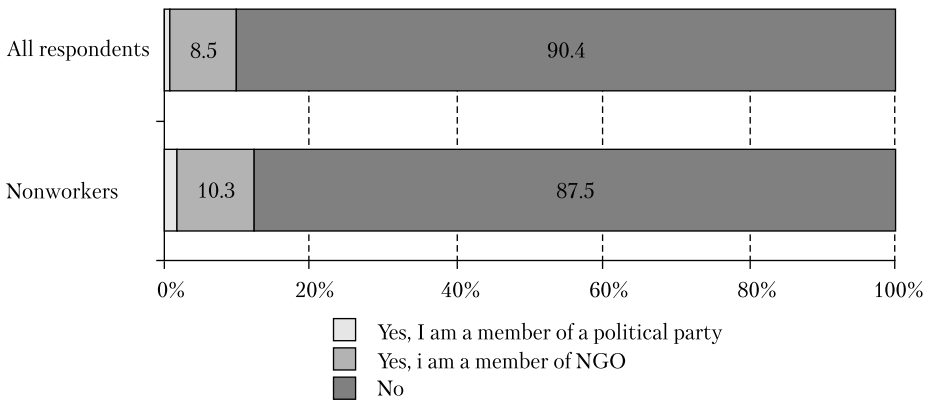


**Figure 14. Answers to the question: «Is there anyone in your house performing the role of the voluntary community activist responsible for complaints, collection of signatures, contacts with the authorities?»**



**Figures 15. Answers to the question: «Have you ever offered gratuitous help to a complete stranger, and have you ever taken part in charitable activities?»**

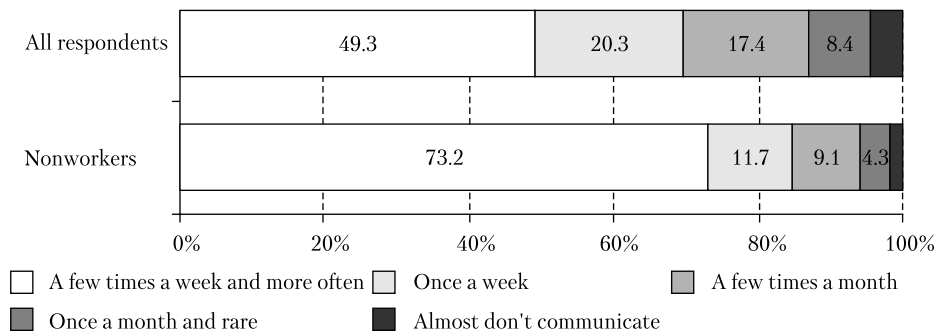
At the same time, we find out that the involvement of the group in horizontal social relations is less intensive, too, because the young do not participate in public or political activities much (Figure 16).



**Figures 16. Answers to the question: «Are you a member of a political party or public organization?»**

However, informal social relations are very intensive in this group – the young and nonworkers communicate a lot with their friends (Figure 17).

This shows that *this group regarded as an entity resisting the social contract terms imposed by the state has a low «protest potential»*. In this context, the young also avoid interaction related to public interests. Their activity is expressed mostly in the areas free from state influence, such as private life and informal relations.



**Figure 17. Answers to the question: «How often do you communicate with friends?»**

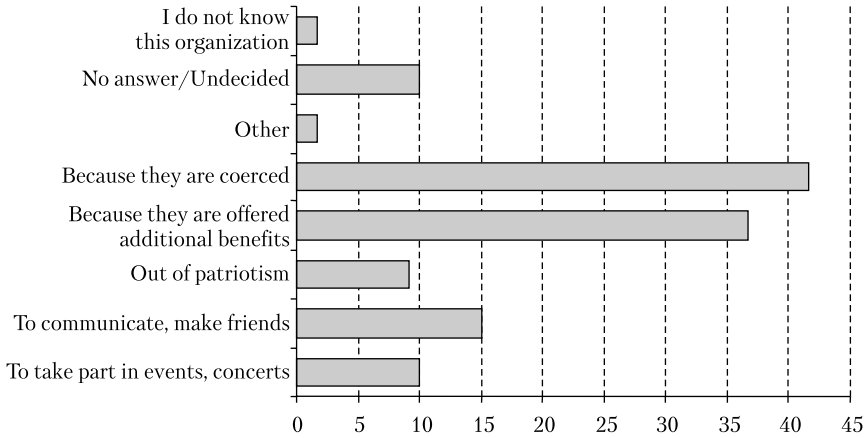
### 3. FACTORS OF CHOICE BETWEEN EXIT, LOYALTY AND VOICE

The key strategies in the framework of the social contract are loyalty, «voice» (expressed in protest actions) or «exit» (a withdrawal from the contract or, on a larger scale, from the sphere of influence of the state). As of today, most nonworkers show loyalty (they agree with the key components of the social contract). However, the level of loyalty observed in this group is lower than the average for all respondents, largely because of high demands and requirements from the state.

One of the mechanisms formed to support «super-loyalty», which may be defined as the expression of a greater-than-usual loyalty through support for state initiatives, is the participation in pro-governmental public associations and parties, especially the Belarusian Republican Youth Union. The state welcomes this sort of activity.

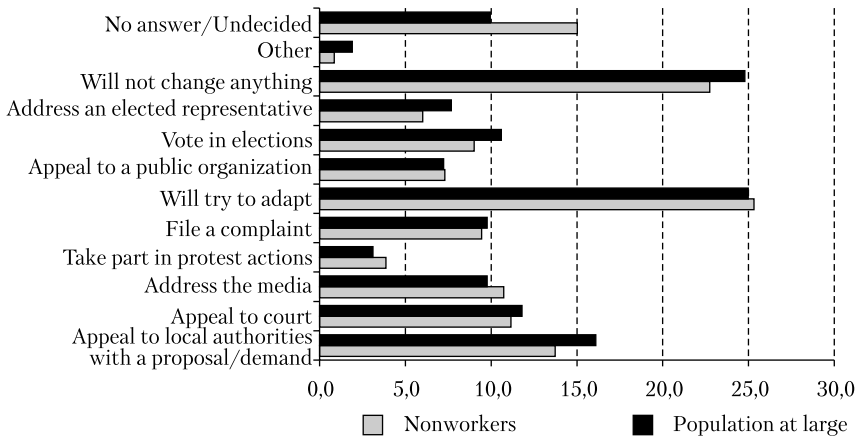
However, this strategy is only applicable in a relevantly narrow segment of representatives of youth and nonworkers (10% said they were members of public organizations, and many of them are evidently members of the BRYU). As we see from Figure 18, the main reasons for membership in the BRYU are both coercion and expectations of promised benefits, such as tickets to concerts and other entertainments. The participation in initiatives of this kind is therefore to a large extent not an element of the social contract (when additional benefits are offered for membership), but an element of the coercive mechanism (they are all forced to participate). The opinion that young people join the BRYU out of ideological reasons was supported only by 10% of the respondents.

The protest potential in the group of nonworkers is low. Despite the dissatisfaction with the degree of social support, citizens that hold no jobs do not wish to come in conflict with the state. They believe the most adequate way to assert their interests is to adapt to new conditions, whereas problems should be resolved using personal contacts – some 25.3% of the respondents would choose this option. The second most popular strategy is «would do nothing», with 22.7%.



**Figure 18. Answers to the question: «In your opinion, why do students and pupils become members of the BRYU?»**

The results referred to above are the same as the average for the entire sample. The main difference is in the number of those undecided: the share of respondents that provided no answer stood at 15%, 5 percentage points above the average for the population at large. The most popular ways for nonworkers to actively uphold their interests are appealing to local authorities, 13.7%, appealing to court, 11.2%, and to the media, 10.7%.



**Figure 19. Answers to the question: «If you are dissatisfied with what the state is doing for you, how could you change the situation?»**

The least popular instrument to express «voice» is to participate in protest actions. However, we cannot say nonworkers have a negative attitude to rallies

and their participants: 45.9% of the respondents broadly approve of protest actions, which is markedly higher than the average of 30.3% for population at large (Table 2).

Table 2

### Respondents attitude to protests and protesters, %

|                     | Protests   |            | Protesters |            |
|---------------------|------------|------------|------------|------------|
|                     | nonworkers | population | nonworkers | population |
| Absolutely positive | 8.7        | 5.1        | 9.5        | 5.1        |
| Rather positive     | 37.2       | 25.3       | 48.3       | 30.0       |
| Rather negative     | 27.3       | 30.3       | 19.4       | 28.6       |
| Absolutely negative | 5.2        | 16.4       | 2.6        | 10.9       |
| No answer/Undecided | 21.6       | 23.0       | 20.3       | 25.4       |
| Total               | 100.0      | 100.0      | 100.0      | 100.0      |

Source: BISS.

Only 2.6% of nonworkers believe the participation in protest actions should be punishable, while 11.7% believe existing rules should be obeyed, not challenged. This compares to 6.4% and 24.2% for population at large, respectively (Table 3). Most nonworkers are certain people should be given the right to speak out, and mass protests are regarded as instruments to express voice. The group under analysis have a generally positive attitude towards protesters, unlike the majority of the population: 46.3% of nonworkers call protesters brave men and women of principle who are ready to assert their interests despite reprisal.

Table 3

### Attitude to protests: «I agree with the following», %

|                                                                                                                                | Nonworkers | Population at large |
|--------------------------------------------------------------------------------------------------------------------------------|------------|---------------------|
| Participation in rallies should be punishable: criminal and administrative measures must be applied                            | 2.6        | 6.4                 |
| As a citizen, you must obey the rules, not rebel against them by having rallies and protests                                   | 11.7       | 24.2                |
| Rallies and protest actions are normal: people must be given a chance to speak out                                             | 42.0       | 28.8                |
| Rallies and protest actions are acceptable, as they express people's will                                                      | 23.8       | 21.0                |
| Other                                                                                                                          | 1.7        | 2.0                 |
| No answer/Undecided                                                                                                            | 18.2       | 17.6                |
| Total                                                                                                                          | 100.0      | 100.0               |
| I believe demonstrators get paid for rallies                                                                                   | 14.3       | 23.1                |
| I believe demonstrators act foolishly, as they will not reap anything except for punishment                                    | 21.2       | 25.7                |
| I believe demonstrators are brave people who adhere to their principles, are ready to assert their interests, despite reprisal | 46.3       | 30.4                |
| Other                                                                                                                          | 0.9        | 1.5                 |
| No answer/Undecided                                                                                                            | 17.3       | 19.4                |
| Total                                                                                                                          | 100.0      | 100.0               |

Source: BISS.

As a result, nonworkers generally do not condemn mass protest actions and to a great extent sympathize with protesters, but do not perceive protests as a

mechanism to settle their problems. Many of them (21.2%) believe taking part in rallies is foolish, as they will only lead to punishment (see Table 3).

Another strategy to address material and social problems in Belarus is migration. A total of 39.7% of nonworkers would like to leave the country, much more than the average for the entire population, standing at 18.8%, which on the one hand emphasizes the mobility of youth and nonworkers and on the other hand indicates the high degree of dissatisfaction with the opportunities available in Belarus. Moreover, another 14.7% of nonworkers remained undecided when asked whether they would like to leave Belarus, which means this option should not be ruled out for them.

The proportion of those willing to leave Belarus almost coincides with the share of citizens who believe nonworkers live better abroad. This is the only social group that thinks life abroad would be better. The main reasons behind potential emigration is the improvement in the material status, either direct (for 78.3% of the nonworkers willing to migrate), or through enhanced social protection and benefits (for 32.6%). Other motives, connected with personal development and further training are not so popular with nonworkers, although they were mentioned more frequently than the average for the sample (Figure 20).

The main reason behind the unwillingness to leave the country is the wish to stay together with friends, family members and close ones (for 57.5% of the respondents who said they did not want to leave Belarus). One more reason is the uncertainty connected with expatriation. A high share of nonworkers, 23.6%, would not leave Belarus because they are short of money required for migration. Another peculiarity of this group’s motivation is the inability to identify the reasons why they would not like to leave Belarus – 21.7% compared with the average of 7.8% for the population at large (Figure 21).

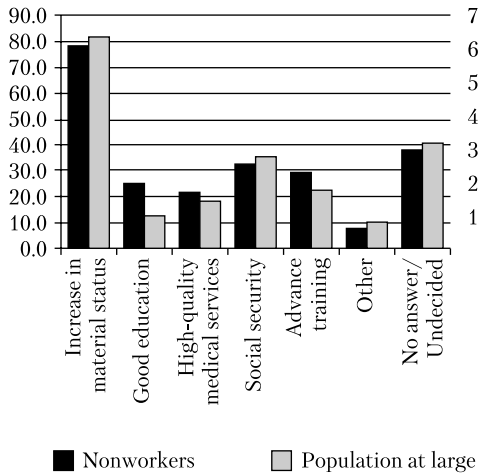


Figure 20. Main reasons behind the wish to migrate, %

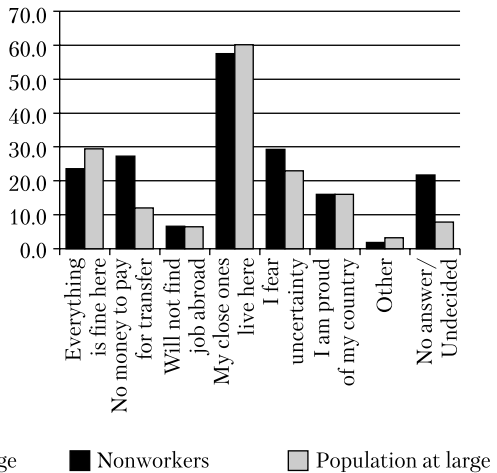
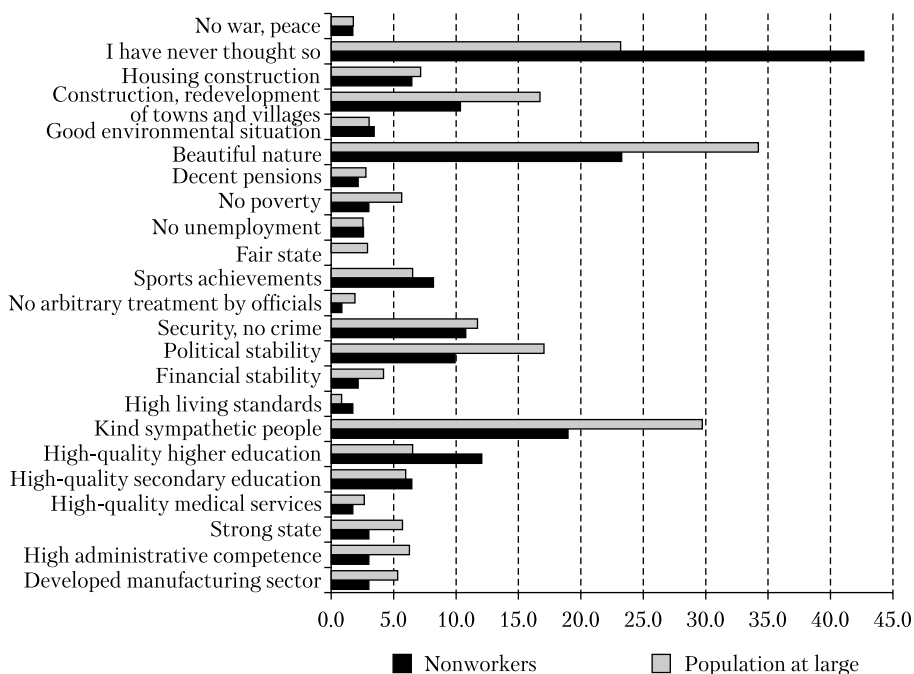


Figure 21. Main reasons behind unwillingness to migrate, %

One of the weakest motives for nonworkers (and other social groups) to stay in Belarus is the pride in their country (only 16% of the respondents said so) and satisfaction with everything in Belarus (lower than in other groups). On the whole, nonworkers are rarely proud of their country: 42.7% said they had never thought how good it was to live in Belarus (Figure 22). The share of wage workers, pensioners and entrepreneurs that have never felt proud of their country is on average twice as little, and the average for the entire sample stands at 23.2%.



**Figure 22. Answers to the question: «When you last thought ‘It is great I live in Belarus!’, what was it connected with?»**

The main reasons to be proud of Belarus, in this group, are «beautiful nature» (23.2%) and «kind sympathetic people» (19%), but there are also quite subjective cultural and natural factors. Contrary to the general trend, nonworkers tend to be proud of the higher education system in Belarus, which is even more important than political stability (9.9% in the group of nonworkers compared with the average of 17%) or active construction and redevelopment of settlements (10.3% and 16.7%).

For this group, *ideological constructs are the least effective benefits of the social contract*. The pride in their country, political stability and redevelopment of villages and towns are not reasons enough to express loyalty. Other emotional components – beautiful nature and sympathetic people – are not so prominent, either.

There is a wide range of reasons why people do not work. «For family reasons» is naturally the key motive for people to stay at home (Table 4), because it is the

main thing that makes women choose to become housewives. The unemployed attribute their choice to low wages and absence of jobs requiring their qualifications. On the other hand, many of them found difficulties in answering this question or said they could not find a job they liked or simply did not want to work. As a result, 39.1% of jobless people have not tried to find a job (open their business) in the past 30 days. The figure stands at 86.7% for housewives, which almost coincides with the share of housewives who do not work for family reasons. However, those who have been trying to find a job, would be ready to start working immediately almost with no exceptions.

Table 4

Answers to the question: «Why don't you have a job?», %

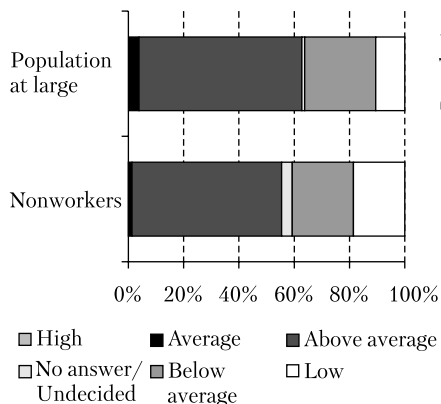
|                           | Total | Housewives | Unemployed |
|---------------------------|-------|------------|------------|
| No job to use my training | 12.4  | 4.4        | 17.4       |
| No job to my liking       | 7.1   | 0.0        | 11.6       |
| No wish to work           | 4.4   | 2.2        | 5.8        |
| Low wages                 | 15.9  | 4.4        | 24.6       |
| Health problems           | 4.4   | 0.0        | 7.2        |
| Family reasons            | 38.1  | 84.4       | 7.2        |
| Other                     | 7.1   | 4.4        | 8.7        |
| No answer/Undecided       | 10.6  | 0.0        | 17.4       |
|                           | 100.0 | 100.0      | 100.0      |

Source: BISS.

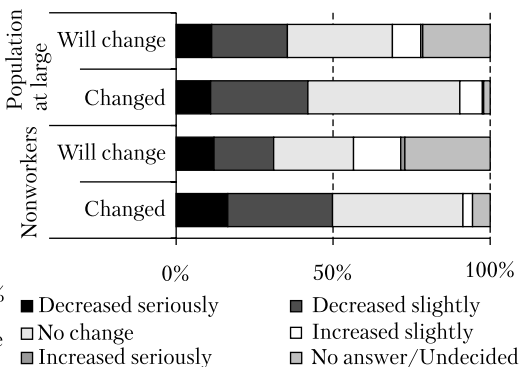
#### 4. NONWORKERS AND THE SOCIAL CONTACT; EVALUATION OF ECONOMIC STATUS

The living standards in the group of nonworkers are lower than the average for Belarus. Besides, the group has the largest share of respondents who believe their living standards are low, 18.6% of the total (Figure 23). The rest of nonworkers consider their incomes to be average or below average. This group is also characterized by negative welfare trends – subjectively, their level of well-being has decreased over the past 12 months. Of the total, 16.5% said the reduction had been serious (compared to the average of 11% for the entire sample, see Figure 24), 33.3% said the deterioration had been slight (*vs.* 30.9% for the population at large); only 3% reported improvements, whereas the majority of respondents said their incomes had remained unchanged. Nonworkers proved to be more optimistic than population at large, though: 16.4% said they were expecting improvements, which is markedly above the average share of optimists, at 9.6% (Figure 24). Thirty-one per cent expect deterioration, both serious and slight, 4.5 percentage points less than the average for the entire population. Responsibility for potential deterioration in their material status was evenly «distributed» between the influence of the global economy and state policies. Other groups tend to blame their poor economic status on the impact of the world economy more than on the state policy.





**Figure 23. Answers to the question: «How high do you think are your living standards?»**

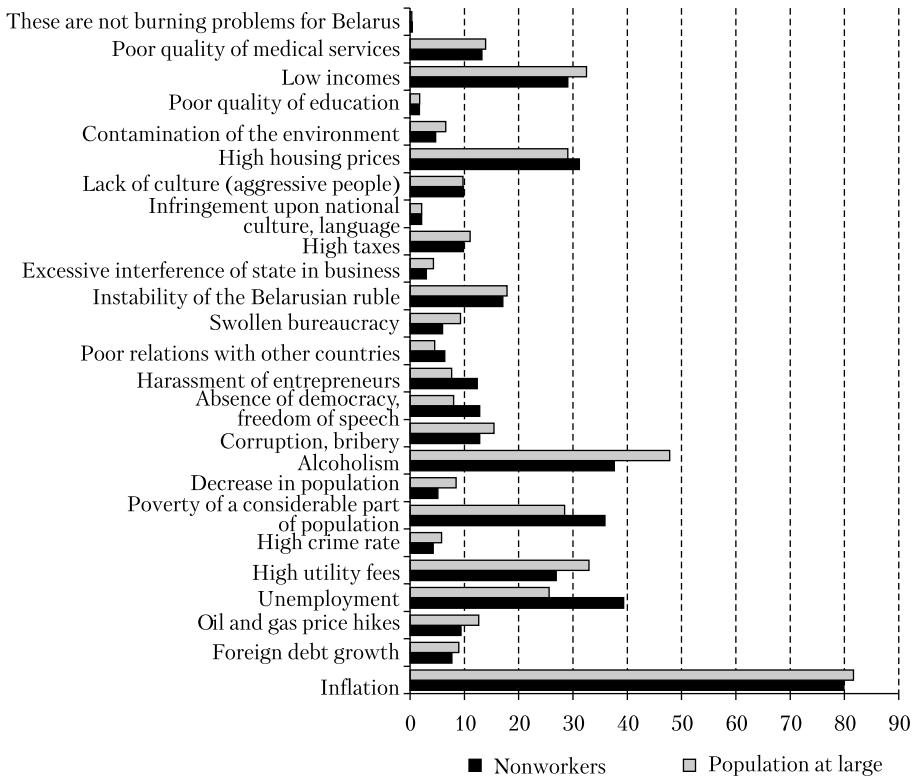


**Figure 24. Answers to the questions about how the material status of respondents changed in the past 12 months and how it was likely to change in the future**

Consumer inflation is perceived as the worst problem Belarus has encountered (Figure 25), mentioned by 79.9% of nonworkers, which is roughly the same as the average for all respondents. Unemployment was named a serious problem by half this number, 39.3% of the total, which is expectedly above the average for all social groups, standing at 25.6%. The second-worst problem for the population at large is alcoholism, indicated by 47.8%, which is only slightly above the share of concerned ones among nonworkers. The latter are almost equally worried about the poverty of a considerable part of the population. Equal groups of nonworkers called high housing prices, high utility fees and low incomes serious problems. This social group, therefore, believes economic problems are the worst in Belarus, which may be attributed to the large share of lower-income persons among the respondents. Alcoholism is the only social problem mentioned by nonworkers, although they did not emphasize it, unlike population at large.

Nonworkers are to a lesser extent concerned about the efficiency of state management: swollen bureaucracy was noted only by 6% of nonworkers (compared to 9.3% for the entire population), and corruption and bribery, by 12.8%, less than in other social groups. At the same time, nonworkers are more sensitive to sociopolitical problems: the share of those who recognized the absence of democracy and freedom of speech, oppression of entrepreneurs, and poor relations with other countries as grave problems, was higher among nonworkers than the population at large. Nevertheless, these problems are generally perceived not as serious as economic restraints.

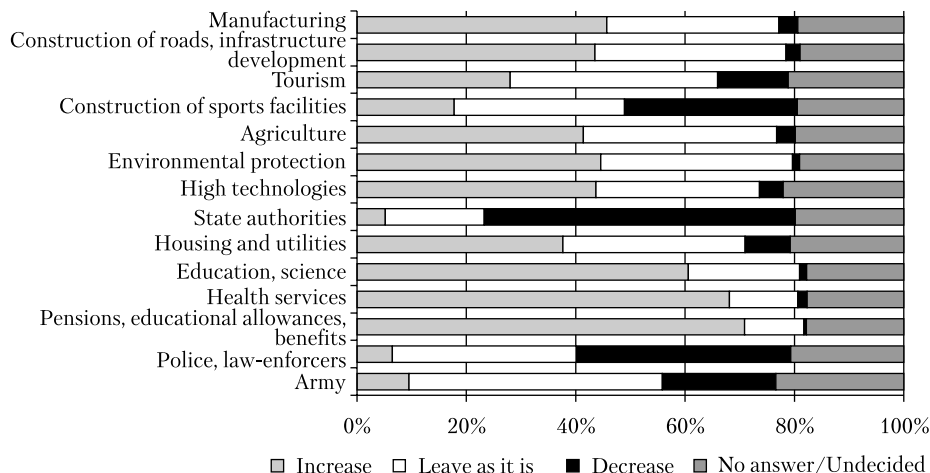
The least important problems for nonworkers and the population at large are the quality of the education system and harassment of the Belarusian language and culture.



**Figure 25. Answers to the question:  
«Which of these do you think are the most serious  
problems for Belarus?»**

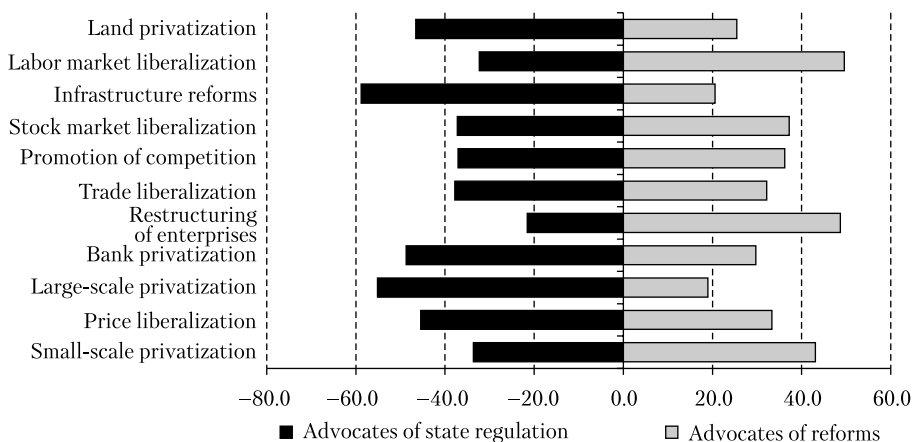
Despite the fact that, according to the respondents, the quality of the healthcare and education systems is not a matter of major concern, it was into these two segments that nonworkers would recommend channeling more money. Additional financing of medical services was supported by 68.1% of nonworkers, and of education, by 60.6% (Figure 26). Even more respondents support increases in financing of pensions, benefits and education allowances.

Sources to raise investments in the above segments could be formed by cutting expenditures on state authorities, the police and law-enforcement structures, nonworkers believe. Also, the majority of respondents favor the idea of reductions in spending on army and construction of sports facilities. Other expenses should be increased, according to respondents, especially on manufacturing, infrastructure, high technologies, and agribusiness. It appears that nonworkers would like to see an increase primarily in social expenditures, while spending on the real economy is perceived as secondary (Figure 26). These preferences almost fully coincide with the average values for the population at large.

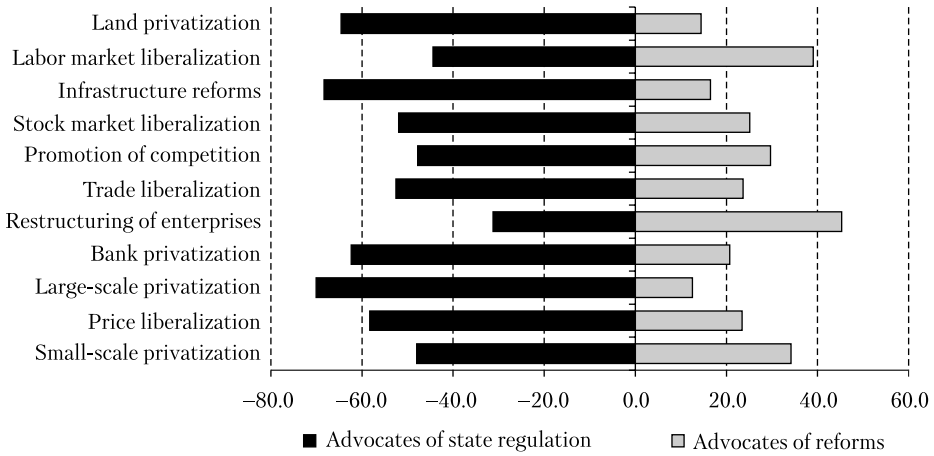


**Figure 26. Desired changes in the structure of expenditures in the group of nonworkers**

The economic values of nonworkers are more liberal compared with the values of the rest of the population (Figures 27, 28), but we cannot consider all members of this group to be liberal. The share of consistent liberals that chose a reduction in the role of the state in all the 11 areas amounts to only 6.5% of the total number of respondents in the group of nonworkers. Liberal attitudes prevail only in three groups of reforms: privatization of small and medium-sized enterprises, cessation of subsidies to loss-makers and liberalization of labor regulations. In other respects, the share of market-minded respondents is either smaller than the share of those preferring state regulation or equal to it (regulation of the securities market and protection of separate enterprises).



**Figure 27. Advocates of reforms and state regulation: nonworkers**



**Figure 28. Advocates of reforms and state regulation: population at large**

Support for market reforms among Belarusians taken together is even weaker. Liberal moods prevail only when it comes to financing and restructuring of loss-making enterprises. In the remaining 10 areas, state regulation enjoys solid support; the domination of state regulation among general population is more significant than in the separate group of nonworkers.

Most of the population at large and nonworkers support the desire of the state to retain its control over large enterprises, infrastructure and banks. If essential assets should be privatized, the respondents would prefer to see investors from Belarus rather than foreigners (Table 5).

Table 5

**Answers to the question: «If state-run enterprises are privatized, where would you prefer to see new owners come from?», %**

|                     | Nonworkers | Population at large |
|---------------------|------------|---------------------|
| Belarus             | 65.2       | 77.0                |
| Israel              | 4.8        | 3.3                 |
| Iran, Venezuela     | 1.2        | 1.4                 |
| China               | 5.7        | 5.1                 |
| Russia              | 33.1       | 34.5                |
| EU                  | 36.8       | 25.8                |
| USA                 | 12.9       | 7.5                 |
| Ukraine             | 1.7        | 2.0                 |
| No answer/Undecided | 13.5       | 8.9                 |

Source: BISS.

A third of all the respondents in the group of nonworkers and in the population at large would accept sales of Belarusian assets to Russians. Also, 36.8% of nonworkers support engaging European investors, which is much higher than the share of pro-Europeans in the population at large, standing at 25.8%. Nonworkers also seem to have a friendlier attitude towards investors from the U.S. and Israel.

## 5. CONCLUSION

The social group of economically inactive population, which includes youth, the unemployed and housewives, is the least involved in the social contract compared to all other social groups. This interesting observation does not corroborate the first proposition we put forward, namely, that the young and nonworkers would seek state support aimed at improving their social prospects. If the members of this group are economically inactive, they do not reap direct economic benefits from the state (wages for budgets sector employees, social benefits, allowances and preferences for state officials, etc.).

At the same time, empirical evidence shows that this group, with its incomes below average, believes improvements in its material status should be connected with a withdrawal from the area of state influence rather than with state interference. Young people have no specific human capital yet and prefer the exit option to loyalty or voice. This is in some measure due to the fact the neither the young nor nonworkers expect social support, which is not perceived as an essential advantage. On the one hand, it is considered to be insufficiently effective, and on the other, it is not relied upon because of more liberal presets that this group has compared to all other groups.

The main unsatisfied demand of this group is the requirement to have clear «rules of the game» and improvements in the environment that would enable them to work and make money (the group feels its potential in this respect). Another crucial demand of this group is for assistance in employment, however, obligatory job assignment is not acceptable to half of this group (especially in the capital city and region centers).

The young and nonworkers thus appear to have a less paternalistic attitude in comparison to other groups of population. At the same time, this group appears to be content with the level of higher education in the country and hopes that the knowledge and skills it gains are sufficient; the insufficient level of «payment» for knowledge and skills must be attributed to state policies.

Both youth and nonworkers are quite pragmatic. «Ideological constructs», including pride in their country, political stability, redevelopment and construction, are not regarded as serious benefits by this group, which means ideology does not contribute to building up loyalty among nonworkers. Indeed, the degree of loyalty in the group of the young and nonworkers is lower than the average in the population at large, which is caused by more serious demands and higher evaluation of their potential. Under the circumstances, the best option to improve the situation, according to youth, is the exit strategy, for instance, work for a private business, or migration.

The group of economically inactive citizens hence has a critical attitude to the current situation and quite rarely relies on the state. Group members are pragmatic; they believe they can choose the exit option, whereas their loyalty cannot be won by pledges of state care. They would rather seek and implement various opportunities beyond the social contract, being less prone to use voice. They may not expect voice to result in any significant change.

## Chapter 5

# **SOCIAL CONTRACT: BUSINESS**

Anastasiya Glambotskaya, Elena Rakova

### **1. INTRODUCTION**

Since the late 1990s, the social and political regimes in most of the CIS countries, including Belarus, have matched the formula coined by Russian political observer A. Kolesnikov: «*We pretend that we bring your living standards up to the European level, and you pretend that you vote*» (Kolesnikov, 2008). This formula looks a lot like the Soviet one as far as political rights and freedoms are concerned. On the one hand, the authorities guarantee that the population has access to goods and services (with a better selection and higher quality compared to Soviet times), but on the other hand the regime more or less coerces people to vote for it as well. Political alternatives are «underrepresented», political competition is limited, which enables the authorities to stay relatively indifferent and loyal to the political «kitchen-talk» for the time being. In turn, society only demands a minimum package of political benefits and freedoms, whereas the authorities are ready to provide this package, and also guarantee an increase in incomes (wages and pensions) in exchange for the recognition of their legitimacy.

The relations between society and the authorities in Belarus today are characterized by a high degree of both mutual distrust and indifference, as well as the population's minimum demands for social and political freedoms. The implicit subsidies coming from Russia, developed industrial base and infrastructure inherited from the Soviet times, and skilled workforce have enabled the Belarusian authorities to reap interest and export revenues and redistribute them among all members of society. This distribution of profits was performed in such a way that almost every social group could feel its well-being improve, which guaranteed mutual satisfaction of the counterparties. Income hikes used to be most noticeable on the eve of election campaigns (see the political business cycle concept in Haiduk et al., 2004, Haiduk, Pelipas, Chubrik, 2007). Moreover, the authorities have been very skillful at performing their «political-legal function» – the coercive function. For example, repressive mechanisms were elaborated to punish for the absence of political loyalty (including threats of dismissal, tighter control of business, etc.).

Under the circumstances, smaller social groups – business representatives, directors of state-owned enterprises, high-ranking officials, scientific and cultural workers are often characterized by inner conflict. Such groups are frequently aware of the drawbacks of the current state policy, but remain loyal in exchange for certain compensations and privileges. They are therefore embedded in the existing

framework of the social contract, which in their case is defined by the formula: «*We understand everything, but we are playing by the book*». Otherwise, these groups choose exit.

It ought to be noted that Belarus has recently seen changes in the relations between the state and private business, expressed in a simplification of the business environment and slackened controls. Nevertheless, these moves should not be considered sufficient to bring about a new «social contract», because the relations along the «authorities-business» axis are modified following commands from «above» to the extent and in the areas suitable to the state.

In this chapter, we study the relations between the authorities and business (state and entrepreneurs) in Belarus from the perspective of the «social contract». The subject of the study is socioeconomic practices formed in the process of the interaction between business and the authorities. The empirical basis of this study is formed by (1) unstructured interviews with 10 representatives of small and medium-sized businesses; (2) results of three focus group tests with representatives of small and medium-sized businesses; (3) findings of the sample sociological survey of entrepreneurs and non-entrepreneurs conducted by *NOVAK* axiometric laboratory ordered by the Belarusian Institute for Strategic Studies (BISS, Vilnius); and (4) previous SME research findings of the Research Center of the Institute for Privatization and Management (IPM Research Center).

This study has the following structure: the second part studies the nature of the social contract in Belarus, defines its parameters and formulates the key hypotheses. The latter are checked in the third part, which analyzes the results of the interview, focus groups and the questionnaire for entrepreneurs. They allow identifying the specific mechanisms of the social contract in the «loyalty – voice – exit» framework. The fourth part offers the conclusions.

## **2. SOCIAL CONTRACT BETWEEN THE AUTHORITIES AND BUSINESS IN BELARUS**

### **2.1. «Authorities-business» social contract framework and key hypotheses**

This study defines «the authorities» as a structure that guarantees that everyone plays by the «rules of the game», produces public benefits and has the right to make decisions binding on all economic entities and powers to control the execution of such decisions.<sup>1</sup> «Business» is defined as a complex of entrepreneurial entities (from individual entrepreneurs to large private companies) that are engaged in business activities on the market in order to derive profits.

The *ideal stratified theoretical model* of the relationship between the authorities and business offers a stable image of this relationship in conditions of the «ideal market economy». It identifies the roles of the parties to this relationship: the

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<sup>1</sup> One has to remember the specific nature of the Belarusian system of authorities, that is, the top-down command structure and total dependence of all regulatory bodies on the central executive branch (the Presidential Administration).

entities representing the interests of business negotiate the rules of the game and vest the power to ensure their abidance to the state, which performs the role of the agent-guarantor. The obligations of the parties are as follows: the state guarantees a favorable environment for business and produces public benefits necessary to conduct business, including production, social and institutional infrastructure, whereas business undertakes to pay taxes and reproduce the economic resources it uses.

The ideal stratified theoretical model is confronted by the *real national (Belarusian) model* of the relations between the authorities and business, which directly reflects the current economic reality. The existing model is based on the country's history, the track record of state development and emergence of private business, as well as the perception of what is right and fair from the perspective of businessmen and functionaries, etc. All this to some extent modifies the roles of the authorities and business in their interrelations and adjusts the volume and nature of mutual obligations.

In Belarus, the absence of real economic liberalization has led to the emergence of specific property rights and rules of the game. As a result, the institutional model of the interaction between business and the authorities has a hierarchic structure, with an important component of informal and discriminating rules and practices, whereas formal rules (laws) are diversified and changing all the time. Furthermore, there are violations of the constitutional norm requiring equal rights for various types of ownership, freedom of entrepreneurial activities, property protection rights, etc.

Large privately-owned businesses are almost nonexistent in Belarus due to the absence of a privatization processes, complicated and non-transparent business conditions, and massive support for the state sector, redistribution processes and growth in monopoly trends in separate sectors of the economy. At the same time, small and medium-sized businesses are scattered, their economic role is insignificant (with 8%-10% of GDP in the past few years), hence a weak negotiating position of businesses when they bargain conditions of their social contract with the state. In Belarus, unlike Russia, Ukraine, Kazakhstan or CEE, the state has nothing to bargain about and no one to negotiate with, especially the «rules of the game» in business. The decision makers do not trust business and do not see why they should promote «greenhouse conditions» for business (although the effects of the global economic crisis may change the situation).

For their part, representatives of Belarusian business do not trust the authorities, but, despite the complicated and discrepant «rules of the game», they remain loyal, preferring the advantages of independent entrepreneurship, a business of their own. One reason is the high cost of starting a business, thus, to «exit» is often harder than to «enter» a market. Exit presupposes a loss of spent resources, accumulated skills and knowledge about the work in specific Belarusian conditions, experience and connections, etc. These factors could be regarded as «specific institutional barriers to exit» (Hirschman, 1970, p. 79).

As a result, the efficiency of the dialogue between business and the authorities has remained low for years, which is corroborated by the absence of changes in the



legal framework regulating business conditions. The social contract is being adjusted from «above» along the «authorities-business» axis (for instance, the liberalization of business environment in late 2008 – early 2009). This process is almost completely controlled by regulatory bodies, which act on only those few recommendations of the business community that they believe should be followed. As for business, its demands from the state mostly concern stability of the rules of the game and the possibility to do business independently.

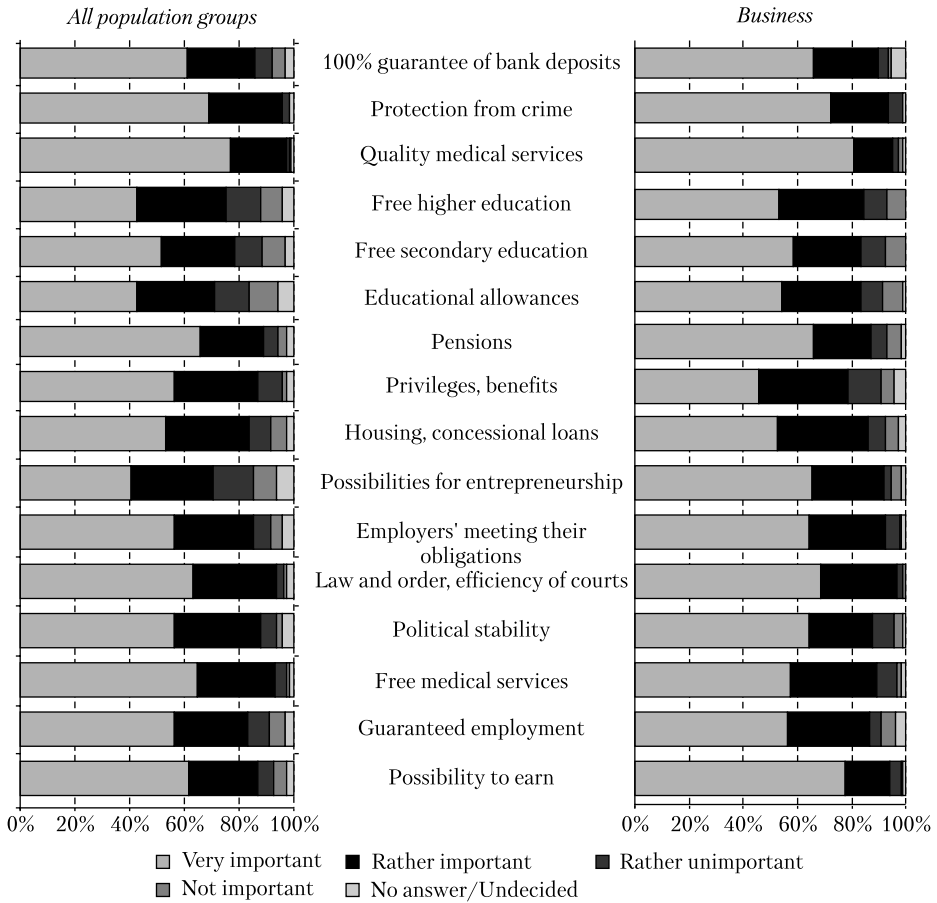
To outline the contours of the social contract we put forward the following hypotheses:

1. **Business, as the most socially mobile group with professional market skills, shows the lowest demand for the services of the «welfare state», and is therefore the most market-oriented force in the country.**
2. **There is a vertical (asymmetric) social contract between the authorities and business, whose framework is used by the state to dictate its rules of the game to business.**
3. **Entrepreneurs rarely choose the «voice» mechanism.**

## 2.2. Perception of the state and expectations of business

When it comes to the general attitude towards the state, the expectations of business people are almost the same as the prevailing expectations of Belarusians in general. Entrepreneurs, just as representatives of other social groups, expect that the state will be providing free medical services, secondary and higher education, assist citizens in acquisition of homes, etc. The study shows that entrepreneurs prefer the same social benefits and guarantees as other population groups (Figure 1). The main difference is that business *expects fewer preferences and privileges from the state, but has higher hopes that the state will allow its citizens to do business, secure political stability and compliance with the law.*

As a result of the factor analysis (principle component analysis) of the findings of the opinion survey in the subgroup of business people, two groups of factors characterizing the attitude of business to the state were detected. One of them (component 1) is connected with the *perception of the state as the social guarantor*. In this respect, business is little different from other groups of the population. The other one (component 2) pertains to the *economic aspects of the relation between the state and business*. It is worth noticing that in this group of factors the possibility to make money is evaluated as being ‘negative’, while the possibility of doing business is estimated as «positive». These factors characterize the market orientation of business and its self-identification as a self-sufficient and independent agent. In other words, Belarusian businesses do not expect material benefits from the state (possibility to make money), but rely on their own efforts in business activities. The list of economic aspects (component 2) includes housing and soft home loans, which are very serious issues in Belarusian society. However, for this factor, the weights are almost equal for both components (Table 1).



Source: data based on BISS research.

**Figure 1. Expectations from the state: answers to the question: «In your opinion, what must the state do for people like you?»**

An identical component analysis for the population at large does not isolate economic factors. The provision of possibilities to do business is generally interpreted as one of many possibilities and guarantees secured by the state.

Despite the fact that entrepreneurs and the population at large has almost identical expectations from the state, the former are less satisfied than other social groups with what the state really does for them. In the first place, this concerns privileges, the size of educational allowances and pensions, quality of medical services and other social benefits. Besides, *according to entrepreneurs, the state fails to provide relevant deposit guarantees, does not ensure an acceptable business environment and offers no possibility to make money* (Figure 2).

Table 1

**Factor analysis of the perception of the state by entrepreneurs:  
matrix of components**

|                                                            | <b>Component 1</b> | <b>Component 2</b> |
|------------------------------------------------------------|--------------------|--------------------|
| Possibility to make money                                  | 0.53846867         | -0.5703883         |
| Privileges, benefits                                       | 0.56040962         | -0.4604069         |
| Pensions                                                   | 0.61075871         | -0.4806464         |
| Educational allowances                                     | 0.78266531         | -0.4423356         |
| Free secondary education                                   | 0.73898383         | 0.03132384         |
| Free higher education                                      | 0.68623582         | 0.04888098         |
| Quality medical services                                   | 0.49549234         | -0.1085333         |
| Protection from crime                                      | 0.64425318         | 0.50121523         |
| 100% guarantee of bank deposits                            | 0.80395392         | -0.0847901         |
| Guaranteed employment                                      | 0.76667988         | -0.0617501         |
| Free medical services                                      | 0.44684141         | -0.1233523         |
| Political stability                                        | 0.71014097         | 0.43778937         |
| Law and order, efficiency of courts                        | 0.48385963         | 0.15930721         |
| Employers' meeting their commitments                       | 0.57928692         | 0.55475215         |
| Possibility of entrepreneurship                            | 0.25311009         | 0.38049589         |
| Assistance in housing acquisition, concessional home loans | 0.49032791         | 0.49777891         |

*Source:* data based on BISS research.

Another important aspect in the context of the analysis of the parameters of the «authorities-business» social contract is that entrepreneurs form the most independent social group compared to the rest of the population. Business representatives to a greater extent rely on their own efforts and expect less assistance from the state as far as their health, education and employment are concerned (Tables 2, 3).

Table 2

**Distribution of average scores in answers to the question: «Do the following  
aspects of life depend on the state, or your own efforts?»**

|                                          | <b>All population groups</b> | <b>Business</b> |
|------------------------------------------|------------------------------|-----------------|
| Well-being                               | 2.8                          | 3.2             |
| Health                                   | 3.2                          | 3.4             |
| My education and my children's education | 2.7                          | 3.1             |
| Employment                               | 2.9                          | 3.2             |

*Note:* 1 – entirely on the state, 4 – entirely on my own efforts

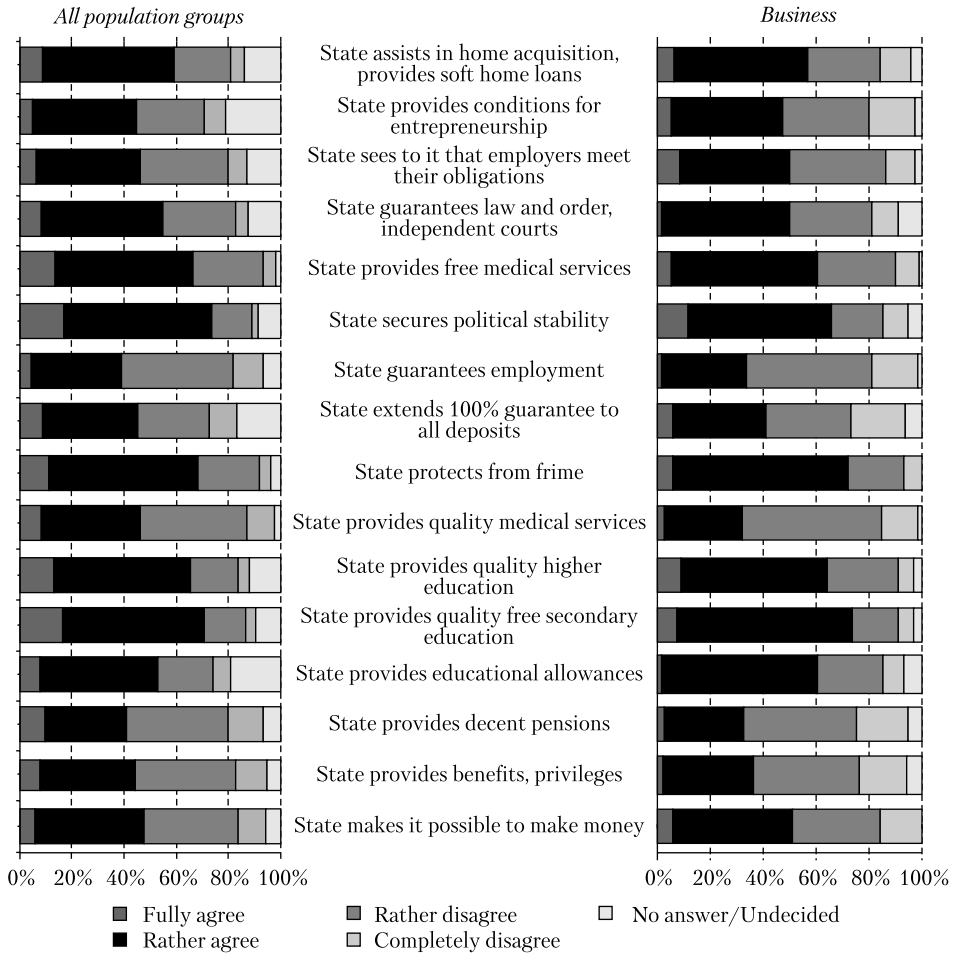
*Source:* data based on BISS research.

Table 3

**Answers to the question: «Imagine you have serious financial problems.  
Who/what would you rely on?», %**

|                                 | <b>All population groups</b> | <b>Business</b> |
|---------------------------------|------------------------------|-----------------|
| My own efforts                  | 58.1                         | 74.8            |
| State, social security programs | 9.9                          | 9.2             |
| Friends                         | 17.8                         | 19.4            |
| Relatives, parents              | 58.2                         | 42.3            |
| Employer                        | 2.1                          | 3.3             |

*Source:* data based on BISS research.



Source: data based on BISS research.

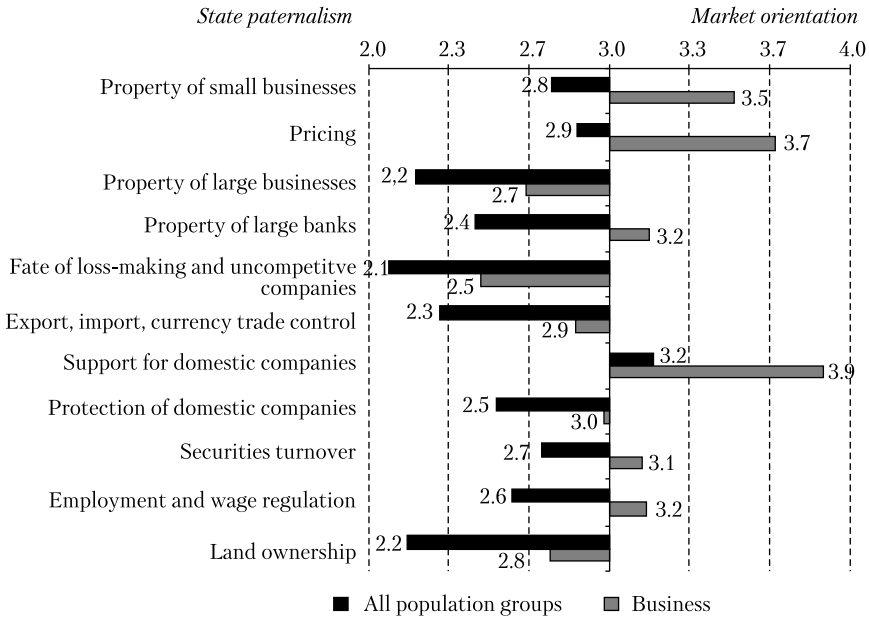
**Figure 2. Evaluation of state performance, breakdown of answers to the question: «In your opinion, what does the state really do for people like you?»**

Moreover, business representatives are not only more independent (compared to other population groups), but also have a market-oriented vision of economic policies.<sup>2</sup> This is especially true for pricing rules, protectionism policies shielding domestic producers, and property of small businesses (Figure 3).

Therefore, both the perception of the role of the state in society and economy and the attitude to the services and guarantees provided by the state in this social

<sup>2</sup> The respondents were offered opposite positions (state paternalism vs. market orientation, liberal position) for each basic component of economic regulations. The answers were marked 1 to 5, where 1 stands for state paternalism, and 5 stands for market orientation.

group are different from other social groups. Representatives of the business community *tend to rely on themselves more, prioritize the environment, allowing them to earn, and believe the role of private business is significant*. Entrepreneurs, like no other social group, are very well aware of the illiberality and inefficiency of the development model applied in Belarus.



Source: data based on BISS research.

Figure 3. Market orientation of the population at large and business

### 2.3. Structure of the social contract between the authorities and business

As we will prove below, in the social contract in Belarus, the state (authorities) acts as the party that defines the conditions, not as a partner or counteragent that will negotiate or discuss. The «pro-market» attitude of the business community does not allow it to agree with the country’s policies regarding business, but enables it to independently survive in the established environment. The dialogue between the authorities and business is not effective; doing business conditions are dictated by the state, because the contract is built «vertically».

The Belarusian social contract between the authorities and business has a vertical structure, and formal and informal rules enable the authorities to manipulate the business community and its economic (political and social) activity with ease. *The key feature of the vertical nature of the social contract is the right of the authorities to withdraw rights and redistribute them.* The amount of payment for loyalty and compensations is set by the authorities, not the law or mutual agreements.

The vertical structure of the social contract is identified with the help of the following instruments that the authorities use to manipulate business:

- numerous campaigns to re-register SMEs and complicated business termination procedures;
- constant changes in taxation, pricing, licensing, certification regulations, etc.;
- complicated procedures to have administrative authorizations, licenses;
- weak court system, limited possibilities to have legal protection of business and create organizations and associations to protect mutual business interests;
- appeals of economic entities or business associations seeking to resolve problems directed to the «top level» – the government, president, Supreme, Constitutional Court; unwillingness or absence of authority to have problems settled at a lower level;
- absence of a developed intermediary between business and the authorities, namely, organizations capable of protecting business interests during bargaining with the state;
- unequal operational conditions for various economic agents, selective law enforcement (corruption), etc.

The problem of complicated and variable rules of the game for business is analyzed in numerous publications of the International Finance Corporation, World Bank, and the IPM Research Center. They all report intricate business regulations, frequent regulatory changes, complicated and non-transparent procedure for obtaining administrative authorizations (including locally), weakness of the judicial system, possibility of pre-trial confiscations, etc.

This makes business extremely vulnerable and often defenseless in its relations with the state (amid frequent and numerous inspections and high fines). As a result, many private companies opt for «making a deal» with the state in one way or another, choosing corruptive schemes or otherwise adapting to existing procedures.

Table 4

**Answers to the question: «In your opinion, how typical are the following responses of enterprises in your sector to external obstacles (administrative arbitrariness, etc.)?», %**

|                                                          | Business never does this |      | Business sometimes does this |      | Business frequently does this |      |
|----------------------------------------------------------|--------------------------|------|------------------------------|------|-------------------------------|------|
|                                                          | 2006                     | 2007 | 2006                         | 2007 | 2006                          | 2007 |
| Try not to argue and comply with all demands             | 23                       | 10.3 | 53.8                         | 49.0 | 23.7                          | 40.7 |
| Complain to higher authorities                           | 29.3                     | 26.3 | 64.8                         | 63.2 | 5.9                           | 10.5 |
| Institute actions in courts                              | 20.8                     | 24.0 | 70.4                         | 63.5 | 8.8                           | 12.4 |
| Try to evade meeting some requirements                   | 25.1                     | 21.5 | 61.0                         | 64.8 | 13.9                          | 13.7 |
| Try to «get a deal» (incl. bribing)                      | 22.6                     | 23.8 | 61.1                         | 53.9 | 16.3                          | 22.3 |
| Transfer their business to other countries               | 42.4                     | 46.2 | 49.2                         | 43.4 | 12.4                          | 10.5 |
| Partially transfer their business to the «shadow sector» | 43.8                     | 30.4 | 49.8                         | 56.0 | 6.4                           | 13.7 |
| Try to unite to protect their interests together         | 30.3                     | 34.0 | 53.4                         | 57.3 | 16.3                          | 8.8  |
| Assist one another providing information                 | 25.0                     | 19.5 | 45.6                         | 54.9 | 29.4                          | 25.6 |

Source: Rakova, et al. (2007)

It should be noted that corrupt forms of the interaction between the authorities and business have become more popular. Corruption and informal (shadow) economy are integral parts of Belarusian business. Notably, whereas the availability of vacant market niches and high export revenues forced and made it possible for some Belarusian businesses to stay completely out of the «shadow», the remaining businesses, mostly those servicing the domestic market, perceived corrupt schemes as a survival factor. According to previous studies of the research center with the Institute for Privatization and Management, some 23–44% of all SMEs hand out bribes on a regular basis, and another 38–45% offer bribes «from time to time».

The fact that corruption has turned into being «part and parcel» of the package to buy loyalty and increase the informal income of functionaries (the authorities turn a blind eye to officials' being bribed) is corroborated by studies of international organizations: Belarus had gone down to position 151 in Transparency International *Corruption Perceptions Index* in 2008 from position 107 in 2005.

The behavior models characteristic of entrepreneurs are often interlaced: many SMEs choose to combine strategies, for example, struggle and evasion, or evasion and abidance by all rules, which is why an analysis of adaptation models is somewhat difficult. For instance, the cluster analysis based on the IPM Research Center studies in 2007 identified six groups of companies (clusters) depending on their reaction to the specific character of the regulatory framework, including evasion with elements of mutual aid, submission, solo survival, etc. (Rakova et al., 2007).

### **3. MAIN COMPONENTS OF THE RELATIONSHIP BETWEEN BUSINESS AND THE AUTHORITIES**

The entire range of relations between this or that social group and the authorities in the framework of the social contract may be analyzed within the loyalty-voice/protest-exit triad. Combinations of these components in society result in certain balance of demand and supply of formal and informal rules and practices that make protest less attractive. Below is the analysis of these components based on unstructured individual interviews with representatives of business, focus groups (*italicized*) and opinion polls.

#### **3.1. Loyalty**

Business' loyalty to the authorities is revealed in the evaluation of the benefits provided by the latter. Entrepreneurs do not form an isolated part of Belarusian society. Despite the fact that this group is well-educated and the most mobile one, it is susceptible to the same stereotypes as the population at large. Asked «Why do you think it is good to live in Belarus?» they give typical answers characteristic of other social groups, the most frequent being neatness and order, redevelopment of settlements, sympathetic and hospitable people, and beautiful nature. Many of these features are not connected with the merits of the state, but nevertheless these factors are often mixed in people's conscience.

Other advantages of living in Belarus, according to businessmen, include the relatively high level of law and order, relative economic security of pensioners, support for sports, social housing programs – and all of them are indeed elements of the package of benefits provided by the state in the framework of the social contract between the state and society. These benefits are quite conspicuous, owing to the state television efforts, and seen in comparison with the conditions observed in other CIS member-states.

However, as was mentioned above, the degree of businessmen's loyalty to the policy conducted in Belarus is low, as entrepreneurs prefer focusing on their own business and perceive the state as a «default environment» that they have to accept. Many businessmen see the defects of the system and compare the appreciable benefits (neatness, etc.) to a picture, «*a screen put on a rotten wall*». Business has a generally negative attitude to the work of the propaganda machine: «*We talk too much and often start believing in what we say. That everything is fine. Because propaganda works better in Belarus than in WWII Germany*». According to one of the respondents, the main drawback of the country is the «*universally destructive lie. What does it destroy? ... human consciousness and personality*».

As a better-off and more progressive part of Belarusian society, business people see defects in all areas in which the state is involved. Both social and economic lapses of the actual state of affairs are noted: «*First, people drink themselves to death... The best brains cannot find decent payment here, cannot have their products patented and leave the country. The third thing is concerned with business – taxes look like extortion, and it is even worse than back during the Mongol invasion...*» Similar evaluations were registered during opinion polls (Figure 4).

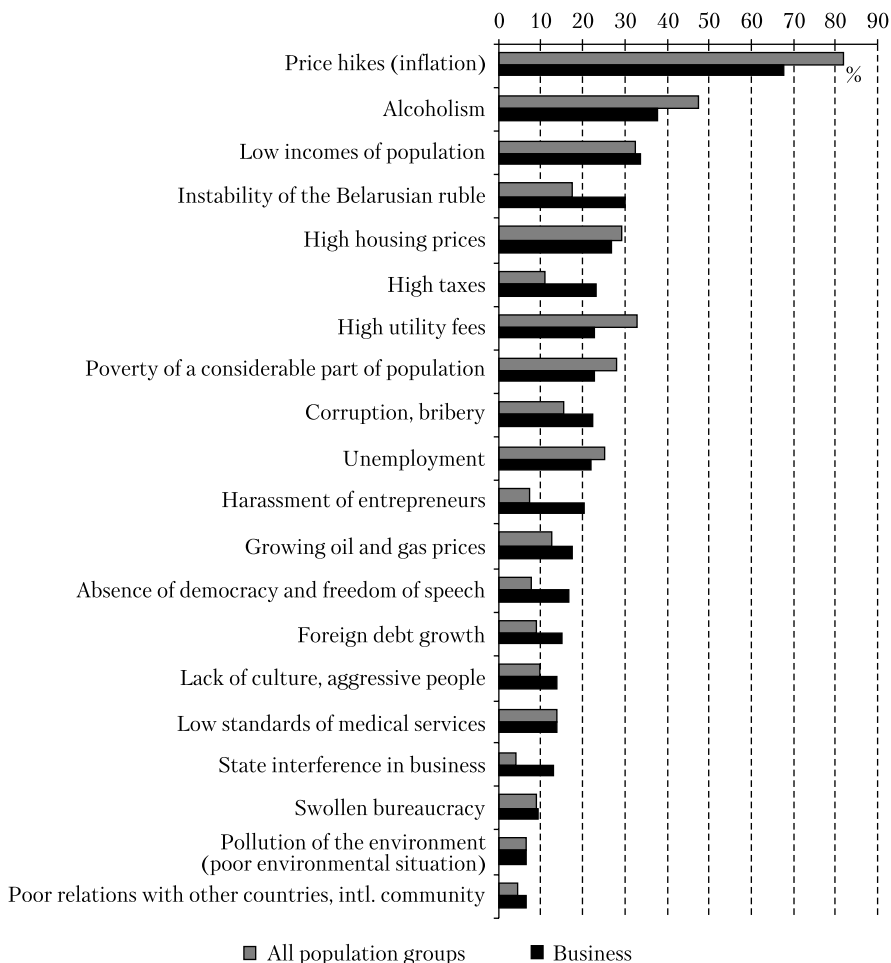
***The advantages of doing business in Belarus, which secure entrepreneurs' loyalty to the regime (according to businessmen) include:***

- skilled personnel;
- relatively closed economy;
- low competition;
- awareness of and capability to adapt to complicated regulations and rules of the game;
- lower «kickback» than in neighboring countries, lower corruption rate;
- possibility of self-realization (through business).

It is interesting that business welcomes the «protectionist» function of the state. In real business practice, the barriers formed by complex and contradictory regulations and «closed» nature of the national economy are transformed in quite a peculiar way into advantages. According to one of the respondents, «*if it were not for state barriers, everything would have been divided and devoured, and many of us would not be here, but would be working at factories*».

The fear of foreign capital expansion, especially of Russian capital, is very strong in the Belarusian business community. If not the state, «*there would be no Belarusian wholesalers, no public catering sector, no services offered by domestic companies. We would have Russian, Ukrainian and Polish conglomerates that would eradicate locals*». This once again confirms the conclusion, that the multitude of barriers to business on the one hand, and the ability to adapt to them on the





Source: data based on BISS research.

**Figure 4. Answers to the question: «What do you think are the worst problems for Belarus today?», %**

other hand provide a competitive edge of Belarusian business (Rakova et al., 2007).

Despite the complexity of the business environment in Belarus, the number of individual entrepreneurs and small and medium-sized enterprises has been growing recently. Entrepreneurs attribute the increase in their number to the attractiveness of doing own business: «*I know why I work and who I work for; I enjoy the results of my own work*».

The external factors that complicate business procedures in Belarus are few. Most of the problems for business are created by the tax system, administrative

barriers, inspections and fines. The complexity and inconsistency of regulations has been a major obstacle to business development for years. The government started working on business climate liberalization back in 2007 and continued its efforts in 2008 – 2009, when it eliminated some administrative barriers, reduced turnover tax rates and cut some taxes, introduced simplified licensing, etc. Nevertheless, the efficiency and productivity of these measures are not yet certain.

Some entrepreneurs appreciate the introduction of the «one-stop» principle and some simplified regulations. But on the whole, it follows from interviews and focus groups that «*nothing has changed*» considerably in business regulations. What is meant here in the first place is the frequency of «*new amendments*», which are often «*backdated*». Consequently, such changes amid frequent inspections<sup>3</sup> and high fines make private business vulnerable, especially the SME segment.

According to the business community, the country does not have the stability that is declared in the official media. It mentions political stability (with certain reservations, though), but businesses require both economic and legal stability, «*certainty that at least some rules of the game will remain unchanged*». In this [business] area, «*everything changes too fast*». Entrepreneurs do not mind following official rules for doing business, but these rules must be clear and consistent. They say: «*No one refuses to pay taxes ... but we wish we knew the rules, poor as they are, but those that do not change every other day*».

According to legal experts «*the language of laws is absolutely incomprehensible, some things cannot be read at all*». Also, there are documents «*For Official Use Only*», which are not available to wide public. Nevertheless, they are essential for correct business document flows. Thus, businesses are at risk to make unintentional mistakes when drawing up documents. The absence of clear and easy-to-understand instructions makes it possible for the state to punish even law-abiding businesses. Entrepreneurs are certain that «*laws are written in such a way that there is no chance they will not be broken*», «*in order for us to violate them unintentionally and for them to fine us*». The respondents believe entrepreneurs and directors of businesses are completely dependent on the authorities: «*They can interfere in your business any time, they can change the rules of the game any time, they can change your taxation base and lease rate any time, they can take your license...*»

Entrepreneurs mention a rude and indifferent attitude of functionaries to their official duties and explanation of rules (procedures) to businessmen. According to one of the respondents, «*they may just not tell you the details, but if you use your contacts, they may give you more detailed information*».

The inequality of commercial opportunities for different types of business is part of the social contract between Belarusian business and the authorities. Impairments of private businesses' rights, non-uniform fees, discriminatory contracting procedures

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<sup>3</sup> Their number has fallen in the past few years, though. The number of inspections per SME a year is hard to measure. There have been no serious empirical studies in the past few years. According to the IFC (see IFC, 2008), the average number of inspections per SME fell to four in 2006 from 10 in 2004. The IPM research center released a higher average of 7.7 inspections annually in 2006, but respondents admitted the number of inspections had fallen.

and court decisions are common for Belarusian business. Moreover, entrepreneurs claim that *«we have no untouchables»*, which means any business – small, medium or large, successful and inefficient, close to the authorities or having no connections in high places – is vulnerable to the decisions coming from the top.

### 3.2. Protest

Nonconformity, or protest (*«voice»*), protection of rights in courts of law are often costly and inefficient instruments in the framework of the interaction between the authorities and business in Belarus (because of the peculiarities of the court system and sweeping powers of repressive authorities). As a rule, *«it is cheaper to get a deal»* than to take a case in court. Nevertheless, according to a study of the IPM research center, about 30% of offended SMEs have tried and protected their interests in court in the past few years. This means this practice is sometimes successful.

Business does not consider rallies to be an efficient mechanism to assert its interests. Entrepreneurs consider politics *«dangerous and inefficient»*, because *«there are no rules at all in politics»*, and *«politics will put an end to business»*. Furthermore, entrepreneurs believe that in this case not only businessmen, but also families and loved ones are at risk. Business is not ready to risk this much. Punitive measures are taken against protesters in order to *«control the political situation in the country»*. ***«The state is doing its best to prevent business from being involved in politics»***. On the other hand, entrepreneurs note a shortage of knowledge, and, consequently, the inefficiency of voicing protests to fight for their rights. They admit that legal actions may be a more efficient and civilized way of protest. *«If there are stable rules of the game, business does not need politics at all for sure»*.

Still, representatives of business have a generally positive attitude to protest actions and assertion of interests per se. For example, the business protests of 2008 were not well known to individual entrepreneurs, and none of the respondents participated, but *«everyone sympathizes with the people who were brave enough to take to the streets and suffered»*. With that, business reiterates, *«protesters once again made sure protests were not worth it. A negative result is still a result»*. At the same time, representatives of the business community criticize the absence of the possibility to have alternative political views. They feel they lose because of their inertness and passiveness: *«We do not even see our conscience being destroyed, and we are getting weaker»*.

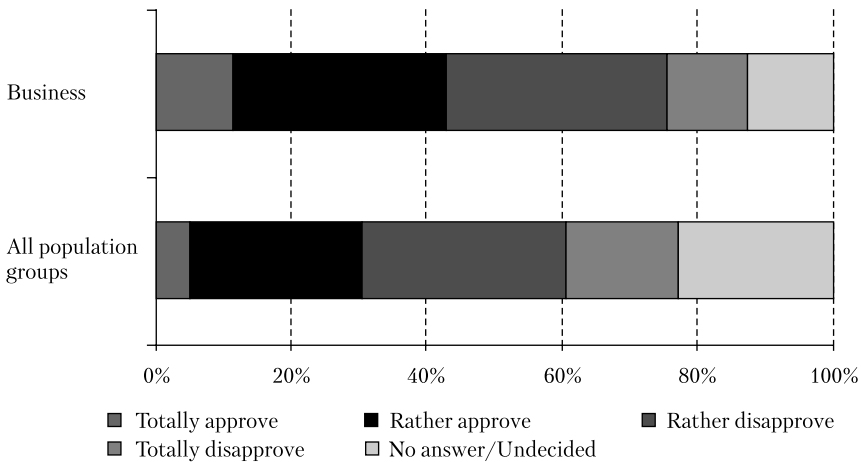
The opinion poll showed that about a quarter of the population would not struggle to seek *«fulfillment of conditions»* of the social contract or modifications of the contract by the state. About the same number of respondents would try to either adapt or look for individual ways to resolve problems. However, compared to other social groups, business is more active in fighting for its rights. If they are dissatisfied, 20.3% are ready to take legal action, and 14.5% would appeal to the mass media. At the same time, they are less likely to appeal to the authorities or public organizations. Mass protest actions became the least popular instrument to assert their interests in their relations with the state, although business is less judgmental than the population at large (Tables 5, 6, Figure 5).

Table 5

**Answers to the question: «If you are to some extent dissatisfied with what the state is doing for you, how could you change the situation?», %**

|                                                               | All population groups | Business |
|---------------------------------------------------------------|-----------------------|----------|
| Would not change anything                                     | 24.8                  | 16.7     |
| Would try adapting, look for ways out using personal contacts | 24.9                  | 24.6     |
| Appeal to court                                               | 11.8                  | 20.3     |
| Appeal to media                                               | 9.7                   | 14.5     |
| Appeal to local authorities with a proposal or demand         | 16.1                  | 13.3     |
| File a complaint                                              | 9.8                   | 12.3     |
| Vote in elections                                             | 10.7                  | 11.3     |
| Appeal to public organizations                                | 7.2                   | 6.6      |
| Appeal to elected representative                              | 7.7                   | 5.8      |
| Take part in mass protests                                    | 3.1                   | 4.9      |

Source: data based on BISS research.



Source: data based on BISS research.

**Figure 5. Answers to the question: «What is your attitude to protest actions and protesters?», %**

Table 6

**Attitude of business and the population at large to protests and protesters, %**

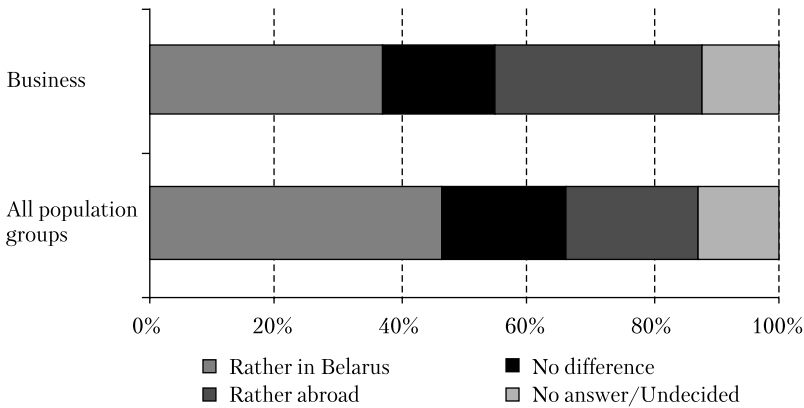
|                                                                                                     | All population groups | Business |
|-----------------------------------------------------------------------------------------------------|-----------------------|----------|
| Rallies and protest actions are normal: people must be given a chance to speak out                  | 28.8                  | 38.4     |
| Rallies and protest actions are acceptable, as they express people's will                           | 21.0                  | 28.3     |
| As a citizen, you must obey the rules, not rebel against them by having rallies and protests        | 24.2                  | 12.2     |
| Participation in rallies should be punishable: criminal and administrative measures must be applied | 6.4                   | 11.6     |
| No answer/Undecided                                                                                 | 17.6                  | 9.5      |
| Total                                                                                               | 100.0                 | 100.0    |

Source: opinion poll.

### 3.3. Use of exit strategy

When withdrawing from business voluntarily (and, consequently, from the «social contract» with the authorities) a citizen loses the entire package of benefits intrinsic to the contract while avoiding retaliatory measures. It appears that in Belarus, business has to either accept the conditions imposed from above or refuse to comply and lose the chances to do business: «*You want to work – you work, you don't want to – you just don't work*». According to business representatives, ***thus far the (subjective) benefits from doing business in Belarus have exceeded potential costs, formed by punishment, adaptation expenses or forced migration***. Accordingly, businessmen prefer keeping up their business without protesting. According to one of the respondents, «*my business income is higher than possible costs of the struggle against the state*». On the other hand, the scales that measure such benefits and expenses are now being tipped towards costs, making business (especially successful) leave the country.

Migration is an exit option. About 30% of the opinion poll respondents believe that people like them have better possibilities abroad (Figure 6). This figure does not represent the real number of those willing to leave the country, though.



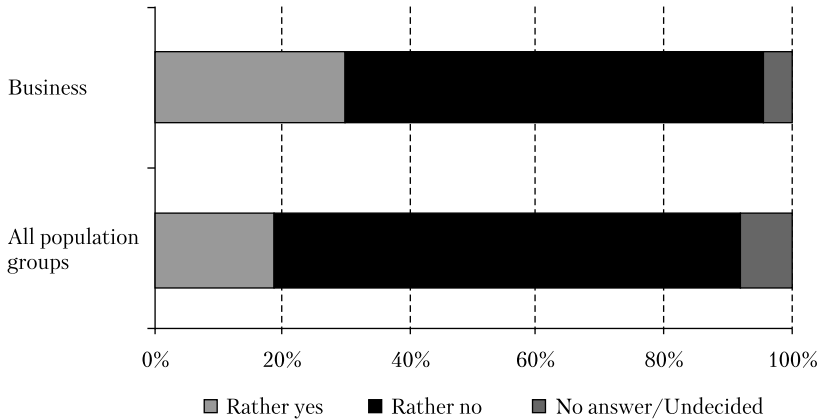
Source: data based on BISS research.

**Figure 6. Answers to the question: «In your opinion, where do people like you live better – in Belarus or abroad?», %**

About a third of representatives of the business community would like to leave Belarus, much more than the share of potential migrants in the population at large (Figure 7).

This is theory. In practice, businessmen admit that «*it is not so easy to leave*». On the one hand, many do not consider Russia or Ukraine, «*not to change one trouble for another*». Businesses admit that it is «*a bit better*» elsewhere, but not enough to abandon everything in Belarus. To start a business «*from scratch*» in

Europe is either impossible or costs too much: *«Each location is specific, and it takes time to study the peculiarities; if you are not aware of them, your business is inefficient».*



Source: data based on BISS research.

**Figure 7. Answers to the question: «Would you like to leave the country?»**

Moreover, it is psychologically hard to start a business in a new country. All entrepreneurs emphasize the importance of «home and Motherland», such factors as family, friends, mentality, possibility to enjoy life in Belarus, which cannot be measured in money and business (59.3% of the respondents named this reason). All these factors are institutional barriers on the way to using the exit option (they also contribute to the attractiveness of the loyalty strategy).

Another exit option is to change jobs and be employed in the public sector. Noteworthy, entrepreneurship is a very serious «social drug» – most business owners do not consider getting back to state-run enterprises or budget organizations. They would rather leave the country than get back to the package of benefits and guarantees that the state offers to the rest of the population.

### 3.4. Current changes in the framework of the social contract between the authorities and business

Throughout long years of discrimination and harassment, business has managed to develop immunity to the policies of the state and the «mutual untouchability» formula evolved: *«We perceive our Motherland, the state as it is... **The state gives us the rules, we follow them. We can only ask to change them, there is no use shouting that they are bad; they are there for us**».* This is the formula of the modern social contract between the state and business in Belarus.

At the same time, in a new economic environment ***the authorities gradually start to realize that they need business.*** Lately, representatives of the business

community have noted certain changes in the contours of the social contract, initiated from «above». *«Some five years ago the following trend was very clear: if some entrepreneur failed to please the state, or there was any other reason, the business would be closed. They do not shut them down ... completely, now»*. Inspections and sanctions resulting from them could be ruinous to business, but *«something will remain»*. Other improvements include changes in the work of banks, more convenient lease procedures, advantages of *«being transparent»*, and faster administrative procedures.

The state has been making efforts in improving the business climate, but business believes it happens only because the state is interested in developing business now. The reason is not that the opinion of the business community is finally heard. Entrepreneurs are not certain what the ultimate goal of the current liberalization campaign is – to recognize the efficiency of the private sector, reach certain indicators, liberalize for some foreign users, etc. *«The goal is not clear ... If we are moving towards some specific rules of the game, we need to know what we will have at the finish. If we were shown some code of practice – that we are moving to some body of rules, and in order to achieve it, we have to take measures... But it cannot be done overnight – at least a year or two will be required to make it clear that we play according to preliminary rules, some initial rules. But they need to indicate the moment when we reach absolute rules»*.

So far, no specific goal has been named; on the contrary, liberalization has remained uncertain, thus contributing to mutual distrust of business and the authorities. In response to its policies, the state expects changes in business activity and emergence of new business models. In turn, business, both small and large, distrusts the authorities and expects that liberalization is being pursued *«to make it easier to check, punish and take everything»*. It is clear that some distrust still remains between the parties to the contract.

#### 4. CONCLUSION

The social contract between the authorities and private business in Belarus is asymmetric and vertically structured. According to a focus group member, *«the state gives us the 'rules of the game', and we can either accept them or refuse to comply. There is no use shouting or trying to demand, you can only beg»*. This opinion is a perfect illustration of the nature of the social contract. Moreover, business perceives the state as some «default environment», not a counterparty for dialogue and bargaining with due consideration of each party's requirements. The best formula for the business-state relationship is: «do not interfere». Entrepreneurs have formulated a strong demand for a regime that would not interfere with their work by setting selective administrative barriers, a regime that would apply identical evaluation criteria to all and perform its administrative functions to high standards.

The «vertical» social contract between business and the authorities is not clearly spelt out, but the parties tend to stick to fixed lines of conduct. The list of stimuli that ensure loyalty of businesses starts with the *very possibility of doing business* (that is, the possibility to have a different social status and incomes). Entrepreneurs

agree to capture the niches and segments, in which the state does not mind having them (where there is no competition with the state sector or business interests of senior officials). Furthermore, entrepreneurs, business owners, and top managers mention the relative ease of doing business as far as the search for workforce is concerned, as Belarus offers highly skilled and disciplined personnel. It is notable that *state protectionism is perceived as a positive phenomenon* – it includes a certain «inaccessibility» of the Belarusian market and complexity of regulations (domestic entrepreneurs have already adapted), and the presence of social connections. The business community is well aware of and appreciates these factors contributing to competitiveness.

The main instruments the regime is using to force business to cooperate are differentiated rules of the game and selective application of sanctions against the violators of formal norms and rules. As a result, it is easy to manipulate any business in Belarus. The discriminatory nature of the state attitude to private business is evident; inequality of the rules of the game is everywhere – from pricing procedures to courts. However, the authorities realize that business generates profit, creates jobs and pays taxes.

In turn, Belarusian business does not find the idea of political protest (the «voice» strategy and protection of economic and civil rights) particularly appealing. «*To get involved into politics*» would mean to lose a business and any chance to «*prove anything to anyone*», according to the business community. At the same time, a small group of entrepreneurs (as a rule these are successful businesses occupying certain niches, in which they are beneficial to the authorities, as they pay taxes and generate currency proceeds) tend to choose legal methods to struggle for their rights. They can afford the best lawyers and judicial protection of their interests. However, the absolute majority of businesses, especially SMEs, are incapable of meeting all norms of the law, which makes them most vulnerable.

The combination of stimuli in the form of the environment suitable for doing business and mechanisms of coercion (reprisal) encourages loyalty. The possibilities of exit (migration or employment in the public sector) are hardly ever considered (although some mobile or the most competitive businesses have been relocated elsewhere in the CIS or foreign countries beyond the CIS) because of high institutional barriers.

Belarusian business has not yet grown into a mature homogeneous entity interested in uniform rules of the game. As a rule, its representatives are guided by personal interests when interacting with the authorities. This means that, while the established institutional model of the interaction between business and the authorities fails to satisfy most of the entrepreneurs taken separately, it *preserves its stability because business does not show sufficient demand for new universal formal rules of the game*. As entrepreneurs themselves note, it is only possible to resist the pressure of inspections, demands for informal payments and disrespect of the authorities in a consolidated union. Businesses are not yet ready to get together, though.

There has been a growing sense of changes in the social contract between the authorities and business lately. This change is being pushed from the top, under



complete control of the state, and embraces certain liberalization of current regulations and a somewhat softer attitude to private business. The authorities must have come to understand that the private sector would contribute to economic growth if it works efficiently. Still, this modification of the attitude of the authorities to business is a least-evil solution prompted by economic and political circumstances rather than awareness of the significance of business for the economy. Business understands this very well, playing down the importance and efficiency of the reform.

The high degree of businesses' distrust in the authorities reduces the possibilities of horizontal cooperation. To alter the current social contract terms and change to the horizontal type of social contracting from the vertical structure it is essential to promote civil society, intensify the real dialogue between the authorities and entrepreneurs (business associations, analysis centers), and generate the «state order» for expertise and proposals for improving contracts.

To conclude: the business community is regarded as the most independent and mobile social group in Belarus; moreover, business is less prone to paternalistic moods and expectations; businesses are less satisfied with the set of services and guarantees provided by the state compared to all other social groups. The potential contribution of this group in the well-being of the entire country remains underestimated. The recent sporadic measures aimed at liberalizing the business environment are perceived as unimportant and partial. According to business people, the changes have been mostly shallow and failed to alter the existing system of regulation and business opportunities.

Their liberal mood does not allow businesses to consent to the current business policies of the state, but facilitates independent survival in the exiting environment. Business has built up a system of relations with the state and prefers the «mutual immunity» regime. The business community is not eager to take up politics, but tends to adapt and hope the rules of the game will be improved from «above». The state understands the importance of the presence of the private sector in the country, especially in the niches where business does not compete with the state. On the whole, the social contract between the authorities and business is not clearly defined, and business is not only deficient in bargaining power, but also highly dissatisfied with the existing institutional framework in Belarus.

At the same time, if unfavorable conditions for business persist, many entrepreneurs will be ready to choose the «exit» option and migrate (the other possibility, to get a job at a state-run enterprise is not seriously considered by businesses). In this case, the state risks losing the most advanced and active members of society.

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## Chapter 6

# SOCIAL CONTRACT: CIVIL SERVANTS

Tatiana Lisovskaya, Elena Rakova

### 1. INTRODUCTION

Civil servants play a crucial role in the management structure of contemporary society. They act as a connecting link between civil society and the state and have an important mission of carrying out the state will and implementing state policies. It is on the qualitative composition of the corps of civil servants and their formal and informal terms of office that the socioeconomic position of the state and progressive development of society depend.

There is a variety of theories of bureaucracy as an administrative system for officials, for instance the theories of Weber (1976), Merton (1952) and Crozier (1963). These describe the nature of bureaucracy, its efficiency, competence, inevitability of overgrowth, etc., as well as the extent to which officials are ready to protect state interests.

As a rule, theoretically, the following qualifications (competences) of officials are identified: strict compliance with the law, provision of high quality public services to the population, transparency and efficiency, desire to listen to people's requests, responsibility, professionalism, etc. However, in practice, many former Soviet Union countries, including Belarus, sometimes fail to meet these standards. It often happens that real demands and expectations of the state and real motivation of civil servants do not coincide at all; improper use of official powers is common, and the same holds for officialism and abuse.

The objective of this study is to analyze the psychological and professional characteristics of modern Belarusian civil servants, their motivation to perform their duties to high standards, their powers and dependence on their employer (state, authorities). The study also aims at assessing the positive and negative aspects of being employed as a civil servant in the Republic of Belarus, the mechanism of self-identification of officials with the concept of «authorities», and the combination of the responsibility of the official for what he or she does and legal and illegal compensation for the «rigors of service».

The authors attempt to answer the question whether there are informal rules, a sort of social contract between the authorities (state) and such a social group as civil servants, and its mechanisms in the framework of the «loyalty – voice – exit» triad. The authors have formulated the *following hypotheses*:

- 1. The authorities are interested in officials and offer them an attractive working environment compared to other public sector employees; at the same time, the exit option is fairly easy.**

2. **Civil servants identify themselves as an influential social group that is entitled to special labor conditions.**
3. **The special conditions offered by the state build up loyalty of civil servants.**
4. **There is a social contract between the authorities and officials, but it is not as explicit as between the state and other social groups.**

The study is based on the analysis of in-depth interviews with ten civil servants. The respondents, with various statuses and ranks, are either incumbent or former officials of various administrative agencies: the Council of Ministers, Energy Ministry, Construction and Architecture Ministry, Interior Ministry, Finance Ministry, Trade Ministry and the State Control Committee.

The second part studies the peculiarities of the legal status of civil servants, their rights and obligations, compensation conditions, etc. The analysis of the existing regulatory framework shows that civil servants enjoy the best material conditions. One has to remember, though, that there are no transparent mechanisms to control possible unearned incomes, generated through abuse of authority. This may give rise to corrupt practices and corresponding motivation among those who perform their duties honestly. The third part presents empirical data regarding the advantages and drawbacks of civil service in Belarus and some other aspects and trends. The findings are used to show the nature of the social contract and mutual expectations of officials and the authorities. The fourth part contains the conclusions.

## **2. CIVIL SERVANTS IN BELARUS**

### **2.1. Legal framework of civil servant status**

The legal status of civil servants in the Republic of Belarus is determined by the Law «On Civil Service in the Republic of Belarus»<sup>1</sup> and a number of other regulatory acts (the Constitution, Civil Code, etc.). The current law replaced the previous law («On the Basic Principles of Service in the State Apparatus»). The very name of the law expresses and presupposes the attitude of the state to its servants and expectations from them (in many countries laws of this kind are named «On the Legal Status of Civil Servants», etc.). The law emphasizes the word «service», that is, state servants are supposed to serve the state, by analogy with military service.

A civil servant is a citizen of the Republic of Belarus who holds public office in accordance with procedures established under current legislation, has relevant authority and performs official duties for remuneration in money paid from the republican or local budgets or other sources of financing under current legislation.

When studying the essence and efficiency of civil service, it is important to note that the Belarusian law on civil service does not have a clear definition of «state interests», which civil servants are supposed to protect. Article 6 has it that

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<sup>1</sup> Law of the Republic of Belarus #204-3 dated June 14, 2003 with amendments.

civil service is based on the following principles: supremacy of the Constitution of the Republic of Belarus; service to the people of the Republic of Belarus; law and order; priority and guarantee of human and civil rights and freedoms; humanity and social justice; unity of the system of civil service and its differentiation based on the separation of powers (legislative, executive, and judicial); publicity; professionalism and competence of civil servants; controllability and accountability of civil servants, personal liability for non performance or substandard performance of duties; voluntariness of performance of civil service; equal access to any opportunities in civil service and possibility of promotion in accordance with abilities and professional training; stability of civil service with a view to ensuring continuity of the authorities; economic, social, and legal protection of civil servants. These principles are fair in their essence, but their can be interpreted in various ways.

Besides the principles of performance of civil service, the law contains a wide range of rights and obligations of civil servants, which theoretically ensures that they perform their functions properly.

### *Advanced training*

The state emphasizes the importance of advanced training of its employees. Under presidential ordinance<sup>2</sup> and other regulatory acts<sup>3</sup>, training, additional training and advanced training of executive staff are based on the principles of consistency, obligation, differentiated approach, and usefulness in the long run. To ensure a continuous improvement in professional skills of executive staff assigned to new positions, all senior and top executives of government agencies (organizations) are supposed to take advanced training on a compulsory basis.

At the same time, there are serious obstacles for officials who want to take a study course abroad, even if the host country is ready to foot the bill. According to article 38 that the procedure of authorizing official business trips abroad, identifying sources of financing, guarantees and compensation for civil servants during business trips abroad are determined by the president of the Republic of Belarus or an authorized agency. A foreign business trip of a Belarusian official that is financed by government agencies of foreign countries, international or foreign organizations,

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<sup>2</sup> Ordinance of the President of the Republic of Belarus № 354 «On Work with Executive Staff in the System of State Authorities and Other State Organizations» dated July 26, 2004.

<sup>3</sup> Besides the law indicated above, separate legal regulations pertaining to professional training of administrative personnel are included in Ordinance of the President of the Republic of Belarus № 354 «On Work with Executive Staff in the System of State Authorities and Other State Organizations» dated July 26, 2004 (the version approved by Ordinance of the President of the Republic of Belarus № 122 dated March 14, 2005), Ordinance of the President of the Republic of Belarus № 489 «On the Adoption of the Provision on Certification of Civil Servants» dated October 21, 2004, Resolution of the Council of Ministers of Belarus № 1321 «On the Adoption of the Provision on the Commission for Ranks of Officials Service in Republican State Administration Bodies», Resolution of the Ministry of Labor and Social Protection № 32 «On the Adoption of the Structure and General Provisions of the Directory of Ranks and Titles of Civil Servants» dated March 30, 2004, etc.

individuals and legal entities (except for government agencies of the Republic of Belarus), is authorized only when such a business trip is arranged in pursuance of international agreements of the Republic of Belarus, or by agreement between the state authorities of the Republic of Belarus and state authorities of foreign countries, international or foreign organizations, unless the president of the Republic of Belarus decides otherwise.

#### *Restrictions on civil service*

Being employed as a civil servant entails certain limitations. A civil servant of the Republic of Belarus is not entitled to:

- be involved in entrepreneurial activities personally or via authorized agents, assist close relatives in entrepreneurial activities using the official position, or represent a third party in any matter connected with the activity of the state agency where he works, or that is subordinate or accountable to him;
- take part personally or via authorized agents in the management of a commercial organization, except for the cases stipulated in legislation;
- take part in strikes;
- do any other gainful work (activity) during standard working hours, except for teaching, scientific, cultural and creative activities by agreement with the head of the state agency, in which the civil servant is employed, or an authorized person;
- hold more than two offices, except for work in state organizations in accordance with procedures and on conditions stipulated in labor legislation;
- use the official position in the interests of political parties, religious organizations, other legal entities, and citizens if this runs counter to the interests of civil service;
- accept property (gifts) or gain other benefits in the form of services in connection with the performance of official duties, except for souvenirs presented during official protocol or other events. The gifts received during protocol and other events are transferred to the state by the decision of the commission created by the head of the state agency, in which the civil servant is employed, if the value of gifts exceeds five base units;
- use material and technical facilities, finance or information technologies, other property belonging to the state agency for purposes other than official duties, and disclose official secrets;
- have accounts in foreign banks, except for performing official duties in foreign countries and other cases as required by the law;
- accept decorations of foreign states, unless authorized by the president of the Republic of Belarus.

#### *Political affiliation and job rotation*

One should note that the qualitative and quantitative composition of Belarusian officialdom is determined by the peculiarities of the Belarusian political system.

The political system of Belarus has a traditional structure for post-Soviet countries: the executive branch led by the president and devoted executive (government and ministries) and territorial (region and district executive committees) offices; the legislative branch led by the bicameral parliament; and a few political parties performing what seems to be a marginal role in the political system of the state. Under the Constitution, senior state officials do not belong to any political party, whereas under the *Law On Civil Service*, state authorities do not represent interests of any political parties.

### *Declaration of incomes*

Under the Law On Civil Service, a declaration of income must be submitted to a relevant state agency (or official) by:

- a citizen of the Republic of Belarus – when he or she starts civil service;
- a civil servant – when he or she is transferred to another position;
- a civil servant, his or her spouse and adult close relatives (parents, children, adoptive parents, adoptees, siblings, grandparents, grandchildren) that reside in and maintain the same household – annually;
- a civil servant, his or her spouse and adult close relatives that reside in and maintain the same household – in other cases stipulated in legal acts on combating corruption.

Declaration of income and property follows the procedure stipulated in the Law of the Republic of Belarus.<sup>4</sup> The persons appointed to top executive positions in the Republic of Belarus and other public positions included in the personnel register of the president of the Republic of Belarus, their spouses and adult close relatives that reside in and maintain the same household are obliged to produce annual income and property statements to the head of the Presidential Administration of the Republic of Belarus, who determines which declarations will be checked in the current year. The head of the Presidential Administration reports to the president on the results of the check annually prior to December 31.

Despite the fact that civil servants and their relatives are supposed to submit annual income statements, *the procedure of inspection of declarations is still based on a subjective approach*: the head of the Presidential Administration independently decides whose income statements (among top officials and the persons included in the personnel register of the head of state) should be checked in the current year. All other civil servants – MPs, judges, members of election commissions and other civil servants – also have to submit their income declarations to their superiors, that is, not directly to tax agencies and other controlling organizations, like it is normally done elsewhere in the world, but to senior officers, who may check the authenticity of information and divulge it, or may not check it at all.

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<sup>4</sup> Law of the Republic of Belarus «On Declaration of Incomes, Property and Sources of Income by Natural Persons» dated January 4, 2003.

The issues of inspecting income declarations of civil servants are also regulated in other standard acts of the president and the government.<sup>5</sup> The most important thing is that the *information about income and property of state officials is an official secret* and is not subject to disclosure. Consequently, besides the frequently formal and subjective approach to checking declarations, their results are never made public, which renders the relevant norms of the Law On Civil Service inefficient and creates attractive preconditions for corruption and manipulating the law.

### *Termination of office*

Civil service is terminated in the following cases:

- reaching the age fixed as maximum for civil servants (65 years);
- expiration of the tenure, early termination of office;
- failure to remain within limitations stipulated by civil service regulations;
- disclosure of information that constitutes official secrets;
- refusal to take the oath;
- violation of legislative requirements when being accepted for civil service;
- resignation;
- gross violation of official duties; transgression that is incompatible with civil service;
- termination of citizenship of the Republic of Belarus as a result of withdrawal from citizenship or loss of citizenship;
- unsatisfactory results of preliminary tests;
- coming into effect of the court verdict of guilty.

## **2.2. State policy on compensations, incentives**

The law provides for considerable room for material incentives to civil servants by way of increments, extra pays, bonuses, regular and additional leaves, pension compensations, etc. A standard compensation package includes the position salary, additional pays for the rank, seniority, bonuses and other payments in accordance with legislation. The size of increments for the rank and conditions of payment are determined by the president of the Republic of Belarus. The position salary and additional pays for the rank form the calculated official salary.

Civil servants are entitled to *monthly seniority pays* depending on the public service period:

- 6 months to 3 years – 10% of the calculated official salary;
- 3 to 8 years – 15% of the calculated official salary;
- 8 to 15 years – 20% of the calculated official salary;
- 15 to 20 years – 25% of the calculated official salary;
- over 20 years – 30% of the calculated official salary, unless decided otherwise by the president of the Republic of Belarus.

<sup>5</sup> Ordinance of the President #577 «On Some Aspects of Personnel Management in the System of State Authorities» dated November 2, 2000; Resolution of the Council of Ministers #952 «On Some Aspects of Declaration of Incomes and Property by Civil Servants and Other Categories of Citizens» dated June 29, 2007.



Civil servants that have academic degrees enjoy monthly bonuses:

- 5% of the calculated official salary for the degree of Master of Science;
- 10% of the calculated official salary for the degree of Doctor of Science.

Civil servants may be awarded for successful and conscientious performance of official duties, continuous irreproachable state service and performance of important and complicated tasks:

- commendation;
- one-time monetary reward;
- valuable gift;
- early assignment of the next rank of the civil servant.

A civil servant is provided a regular 28-day leave with a single lump-sum allowance for recreation in accordance with the current legislation. After five years in civil service, an additional two-day leave is provided, and after ten years in service, an additional four-day leave.

*A severance benefit to civil servants is paid in case of:*

- early termination of contract because of non-performance or substandard performance through the fault of the employer – amounting to three average monthly salaries. Severance benefits are not paid to civil servants who have reached retirement age (60 years for males and 55 years for females) and are entitled to full pensions, and civil servants who have not reached the indicated retirement age, but receive pensions (except for disability pensions, survivors benefits and social pensions);
- retirement – three average monthly salaries;
- liquidation of the state agency, staff reduction, with seniority up to five years – three average monthly salaries; from five to ten years – four average monthly salaries; from ten to 15 years – five average monthly salaries; over 15 years – six average monthly salaries. The dismissed civil servants are paid up to three average monthly salaries in a single payment, and the remaining part is paid in three months' time only to the persons that apply for assistance in employment to the state employment service, but fail to find jobs. When dismissing civil servants that reach retirement age the state pays them severance benefits in full.

Civil servants are entitled to have length-of-service pensions as soon as they reach 60 years of age (males) or 55 years (females) and have at least 20 years of service (with at least two years of work in a public position after March 1, 1994). A length-of-service pension amounts to 40% of the salary over the period of any five years in a row in the 15 years preceding the retirement year. Pensions are increased by 2% for each year in excess of 20 years in service; however, a pension cannot exceed 50% of the average salary.

Some peculiarities of social assistance to selected categories of civil servants, especially the monthly financial allowance, are noteworthy. Such allowances are determined by the president of the Republic of Belarus (article 55), that is, they are absolutely subjective. Under Ordinance № 666 dated November 13, 2006 «On Preferential Calculation of Service Record for Admission to Pension», a special procedure is used to calculate the length of service for some civil servants. Under

Ordinance № 705 dated November 30, 2006 «On Monthly Financial Allowance for Some Categories of Civil Servants», some officials enjoy a special monthly allowance when they retire, and the size of this allowance is much higher than current pensions. The list of the people that enjoy special allowances does not include former heads of state (S. Shushkevich or S. Sharetsky), or Supreme Council members, however, it contains the name of the chairwoman of the Central Election Commission L. Yermoshina and senator V. Malofeyev, etc. Other types of incentives for selected state officials (like additional leaves, etc.<sup>6</sup> are regulated by special legislative acts of the president.

### 3. CONTENTS AND PARAMETERS OF THE SOCIAL CONTRACT «AUTHORITIES – CIVIL SERVANTS»

#### 3.1. Self-identification and basic features of the social group «civil servants»

According to most of the respondents, civil servants can be regarded as a separate social group in the fabric of Belarusian society because a number of formal criteria are present: their «special» status, official duties, and their membership in the system of state authorities. As was noted in the previous part, the state is aware of the importance of this group and supports it in a special way via the Law «On Civil Service» and other regulatory acts. In practice<sup>7</sup>, this group is united by the *following features*:

- special status of the employer and special position in the state system – «it is pleasant to serve the state, not someone else», «everyone has the same employer that cannot run bankrupt, won't die, won't be hit by a car», «the most financially stable and reliable employer of all», «officials always have a legal path of their own»;
- number of civil servants, which, despite numerous declarations about cutting red tape, keeps growing – «the real number does not fall, we don't have fewer officials, they seem to be redistributed in some peculiar way»;
- shared objectives (which nevertheless range from «readiness to be of benefit to the state», «develop and adopt legislative acts» to «self-advancement» and «to be well off and do nothing»;
- absence or minimization of risks («dismissals are rare», «my employer will never run bankrupt», «whether the potato harvest is good or not, whether or not cows are milked and sows farrow, I will get my salary»);
- special benefits and privileges compared to budget sector employees (teachers, medics, etc.) and real sector;
- isolation, caste-like nature of civil service («it is your closed world», «danger draws people together»).

Many officials do not identify themselves with the state machine in the broad sense. First of all, they associate themselves with the ministry or agency that employs

<sup>6</sup> These ordinances are «For Official Use Only» and are not available in the open database of legislative acts.

<sup>7</sup> Italicized are the words of the respondents (civil servants) during in-depth interviews.

them, without identifying themselves with the government machine as a whole: *«People believe they belong to a specific ministry, where they work, and associate themselves with it. There are some that identify themselves as officials, but they are few»*. A staff member of any state agency performs concrete tasks set by the administration. He is primarily concerned about his own interests, whereas performance of the set task comes second, hence no initiative and inertness. In most cases officials do not work for the purpose of the state, i.e. for some more important cause.

At the same time, this group is quite heterogeneous (civil servants themselves think so). The non-uniformity of civil servants as a class is revealed in various aspects:

- 1) provision of material and other needs:
  - material support (*«we have different salaries»*, *«law-enforcers are making much more»*);
  - access to various privileges (*«construction of homes on special terms, recreation and treatment in special facilities»*, *«even ambulances are different»*, etc.);
- 2) level of power authorization:
  - lower and medium rank officials *«form an army, they are ordered to assault, they do it»*, *«nothing really depends on them»*;
  - power elite: *«starting from department heads and deputy ministers. Those who have signatory authority – without their signatures documents won't pass. They are few, though»*;
- 3) education level: *«the level of education of state officials is very different, you cannot compare the education of a Foreign Ministry official and the same level staff in the Agriculture Ministry. A diplomat would be offended if he is told about such a comparison»*;
- 4) level of subordination and frame of reference:
  - regional subordination and possibility to contact the «customer» directly: the central authority, ministerial officials that «perform orders» and «draw up regulatory acts», and regional local authorities, which are «numerous», which, according to respondents, have quite different powers and possibilities, connected with the issue of authorizations, sanctions, etc (*«regional officials have more power»*, *«a district head is the tsar and God, and supreme authorities hardly ever check him»*, *«today it is better to work in an executive committee»*, *«only the executive committee makes it possible to settle all your matters and see real results – all licenses and registrations, and votes – there is everything you need there»*).

Furthermore, being a civil servant in provinces is very prestigious, because *«it is hard to find a decent job»*;

- frame of reference: *«law enforcers»*, *«people in uniform»*, who follow orders – *«law enforcers have special powers, wages, status, but they are subject to special requirements and control»*, and economic, other ministries and agencies. At the same time, representatives in «power ministries» note that inside this group the division is quite visible – border guards, the police, prosecutor's office staff and State Control Committee have different labor and compensation terms (*«even they don't have it all the same»*);

- subordination to supreme authorities (National Bank, Presidential Administration, Council of Ministers, State Control Committee) and all other state agencies; differential subordination determines various legal and informal statuses, opportunities, ambitions, etc.;
- 5) non-uniformity connected with the *attitude to civil service and official duties*. Some respondents divided all civil servants into:
  - young temporary workers and professional old-timers (*«lots of young people, who come to work temporarily to work on their personal connections, and then make careers in business, consulting, etc.»*, *«youth do not have experience, they are inert and have no connections»*, *«personnel turnover in some state agencies is close to 50% in two years»*, *«the current wave is poised to settle their problems within a year of two, develop new connections and leave; they are not interested in getting to know their work»*, *«new people come with a wish to get vertical and horizontal ties or settle their problems at the expense of the state: homes, their children's education, summer houses... The current wave is doing exactly this. They are much less prepared than the previous wave. It seems it is the time of temporary workers»*; at the same time, *«there are too few professionals»*, they are *«idealists»*, *«dinosaurs»*;
  - there is a division between *«fair and normal people that are thorough in their work (left from previous times, but there are few of them) and young modern time-servers (may sit their time quietly for a decent salary and then leave the system, or wait for their hour to jump to the next step). And there is the golden mean, which has no aspirations (but just lingers)»*. Or a division between *«decent people (who often occupy low positions and cannot influence anything) and those who came to work only for money, not for their principles (many of them)»*;
  - there is a division between *«small clerks»* with no ambitions and people *«going up to the level of politics»* (ministers, vice-premiers, etc.);
  - another classification is possible, which identifies generations of officials (*«although there are various people in each wave; it all depends on the proportion»*). In the class of officials, they identify the group of *«idealists»* with the motivation *«I can do something for the country...»* – *«there were many of them in the early 1990s, they were doing their best for the country and thought they would pull it off (but they were shown their place early on, as a rule, dismissed)»*. Then came pragmatists, who were only interested in *«filling their pockets, getting as many personal benefits as possible... They are sometimes sacked, if they are caught stealing, they are punished – and exchanged for the same kind of officials. From the professional point of view, they are either weak, or have no plans to develop at all (they plan to remain in power not too long or they have protectors)»*.

It should be noted that many state officials mention insufficient motivation for the best performance of their official duties: *«I am doing something useful for the country – you encounter this attitude rarely, and it passes off very fast. You're just a cog in the machine; you will be shown your place (if not by your immediate supervisor, then by some other superior)»*. *«It is more often observed among younger newcomers, but it wears out, because your personal opinion is nothing; the commands you get are your opinion»*. Here is another statement: *«You are a cog in the vertical, your business*

*is to monitor the situation, inform the higher authority, and the main thing for you is to execute the orders*». The following explanation is also possible: *«Officials protect the interests of separate persons, not the interests of the state as a whole. Naturally, they also protect their own interests»*.

Civil servants are aware that they are a nonproductive class that is a heavy financial burden on the state budget: *«The state holds on to the economy and is fed by those who work and gain profits. The task of officials is to regulate more, to win more»*, *«Officials form a machine of coercion. We have the army, police, ministries, state control...enormous expenses calculated per real sector worker»*.

### *Cooperation among civil servants*

The Law «On Civil Service» has clear instructions that civil servants must have mutual contacts and interact, that they are entitled to have relevant information from related ministries (organizations). Technically, professional performance of duties envisages obtaining all the necessary information (including «For Official Use Only» files), joint development or amendments to the regulatory framework, etc. However, in real life, cooperation between state authorities and separate civil servants is very poorly organized (in civil servants' opinion). As a rule, this cooperation *«is a formality; there is no real cooperation»*, *«everyone wants to be the ruler in his own eparchy»*, *«there is no natural connection; on the contrary, everyone emphasizes his independence»*, *«no one ever wants to get together to settle problems jointly»*, *«it is only at the personal level that you can get the required information. Otherwise, you make an official request, but it does not mean you will succeed, because there is an entire system of back-passing. There are ministries with a stable image – you will never get anything from them. Everything will be loused up, spoilt and buried»*. *«Almost no one cares about their common cause. Everyone only covers themselves and maybe the person they care about»*.

Despite the requirement to make proposals and approvals regarding each legal act, every official prefers the *«runaround»*. *«Every organization writes that there are no proposals; they know nobody wants their proposals. As a result, the Justice Ministry does not consult the Economy Ministry, the National Bank will not consult the Finance Ministry without an instruction from higher authorities»*. The respondents explain that there is a conflict of *«being indispensable»* – everyone is trying to prove personal usefulness. The situation is aggravated if the organization has a high status (for example, the National Bank), or its status is being raised: *«The Statistics Ministry has had its status increased, and it is impossible to speak to them now – ‘we are with the president now, and who do you think you are? You’re just the Finance Ministry’»*. As a result, an ordinary staff member cannot get information (data) required to perform instructions: *«you can only get information from your contacts or if you make a special call (official request)»*, *«interaction is only possible at the personal level»*. Furthermore, the respondents note the low level of competence and professional ethics, which impedes efficient communication: *«It all depends on the professional level of the specific official. If he or she addresses you professionally and respectfully, you will be able to cooperate; but it happens seldom»*.

Respondents admit that in the framework of the Belarusian bureaucratic machine, *«if you send any good initiative along the bureaucratic path, nothing good will happen, everything will fail»*. In practice, in the existing system of authorities only the Presidential Administration has real levers of control and coercion: *«There is a sort of strike/sabotage by officials – to work only following the official instructions. Everything will stall then. If there are direct instructions from the Presidential Administration, though, everything will progress much faster»*.

Belarus has been combating red tape and trying to reduce the number of officials for years, but official statistics show that their number has remained unchanged and even showed a slight increase (see Table 1).

Table 1

### Number of civil servants, persons

|                                 | 2004   | 2008   |
|---------------------------------|--------|--------|
| Administration,<br>including:   | 84 047 | 85 315 |
| state administration bodies     | 68 896 | 68 196 |
| judicial and legal institutions | 7 320  | 7 375  |

Source: BELSTAT.

A glance from the inside: the respondents admit the low efficiency of Belarusian state run public authorities, but note that the bureaucratic machine is expanding: *«Officials have sunk into bureaucracy. The state machine is growing, and each bureaucrat is looking for and getting a job (as a rule it is useless)»*, *«the number of officials is constantly growing, for instance, there have been more users of the government communications network»*, *«the circle is getting narrower and then expands; when they need to get rid of someone, they do so; on the whole, the number is stable or even increases a little (they make reductions in one place to compensate elsewhere)»*, *«the talks about staff reductions only lead to a reduction in the number of vacancies, real officials are never sacked, no one cuts staff for real»*.

**Thus, the self-identification of officials as civil servants qualified to protect the interests of the state is quite low. We should consider this social class as a nominal group united based on the following criteria: the special status of the employer, availability of benefits and privileges, absence or minimization of wage risks.**

In the modern social stratification theory, the key criteria identifying the belonging of an individual to a certain stratum include occupational prestige, educational status, frame of reference in the power system and income. It is noteworthy that the respondents named the same criteria when speaking about the non-uniformity of the social group of civil servants. However, the *respondents were unanimous that officials stand out against other social groups because of their special status in the state system, which envisages certain privileges*. There is a contradiction between self-identification of officials as a privileged stratum on the one hand and the presence of a distinct hierarchy in the framework of this social group on the other hand. The most relevant differentiation is received owing to the reputation method (Warner, Lunt, 1947).

The *hierarchical structure of the social group of civil servants*, therefore, looks like this (based on the respondents' opinions):

- low level (specialists, minor executives in departments) – «ordinary executives, nothing depends on them», «this is the army: they are told to attack – they attack»;
- medium level (division, department heads) – «their position can mean something only on condition their immediate superior does not mind; if the superior does mind, though, there is certain variability in the position. Normally, the boss allows direct initiatives, bypassing himself, if he agrees with the proposal, but does not want to share responsibility»;
- upper level starts from directors, those «who can visit ministers directly and get direct messages across to the top level officials», «those who have the signatory authority, without whom no paper will move on, but there are few people like this»;
- top level, the elite in power – starts from the ministerial level, «not every ministry, though, as they have their own rules of the game».

The significant divisions among civil servants are not only vertical, but also horizontal. Most of the respondents noted permanent difficulties in the interaction with other state agencies and organizations. The questioned officials note a growing horizontal stratification tendency over the past few years. Efficient cooperation among various state agencies is only possible by way of personal contacts with representatives of a counterpart agency or out of fear of the supreme authorities.

### 3.2. Advantages of civil service

The Law «On Civil Service» enumerates almost all of its material advantages. The respondents representing civil servants tend to mention them, too:

- higher and more stable salaries: not all of the respondents agree, though; some civil servants claim high salaries are only offered in the regions, whereas in Minsk, many specialists in ministries make 700 000 – 1 million rubles a month, which is the same as a «*porter and vendor*» (it should be remarked that those were younger respondents). Furthermore, various ministries pay various salaries, which may differ a lot («*some ministries are subordinate to the Council of Ministers; there are constitutional bodies – KGB, National Bank, Council of Ministers, Presidential Administration – their staffs make more*»);
- pensions – higher and earlier pensions (statistically, civil servants' pensions are twice as high as regular retirement pensions). At the same time, it should be noted that high pensions are called one of the advantages of civil service mostly by elderly respondents, whereas younger officials do not mention it;
- privileges: they include special medical centers and other types of treatment and recreation (health resorts, preventative clinics, etc.). Special medical centers (treatment commission, or *lechkomissiya*) are «important and convenient». («*You are greeted with a smile; maybe they are not the best specialists of all, but you are satisfied, there are no lines or waiting lists, you understand that free of charge medicine is good and you are proud of your country; higher-ranking officials are offered family treatment; they have their own ambulances, health*

resorts»). Some respondents, mostly younger ones, noted that privileges of this kind were not essential factors, albeit very pleasant: *«Health resorts and the special treatment commission may be crucial for older staff members, it is hard to give up these benefits and get back to regular clinics, but it is not the key motive»*. They also tend to mention travel privileges (*«although they have been abolished for many»*), service vehicles (*«very limited lately»*), and service apartments (for ministers, some MPs and prosecutors, etc.);

- side jobs (*«give lectures that will be interesting, because you have access to information»*). But this sort of moonlighting is not available to all, despite its legal status (stipulated in the law). *«It depends on the attitude of bosses; some are loyal, some do not allow this. Last year, 20 people were fired from the Tax Ministry, because their teaching and consulting salaries were over their official salary; the administration thought they had ignored their official duties, although there were no remarks or complains whatsoever»*;
- possibility to settle the «housing problem». However, *«they do not hand out apartments to all», «the waiting list is not for all, it could be closed or include the chosen ones», «in the National Bank, State Control Committee and the Council of Ministers they build a lot [of dwellings], in ministries they give one apartment a year, and it is not clear how they choose to give it», «concessional home loans are only granted to security officials, in other ministries it is much more difficult – there is one apartment for the entire ministry», «where they build a lot, they can legally build two or three apartments (for children and grandchildren)», «top officials have their dwelling problems settled fast and elegantly, smaller officials may have it harder, but as a rule, it is easier for them to deal with housing than for other people», «ordinary officials may hardly resolve their housing problems easier. If you have contacts, then you have more possibilities. They do not share their possibilities with their subordinates»*;
- possibility for high-ranking officials to have additional incomes (such possibilities and limitations will be described below).
- Most of the respondents therefore admit that civil servants enjoy special privileges and benefits. However, they tend to mention discrimination, *«defectiveness of their benefits»* compared to Russian officials' privileges: *«A medium rank official does not have to hide and drives his Land Cruiser, a second-rated official goes to Africa on a safari»*. That is, there is a huge difference between salaries and other benefits available to Belarusian and Russian civil servants.
- Besides material benefits, civil service provides non-material ones. The main *non-material incentives and advantages* of civil service are:
  - prestige, status – this factor was named by the majority of the respondents, most of the younger ones (30 to 35 years of age) made it the most essential factors (*«you are not working for some firm selling diapers», «decent position that sounds nice», «many believe they are very important and are proud of their status», «the sense of the high status and prestige»*);
  - career prospects (*«a step, a launch somewhere», «easier to break through or self-identify», «you can become a department head when you get 31, but you*



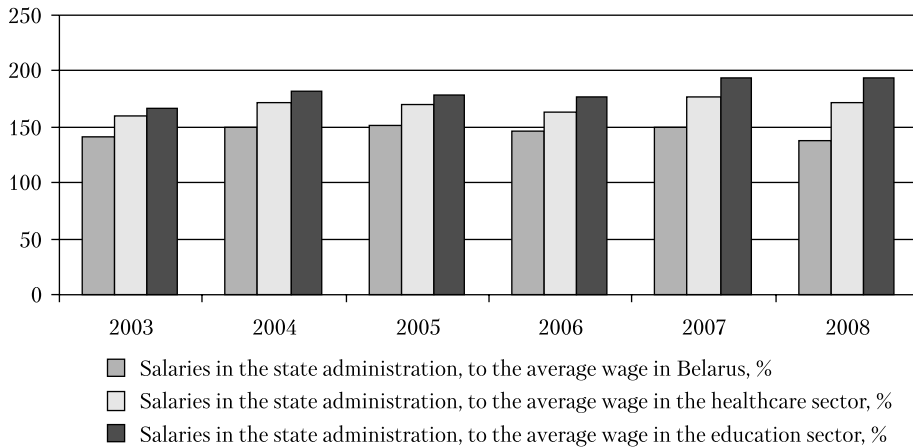
*will look like you're 40, because you have to work nights», «you either get connections or climb the ladder». But «everything depends on your luck and abilities – there are examples of meteoric careers, and some sit in the same chair for 25 years», «chance to get to the very top of authorities» (long-term career). The latter is mentioned by younger respondents. There is a different opinion, though: «Some become civil servants out of desperation after they fail in business or production»;*

- chance to bolster self-esteem, improve self-appraisal and address personal complexes («*some like walking in suits with a brief case*»), «*possibility to indulge your vanity*», «*a red jacket with golden letters*», «*for the sake of talking about the interests of the country and their special mission*»;
- establishment and development of connections, contacts and networks that help deal with personal problems faster and easier than other people: «*mom works for the Education Ministry – the kid will enter the university, dad is a police officer – easier for the kid to get away with it if he misbehaves*»; («*then get a good position in a business that deals with the same things*», «*you have contacts, you know people to call, to make arrangements*»), the main thing is «*to get to know people and leave for the real sector*», «*to a better position in real production*»);
- possibility to advance professionally. Unfortunately, many respondents mention the formal character of career progression programs, besides, «*advanced training is available only in the Presidential Management Academy, where the teaching staff leaves much to be desired*». «*It is easy to take a training of the National Bank in Raubichi, but it is only a chance to have fun*». At the same time, real and efficient advanced training, especially abroad, is quite problematic: «*The Council of Ministers sometimes decides on sending its staff abroad, but each ministry must provide financing independently. As a result, there is no money, and the best specialists of the ministry write down lectures read by a university lecturer who knows everything from books and has never seen a real share*». Only the Vienna<sup>8</sup> courses are available now, although some representatives with some state organizations have been trained in China;
- confidence in stable employment and sense of stability on the whole («*some feel better feeling that they work for the state*»). The respondents believe the state system is rather tough at the lower and medium levels («*if you care just a bit, if you don't tell your boss to get off your back when he asks you to do something, and if you are not two hours late every day – then you won't get fired, you will stay despite all the contracts*»);
- chance of self-fulfillment: «*Someone works for the Foreign Ministry because they simply like it. They are not many, but there are some*».

It should be remarked that despite the disagreement of many respondents that high salaries could be considered an important incentive and privilege in their jobs, statistics prove that salaries of civil servants stand way above the average wage for Belarusian's (about 50%), and are higher than salaries in the budget sector (see

<sup>8</sup> IMF training at the Joint Vienna Institute (JVI) is open to officials from Central and Eastern European countries, the former Soviet Union in Russian and English.

Figure 1). Officials' salaries were growing fastest in 2004 and 2007 (see the appendix).



Source: Authors' calculations based on BELSTAT data.

**Figure 1. Salaries in state administration as opposed to salaries in other sectors and the average for the country**

At the same time, most civil servants seem to experience cognitive dissonance: on the one hand, Russian salaries and Ukrainian corruption are on everyone's lips; on the other hand, officials want not only higher-than-average salaries, but also compensations similar to those in the banking sector and oil processing. The U.S. \$400–600 «normal average» salaries are not considered at all, they simply dismiss them. Many officials believe the adequate level of compensations today «is when a person can pay the home loan and also have something to live off. Today this is about U.S. \$2,000–2,500. But many officials would be so happy if their salaries were raised to U.S. \$1,500».

### 3.3. Disadvantages (limitations) of civil service

While there many advantages of civil service, there is also a *negative side*. The list of disadvantages proved to be quite long and varied. The main *shortcomings of the economic position of civil servants*, according to the respondents representing this social group, are the following:

- low salaries that fail to correspond to the responsibility («it is easy to get a low ranking position, there is often a formal waiting list, but when they learn about the salary, they leave. As for jobs in control agencies and other plum jobs, the competition is fierce»), «young civil servants get 600,000 rubles a month after they graduate»; «you sometimes meet people who are definitely below your level, who deal with less important stuff, and they make twice as much because they work for another organization. You start thinking whether you work for the right one»;

- limited possibility of additional earnings – only in state-run universities and only if the top management agrees; publications are possible only in the shortlisted media, etc.;
- no chance to acquire a service apartment; hard to improve housing conditions;
- targeted bonuses – material aid is only provided for recreation in Belarusian health resorts: *«They give you ‘recreation money’ – two official salaries – on condition you go to the industry-sponsored sanatorium».*

In their depth interviews, the respondents emphasized non-material costs hidden behind the status of the civil servant:

- too much red tape, too much obligatory unnecessary work (*«much paperwork, most of which often goes to the wastebasket»; «the work that many officials do may be described in a single phrase: ‘the day is lived in vain’».* Many civil servants mention the necessity to fit in *«certain framework»*, meaning both excessive red tape and absence of logic, rationality and goal orientation (*«some limitations are especially evident because of the bureaucratic moronism, which permeates the activity of officials, and which we all have to put up with»; «insanity is always there: you call the embassy to prepare a top-level visit, and you have a number of questions to discuss. But it is a rule that you can make a telephone call to a foreign diplomatic office not longer than 5 minutes, or you will pay for the rest from your pocket. And then you spend some of your worktime on a memo trying to explain why you spoke for 18 minutes, not 5»*);
- irregular working hours or overtime work (*«the administration seems to be making up tasks, and you have got to work late at night», «they find it convenient to set you a task at 18:00 and want it done by 10:00 the following day», «Saturdays are often workdays»*); these additional hours, which run counter to regulations, are not compensated; (*«non-standard workday and improper use of work time have become a rule, and you cannot refuse, or you will be fired»*);
- too many inspections, when *«you have to check somebody all the time, and then write reports, which can never be ‘positive’, as you must have remarks; if there are none, the inspector has failed to do the job right and may be punished»*;
- no possibility of self-realization, no creative initiative, necessity to perform orders instead of showing initiative; absence of independence (*«initiative is punished», «permanent pressure caused by endless orders, this bustle kills creativity, wish to self-improve»*);
- impossible stress (mostly for top administration) – *«constant meetings, conferences, calls on the carpet».* Some peculiarities are important here: *«at the low level they never do overwork – they turn off lights at 18:00»; «the low and medium ranks do not burn at work».* However, *«the administration (1–2 ranks of civil servants) have it worse – they have a completely different level of orders and meetings; the stress is enormous – they have got ambulances nearby, they have strokes...».* At the same time, there is an opinion that *«most civil servants are capable of adapting, surviving, taking is easy, so they deal fairly easily with stress and silly orders»*;
- strict working hours; 9:00 to 18:00, with a fixed dinner break: *«We cannot be late (although no one starts working at 9:00 – they have a cigarette and coffee),*

- you have to sit 9 to 6, there is a register with arrival and checkout time, they can always make a call and check whether you're in»; «you cannot be one second late or leave one second earlier»; «to take one hour off is a very hard thing»;*
- your contract needs to be extended on a regular basis (as a rule, the contract covers 12 to 24 months, which «discourages»; *«gags you, makes you nervous, prompts you to avoid 'sharp corners'»*);
  - formality of trade unions, absence of real benefits (*«trade unions only mean flowers on March 8 and New Year candies for kids»*);
  - trifles – no pens and pencils: *«we only have Belarusian paper, but the printer does not accept it»; «they do not pay compensations for the car and cell phone used to perform official duties»*;
  - impossibility of labor appraisal: *«there is no result in specific physical units. It may lead to decay of personality, especially of production workers»*;
  - no chance to have additional earnings except for teaching and scientific activity;
  - subordination to many authorities, instead of a single chief.

The respondents most often mentioned inefficient managerial decisions. One widespread opinion is this: *quite often state authorities make wrong, bad decisions*. There are many reasons; explanations are often based on the mechanism of decision-making: *«There are many bad decisions in all ministries, because a single person is often responsible for many areas, in which he is not an expert. This person makes decisions based on his own vision; as a result we have legal lapses, norms that do not correspond to real practice, ill-considered reforms». «The norms of this or that law often depend on a single person. This person is often biased, for instance he may hate private notaries or knows nothing about securities regulations, or has his own opinion about adoption. So adoption regulations will be exactly as this person writes». «The existing mechanism of decision-making may be used to pervert any idea, and a good initiative is turned into an anti-reform (reform of education, abolition of privileges). Someone initiated something, had it approved... and the final result is of a very poor quality»*.

The number of non-material costs of the status of civil servants therefore prevails over the general discontent at their material status.

The following tendencies are observed:

- most of the relatively young officials of the low and medium levels of civil service are dissatisfied with their salaries (except for power ministries). However, in the future, if their careers are successful, they expect a dramatic increase in salaries because of the increase in official compensation package and additional possibilities and privileges that they see their bosses enjoy (*«additional material privileges become tangible only at the top level of civil service»*, *«no one would criticize a minister with an official salary of, say, 5 million rubles, if he has a service house in a nice location, service cars, one private house (build under very soft terms), foreign business trips every month with excellent daily allowances. His children study in very good universities abroad, etc.»*);
- older officials, who as a rule have higher positions in government institutions, do not mention the economic factor at all, when talking about the drawbacks of civil service and instead emphasize non-material factors;

- the majority of respondents note additional privileges and special possibilities of top level officials. These privileges and «special» possibilities are perceived as «quite adequate and natural». They justify them in various ways: *«This is the way the state makes up for ‘underpayments’, as the level of responsibility and scale of tasks the official tackles do not correspond to the level of salaries. At the same time, it is unusual for our socially-oriented country to allow a large gap between official salaries of regular civil servants and bosses; state organizations are not a private business, where this is quite possible; here, people will start asking questions»*;
- the most emotionally charged and most frequently mentioned disadvantage is bureaucracy. Nearly all the respondents tend to use strong language when they make comments on red tape, irrespective of their sex, age, status and functions («cretinism», «idiotism», «degeneracy»), which attests to the negative emotional coloring of this factor. Many civil servants note the systemic nature of bureaucracy («you understand that these are systemic things, and if a person is deeper and has a broader vision – there will be too many limitations and absurdity for him to stay»). Therefore, the civil servant either accepts the rules of the game and is ready to remain within «certain limits» of bureaucracy or leaves the system;
- the overwhelming majority of the questioned officials note «certain limits» – informal rules of the game, which they have to accept, otherwise they must leave the system. Some respondents draw a parallel between «certain limits» and bureaucracy, thus emphasizing the systemic, binding nature of the latter. Civil servants interpret bureaucracy in the following way:
- uncritical attitude to acceptance and performance of superfluous or erroneous decisions: *«You arrive in a ministry in the receiving country and tell local officials that our authorities have made a very odd decision; everyone understands it is perfectly absurd, but you got to understand us, let’s try to reach some civilized decision here. When you are responsible for trade and economic relations, you have to fight off the decisions coming from the Council of Ministers after [Prime Minister Sergey] Sidorsky dresses down the government. As a result, they come up with ideas that knock you speechless. But you have to make requests and write analytical memos, although each mutton-head understands it is a time-waster»*;
- binding orders that cannot be discussed: *«Even if your boss is a moron, you got to perform the orders, you are not supposed to argue or even think; it is like the army; if you refuse to comply, you will have to leave»*. *«Even if the order is stupid, you have to execute it. You cannot say that it is absurd, that it fails to correspond to world practice. You sometimes hate what you have to do, you may be ashamed of it, but you execute orders»*. *«You are told to dig – you will dig, or make believe that you dig»*;
- absence of personal opinion, personal vision (except for the top level): *«Your personal opinion is nothing – your orders form your opinion»*. *«Normally all your thoughts and visions stay inside, but if you are at the top, there is a chance they may be expressed»*;

- formalities: *«Everyone is trying to shuffle off work and responsibility onto someone else, and since the state structure is so far from being perfect, some functions are not only doubled, but even trebled... A lot is done just for the sake of appearance»;*
- actions are inconsistent with statements: *«In accordance with changing state concepts, officials try to adjust their activities primarily at the verbal level in order to comply, while nothing changes in reality»;*
- low valuation of personal contribution: *«A civil servant (except for the top level) is a cog in the state machine»;* *«the state wants lower and medium level officials to work like robots to implement the ideas formulated at the very top level»;*
- absence of initiative: *«Nothing depends on our ministry – it is just a ‘crowd of extras’. The minister is informed about the ideas that must be implemented, but initiatives from the bottom level never reach high places. If an official starts brainstorming excellent ideas, his boss will believe he has too much free time»;* *«the immediate supervisor might dislike the initiative and affect some very sensitive issues: the contract, promotion, bonuses and vacation»;*
- perception of the official as the proprietor of state assets: *«Many officials transfer their private-ownership interests to state property. The official as the owner of state property is unwilling to lose his influence. He regards state organizations, enterprises as his personal possessions, and he cannot cede control. They are managed like his domestic belongings»;*
- unprofessional performance: some respondents believe major posts are filled by *«absolutely untrained people»*, who *«can only do harm because of their incompetence, poor education and ignorance»*.

### 3.4. State and civil servants: established system of mutual expectations and relations

#### *Expectations of the state*

As was noted above, civil servants are aware that the state provides direct support for their group. Officials admit that, theoretically, the state expects high-quality performance of their duties, reasonable decisions and professionalism. Besides these logical qualities and requirements (all of them are stipulated in the law), there are *informal expectations*, which include:

- *«Can-do» spirit: «the state expects that low and medium rank officials will be working like robots to implement the ideas generated at the very top»;* *«even high qualification and knowledge are often less important than efficiency in performance».* *«It is not necessary to think, it is even harmful. You must do what they tell you. If you start asking, thinking, the administration will freak out and cut you salary»;*
- obedience: *«We do not need clever ones, we need obedience»;* *«an official should not think – it is harmful»;* *«they tell you to dig – you will dig; you don't like it – you will lose your job»;* *«no one needs your creativity – the bosses might feel uneasy»;* *«I have no honor or dignity – I perform orders».* The authorities have the strictest obedience requirements for senior officials: *«Whereas low- and*

- medium-ranking officials have detailed job descriptions covering all peculiarities of their labor relations, high-ranking officials are a totally different case – if they fail to deliver, there is always something to punish them for, even putting them behind bars. There are no people in high places without prior transgressions»;*
- political loyalty: *«You must work for this regime, and you must support it; if you oppose – choose some other place»; «political loyalty is 100%, you immediately lose your job without it». «But you should be subtle and feel what is allowed. You can read Belgazeta with some bosses, but if you see the person is serious – just keep silent and smile». On the whole, «there is a variety of political views and visions among civil servants, but they can only be expressed in private», «in a sauna». «Your personal, subjective position that you have in private life is never controlled, but they expect that in your public addresses and comments you will be politically loyal»; «normally, they have a meeting where they tell you this: ‘you all understand everything very well – start working...’. What you do after that is never checked»; «but in public, during official events – everyone is always ‘a supporter’».*

According to many respondents, *«election campaigning happens and is fairly easy to pursue»*. However, *«you are free to not attend elections, you can even participate in a rally, if you are careful enough»*. Campaigning is quite mild: *«Some chiefs ask you to vote early, some don’t. Some just remind that you should vote, some say ‘you know who you should support’»*. At the same time, *«retaliatory measures (for failing to vote) are rare»*. *«But this is true for low and medium ranks. Senior officials are under a tighter control, and they must secure the desirable voting result»*.

As was mentioned above, civil servants’ expectations from their jobs as a rule come to material benefits, stability of their job and connections. Idealism and wish to *«be of use to the Motherland»* are characteristic of newcomers who *«never stay long»*.

Besides official benefits and advantages, there are special informal mechanisms of compensation designed for civil servants. The higher the status, requirements and responsibility – the higher the compensation level. (*«If we are talking about additional material privileges, they are tangible only at the top level»*). Some of them may be discussed and analyzed only hypothetically because of the existing political system<sup>9</sup> and elementary non-transparency.

*Informal compensatory mechanisms include:*

- connections and contacts: *«you can settle many issues without giving bribes»* (this advantage has been discussed above);
- chance to provide your children with a good position (good university, good job); *«all kids are taken care of, but some tend to hide their children. Some push their kids to high places: if they get fired, their children will stay»;*
- possibility to *«live above one’s means»*.

This takes us to a sore aspect of interrelations between civil servants and the authorities – the sensitive issue of corruption. All respondents admit that

<sup>9</sup> The Criminal Code stipulates criminal liability for insult of high-ranking officials, publication of unsubstantiated information, etc. (incurs a punishment of up to two years in prison).

«corruption is there». *«The problem is, the environment encourages corruption. Snigir [ex-prosecutor of Minsk oblast, who was arrested for corruption in 2008] would never have behaved like this if it had not been for tacit approval of his circle. Someone has contrived to get a nice flat, but what about me?»* Moreover, corruption is informally sanctioned – *«the main thing is to make it look legal»*. Quite often, such instances are interpreted not as corruption and violations of laws, but a way to «share» (*«if an entrepreneur makes, say, U.S. \$50,000, it is only fair to ask for U.S. \$5,000 for assistance»*).

The scale, nature and reasons for corruption vary. It is often expressed in trifles (friendship, protection), or breach of laws (*«help someone with road police»; «help enter a university»; «get a preferential loan»*). On the other hand, *«corruption is very serious, because everything is closed and over-regulated. Privatization and land transactions are inaccessible. Who owns modern hotels and business centers in Minsk downtown?»* *«Executive committees, which issue authorizations and licenses, are very much corrupt; they don't need liberalization at all»*.

As a rule, *«at the bottom and medium levels, corrupt practices are observed only in executive and controlling agencies (it all depends on the position and agency)», because they have «many possibilities»*. (*«Everything that is connected with the direct 'customer-official' interaction is corrupt»; «where they can nip something off, they certainly do it»*). At the top level, the scale of corruption is different, as so are its varieties: *«Corruption flourishes where there are controlling or licensing and certification functions. In executive committees (which issue authorizations), there is much more corruption than in agencies distributing money and benefits – even if there is a decision of a superior authority to give money to a bank or an enterprise, you can make this transfer on the same day or in a month»*. *«Keep an eye on them during Christmas – which ministry gets most gifts and candies – there are often long lines of those wishing to present something»*. Regional corruption is even more widespread: *«it is easier to tackle an issue there – they have more clans, it is more evident who you should contact to make an arrangement, they try to remain friends and lose fear of meeting with businesses»*. *«State control authorities are the most privileged class of officials – superiors over superiors. They combat corruption in word, but in fact they are the richest officials with the best corruption options, as they can redistribute financial flows»*.

Another type of corrupt practices is *«your relatives having a business that you protect<sup>10</sup>»*. *«You own or control some business, but in order to prevent attacks from above, you use distant relatives»*.

Civil servants are skeptical about the necessity to produce annual mandatory declarations of income: *«Who checks annual income declarations?»*, *«they are checked at random, following orders from above»*, *«declarations of top officials are never checked»*. *«All people with a high status have fraudulent incomes, apartments, country houses, etc., they are allowed to circumvent the system, your income declaration must look nice, but it is never checked; in order for someone to get interested in your income statement, there must be a call from superior authorities, otherwise no one will ever be*

<sup>10</sup> Sometimes state regulation is used to artificially monopolize these businesses.



*interested in you or your house». Nevertheless, «low rank officials may be kicked out for U.S. \$200 of apartment lease incomes undeclared for taxation».*

The respondents emphasize that corruption is less widespread in Belarus than in Russia and Ukraine<sup>11</sup>. *«In Belarus, you cannot just ask 'how much'; you cannot offer money, you cannot buy directly ... you need a 'hotline' to the right person. When a businessman comes and sees that the official would not mind a gift, his eyes are shining in anticipation, but he says nothing and does his job poorly, formally. As a result, both are dissatisfied: one does not know how to give, the other has no idea how to take. The businessman is sorry he was unable to give, because it is the law – you won't survive without bribes».*

The fight against corruption in Belarus is a mere formality, *«it is public whipping; if someone needs to be sacrificed, the sacrifice is made».* The fight against corruption is inconsistent: *«They can dismiss (an embezzler) and immediately give him a new job».* Those guilty, unwanted or excessively independent are often sent abroad on diplomatic missions: *«The KGB Chief winds up in the Belarusian embassy in one of the Central Asian CIS countries».* *«Our laws do not allow anything, but life creates different conditions. If an official managed to pull off something quietly, and there is not a weak spot anywhere, you can promote this fine specialist; besides, you will always have some weak spot to use in case of need. But if the violation is discovered and made public, the 'stupid' official is punished».* *«On the one hand, they are allowed to steal; on the other, they are all on the hook».* *«The state tolerates abuse, but at the same time controls everything (the huge number of authorizations and licenses – it is all just perfect for corruption)».* *«The fight against corruption is more in word than in deed – how can the chief corruptionists fight corruption? Who is involved in the latest scandals – the Interior Ministry and Prosecutor's Office ... those who are supposed to combat corruption. They are first to get land, apartments in violation of the law. First, the system allows you to get something (not quite legally), and then you cannot get off the hook».*

Civil servants admit that *«there are more regular executives, and most of them are honest; the elite is totally dishonest. But ordinary executives simply have no chance to cheat, and if they have it, the temptation is impossible to resist; as long as salaries are tiny, every time there is a chance, they use it. There are few honest people».* *«On the other hand, as soon as you get promoted, you will feel that the responsibility does not correspond to your salary, and a compensatory mechanism is called for (abuse of authority)».* *«If there is a chance to make money – I will 'steal', the state sometimes turns a blind eye to it, it is not omnipresent, and you know it, and you understand you can cheat. A widespread motive is this: 'You don't know when you will get fired, framed, when they get over your head, so you got to hurry'».*

The chance of being pardoned if the damage is compensated is also considered to be an informal compensatory corruption mechanism. *«Sometimes Lukashenko pardons those who are already imprisoned, and once in a while he interferes in the investigation».* *«How can you honestly make millions being a civil servant and working*

<sup>11</sup> *Transparency International* provides different figures, though. Belarus ranked 151st in 2008 (by Corruption Perceptions Index), below Russia (147) and Ukraine (134).

*for, say, the Presidential Administration, and then buy your way out of jail?» «As a result, those who can steal must steal more in order to have money to pay off later. The mechanism of pardoning with compensation of losses is in itself a corrupt practice». «The law must be the same for everyone – a thief must go to prison».*

The materials published by official state agencies of Belarus also confirm that corruption among Belarusian civil servants has reached a very high level. The information and analysis center with the Presidential Administration has recently issued a document titled «Fight against Corruption in Belarus»<sup>12</sup>. It follows from the fact that in January – November 2008, an estimated 79,875 billion rubles' worth of losses were inflicted on the state as a result of corruption-related crimes, up 13.4% from the same period in 2007. Compensations amounted to only 3,868 billion rubles, a drop of 44.3% from January-November 2007. The largest «shadow» administrative transaction took place in the Belarusian manufacturing sector and cost the state 22.31 billion rubles, and only 1.2% of the total sum was compensated (271 million rubles).

According to the study, almost one in three Belarusian civil servants and businessmen anonymously confess they have been involved in corrupt practices. Furthermore, the study of the prosecutor's office showed that 48% of all officials perceive corruption as something natural and justified and believe a bribe is a normal way to address acute problems.

In sum: despite the fact that, according to respondents, the level of corruption among Belarusian officials is lower than in neighboring Russia and Ukraine, it remains quite high. *Corruption is regarded as a systemic mechanism of informal, but binding rules of the game (if an official wishes to stay in the system)*. It would be wrong to claim that every official is corrupt, though: if we try describing a trend, a few aspects would be essential. First, the corruption potential depends on the position and organization: the higher your rank, the higher the potential («*you either have this potential or you don't*»). Second, how scared you are: «*If you have potential, and you are not too scared, there will be corruption for sure*».

### **3.5. «Voice» (protest) and exit from the system**

State officials almost never resort to voicing their dissatisfaction and protest. As was mentioned above, obedience, unexacting perception and indifference are the key attitudes of civil servants to their work. They admit the inefficiency of the state management system when the existing machine takes erroneous and «silly» decisions, but they hardly ever protest. A protest of officials happens very rarely, but «*it takes the form of negligent performance of official duties; no one argues openly*». The hard labor conditions (as civil servants themselves perceive them) and numerous disadvantages of the official status, both material and nonmaterial, are not reasons enough for officials to stage a protest, either.

Compensatory mechanisms (instead of protest) are manifested in attempts to materialize and maximize potential benefits of the profession and the special

<sup>12</sup> See: <http://prokuratura.gov.by/sm.aspx?guid=20023>, Prosecutor's Office of the Republic of Belarus.

position of civil servants. Voice – giving voice to one's dissatisfaction – is never considered an efficient mechanism to alter the actual state of things: officials either agree with the conditions of work in the existing system, or leave. Exit and job change are fast and easy, according to the respondents. As a rule, «it [exit] is voluntary» (upon the expiry of the contract, by agreement of the parties); «they rarely dismiss (for the most part, officials resign voluntarily)»; «only if you 'goof up' – and then they still will take time talking and discussing». A subjective reason is not uncommon: «they can fire you for not wearing a tie»; «because they simply don't like you», for excessive (absolutely official) incomes that are not connected with the «core activities».

Once they reach certain level – starting with department heads and deputy ministers – it is impossible for officials to exit: «they don't leave, or they leave the hard way», «only with consent of supreme authorities», and after lengthy preparations of their exit and pledges of loyalty and security. «It is not easy at the top level, there is a heap of 'dirty laundry' that may be used to punish anyone for all it is worth».

Many officials, therefore, complain about the difficult working environment and salaries that do not correspond to the efforts on the one hand; on the other hand, for low and medium rank officials exit is deemed quite easy (contracts are concluded for 12–24 months). What keeps them in the system? «You come, you sit there for some time, and you get a salary». «No need for overwork. Where can you go? Factory workers make a million, and they must work». «Many officials keep working, because they are scared they won't be able to find anything else», «a person works for the KGB, does something he is not cut out for, but keeps working to get the best pension you can have». Normally, «they are kept by salaries (the wish to do something for their country at the bottom level is caused by naivety, and at the top level, this wish is just a cover)», «expected privileges, although they are available only at the top level», «status, prestige» (these factors were described in detail above). As a result, «only those get rattled who are afraid of being kicked out».

### 3.6. Attitude to liberalization of economic policies and temporal changes of the contract

#### *Attitude to liberalization*

All the respondents have a rather skeptical attitude to the liberalization of economic policies. There is an opinion that «the Russian Federation acts as the benchmark». If something changes there, and real liberalization starts, «ours will try to catch up», «Belarus will not become a unique, most liberal country surrounded by normal countries; no one will believe this, and this will not do anything». Civil servants believe the bureaucracy intrinsic in the state machine will not leave liberal reforms a slightest chance: «As fundamental state strategies change, the official tries to adjust his activities more in word than in deed, in order to comply»; «if there is an order to liberalize – we will execute it. Why be happy about it?»

According to civil servants, real liberal reforms are impossible in the framework of the existing state system for a few reasons:

- firstly, officials themselves are not personally interested in pushing liberal reforms beyond declarations. The demand for reforms among officials is very low, *«you have to look for ways to enhance the efficiency of state assets»; «officials never protest publicly, but write memos explaining why the idea is bad or impossible»; «many organizations find it easier to have no changes at all, and elementary liberal initiatives are rejected»; «executive committees will not be able to strip a store off its license – who will they order to sell Belarusian products, or paint and clean the entire building, or redevelop the area?»*
- secondly, there is a problem with trust in the state and authorities – *«the trust is seriously undermined, especially by the elections. Everyone knows that the real results are different, therefore, the authorities are not to be trusted politically. This attitude is shifted to the economic level»;*
- thirdly, the deficit of professionals: *«The situation is very hard – we need professionals, but there are none, and no one is ready to vacate the place near the feeder»<sup>13</sup>;*
- fourthly, formalities: *«In general, liberalization and reform are the words to use outside the system»;*
- fifthly, in order for liberal changes to take place, a systemic approach that would adjust the organizational structure and the entire national administrative system is required: *«It is necessary to liberalize on the basis of certain concept, either to sever direct relations between officials and citizens, or make them all transparent».*

The respondents therefore believe *«there is no real progress»*, and it is highly improbable. They take sporadic measures that can *«nominally»* be regarded as liberalization, but *«I did not see anything systemic»*. On the one hand, they reduce the number of taxes, which means *«the state will find something else to make up»*. The same holds for the efforts to cut the number of inspections: *«anyway, state control will find some way to check, if it wants to»*, for example, in a private firm: *«Your tax payments are too small; start looking for reserves, or else we will start looking. It is not an inspection, but if you wish to keep on working...»* Being part of the system, civil servants are aware how this system works, and assume with confidence that *«if some thing gets easier, other things will surely get more complicated»; «the changes and simplifications they introduce now (starting a business/closing a business, taxes...) – is a fleck of dust in a hurricane»; «globally, nothing has changed; everything is like it used to be».*

#### *Changes in the framework of the social contract between civil servants and the state*

The expectations and requirements of the state regarding civil servants tend to change as time passes. The respondents unanimously believe *«the requirements are getting tougher»; «there are more tasks, more work – the machine is warming up»*. The state is trying to use the potential of officials to the limit. There is a shared feeling that *«the state squeezes out everything that people have to offer, and demands*

<sup>13</sup> Lukashenko's words: *«Everyone grunts the same way near the state feeder – rightists and leftists».*

*of further growth in indicators may entail an overstrain of the system. They often set knowingly impossible tasks and demand positive results at any cost*». At the same time, officials note an increase in the stress level; furthermore, they have to work overtime more frequently. Non-standard workdays have become a standard. These factors stand behind *«the increase in the number of people who drink alcohol behind their desks, judging by the number of empty bottles in bathrooms in the Council of Ministers»*.

Some of the respondents note a trend towards *«washing out of professionals»*; *«professionals are discouraged to work»*; *«worthiest people leave»*. Why? The reasons are different: *«because your uncle does not work for the KGB»*, *«because the competition is not fair: I am a unique specialist, but someone new comes, and you lose your uniqueness. Why tackle these difficulties if you can use your connections instead?»*, *«because someone decided to show that a lot depends on him and he is a new decision-maker»*, *«because if a person is deeper and has a broader vision – there are too many limitations for him, and he has to leave»*.

Besides, most of the respondents said they felt more severe political loyalty requirements: *«requirements regarding political loyalty are much stricter than they used to be in 2001»*, *«there is a certain margin that you should not cross; political discussions are not encouraged, even positive and praising rhetoric»*.

The respondents differ as to the character of changes in economic benefits: *«salaries got lower»* vs. *«salaries got a bit higher over the past few years, but in November it all stopped»*. However, being aware that salaries remain one of the most crucial aspects of the contract with the state, officials expect that *«now that there is no potential for further increases in salaries and bonuses, they are likely to start looking for new methods to prove that they will make up for everything after the crisis»*.

#### 4. CONCLUSION

The state is interested in maintaining civil servants and offers them special labor conditions, including a number of advantages, such as higher official salaries, bonuses, earlier retirement age, better recreation possibilities, medical services and housing conditions. However, these advantages are not really significant, because low- and medium-rank officials' salaries do not differ much from the average Belarusian wage; as for the rest of the benefits, they are not available to all. But the state is not trying to «bond» with this social group – many civil servants work under short-term contracts, and voluntary redundancy is easy, hence high staff turnover rates and insufficient qualification of personnel.

The study shows that at the moment it is hard to regard civil servants as a monolithic group with a high degree of solidarity. Moreover, officials do not perceive themselves as a team summoned to implement and protect the interests of the state.

Nevertheless, the group is not devoid of self-identification and self-actualization: civil servants are aware of the specific nature of their status: *«Officials form a special category of people that try to prove their usefulness by issuing prohibitions»*. We analyze civil servants as a separate social group on account of the following common features: special status of the employer and special position in the state system;

their number; absence or minimization of job loss risks; special benefits and privileges; and «isolation», caste-like nature of civil service. The findings of the study reveal a range of social-psychological features enabling us to outline the profile of this social group: significance of prestige, status; career aspirations; attempts to assert themselves and bolster self-esteem, and compensate for their complexes; willingness to have connections and contacts; pursuit of stability.

However, respondents tend to identify a set of non-uniformity criteria in this group:

- provision of material and other needs;
- level of power authorization;
- education;
- degree of subordination and frame of reference;
- non-uniformity connected with the attitude to civil service and official duties

Classifications of civil servants based on these criteria vary (see Chapter 3.1 for details). We believe the most significant differentiation is based on the level of power, income, prestige of the profession and involvement in the informal system of connections:

- low level (specialists, minor executives in departments);
- medium level (division heads);
- upper level (starts from department head or deputy minister depending on the functions of the ministry);
- top level, the elite in power (starts at the ministerial level, not in every ministry, though).

From the point of view of the stratification theory, the absence of one of the mandatory classification criteria – the level of education – attests to the marginality of the top level of officials. None of the respondents mentioned this criterion as a necessary characteristic of the top level.

The existence of the social contract is hard to prove. It would be fair to say that it is nonexistent at the low and medium levels, or, to be more precise, that its significance is very low. At these levels, the interaction between the authorities and civil servants is limited to position descriptions, material and nonmaterial advantages, and labor contracts covering 12 to 24 months (that is, exit is unhampered): *«low- and medium-ranking officials have detailed job descriptions covering all peculiarities of their labor relations», «there is certain margin that you should not cross», «definite framework of your activity».*

For state officials of the low and medium ranks, the social contract consists in acceptance of bureaucratic principles: civil servants undertake to reproduce official red tape and sometimes even strengthen it. Civil servants describe bureaucracy in the following terms:

- uncritical attitude to performance of superfluous or erroneous decisions;
- binding orders that cannot be discussed;
- absence of personal opinion, personal vision (except for the top level);
- formalities, indifference;
- sense of being a «cog», on which nothing depends at all;
- no chance to express initiative;

- absence of a motivational system;
- absence of an efficient advanced training system;
- lack of expertise of personnel, often of superiors.

The manifestation of the state machine's dysfunction (that bureaucracy is) should not be considered a deviation, but on the contrary, the binding element of the system, the chief component securing its balance.

At the top level, the social contract as a body of informal rules («informal» meaning even more significant than «formal», though) regulating the system of relations between the state and state officials, definitely exists. The findings of the study clearly confirm this: the respondents most often used the terms «definite framework» and «informal rules of the game». In their interviews, all the respondents mentioned the presence of informal norms, their importance growing in direct proportion to the official's level in state hierarchy – the higher the level, the greater the significance of the informal network. «*High-ranking officials are a totally different case – if they fail to deliver, there is always something to punish them for, even to put them behind bars*». Officials thus confirm that there are coercion-based loyalty enhancement mechanisms.

This informal body of rules envisages, on the one hand, informal expectations of the state regarding prompt performance of orders, obedience and political loyalty, and, on the other hand, the availability of compensatory mechanisms, such as connections and contacts, which make it easy to tackle a wide range of issues, a chance to get your kids a place at university or get a good job for your relatives; and generally the possibility to earn more than one's regular income. The elements of «patrimonialism» are quite evident in the contemporary Belarusian system of state administration, which is manifested primarily in corrupt practices.

Voicing dissatisfaction and protest as mechanisms of the social contract are almost never used. Protest sometimes takes the form of arbitrariness of officials or boycotts, which render the state management system even more inefficient; however, respondents admit that such instances are very rare. At the same time, as was mentioned above, exit from the system and the social contract for the overwhelming majority of officials (except for the top level) is quite easy. Moreover, many of the most active, ambitious and competent civil servants opt for exit – as long as they have sufficient contacts, knowledge and experience, or get other benefits offered by their status and profession (housing, university education for children, etc.).

In its personnel policy, Belarus declares professional growth of civil servants to be one of its key priorities. But is this policy really efficient? The results indicate that the Belarusian personnel policy has serious defects (based on opinions of those who this policy promotes), connected both with the understatement of the role of an individual official («*I am a cog in the machine*»), excessive red tape in the administrative system and immaturity of the system of material and nonmaterial incentives of the low and medium rank civil servants. Because of insufficient qualification and incompetence, even ingenious managerial solutions often get stuck, or lose their efficiency when implemented. As a result, civil service becomes unattractive, and most of the low and medium rank officials regard it as a launching pad facilitating their way into business, consulting or other commercial activities.

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## APPENDIX

**Nominal average monthly wages/salaries in various branches of the economy  
(thousands of Belarusian rubles)**

|                                        | 2003  | 2004  | 2004<br>on<br>2003,<br>% | 2005   | 2005<br>on<br>2004,<br>% | 2006   | 2006<br>on<br>2005,<br>% | 2007   | 2007<br>on<br>2006,<br>% | 2008   | 2008<br>on<br>2007,<br>% |
|----------------------------------------|-------|-------|--------------------------|--------|--------------------------|--------|--------------------------|--------|--------------------------|--------|--------------------------|
| <i>Average in Belarus</i>              | 253.8 | 350.2 | 137.9                    | 469.4  | 134.0                    | 590.7  | 125.8                    | 701.1  | 118.7                    | 885.6  | 126.2                    |
| Administration                         | 359.2 | 524.8 | 146.1                    | 710.0  | 134.8                    | 858.9  | 121.5                    | 1051.5 | 122.6                    | 1217.0 | 116.4                    |
| State administration bodies            | 354.8 | 520.9 | 146.8                    | 701.6  | 133.9                    | 847.3  | 121.1                    | 1044.9 | 123.5                    | 1198.1 | 114.7                    |
| Judicial and legal institutions        | 317.5 | 477.8 | 150.5                    | 673.6  | 143.1                    | 823.7  | 122.9                    | 988.2  | 120.7                    | 1129.7 | 113.8                    |
| Inter-industry administration bodies   | 558.8 | 753.1 | 134.8                    | 1004.6 | 133.6                    | 1296.8 | 125.3                    | –      | –                        | –      | –                        |
| Healthcare, sports and social security | 223.9 | 306.9 | 137.1                    | 418.3  | 136.5                    | 522.6  | 124.8                    | 598.8  | 114.7                    | 714.0  | 119.2                    |
| Education                              | 214.3 | 289.8 | 135.2                    | 398.4  | 137.4                    | 488.3  | 122.9                    | 544.6  | 111.5                    | 629.5  | 115.6                    |
| Culture, art                           | 199.4 | 272.6 | 136.7                    | 377.9  | 137.6                    | 467.2  | 124.3                    | 549.1  | 116.7                    | 656.1  | 117.9                    |
| Science, science service               | 324.6 | 443.1 | 136.5                    | 603.6  | 133.7                    | 782.6  | 129.6                    | 976.1  | 123.4                    | 1256.5 | 127.6                    |

Source: BELSTAT.

## Chapter 7

**MODELS OF ENGAGEMENT BETWEEN THE STATE  
AND SOCIAL GROUPS IN MEDIA MESSAGES  
(based on the content analysis  
of *Sovetskaya Belorussia* daily)**

Nadezhda Yefimova

**1. INTRODUCTION**

The social contract and its implementation involve constant interaction, exchange of information, «signals» between the parties to the contract (actors). These interaction and signal exchange mitigate the contradiction between the stability of the relationship between the state and social groups in the framework of the social contract and its variability brought about by changes in outward conditions and «bounded rationality» (Weiland, 2008), the contradiction between the implicit, «hypothetical nature» of social contracting and necessity for the parties to perform definite recurring activities for each other (Ackerman, 1980). The process of signal exchange between the parties may be manifested in many ways, that is, it may be illustrated using a variety of examples (Haiduk, Chubrik, 2008).

We will focus on one aspect – the exchange of signals between the parties to the social contract by way of media messages, which to a large extent has a symbolic sense. The state (authorities), when taking decisions and performing various activities, creates a «text» with an eye to its being perused by social groups, society and its members. The thing is that the activities, just like the written text, are based on the generally accepted language: in both cases, the authors make use of symbols – universally comprehensible signs – in order to transfer information (Gadamer, Baudrillard).

The subjects of communication, in our case, the authorities and social groups, are very well aware of the symbolic sense of activities and decisions. The contribution of the symbol and its interpretation to consensus building (within the contract as the eventual result) may be very significant. For example, the abolition of the ban on alcohol sale in public places during Victory Day celebrations on May 9 has a symbolic sense and may be perceived as some text, a message targeted at the social group of veterans and their distinctive interpretation of this decision (in a way, it is a proposal to this social group). The results of the reading are returned to the addresser in the form of a special attitude (more or less corresponding to the expectations of the addresser).

The mass media not only describe the situation and transmit a sort of proposal to the audience, but also indicate the range of options (models) of socially desirable response to the proposal, as well as options outside the band, that is, undesirable

reactions. The media thus instruct and prompt how exactly the audience should perceive this or that text and act in response to certain proposals.

We have referred to the daily newspaper *Belarus Today* (better known by its old title *Sovetskaya Belorussia*, or *SB-Belarus Today*) in order to identify the patterns of interaction between the state and various social groups transmitted as socially desirable and sanctioned, or, alternatively, disapproved of and socially undesirable. The fact that the paper was founded and is published by the Presidential Administration stands for its pro-presidential position, expressing the views and interests of the authorities.

In accordance with the general approach that we have adopted for this study, all behavior patterns (in our case the models of reaction to proposals) fit into the framework of «loyalty» (that is, approval and consent), «exit» (that is, refusal and understatement) and «voice» (that is, active denial and protest). The messages of the newspaper were studied applying content analysis covering 12 months: July 1, 2007 through June 30, 2008. The study utilized stratified cluster sampling: the total number of copies issued within 12 months was split into months, five uniform strata were formed in each month, and one copy was selected at random from each. Every issue was looked through to choose the materials focusing on the interaction between the state (or separate representatives of various state institutions) and social groups (or separate representatives of a group). The sample multitude includes 500 messages.

The content analysis-based study pursues the following goals:

- a) to describe the engagement between the state and various social groups;
- b) to analyze the messages and the social contract as a whole (what exactly and on what terms the state offers to each group);
- c) to study the response of the counterparty, that is, the reaction of this or that social group to the signals transmitted by the state.

## 2. FINDINGS OF THE STUDY

### 2.1. Frequency of descriptions of the interaction between the state and social groups in the media

In a newspaper text, the frequency of references to and descriptions of the interaction between the state and some social group traditionally indicates the degree of the communicator's attention to the group, and, in our case, the degree of importance of the group in the strategy of the state.

The interaction between the state and the following five social groups were most often covered in *SB-Belarus Today* in July 2007 – July 2008:

- wage workers (including budget sector employees) – 21.6% of the total number of analyzed messages;
- business (entrepreneurs) – 21.1%;
- population of some particular region or type of settlement, for instance, a village or small town (hereinafter dubbed «locale») – 15.4%;
- officials – 10.8%;

- youth – 10.3%;
- the rest of the groups – 20.8%.

The five groups above (wage workers, business, locale, officials and youth) were in the limelight of *SB – Belarus Today* in the period we studied, which means the state was building relations with those groups more intensively. At the same time, *SB – Belarus Today* described the relationship between the state and other groups (directors of state enterprises, women, large families, pensioners, believers, veterans, servicemen, etc.) less thoroughly – the events describing the relations between the state with other social groups made up a total of 20.8% of all analyzed materials.

## 2.2. Models of the interaction between the state (authorities) and specific social groups

In the framework of the social contract, theoretically both the state and a social group may initiate interaction. The results of the content analysis show that in most of the cases described in *SB – Belarus Today*, interaction was initiated by the state (or its representatives), that is, the social contract is built from above and is therefore asymmetric. Specifically, in *SB – Belarus Today* messages, **87.2%** of all instances of interaction are initiated by the state (authorities). It is the state that plays the role of the active counterparty that proposes its conditions. Social groups are mostly presented as the reacting party: only 12.8% of all messages are initiated by representatives of social groups; as a rule, they are generated in response to the proposals and actions of the state (authorities).

### *Business*

The model of interaction between the state (authorities) and business is clearly ambivalent. The newspaper presents two different types of business: «bad» business and «good» business, and the state has different strategies for each. The inconsistent, non-uniform approach to business and the existing communication strategy are evident (Table 1) in :

- specific *topics*, in which the newspaper describes the interaction between the state and business;
- the *objectives* declared by the state in its policies on business;
- the described *instruments* to achieve the objectives.

In terms of the social contract, the data presented in Table 1 may be interpreted as follows: entrepreneurs interact with representatives of the authorities not only on «entrepreneurship in various areas», but also on «corruption, financial and other violations and crimes». Small town development is another area where entrepreneurs draw attention to themselves. On the whole, judging by the range of topics shared for the business, entrepreneurs are perceived both as a positive force, on which certain hopes are pinned, and the social group that does not enjoy trust of the authorities, the group that comprises real and potential criminals.

Table 1

**Interaction between the state and business: topics, objectives  
and instruments in media messages, %**

| <i>Main topics that SB – Belarus Today uses to describe the engagement between the state and business</i> |      |
|-----------------------------------------------------------------------------------------------------------|------|
| – Entrepreneurship in various areas                                                                       | 42.3 |
| – Corruption, financial and other crimes                                                                  | 24.9 |
| – Recovery of small towns                                                                                 | 10.3 |
| – Other                                                                                                   | 22.5 |
| <i>Objectives regarding business</i>                                                                      |      |
| – Punish, ban, detect violations                                                                          | 28.2 |
| – Offer possibilities                                                                                     | 20.5 |
| – Increase efficiency                                                                                     | 7.7  |
| – Encourage development                                                                                   | 7.7  |
| – Make controllable                                                                                       | 6.4  |
| – Other                                                                                                   | 29.5 |
| <i>Instruments to achieve objectives</i>                                                                  |      |
| – Lawsuit                                                                                                 | 19.3 |
| – Change in status, reorganization                                                                        | 17.9 |
| – Inspection, control                                                                                     | 14.1 |
| – Law, ordinance                                                                                          | 11.5 |
| – Privileges, preferential auctions                                                                       | 10.3 |
| – Tax cuts                                                                                                | 10.3 |
| – Reduced, lax control                                                                                    | 6.4  |
| – Combat against bureaucracy                                                                              | 5.1  |
| – Other                                                                                                   | 5.1  |

*Source:* author's own calculations.

State goals towards business are also ambivalent: on one hand, state argues for «promotion of development» and «facilitation», on the other, it wants «punishment». The list of methods to achieve objectives comprises both «tax cuts», «privileges» and «lawsuits», «inspections and control».

The old contract with business is being rejected as outdated and inconsistent with the present-day situation. That contract is qualified as *inefficient* – both in terms of production and social relations (for instance, in world practice, large producers place orders with small businesses, but in Belarus they cannot be included in such labor division mechanisms, because they are not focused on production; business organizations fail to ensure proper social security schemes for its personnel), and are *unfair* compared to all other social groups (that is, offering preferences to small business in the prejudice of the domestic light industry).

A new framework of the social contract is offered to replace the existing one and to counterbalance the status quo. The instruments and projects advertised in *SB – Belarus Today* seem to be too narrow to cover all the provisions of the new contract, but *SB – Belarus Today* messages make it clear that state offerings to the business community come down to a single option: the authorities suggest business should go to villages, small towns, get involved in the state program to recover small towns («small towns» is a dominating topic in business descriptions). It is this sort of business that is presented as positive and socially desirable. Such business must deal with:

- rehabilitation of insolvent enterprises in small towns;

- creation of new products;
- job creation, combating unemployment, cessation of labor migration to Russia and other regions;
- infrastructure development, housing construction and redevelopment of settlements, etc.

The business that will come to small settlements will be offered complete support of the *state as a whole and particular officials*: *SB – Belarus Today* has a column «*Entrepreneurs and Officials Work for a Common Cause*» (November 30, 2007). «Good» business is offered a broad range of preferences and privileges:

- lax state control;
- simplified bureaucratic procedures, connected with business registration;
- significant tax reductions;
- auctions and property sale on easy terms, etc.

The taxes that businesses pay locally remain in local budgets, facilitating a «*bond*» between entrepreneurs and officials (or «solder joint» if we use the language of the first Soviet five-year plans), which is positioned as a powerful success factor. Two quotations from *SB – Belarus Today* materials would be in place.

Interview with Gomel Region Executive Committee Chair (January 15, 2008): «The executive committee organizes *business-tours to the countryside for entrepreneurs* – our potential investors. We must interest entrepreneurs in business development, especially in smaller localities. Even if two or three projects are initiated during such a business trip, in which dozens of businesses take part, it is worth it».

Deputy chair of the Chavusy District Executive Committee (November 30, 2007): «We, officials, give businesses nothing but support. We often draw up all documents for them. We understand that should an investor come across a tiniest piece of red tape, it will go elsewhere to find partners that are more convenient. To efficiently tackle the problems of business, our staff often work during their free time. But look at the town – it has changed for the better – mostly because of the taxes paid by business people».

«Bad» and «good» businesses are contrasted and juxtaposed to show how things should be done and what is unacceptable. Below is an *SB – Belarus Today* text reflecting the ambivalent model of the interaction between the state and business: «Activists [those taking part in rallies of businessmen. – *N. Ye.*] believe the state used the «stick» to turn them into unitary enterprises. But they say nothing about the «carrot», especially presidential Decree № 8, adopted the other day. It does simplify registration procedures. To «enlarge» and change the market niche will be possible without lengthy bureaucratic procedures. The new «carrot» shows where to channel the initiative. The Decree signed into effect yesterday offers excellent preferences to anyone who starts a business in the countryside. Instead of the routine «buy-and-sell» business, entrepreneurs may take up lucrative productions» (*V. Volyanyuk, SB – Belarus Today, December 21, 2007*).

Entrepreneurs are much more likely to opt for «exit» and «voice» than the other social groups described below. Of all the analyzed texts on entrepreneurs:

- 34.1% demonstrate the tolerance of entrepreneurs for state proposals (not exactly a very high percentage, given the propaganda orientation of the newspaper);
- 25.6% – exit;
- 6.4% – voice;
- remaining 34% deal the reaction of entrepreneurs is not identified, that is, there is no indication of any response at all.

Few caveats apply to the exit strategy. In the «social contract» theory, «exit» is perceived as a search for and use of some positive alternative: if you are dissatisfied with the business environment, you may get another job or find any acceptable niche. The newspaper offers no «exit» in the sense of having a positive alternative. It shows «exit» as law evasion, failure to comply with or disregard for an ordinance, instruction, concealment of incomes and tax evasion, denial of guilt, arbitrary actions (for example, they close down stalls) or nonfulfillment of requests. «Exit» is depicted not as a positive alternative, but as a «negative withdrawal», or tacit protest. The possibilities of positive exit are not described whatsoever, and the government's proposals to business are shown in the *SB – Belarus Today* model as having no alternative.

«Voice» is an open articulated protest. It is expressed in letters addressed to the media, including letters signed by a group, open letters published on websites, and strikes of entrepreneurs. Here is a letter to the newspaper (its website) signed by an entrepreneur (in response to the government's campaign for «business privileges», real bargain of acquiring loss-making enterprises in villages and revitalizing them using investments and expert management) (February 2, 2008): «There are no advantages in investing in villages, helping bankrupt producers stay afloat. You won't recover them, but cut your profit. You had better raise taxes if you believe businesses are too well off in cities».

### *Officials*

As in the case with entrepreneurs, the pattern of the government's interaction with civil servants is also ambivalent. The media, being the mouthpiece of the authorities, both «punish» officials and «expand» their powers, give them additional benefits (taxes stay in local budgets in smaller towns), describe them as responsible and sagacious project «implementers» (free economic zones). However, in the social group of officials there is not enough balance between the «positive» and «negative» treatments. In *SB – Belarus Today*, «negative» features prevail (in terms of the social contract, the focus in the agreement with this social group is placed on sanctions) (Table 2).

Officials (*SB – Belarus Today* mostly writes about officials of the region level and lower) are presented as the «executive device» of the regime that are responsible for the implementation of its projects and decisions, and at the same time as a «scapegoat», someone to take the blame for all failures. For instance, the discontent of the population with the abolition of privileges and the confusion with targeted privileges that followed are interpreted as a result of sluggishness of officials, poor awareness campaigns, etc.

Table 2

**Interaction between the state and officials:  
topics, objectives and instruments in media reports, %**

| <i>Main topics that SB – Belarus Today uses to describe the engagement between the state and officials</i>                                                        |      |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| – Law, legislation                                                                                                                                                | 7.5  |
| – Powers, responsibility of local authorities                                                                                                                     | 7.5  |
| – State leadership, managerial activities                                                                                                                         | 17.5 |
| – Corruption                                                                                                                                                      | 12.5 |
| – Illegal seizure of land                                                                                                                                         | 32.5 |
| – Recovery of small towns                                                                                                                                         | 12.5 |
| – Free economic zones                                                                                                                                             | 5.0  |
| – Other                                                                                                                                                           | 5.0  |
| <i>Declared objectives regarding officials</i>                                                                                                                    |      |
| – Punish, eradicate negative elements (for instance, abuse, corruption, red tape, illegal allocation of reserved land for construction, customs violations, etc.) | 42.5 |
| – Expand powers                                                                                                                                                   | 17.5 |
| – Encourage work                                                                                                                                                  | 15.0 |
| – Protect                                                                                                                                                         | 7.5  |
| – Increase efficiency                                                                                                                                             | 5.0  |
| – Other                                                                                                                                                           | 12.5 |
| <i>Instruments to achieve objectives regarding officials</i>                                                                                                      |      |
| – Ordinance, instruction                                                                                                                                          | 15.0 |
| – Lawsuit                                                                                                                                                         | 12.5 |
| – Ban, sanction                                                                                                                                                   | 10.0 |
| – Inspection, control                                                                                                                                             | 22.5 |
| – Administrative measures (lay off)                                                                                                                               | 5.0  |
| – Introduction of market mechanisms                                                                                                                               | 7.5  |
| – Expansion of authorities                                                                                                                                        | 10.0 |
| – Other                                                                                                                                                           | 17.5 |

*Source:* author's own calculations.

The fact that scolding criticism is as a rule aimed against local officials may be interpreted as an *instrument to protect the supreme authorities (sort of «delegation of liability and guilt»)*. It is quite possible that the public role of the one «liable», «guilty», «accused» is an essential part of the social contract between the state and civil servants. In opposition to this, media tend to note a growing trend toward expansion of officials' powers and their freedom in managing finance. Below is the breakdown of officials' response to such signals and messages:

- loyalty – 45.8%, of them 25% – explicit, declared loyalty;
- exit – 29.2%;
- indefinable – 25%.

### *Youth*

Interaction between the state (the authorities) and the youngstewrs was for the most part in the framework of such issues as «science, high technologies» – 32.1%, «education» – 21.4%, «employment» – 14.3%, «agriculture» – 10.7%, and «social sector» – 7.1%. These are the key «fields of action», permeated by the cross-cutting issue of employment, for youth, as seen by the state-run newspaper. The objectives declared by the state include involvement of young personnel in the



national economy, including for the development and creation of new industries and enterprises (Table 3).

Table 3

**Interaction between the state and youth:  
topics, objectives and instruments in media reports, %**

| <i>Main topics that SB – Belarus Today uses to describe the engagement between the state and youth</i> |      |
|--------------------------------------------------------------------------------------------------------|------|
| – Education                                                                                            | 21.4 |
| – High technologies                                                                                    | 32.1 |
| – Employment                                                                                           | 14.3 |
| – Agriculture                                                                                          | 10.7 |
| – Social sector                                                                                        | 7.1  |
| – Other                                                                                                | 14.4 |
| <i>Declared objectives regarding youth</i>                                                             |      |
| – Keep personnel                                                                                       | 25.0 |
| – Provide opportunities                                                                                | 17.9 |
| – Offer material support                                                                               | 10.7 |
| – Promote innovation                                                                                   | 10.7 |
| – Ensure comfortable living standards                                                                  | 7.1  |
| – Punish                                                                                               | 7.1  |
| – Other                                                                                                | 10.8 |
| <i>Instruments to achieve objectives regarding youth</i>                                               |      |
| – Laws, ordinances, directives                                                                         | 7.1  |
| – Wages, education allowances, grants, etc., financing                                                 | 10.7 |
| – Projects (state projects)                                                                            | 17.9 |
| – Career advancement                                                                                   | 17.9 |
| – Education, talent contests                                                                           | 14.3 |
| – Organizational adjustments                                                                           | 10.7 |
| – Sanctions                                                                                            | 5.3  |
| – Housing provision                                                                                    | 7.1  |
| – Other                                                                                                | 9.0  |

*Source:* author's own calculations.

Unlike the social contracts with business and officials described above, the contract with the youngsters shifts the focus from the stick to carrots – only 5.3% of *SB – Belarus Today* materials are about penalties. The newspaper only mentions sanctions against the graduates that failed to take on the assigned jobs.

On the other hand, there is a lot about «the carrot». Young people are lured into large-scale attractive integrated projects (academic competitions, talent shows, special study grants, etc.). For instance, the creation of the Belarusian Silicon Valley (High Technologies Park) is positioned as a project for youth that offers unprecedented opportunities for *self-actualization, career advancement* and *high salaries*. Many projects offer young specialists employment and good career prospects; these *opportunities are often connected with the recovery of villages and small towns*. Of many projects described in *SB-Belarus Today* (and clearly being high-risk ventures) there was one material on 10 graduates of the agrarian academy that were sent to villages to lead farms. They were provided homes, service cars, high positions and salaries, and their only task was to «take roots» and secure «high performance indicators». None of the volunteers managed to stay for more than 12 months, but it does not mean the authorities will not be generating new exciting ideas.

The response of this social group to the proposals of the authorities may be as follows:

- loyalty, including explicit, declared by the individual – 47.4%;
- loyalty that is not explicit, but assumed by the media – 10.5%;
- exit – 21.1%;
- not definable – 21.1%.

As far as young people are concerned, «exit» and «withdrawal» as a rule take the form of refusals to accept the assigned job upon graduation, as well as refusals to accept other proposals from the state (the winner of the physics contest will not stay in the lyceum, because his parents, who live in a village, cannot pay for his stay in the city; a young family turns down the «demographic proposal» of the president, because of doubts that they will help their children get off to a good start).

### *Wage workers and «locale»*

Two more groups that happened to be in the focus of attention of *SB – Belarus Today* in the period under review (July 2007 – July 2008) were «wage workers» and small town and village dwellers (dubbed «locale»). In specific publications of *Sovetskaya Belorussia*, wage workers – teachers, doctors, workers, engineers – represent 90% of the «locale». This prompted comparison of the «offers» made by the state in various circumstances to this de-facto single social group. The «difference of circumstances» was determined not only by the place of residence (in some cases localities may be different, they are not always specified, as they are not relevant for the development of the social contract; sometimes the place of residence – a small town – is essential, and it is the type of settlement that determines the nature of state proposals), but also the political significance of the social group: the period under analysis was marked by the campaign to restore small towns.

The interaction between the state and the social group of wage workers, both in small towns and other settlements, is presented mostly from the perspective of the production sphere: manufacturing, agribusiness, construction – and much less in science, education, healthcare and culture. However, the objectives declared by the initiator of the engagement (as a rule, it is the state), are different. The objectives regarding «wage workers» mostly pertain to labor relations, and production industry:

- labor efficiency upgrade – 27.5%;
- acceleration of development, higher competitive power – 17.6%;
- creation of new productions, industries – 9.8%.

The objectives declared concerning smaller towns and villages («locale») are these:

- to increase living standards in general – 23.1%;
- to ensure comfortable living conditions, provide housing – 19.2%;
- to create jobs, keep personnel – 17.2%.

The chief instruments to achieve the goals are to raise wages, provide housing and improve social conditions at the enterprise (for the former) and intensified production, boost in entrepreneurship and state programs (for the latter).

The pattern of the interaction between the state and wage workers makes use of various social measures (wage push, housing) as instruments to achieve the goals

in the realm of social production. In the «state-locale» pattern, social measures (higher living standards, comfort and decent wages) are declared not as instruments, but as the goal in itself.

As we see, the state varies the goals and instruments when making proposals to social groups depending on the continuing relevance of the group and the contract with that group. If the state prioritizes the group and the contract, social measures are declared to be the ultimate goal; otherwise, they act as instruments to reach some objective in some other area (for instance, in production).

### 3. IN LIEU OF CONCLUSION: COMMONALITIES OF THE STATE STRATEGY IN THE SOCIAL CONTRACT WITH VARIOUS SOCIAL GROUPS

The findings of the study enable us to identify the following common traits of the strategy pursued by the authorities in the social contracts with various groups based on interaction patterns transmitted in *SB – Belarus Today* messages.

**1. *Situational nature*** of the contract and, consequently, its short-term character. The contract is concluded for each specific task or project and cannot be long-term by definition. The campaign to restore small towns and villages in 2007–2008 shaped the proposals of the authorities to many social groups, including youth.

**2. *Segmentation*** of the social group when making the contract. As a rule, the authorities make proposals «on condition», that is, not to the entire group, but the part that meets certain standards or has the required qualities. For business, the condition is entrepreneurial activities in rural areas. The contract for youth fails to cover all young people, and only applies to those talented and well-educated.

**3. *Shuffling*** of objectives and instruments in state messages. For a contract with a more significant social group, the authorities present «socially important measures» (higher wages, social benefits, new jobs, etc.) as the ultimate goals of its policy (the goal in itself, so to say). Otherwise, they are used as instruments to reach production targets.

**4. *Choice with no options***. The contract with social groups in state messages is presented as having no alternatives. «Exit» as a search for some positive alternative is not mentioned at all in the transmitted contract patterns. There is only «exit» from law, nonperformance of an ordinance or instruction, that is, a negative withdrawal or tacit protest.

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## Chapter 8

**FROM SOCIAL CONTRACT TO SOCIAL DIALOGUE:  
SOME OBSERVATIONS ON THE NATURE AND  
DYNAMICS OF SOCIAL CONTRACTING IN MODERN  
BELARUS**

Vital Silitski

**1. INTRODUCTION**

In democratic societies, the social contract is an agreement between empowered citizens on mutual commitments and the institutions of the state designed to enforce these commitment and solve collective action problems. Authoritarian systems may be based on the social contract to the same extent as democratic societies, but their contract is asymmetrical in its nature. Whereas some of its components are formed in a dialogue between the state and social groups, essentially the state proposes the social contract in order to nip public discontent in the bud, without resorting to excessive punitive actions. This contract therefore takes form of information about restrictions, sanctions and incentives unilaterally offered to society by the state and delivered both via informal and formal channels. The state is capable of determining not only the severity of punishment, but also the volume of benefits granted to this or that group for its consent. At the same time, the state has to take measures to demotivate society to sever these relations by revolutionary actions. In the meantime, the state tests social groups for the degree of their loyalty. If some policy is perceived as negative by some group, it may be mitigated or reconsidered.

The asymmetrical nature of the social contract is caused by the inability of social groups to self-organize and elaborate horizontal contractual agreements. There is a chance for protest only when the authorities prove incapable of fulfilling their obligations and after all «exit» possibilities have been exhausted. It must be noted that apart from buying loyalty, the regime employs such strategies as the deliberate breakdown of horizontal connections and prevention of emergence of self-organization centers. This type of social contracting looks a lot like the life of females in patriarchal societies, where the main advantage of married life is the very fact of marriage, while the love of husband and his capability to provide material well-being are secondary. The status of a single woman presents more serious difficulties than the toils of an unsuccessful marriage: very few women have dared dissolve such a contract.

The hypothesis about the existence of the social contract in society is quite hard to verify. It is possible to use analytical methods to «reconstruct» the alleged non-verbal agreements between the state and society, but it is much harder to detect

any significant causations, say, between changes in public moods (demand) and modifications of state policies (supply) in this or that social group or society as a whole. These changes may not always be described using linear logic: the reaction of the authorities to changes in public moods, or, on the contrary, the response of citizens to the actions of the authorities that adjust their living conditions may show serious delays and take peculiar forms. One important aspect of our understanding of the social contract is the fact that we include not only the «stick» and «carrot» (punishment for protest and incentive for loyalty), but also the «exit» option as a special form of peaceful coexistence of the state and society. In other words, we are dealing with a much more sophisticated set of rules of the game than the one based exclusively on the «stick and carrot» pattern.

The subjects of social contracting appear to have a wider choice of instruments to restore public balance and satisfy their interests. When studying social contracts we have tried to not only and no so much to develop an analytical instrument to detect the correlation between social trends and state policies, but also demonstrate what opportunities these correlations open up for political and social actors, especially when it comes to the dialogue with society and separate social groups on the possible changes and development options for the country.

Beyond the framework of the question whether people will take to the streets when the authorities seriously deteriorate their living standards, we focused on the following essential points:

- to fix and bring home the rationality of the support for the existing state of affairs by those who advocate the maintenance of the status quo;
- to detect and fix the inclination of some social groups to social contracting;
- to outline (based on everything mentioned above) the possible strategies for engagement and dialogue with these groups.

## **2. GENESIS AND EVOLUTION OF THE SOCIAL CONTRACT IN BELARUS**

### **2.1. Nature of social contracting in an authoritarian society**

A social contract may be necessitated in an authoritarian society for two reasons. The first one emerges when the authoritarian institutions of power go through a crisis of legitimacy and/or encounter an open, and often violent, challenge, and are bound to make concessions to society by offering not only new material benefits, but also new rules of the game, which demark the borders, beyond which the state will not interfere in the lives of those who it governs. One example of this social contract type is Goulash Communism in Hungary in the 1960s-1980s, which was practiced after the Hungarian Revolution of 1956. The then Hungarian leader clearly defined the rules of the game between the authorities and society as *«who is not against us is with us»*.

Society was given three options: submission («loyalty»), protest in any of its forms («voice»), or withdrawal from confrontation in case of disagreement («exit»). It is important for the state to make «voice» the least attractive option – by way of

increasing the severity of the punishment for the failure to comply (dismissals, administrative punishments, etc.), or owing to some benefits offered in exchange for «loyalty» or acquired independently as a result of «exit». In turn, citizens assess the consequences of «voice» manifestations. If they believe the «voice» strategy, if applied, will result in uncertainty and disorder, the existing social contract will be valued more than any alternative strategy.

The second reason for social contracting in an authoritarian society appears when the contract serves as a continuation of the paternalistic tradition, which may be started both for ideological reasons and tactics aimed at maximizing the authority of elites that seek to consolidate their legitimacy and engage public support in their combat against rivals. This was the social contract patters used back in Soviet Belarus, when high welfare rates not only ensured nation-wide love for leaders (which was essential to secure official positions inside the country), but also strengthened their hand in the Union-level power clashes.

In the same fashion, in conditions when «primary» accumulation of absolute power called for electoral legitimacy, the authorities of post-Soviet Belarus chose to restore and maintain the «Soviet» social contract, only slightly disrupted by the stormy developments of the late 1980s-early 1990s. Reliance on society as an instrument to consolidate the new group in power was also determined by the weak structuring of the elite groups inside the country and somewhat uneasy relationships between existing factions and the new chief executive.

The political memory of the commanding elite played its role, too: the strikes of industrial workers in the spring of 1991 undermined the faith in the communist model and shattered communism-related hopes. It appeared that the old «Masherov»-style social contract was not executed. The attempt to completely withdraw from the «Masherov» contract in the period of semi-reforms of 1991–1994 provoked a backlash from the Belarusian society and ended in a political victory of the conservative Soviet populism advocated by Alexander Lukashenko in 1994. The new contract proposed by Lukashenko was a replica of the old Soviet one, but at a lower level of incomes: *«We don't need this democracy with hullabaloo. We need a democracy when a person works, earns some wages to buy bread, milk, sour cream, sometimes a piece of meat to feed his baby».*

## 2.2. Evolution of the social contract in Belarus

That was the material minimum of the contract offered to society during the *initial phase*, in 1994–1996. The new authorities phased down political and economic reforms and commenced to restore, albeit with modifications, the constituents of the Soviet system. They included the dominance of state property, five-year production plans, ideology, a youth organization resembling Komsomol, and other ingredients of political and social control. However, the chief economic tasks were economic growth and preservation of production without restructuring, including through massive state support – in order to guarantee employment and permanent increase in wages and pensions. Contractual relations have been modified over the past decade, and often because of changes in «external» fundamental conditions of

the functioning of the Belarusian system and need for adjusting the so-called «selectorate» – the social and elite backbone of the system – in order to optimize its stability.

The *second phase* in the development of social contracting took place after mass campaigns against economic and administrative elites in 1994–2001, when a turn to *nomenclatura* privatization became evident, and *nomenclatura* acquired broader possibilities for corrupt practices (it is for this reason that the fight against corruption is a burning issue for the state now, hence so many official anti-corruption declarations). The need for that turn was caused by the situation when it was getting harder and harder to maintain the conditions necessary for the existence of the system (cheap energy resources and unconditional support of the Kremlin), whereas the authorities needed to ensure 100 per cent loyalty of the central government and its cooperation in safeguarding the chief executive.

Also, there were certain changes in the income distribution policies. During the early years of the system, the authorities were «leashing the electorate» by ensuring that incomes were growing fastest in the largest electoral group of nonworking pensioners. In after years, the authorities were much less concerned about the possibility of a defeat in elections (by 2004, the regime had managed to liquidate the competitive electoral process, and only some external features remained, like the plurality of candidates taking part), shifting their focus to preventing any chance of a revolutionary (say, «orange») scenario of change of power in the streets of Minsk and other large cities. As a result, the mid-2000s saw hikes in real wages in urban areas, substantial improvements in the living standards of the group that can be roughly categorized as the middle class, new offers to young people (their social mobility increased), who were paid for political loyalty and non-participation in the public life on the side of opposition institutions, and campaigns to recruit and engage creative and media elites who mold public opinion.

*The third adjustment* could be observed in the wake of the Russian-Belarusian gas row in 2007. Overall, the rise in energy prices and the global financial crisis that followed confronted the Belarusian authorities with the fact that it might be impossible to preserve the current socioeconomic model in the long run. A structural modification was indispensable, hence a major revision of the existing social pattern, in other words, curtailments of social payments and mass layoffs. After the «gas rift», the authorities started amending the system of privileges, which used to apply to over 65% of population. The abolition of preferences and privileges, financially insignificant as it was, affected the least protest-inclined, albeit socially immobile, groups of pensioners and state-paid workers. This move was not only economic, but also symbolic, indicating the first step away from the habitual «selectoral base».

However, the consequences proved unexpected: our study showed that virtually all social groups were dissatisfied with the abolition of privileges, including those who do not depend on privileges at all, since pensioners and physically handicapped have young and healthy children, relatives and friends, who called that measure cynical and unceremonious. As a result, under the pressure of changing public mood, the authorities took care of revising the scheme of distribution of benefits. Decisive

actions were postponed, and some of the privileges were reinstated (for instance, subsidized suburban trips for pensioners and children in summer and fall).

### 3. SOCIAL CONTRACT: AN ATTEMPT OF «GLOBAL» MEASUREMENT

In our study, we were trying to find instruments to «measure» the degree of social contracting in Belarusian society. Although we spoke about the asymmetric nature of the contract, we believe society has sufficient room to lay down conditions and demands, while the state has to make allowances for these conditions and requirements. The state and society exchange signals regarding acceptable behaviors, sanctions and benefits. In this connection, we seek to understand how the social contract offered by the authorities is interpreted by the public and how voluntarily it is accepted. The fundamental thesis of this social contract, in our opinion, is the following proposal to society: *«Our state secures civil peace and political stability, which justifies limitations on some civil freedoms».*

According to the findings of the research, about 45% of all respondents agree with this thesis fully or partially, and 36% fully or partially disagree. We also «measured» the degree of acceptance of other fundamental provisions, which are constantly declared by the authorities and included in the package of guarantees offered in exchange for loyalty. This includes (Table 1):

- it is better to have lower wages, but a guaranteed job;
- it is better to work for a state enterprise than for a private one;
- mandatory job assignments (even though not so convenient) for students upon graduation are acceptable, as they allow young specialists to have jobs;
- it is better for enterprises to make average profits than to be bought by foreigners;
- it is better to have average quality medical services, but free of charge.

Table 1

#### Agreement with basic provisions of the social contract, %

|                                                                                                   | <b>Agree</b> | <b>Hard to say</b> | <b>Disagree</b> |
|---------------------------------------------------------------------------------------------------|--------------|--------------------|-----------------|
| It is better to earn less, but have a calm, quiet job                                             | 58.1         | 5.8                | 36.1            |
| It is better to have medical services of medium quality, but free of charge                       | 52.5         | 4.0                | 43.5            |
| It is better to work for a state-run enterprise than for a private one                            | 57.5         | 13.0               | 29.4            |
| It is better to have Belarusian enterprises gain moderate profits than sell them to foreigners    | 59.3         | 12.1               | 28.6            |
| Political rights may be sacrificed for the sake of stability                                      | 45.5         | 19.5               | 35.0            |
| I do not mind fixed-time employee contracts                                                       | 24.8         | 39.8               | 35.4            |
| It is better to have mandatory job assignments (for graduates), but provide guaranteed employment | 54.0         | 11.0               | 35.0            |

Source: BISS, author's own calculations

Finally, we measured the degree of acceptance of fixed written contracts, in other words, protest against time labor contracts, which were concluded with almost



all workers in Belarus in 2003–2004. While on average, we observe a high enough degree of consent to the social contract in Belarusian society, it is only with respect to the «fixed» contract that we see the number of those disliking the contract exceed the number of respondents showing consent. It is interesting that during the mass campaign to change open-end contracts for fixed-term contracts, the overwhelming majority of employees were against the reform. There were no open protests, though. Activists of the unions that were not part of the Federation of Trade Unions (which did not oppose mass «contractization») were fired, which prompted other employees to be more cautious, hence evident collective action problems.

On the one hand, the absence of horizontal bonds manifested itself (even in the framework of a single organization, individuals may not be sure that their protest would be supported by their coworkers, to say nothing of the rest of the industry). On the other hand, the loss (of job, because of the non-extension of the one-year contract) was tangible, too, while there was no certainty at all that the protest of the entire staff would result in the abolition of the «contractual institute» in the form of the fixed-term contract. The latter is imposed from «above» and backed by official trade unions. A separate enterprise could never be regarded as a battleground to fight for the rights of workers, let alone the economy as a whole.

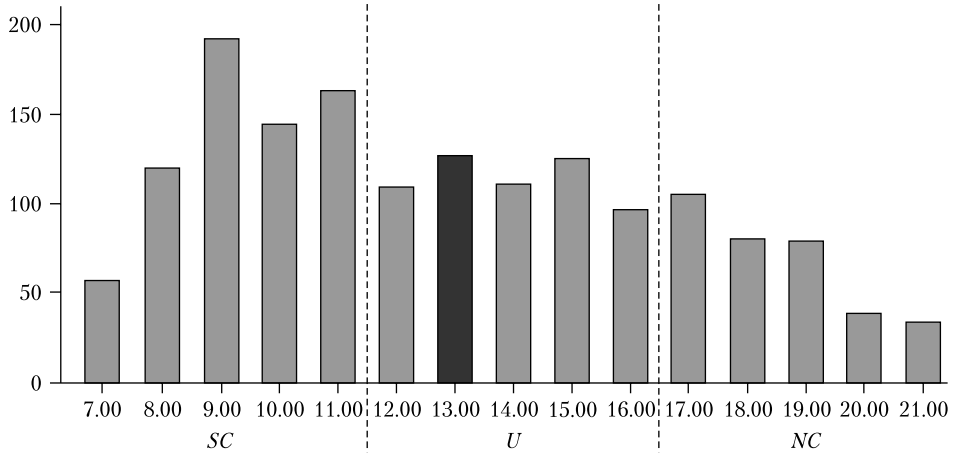
### 3.1. Breakdown of society by degree of social contracting

After encoding the acceptance of the rules of the game («agree» and «rather agree», or «support» and «rather support» for contracts) as «1», denial as «3» and doubt as «2», we gauged the degree of «contractization» of each respondent (7 points for complete acceptance of the rules of the game *vs.* 21 points for total rejection). In this case, respondents' opinions along the scale appeared to be inclined in favor of the contract. Based on this encoding system we split all respondents into three categories: those with 7–11 points formed the «group of social contract» (SC), 12–16 points, «undecided» (U), and 17–21 points, «nonconformists/renegades» (NC). The result is presented in picture 1.

The social contract group requires a differentiation between the «working» and «nonworking» segments, as pensioners, dominating the latter, have a distinct pattern of relations with the state differing fundamentally from the model of the wage workers (apparently, workers have more options). As soon as we identified and isolated the group of nonworking pensioners (NP), the social contract group almost halved in size, the group of the undecided changed only slightly, while the group of nonconformists remained virtually unchanged. This enabled us to address pensioners as a separate homogeneous group in terms of its relations with the state. Belarusian society is thus divided into four comparable parts (Table 2).

Some variations are possible, depending on the place of residence, education and sex of the respondent. In our study, only respondents with incomplete secondary education, most of them being pensioners, stand out. Higher education in Belarus is not an instrument to achieve more freedom in relations with the state, whereas possibilities for existing outside the social contract in the capital city are limited,

paradoxical as it may appear. At the same time, the degree of acceptance of the social contract offered by the state may differ depending on the age group, employment (in the state or private sector) and occupation, since labor and social mobility that depend on skills and profession, are essential factors.



Note: the vertical axis shows the number of respondents scoring the indicated points.

Source: BISS, author’s own calculations

**Picture 1. Proportions of the three basic groups in Belarusian society**

Table 2

**Breakdown of society by degree of social contracting**

|                                       | %    | %    |
|---------------------------------------|------|------|
| «Nonconformists/Regenades» group (NC) | 21.1 | 20.0 |
| «Social contract» group (SC)          | 42.9 | 23.8 |
| Nonworking pensioners (NP)            | –    | 26.7 |
| Undecided (U)                         | 36.0 | 29.5 |

Source: BISS, author’s own calculations

As we noted above, the social contract in Belarus is quite rigid – it is a «path dependency» rather than choice proper. The current situation, as well as the available package of possibilities, depend on the steps and choices a person has made during previous stages of life (choice of profession and education), because it is hard to change them, and acquired, both subjectively and objectively, social status (for example, as a result of ageing). Young people tend to accept the social contract least of all groups, together with private sector employees (and representatives of professions, in which market relations are developed the best).

In other words, «social regenades» have room for maneuver and search for incomes in their lives, whereas the social contract group and nonworking pensioners are deprived of it. When it comes to the social contract group, it seems paralyzed

with a bunch of limitations imposed on life mobility. For instance, the majority of this group is formed by public sector employees, civil servants and servicemen – those who will feel the consequences of any deviation from the rules of the games proposed by the state immediately, while chances for diversification of life options (for example, by changing jobs) are minimum (Table 3).

Table 3  
Social contract: sex, age, education, place of residence, job, %

|                              | SC   | U    | NC   | NP    |
|------------------------------|------|------|------|-------|
| <i>Sex</i>                   |      |      |      |       |
| Male                         | 23.3 | 33.0 | 23.2 | 19.5  |
| Female                       | 24.3 | 26.4 | 16.3 | 33.0  |
| <i>Education</i>             |      |      |      |       |
| Incomplete secondary         | 11.9 | 12.7 | 8.2  | 67.2  |
| Secondary                    | 29.1 | 29.4 | 20.8 | 20.8  |
| Specialized secondary        | 26.0 | 35.0 | 21.3 | 17.6  |
| Secondary technical          | 32.2 | 32.2 | 18.3 | 17.4  |
| Higher                       | 23.9 | 29.5 | 19.9 | 26.7  |
| <i>Place of residence</i>    |      |      |      |       |
| Minsk                        | 22.0 | 37.7 | 23.0 | 17.3  |
| Large (over 100,000)         | 23.2 | 34.1 | 20.6 | 22.2  |
| Small town (10,000–100,000)  | 29.3 | 23.6 | 19.3 | 27.8  |
| Village (less than 10,000)   | 23.8 | 29.5 | 19.9 | 26.7  |
| <i>Age</i>                   |      |      |      |       |
| 18–24                        | 21.8 | 42.3 | 35.9 | 0.0   |
| 25–34                        | 25.4 | 44.3 | 30.3 | 0.0   |
| 35–44                        | 32.4 | 39.1 | 26.8 | 1.8   |
| 45–54                        | 41.4 | 34.2 | 19.7 | 4.6   |
| 55–64                        | 18.4 | 13.0 | 4.3  | 64.3  |
| 65+                          | 0.0  | 0.0  | 0.0  | 100.0 |
| <i>Job</i>                   |      |      |      |       |
| Private enterprise           | 16.2 | 42.1 | 41.7 | 0.0   |
| State enterprise             | 40.4 | 39.9 | 19.7 | 0.0   |
| Does not know                | 25.0 | 53.6 | 21.4 | 0.0   |
| Does not work                | 9.2  | 13.0 | 12.6 | 65.2  |
| <i>Occupation</i>            |      |      |      |       |
| Manager, owner               | 28.0 | 40.5 | 31.5 | 0.0   |
| Worker                       | 40.1 | 41.8 | 18.1 | 0.0   |
| Civil servant                | 42.9 | 39.3 | 17.9 | 0.0   |
| Serviceman                   | 38.5 | 46.2 | 15.4 | 0.0   |
| Budget sector employee       | 35.1 | 40.5 | 24.4 | 0.0   |
| Entrepreneur                 | 23.5 | 35.3 | 41.2 | 0.0   |
| Student                      | 22.0 | 39.8 | 38.1 | 0.0   |
| Housewife                    | 34.1 | 29.5 | 36.4 | 0.0   |
| Unemployed                   | 29.0 | 37.7 | 33.3 | 0.0   |
| Pensioner                    | 0.0  | 0.0  | 0.0  | 100.0 |
| <i>Industry</i>              |      |      |      |       |
| Manufacturing                | 36.7 | 43.3 | 20.0 | 0.0   |
| Services                     | 30.0 | 41.9 | 28.1 | 0.0   |
| Transport                    | 28.0 | 42.0 | 30.0 | 0.0   |
| Agriculture                  | 36.7 | 39.8 | 23.5 | 0.0   |
| Construction                 | 31.2 | 36.7 | 32.1 | 0.0   |
| Education, healthcare        | 38.2 | 40.8 | 21.1 | 0.0   |
| Housing and public utilities | 44.4 | 33.3 | 22.2 | 0.0   |
| Science, art                 | 23.1 | 61.5 | 15.4 | 0.0   |
| State administration         | 38.1 | 38.1 | 23.8 | 0.0   |

Source: BISS, author's own calculations

In turn, those who prefer autonomous lifestyles, mostly include private sector workers and employees of the sectors with the best-developed market relations, including construction, services and transport, and opportunities to have lives without state guardianship are ample. Belarusians' tolerance and moderation look like a rational choice based on the conditions and restrictions imposed within the framework of their relations with the state rather than peculiar features of the national character.

### 3.2. Expectations of the main social contract groups and their assessments of the state performing its functions

The four groups were later divided in terms of their assessment of the state performing its commitments and functions. This division may be considered one of the main factors molding the acceptance of social contracting in Belarusian society. On the whole it is noteworthy that Belarusians give the state very high marks for securing political stability and provision of some basic guarantees, including high quality free of charge secondary education, higher education and free medical services (Table 4).

Table 4

#### Social groups' expectations regarding the social contract, %

|                                                            | SC    | U     | NC    | NP    | Average for sample |
|------------------------------------------------------------|-------|-------|-------|-------|--------------------|
| The state guarantees political stability                   | +64.0 | +51   | +33,5 | +71.0 | +56.0              |
| The state guarantees high quality free secondary education | +60.5 | +53   | +35.8 | +41.7 | +50.9              |
| The state guarantees high quality free higher education    | +49.4 | +49.2 | +24.7 | +44.5 | +43.2              |
| The state protects from crime                              | +39.2 | +35.4 | +26.6 | +55.5 | +39.9              |
| The state provides free medical services                   | +37.5 | +28.6 | +13.6 | +52.5 | +34.5              |
| The state helps acquire housing                            | +53.5 | +28.3 | +6.7  | +36.7 | +32.2              |
| The state pays education allowances                        | +35.9 | +33.9 | +7.3  | +19.8 | +25.0              |
| The state guarantees rule of law                           | +26.5 | +22.9 | -7.0  | +40.6 | +22.5              |
| The state guarantees freedom of entrepreneurship           | +34.8 | +4.0  | -28.3 | +24.5 | +10.4              |
| The state provides 100% guarantee of bank deposits         | +20.7 | -6.2  | -1.3  | +16.3 | +7.2               |
| The state protects rights of hired workers                 | +9.8  | +4.3  | -7.3  | +14.5 | +6.0               |
| The state provides possibilities to make money             | +14.6 | +1.3  | -12.9 | +7.3  | +1.2               |
| The state guarantees high quality medical services         | +3.1  | -22.5 | -30.4 | +25.5 | -5.3               |
| The state pays decent pensions                             | +3.2  | -17.1 | -44.0 | +16.8 | -12.5              |
| The state guarantees employment                            | -10.3 | -22.1 | -29.5 | -0.47 | -15.0              |
| The state guarantees benefits                              | 1.3   | -32.0 | -18.2 | +10.7 | -20.7              |

*Note.* Points are calculated in the following way: the share of respondents that believe the state meets its obligations minus the proportion of those who do not believe this. For instance, if 32.1% of all respondents think that the state guarantees provision of preferences and privileges, and 54.5% disagree, the score is (-)22.3%.

*Source:* BISS, author's own calculations

At the same time, the groups differ as to their assessment of the state performing other obligations. It is evident that «nonconformists» and «the undecided» do not give the state positive assessments when evaluating not only basic functions of the state, but also possibilities for living a full life and achieving success (freedom of entrepreneurship, employment in the private sector).

The consequences of the «rating trap» observed in the past few decades are evident, too: the less paternalism-prone social groups criticize the current status of

the pension system and medical service; one can say this group has problems with the «future» social contract that is being offered by the state now. This is evident from the demand for private pension schemes and additional savings possibilities. At the same time, pensioners seem satisfied with the quality of services that cater specifically for them, such as pensions and social privileges. In other words, paradoxically as it may sound, these topics can hardly become a subject matter of a dialogue with groups of social contract, but would rather interest the groups that aim for self-sufficiency. In general, we should note that these «satisfaction profiles» are almost identical in the SC and NP groups on the other hand, and U and NC on the other.

### 3.3. Assessment by main social groups of the state performing its obligations to their group

Of all the responses, we isolated those indicating how social groups assess the state's performance of commitments to the social group the respondent represents. For instance, society on average may assess the level of pension payments as low, but pensioners are satisfied. The results of this isolation are quite interesting (the data should be interpreted as: jobless citizens answer how well the state is taking care of the unemployed, etc.). As we see, the social contract group (pensioners, security officials, servicemen, civil servants) think highly of the state care (this is why they opt for civil service). Students' appreciation for state efforts is rather high, too. Villagers, young specialists, workers and budget sector employees are behind here, *although it is only in the social group of the unemployed that the state totally «fails»*. In Table 5, the symbiosis of the «new» and «old» coalition (the one we talked above) is illustrated amply.

Table 5  
Assessment of the state's attitude to the group the respondent belongs to

|                                                                           | Good care | Rather good care | Rather bad care | Bad care |
|---------------------------------------------------------------------------|-----------|------------------|-----------------|----------|
| Villagers (settlements with population fewer than 5,000)                  | 4.0       | 29.5             | 45.3            | 9.4      |
| Civil servants                                                            | 48.3      | 34.5             | 6.9             | 10.3     |
| Teachers, medics (budget sector employees)                                | 4.6       | 30.5             | 39.7            | 2.4      |
| Workers                                                                   | 3.8       | 23               | 49.2            | 17.9     |
| Police, special services, SWAT (OMON) (security officials and servicemen) | 21.4      | 50               | 14.3            | 14.3     |
| Students                                                                  | 2.5       | 41.5             | 34.7            | 15.3     |
| Pensioners                                                                | 19.2      | 43.5             | 26.8            | 10.0     |

Source: BISS, author's own calculations

### 3.4. Social contract: room for personal efforts and changes

Social contracting should not be regarded as the only legitimate way for the state and society to interact. In the end, the social contract is an analytical construction, which helps define the *room for change and possible dialogue with the identified groups*. Despite the fact that most Belarusians expect a lot from the state and pin

great hopes in it in the future, the society is aware that after all their well-being and future depend on individual efforts of each citizen. Only pensioners and only with respect to their well-being believe that it depends on the state, rather than on their efforts. *Household individualism* of Belarusians is not an instrument to express their liberal attitudes, though, but a way to «withdraw» from the head-on crash with the state in the areas where and when it is incapable of performing their obligations to society or fulfills them poorly (Table 6).

Table 6

**Assessment of personal efforts, %**

|                                              | SC    | U     | NC    | NP    | Average for sample |
|----------------------------------------------|-------|-------|-------|-------|--------------------|
| My employment depends on the state // myself | -29.5 | -39.6 | -54.6 | -25.2 | -36.3              |
| My well-being depends on the state // myself | -44.9 | -52.3 | -58.8 | 26.4  | -30.9              |
| My health depends on the state // myself     | -73.9 | -83.6 | -89.2 | -52.6 | -74.2              |
| My education depends on the state // myself  | -28.0 | -27.6 | -27.9 | 5.7   | -18.9              |

*Note.* Points are calculated in the following way: the share of respondents that believe that something depends on the state minus the share of those who do not believe this. For instance, if 32.1% of all respondents believe that education is something that the state should take care of, and 54.5% think the level of education depends on people's efforts, we have minus (-)22.3%.

*Source:* BISS

It is also indicative (and correlates with economic possibilities) that in case material problems occur, all groups tend to rely on themselves, their own efforts or help of their relatives. In other words, the «close circle» connections are sought, because state assistance may prove too costly, while advantages could be insignificant or indefinite. Only pensioners rely on the state, while the groups that are prone to social contracting least of all have the strongest social connections to resolve their problems (Table 7).

Table 7

**Search for assistance in case of social difficulties**

|                                                           | SC   | U    | NC   | NP   |
|-----------------------------------------------------------|------|------|------|------|
| Rely only on myself                                       | 62.6 | 59.5 | 55.0 | 54.7 |
| Rely on assistance of the state, social security programs | 9.8  | 4.9  | 3.8  | 20.0 |
| Rely on friends                                           | 20.1 | 18.1 | 27.6 | 8.1  |
| Rely on relatives, parents                                | 53.0 | 63.3 | 61.2 | 55.0 |
| Rely on the employer                                      | 2.4  | 3.4  | 2.1  | 0.4  |
| No answer/Undecided                                       | 0.7  | 0.8  | 0.3  | 0.9  |

*Source:* BISS

### 3.4. Division of society by the degree of social contractization: protest and «exit»

After addressing the search for social support, we turn to the patterns of behavior in a more difficult case, namely, a conflict with the state. The group of «nonconformists», being the most socially active and mobile group, is more inclined to resort to active

forms of protest (appeals to court, participation in rallies) and ready to pay the costs of protest. But this sort of behavior is extreme rather than regular, that is, the most preferable strategy for this group is «exit» from «contractual relations» with the state or adaptation to the existing reality. The «social contract» and «nonworking pensioners» groups are to a greater extent oriented towards allowed (and less efficient, although «indicative») protest forms, such as appeals to local authorities or elected representatives; however, these groups are mostly loyal to the authorities and often declare their intentions without having any plans to act (Table 8).

Table 8

### Behavior of main social groups in case of a conflict with the state

|                                  | SC    | U    | NC    | NP   |
|----------------------------------|-------|------|-------|------|
| Appeal to local authorities      | 14.4  | 13.5 | 13.8  | 22.4 |
| Appeal to court                  | 13.6  | 12.7 | 12.0  | 9.3  |
| Appeal to mass media             | 101.0 | 99.0 | 133.0 | 65.0 |
| Take part in mass protests       | 1.1   | 3.1  | 7.9   | 1.2  |
| File a complaint                 | 10.6  | 10.8 | 7.5   | 9.8  |
| Would try adapting               | 24.3  | 33.2 | 26.9  | 14.6 |
| Appeal to public organizations   | 5.5   | 8.0  | 10.9  | 5.1  |
| Vote in elections                | 7.7   | 12.2 | 12.7  | 10.2 |
| Appeal to elected representative | 8.2   | 5.5  | 6.6   | 10.4 |
| Would not change anything        | 26.1  | 22.3 | 18    | 31.5 |
| Other                            | 0.6   | 2.7  | 0.2   | 3.4  |
| No answer                        | 8.1   | 10.5 | 10.2  | 10.6 |

*Source:* Author's own calculations

Let us now address a less «global» conflict, say, with the administration of an organization or company (Table 9). The organizations designed to protect the interests of workers, namely trade unions, seem of little interest to wage workers, because they are regarded as local representatives of the authorities, therefore, to have problems resolved, some superior authorities should be addressed instead. The share of those who said «hard to say» is quite high, too, which indicates a wait-and-see attitude. It is also noteworthy that in this situation the social contract group is more oriented towards loyalty (acceptance of the rules of the game imposed by the employer), whereas the group of nonconformists tends to use the «voice» option to a slightly higher degree, with the «exit» strategy – voluntary termination of service – clearly dominating here.

Table 9

### Behavior in case of conflict at an enterprise or organization

|                                           | SC   | U    | NC   | NP   |
|-------------------------------------------|------|------|------|------|
| Would appeal to trade unions              | 12.9 | 9.7  | 5.7  | 2.1  |
| Would appeal to state authorities         | 14.5 | 17.2 | 17.8 | 5.0  |
| Would file a lawsuit against the employer | 8.8  | 12.3 | 13.2 | 4.2  |
| Would quit my job                         | 26.3 | 23.7 | 26.4 | 5.9  |
| Would agree to offered conditions         | 22.2 | 18.7 | 10.6 | 6.1  |
| Other                                     | 0.7  | 1.5  | 2.6  | 0.2  |
| Hard to say                               | 14.5 | 16.8 | 23.6 | 76.4 |

*Source:* Author's own calculations

The behavior of the renegade group largely depends on the scarcity of social capital and weakness of horizontal and associative bonds. It is in this category that nonconformists are even less «associative» than elsewhere, except for pensioners (Table 10). With all that, nonconformists are more inclined to leave the country (Table 11).

Table 10

### Degree of involvement in public life, %

|                       | Membership in political parties | Membership in public organizations | Are not members of any organization |
|-----------------------|---------------------------------|------------------------------------|-------------------------------------|
| Population at large   | 1.0                             | 8.5                                | 90.5                                |
| Social contract group | 0.3                             | 12.2                               | 87.0                                |
| Undecided             | 1.1                             | 12.5                               | 86.5                                |
| Nonconformists        | 1.9                             | 6.5                                | 90.5                                |
| Nonworking pensioners | 0.5                             | 1.4                                | 98.1                                |

Source: BISS, author's own calculations

Table 11

### Readiness for migration, %

|               | SC   | U    | NC   | NP   | Average for sample |
|---------------|------|------|------|------|--------------------|
| Yes           | 8.2  | 24.5 | 46.0 | 1.4  | 18.8               |
| No            | 85.1 | 61.8 | 43.8 | 96.7 | 73.1               |
| Does not know | 6.6  | 13.7 | 10.2 | 1.9  | 8.2                |

Source: BISS, author's own calculations

### 3.5. Social contracting and readiness for reforms

It is not only redistributive paternalism but also to an active regulating role of the state that gears the society into acceptance of the asymmetric social contract. Liberal-reformative moods are only spread within the group of nonconformists, but they are liable to some anti-market stereotypes, too, for instance, as far as state ownership of largest enterprises is concerned. The most painful reforms, such as restructuring, may only take place in Belarus on a «mandative» basis, just like in many other post-communist countries, when the authorities isolate themselves from public interests for the sake of pursuing collective public benefits. At the same time, groups of social contract are ready to accept reforms if they result in improvements in the position of a specific group, for instance, pensioners do not mind reductions in state support for the public sector on condition that move results in higher pensions.

A question arises: could reforms be «sold» to specific social groups on a targeted basis? To answer, we have conducted a cluster analysis of a sample multitude based on answers to questions (table 12).

The results of the analysis showed that whereas the share of net «marketers» stands at 12%, and of paternalists, at 31%, 23% of the population is ready to support



Table 12

## Attitude to key market reforms in the main social contract groups

|                                                                                                                                                                                                                     | SC    | U      | NC     | NP    | Population at large |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------|--------|--------|-------|---------------------|
| Most prices must be set and controlled by the state // Most prices must be set on the basis of demand and supply without state interference                                                                         | 50.53 | 23.44  | -15.87 | 72.14 | 35.03               |
| Sale and purchase of small enterprises must be authorized by the state; some small enterprises must remain state-controlled // Small enterprises must be privately-owned and sold and purchased without limitations | 29.97 | 4.09   | -31.75 | 44.05 | 13.77               |
| Most of the largest enterprises must remain state-controlled // Most of the largest enterprises must be privately-owned                                                                                             | 72.94 | 51.93  | 21.59  | 76.43 | 57.41               |
| Largest banks must be state-owned and perform state programs // Bank regulation must be based on international standards                                                                                            | 63.30 | 31.40  | 2.85   | 63.42 | 41.83               |
| Loss-making and uncompetitive enterprises must be subsidized by the state // Viability of enterprises must depend on their possibility to produce competitive products                                              | 2.66  | -27.31 | -46.98 | 9.98  | -14.14              |
| Export, import and foreign exchange trade must be controlled by the state // Minimum regulation of export, import and foreign exchange trade that meet international requirements                                   | 52.25 | 16.74  | -18.10 | 56.09 | 28.73               |
| State must offer special conditions to selected enterprises and support domestic producers // All enterprises, including foreign ones, must enjoy equal transparent rules of the game                               | 41.64 | 7.51   | -30.38 | 45.35 | 18.12               |
| State must determine which shareholdings can be sold, and which cannot be sold // Free sale and purchase of securities, regulations being based on international standards                                          | 52.93 | 16.34  | -23.81 | 53.10 | 26.84               |
| Power engineering, telecoms, utilities and road maintenance must be state-owned // Private business must be allowed into power engineering, telecoms, utilities and road maintenance                                | 65.69 | 52.26  | 6.67   | 73.10 | 51.90               |
| Employment and wages must be regulated by the state even at privately-owned enterprises // Employment and wages must be regulated by labor contracts between the worker, employer and trade union                   | 18.88 | -12.02 | -36.83 | 43.81 | 5.26                |
| Land must be state-owned, except for sale and purchase of small land plots, which must be restricted // With minor exceptions, land must be sold and purchased without restrictions, including by foreign citizens  | 66.22 | 43.78  | 5.70   | 76.01 | 50.09               |

*Note.* The figure is the difference between those who accept the former and the latter statements. If 72.1% of the respondents believe the land market should be controlled by the state and 24.5% claim land should be sold with no restrictions, the score is 57.6%.

*Source:* author's own calculations

some restructuring initiatives and labor market reforms, and 32% may be called undecided. The breakdown of «marketers», paternalists, «restructurers» and undecided citizens according to social contractization groups is presented in

Table 13. It is clear from the table that a purely market program does not suit any of the social groups, not even nonconformists, whereas paternalism commitments prevail only in the group of nonworking pensioners. Therefore, a competent pragmatic targeted management of reformative messages is possible for a majority of the Belarusian population.

Table 13

**Distribution of respondents in social contracting groups based on attitude to reforms**

|                     | «Marketers» | «Restructurers» | «Paternalists» | «Undecided» |
|---------------------|-------------|-----------------|----------------|-------------|
| Population at large | 12.37       | 23.53           | 31.39          | 32.72       |
| SC                  | 4.0         | 26.93           | 42.13          | 26.93       |
| U                   | 12.47       | 27.96           | 19.35          | 40.22       |
| NC                  | 33.23       | 10.76           | 9.49           | 46.52       |
| NP                  | 4.04        | 25.8            | 51.54          | 19.24       |

*Source:* BISS, author's own calculations

#### 4. SOCIAL CONTRACT AND EFFECTS OF THE CRISIS

The social contract that we have studied belongs to the past. It had been formed amid rather favorable external conditions, or to be more precise, when the Belarusian economy was capable of financing the current account deficit using a variety of sources. The external demand for Belarusian exports ensured sustainable growth and guaranteed that the government could use the business cycle for political purposes, by raising wages and incomes on the eve of crucial political events. Enterprises could afford themselves to postpone modernization, because they were supported by the state on the one hand and enjoyed a firm demand for their products on the other.

The crisis shook the status quo. First of all, the contractions in foreign demand resulted in a balance of payments deficit, which threatened the macroeconomic stability. The early 2009 one-off devaluation of the Belarusian ruble undermined people's trust in the national currency. The government used to show little confidence in the ruble prior to that (by declaring U.S. dollar-denominated wage targets and other parameters, like state-supported housing construction). The government took real steps to respond to the lack of confidence, trying to dispel the rumors of any further devaluation moves, while the National Bank denied shortages of cash foreign currency (that people bought for saving).

It would not be premature to note that the change in external terms of trade has led to a revision of the social contract. This is caused in the first place by the quite sharp (up to 10% of GDP) reduction in budget expenditures the state has been planning. Wage increases in the budget sector have been postponed, and loss of working hours has been registered at factories, because of the curtailment of production (the same happened in the late 1990s). There have been serious concerns over the growth in official unemployment, as measures to increase unemployment benefits were discussed – a move that targets the social contract group and some of the undecided.

The *pace and scale of the social contract revision* depend on how serious the consequences of the global downturn will prove for Belarus and how soon the economic growth will resume not only domestically, but also (and more importantly) in the key trade partners. The forecast has been quite pessimistic so far. Even if the country manages to weather the crisis without serious changes in the economic policy and keep the ruble stable, it will only be owing to growing foreign borrowings. Debts will have to be repaid, which will require an increase in exports (which calls for modernization of production and increase in labor productivity) and/or import restrictions. Reforms in the economic policy are bound to happen sooner or later, and they will certainly remake the social contracting pattern, which has remained in effect in the period late 1990s through 2008–2009.

## 5. ON THE WAY TO A NEW SOCIAL CONTRACT: POSSIBLE MESSAGES TO SOCIAL GROUPS

The analysis of expectations of various social groups and their vision of the government's role in the framework of the social contract indicates the possible «tight spots», or discrepancies between possibilities and expectations.

These discrepancies may be used by civil society to elaborate messages to social groups that civil society institutions and alternative political forces work with. The analysis of existing relations between the state and society did not aim at determining political preferences and disposition to this or that political party (left, right or centrist). Finally, focus groups' comments that Belarus has uniquely beautiful nature that needs protecting do not mean all of them would support the «green» party in a free and fair election.

We believe the analysis aimed at revealing the degree of the readiness of Belarusian society for changes and identifying which changes are practicable. One of the problems is how to *rebuild trust in the state*. The high degree of dollarization of the national economy shows that people's trust in the national currency as a symbol of sovereignty is weak, because ideology cannot substitute for economic realities. Having this in mind, the government was using the U.S. dollar to gauge the increase in well-being.

On the other hand, the social contract always used to offer full employment. Despite the existence of latent unemployment (which follows from questioning households), there used to be concealed employment. The high share of «national economy expenditures» shows that the government has made full employment one of its priorities.

Economic growth amid full employment defuses social tension, especially now that support for the unemployed is almost nonexistent.

During the study *a few possible strategies for dialogue with Belarusian society were crystallized* – the latter may be offered reformative alternatives. At the same time, evident recommendations for specific actions (originating from the described nature of the sociopolitical stability in Belarus) suggest themselves.

**1. Democratization of the social contract.** The advocates of reforms should refrain from overall criticism of the existing pattern of the relationship between

the state and society. To start with, the «socially oriented» model clearly enjoys public support in Belarus, and secondly, that model may survive, even if in a downsized shape, systemic transformations in the country. The state will continue spending huge sums of money on social programs, and will always be expected to provide support for vital social sectors, such as education and healthcare.

Privatization of social services is a matter of distant future. However, in response to the state's taking all the credit for preservation of socioeconomic stability, alternative actors can and should maintain that execution of obligations to social groups is the state's mere duty, not charity or concession. Alternative actors may draw up a new social contract, which will stipulate that execution of the same or a broader package of commitments to citizens does not depend on their loyalty. This is true for such social and economic rights as the right to work. Another promising strategy is the guarantee of public control of the state performing its obligations.

**2. Monetization of the economic social contract.** The study indicates comparatively little interest of the population in special social support and assistance programs targeting specific social groups, and low expectations. One can say expectations are concentrated around the issues essential to entire society rather than specific groups (for instance, healthcare and education). Otherwise, people are ready to take the cash and expect higher wages (with guaranteed employment) and pensions more than anything else. Therefore, it would be a farsighted strategy for alternative forces to guarantee macroeconomic stability and the stability of the national currency (listing them among key priorities in the future social contract) as the principal items of the social contract that is yet to come.

**3. Differentiation of group interests and understanding of the nature of social groups not only in the context of their sectoral affiliation, but also based on their attitude to the social contract.** A considerable part of citizens that tend towards state paternalism would be ready to accept reformative messages if reforms serve their personal interests (say, facilitate an increase in incomes within this or that social group). This way, certain political and information management solutions may be applied to create *ad hoc* coalitions for most reformative messages.

Changes in the external environment result in the state disclaiming its previous liabilities. Under the circumstances, budget support must be rationalized so as to *mitigate the negative effects for supporters of the social contract and create new possibilities for «nonconformists» and «undecided ones»*. The latter group includes those who will join the cluster of supporters and those who will seek exit by joining the third group. The potential of the private sector in terms of creation of jobs remains undeveloped. In conditions of full employment and vast budget support for the enterprises that generate the lion's share of GDP it would be odd to allow workers to leave for the private sector. When budget support is not feasible, new possibilities should open up for the private sector, even if it may lead to an increase in official unemployment. Thus far, the government has acknowledged the existence of latent unemployment, in view of the fact that costs of changes are still very high compared to losses in social control. This happens because the effects of the crisis are not yet tangible; furthermore, Belarus is still in talks over the amount of loans the Russian Federation will provide. However, resources are not limitless, despite

appeals to the IMF and the one-off ruble devaluation. Also, the «election year» is quite close, and the political business cycle mechanism will be used yet again.

The impact on the social groups that are relatively immobile and possess skills and professions that can hardly be adapted to a new environment raises major concerns. *The groups that include both supporters of the social contract and undecided citizens require a clear indication that at least some of the difficulties they are faced with will be overcome.* An increase in unemployment benefits could become the first step to appease the group of paternalists and some of those who need time to adapt to new conditions. Furthermore, stepwise restructuring of enterprises, especially larger ones, would facilitate clear budget expenditure planning, so that increases in employment benefits would not result in additional burden on the state budget.

**4. Awareness of the value of the nature of the new, forthcoming social contract.** The most advanced social groups prioritize not only stable incomes, but also the achievement of higher living standards, which presupposes new opportunities in education, career, etc. It is this social contract that implies commitments as to political and social reforms aimed at a greater openness of Belarus.

Those who do not accept the social contract terms find it essential to have additional employment possibilities. By its economic development, Belarus belongs to the countries with average incomes (its peers are some Latin American countries, such as Uruguay and Costa Rica, and Iran, etc.). However, Belarus is well ahead of them by the level of education, skills and technologies. Not all social groups consider paternalism to be their value. It looked more like an instrument of interaction with society during the period of sustainable economic growth. *Representatives of civil society and political forces should use new expectations and inability of the official ideology to fill the vacuum caused by changes in the socioeconomic situation as a lever to create new possibilities* for work with their groups.

**5. Support for transformation «here and now».** The study shows that alternative development options, just as alternative actors themselves, have become hostages to the «frozen» structure of social and economic relations in Belarus. This structural dependence of man on the state leaves no chance for citizens but to accept the rules of the game dictated by the state. Loyalty vanishes where citizens exist autonomously, therefore any reforms, even middle-of-the-road and unprofessional, and any privatization, including nomenclatura privatization, that lead to a higher degree of openness of the Belarusian economy and Belarusian society, will inevitably lead to a broader social platform of the supporters for and actors of changes, even if that openness and those reforms are paid by concessions of the authoritarian regime.

**6. Facilitation of self-organization of potential «actors of changes».** Alternative civil and political actors must pay heed to the extremely low level of socialization of potential «actors of changes». In the context of social atomization and breaking of horizontal social bonds that is even more severe than in the case with social contract groups, «nonconformists/renegeads» are more than other groups inclined towards «exit» – both internal and external migration. Encouragement of self-organization and involvement of this group in the sociopolitical life are challenging tasks. Success depends on the mitigation of the

political climate in the country and ability of alternative forces to formulate attractive proposals, which during the initial phase will unlikely to be of political nature. Potential actors of changes are so far more interested in public rather than political activities and are more willing to support affinity groups than political parties. It is unsophisticated activities with rather down-to-earth purposes and objectives that may awaken potential actors of changes. This group must see a prospect in this country – the prospect of living «here and now», not in some distant democratic future.

## APPENDIX

### IDENTIFICATION AND SPECIFICATION OF «SOCIAL CONTRACTS» IN MODERN BELARUS

#### Breakdown of answers to interview questions

#### BLOCK I. SOCIAL SITUATION

Table 1

How often do you think about how the state influences  
your life and the life of your family?

|           | Number of respondents | %     |
|-----------|-----------------------|-------|
| Often     | 525                   | 33.3  |
| Sometimes | 778                   | 49.3  |
| Never     | 274                   | 17.4  |
| Total     | 1,577                 | 100.0 |

Table 2

In your opinion, what *must* the state do for such people as you?

|                                                                        | Very<br>impor-<br>tant | Rather<br>impor-<br>tant | Rather<br>unim-<br>portant | Totally<br>unim-<br>portant | NA/<br>Unde-<br>cided |
|------------------------------------------------------------------------|------------------------|--------------------------|----------------------------|-----------------------------|-----------------------|
| Provide possibility to earn                                            | 61.6                   | 25.5                     | 5.7                        | 5.0                         | 2.2                   |
| Provide privileges, allowances                                         | 56.5                   | 30.8                     | 8.5                        | 1.9                         | 2.3                   |
| Provide pensions                                                       | 66.0                   | 22.9                     | 5.5                        | 2.9                         | 2.6                   |
| Pay education allowances                                               | 42.7                   | 28.7                     | 12.3                       | 10.8                        | 5.5                   |
| Provide free secondary education                                       | 51.6                   | 27.0                     | 9.7                        | 8.5                         | 3.1                   |
| Provide free higher education                                          | 42.7                   | 32.5                     | 12.6                       | 8.2                         | 4.0                   |
| Provide high-quality medical services                                  | 77.2                   | 20.3                     | 1.4                        | 0.5                         | 0.6                   |
| Protect from crime                                                     | 69.3                   | 26.8                     | 2.3                        | 0.4                         | 1.2                   |
| Provide 100% guarantee of bank deposits                                | 61.2                   | 24.5                     | 6.6                        | 4.9                         | 2.8                   |
| Guarantee employment                                                   | 56.3                   | 27.0                     | 7.9                        | 5.5                         | 3.2                   |
| Provide free medical services                                          | 64.8                   | 28.4                     | 4.4                        | 0.7                         | 1.6                   |
| Provide political stability                                            | 56.3                   | 31.7                     | 5.6                        | 2.4                         | 4.0                   |
| Provide rule of law, so that I could have my problems settled in court | 63.3                   | 30.4                     | 2.9                        | 0.7                         | 2.7                   |
| Ensure that employers meet their obligations to employees              | 56.5                   | 28.9                     | 6.3                        | 4.3                         | 3.9                   |
| Provide possibilities for entrepreneurship                             | 40.4                   | 30.4                     | 14.6                       | 8.2                         | 6.4                   |
| Assist in housing acquisition, extend preferential loans               | 53.1                   | 31.0                     | 7.9                        | 5.6                         | 2.5                   |

Table 3

**In your opinion, what does the state do in reality for such people as you?**

|                                                            | <b>Fully agree</b> | <b>Rather agree</b> | <b>Rather disagree</b> | <b>Fully disagree</b> | <b>NA/ Undecided</b> |
|------------------------------------------------------------|--------------------|---------------------|------------------------|-----------------------|----------------------|
| Provides possibility to earn                               | 5.9                | 42.0                | 35.7                   | 10.9                  | 5.6                  |
| Provides privileges                                        | 7.7                | 36.7                | 38.3                   | 11.8                  | 5.5                  |
| Provides decent pensions                                   | 9.7                | 31.2                | 38.7                   | 13.7                  | 6.7                  |
| Pays education allowances                                  | 7.9                | 44.9                | 21.1                   | 6.7                   | 19.4                 |
| Provides free secondary education                          | 16.7               | 53.9                | 15.8                   | 3.9                   | 9.7                  |
| Provides free higher education                             | 13.3               | 52.1                | 18.0                   | 4.3                   | 12.2                 |
| Provides high-quality medical services                     | 8.5                | 37.6                | 40.9                   | 10.4                  | 2.6                  |
| Protects from crime                                        | 11.3               | 56.8                | 23.8                   | 4.3                   | 3.8                  |
| Provides 100% guarantee of bank deposits                   | 8.7                | 36.5                | 27.3                   | 10.5                  | 17.0                 |
| Guarantees employment                                      | 4.4                | 34.8                | 42.4                   | 11.7                  | 6.7                  |
| Provides political stability                               | 17.0               | 56.8                | 15.4                   | 2.5                   | 8.4                  |
| Provides free medical services                             | 13.4               | 52.9                | 27.1                   | 4.7                   | 1.9                  |
| Provides rule of law, independent judicial system          | 8.3                | 46.7                | 27.7                   | 4.8                   | 12.5                 |
| Ensures that employers meet their obligations to employees | 6.5                | 39.9                | 33.4                   | 7.1                   | 13.0                 |
| Provides possibilities for entrepreneurship                | 5.1                | 39.6                | 26.2                   | 8.1                   | 21.0                 |
| Assist in housing acquisition, extends preferential loans  | 8.7                | 50.4                | 21.7                   | 5.2                   | 14.1                 |

Table 4

**What does the following depend on more – the state or your own efforts?**

|                                              | <b>Entirely on the state</b> | <b>Rather on the state</b> | <b>Rather on myself</b> | <b>Entirely on myself</b> | <b>NA/ Undecided</b> |
|----------------------------------------------|------------------------------|----------------------------|-------------------------|---------------------------|----------------------|
| Your well-being                              | 10.8                         | 23.3                       | 37.1                    | 28.0                      | 0.8                  |
| Your health                                  | 3.0                          | 9.3                        | 50.6                    | 35.8                      | 1.4                  |
| Your education and your children's education | 7.3                          | 30.3                       | 35.6                    | 20.8                      | 6.0                  |
| Your employment                              | 6.6                          | 22.7                       | 36.2                    | 29.4                      | 5.1                  |

Table 5

**To what degree do you agree with the following?**

|                                                                                                | <b>Fully agree</b> | <b>Rather agree</b> | <b>Rather disagree</b> | <b>Fully disagree</b> | <b>NA/ Undecided</b> |
|------------------------------------------------------------------------------------------------|--------------------|---------------------|------------------------|-----------------------|----------------------|
| It is better to have lower wages, but have a guaranteed job                                    | 16.3               | 41.8                | 26.5                   | 9.6                   | 5.8                  |
| It is better to have to have medium-quality health services, but free of charge                | 13.8               | 38.6                | 32.2                   | 11.3                  | 4.0                  |
| It is better to assign jobs to university graduates in order not to leave them unemployed      | 15.8               | 36.7                | 24.9                   | 10.1                  | 12.4                 |
| It is better to work for a state-owned enterprise than for a private firm                      | 23.3               | 34.3                | 20.7                   | 8.7                   | 13.0                 |
| It is better to have Belarusian enterprises gain moderate profits than sell them to foreigners | 24.1               | 35.2                | 21.5                   | 7.1                   | 12.1                 |



Table 6

**Does the state take good care of the following groups of population?**

|                                       | Good | Rather good | Rather bad | Bad  | NA/<br>Undecided |
|---------------------------------------|------|-------------|------------|------|------------------|
| Unemployed                            | 3.3  | 23.9        | 36.1       | 17.3 | 19.1             |
| Pensioners                            | 10.9 | 39.8        | 34.3       | 11.0 | 4.0              |
| Large families                        | 8.5  | 47.6        | 21.1       | 5.7  | 17.1             |
| Children                              | 9.4  | 50.5        | 17.8       | 4.1  | 18.1             |
| Young specialists                     | 5.9  | 34.3        | 31.3       | 9.6  | 18.9             |
| Young families                        | 4.9  | 32.4        | 37.2       | 10.7 | 14.9             |
| Students and post-graduate students   | 3.8  | 38.6        | 25.9       | 8.2  | 23.5             |
| Servicemen                            | 35.7 | 38.3        | 8.4        | 1.5  | 16.1             |
| Police, special services, SWAT (OMON) | 50.8 | 34.7        | 4.0        | 0.9  | 9.5              |
| Workers                               | 5.0  | 30.6        | 43.3       | 12.9 | 8.3              |
| Rural dwellers                        | 4.1  | 28.2        | 41.1       | 19.7 | 7.0              |
| Professors, teachers, medics          | 6.1  | 36.2        | 35.3       | 14.3 | 8.1              |
| Civil servants (officials)            | 55.8 | 32.0        | 3.6        | 0.5  | 8.1              |
| Athletes                              | 35.3 | 40.7        | 5.8        | 1.0  | 17.2             |

Table 7

**How had social support for such people as you changed over the past year or two?**

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Social support has increased | 104                   | 6.6   |
| Social support has decreased | 344                   | 21.8  |
| Nothing has changed          | 1,031                 | 65.4  |
| No answer/Undecided          | 98                    | 6.2   |
| Total                        | 1,577                 | 100.0 |

Table 8

**How had it affected your life?**

|                             | Number of respondents | %     |
|-----------------------------|-----------------------|-------|
| To a great extent           | 103                   | 6.6   |
| To some extent              | 269                   | 17.1  |
| Has had almost no influence | 78                    | 5.0   |
| No answer/Undecided         | 1,126                 | 71.4  |
| Total                       | 1,577                 | 100.0 |

Table 9

**What social support programs for such people as you are you aware of? (name them).  
Do you receive support under any of these programs?**

| Social support programs                                                       | I am aware of, % | I receive support under this program, % |
|-------------------------------------------------------------------------------|------------------|-----------------------------------------|
| Targeted support for lower-income and large families                          | 65.5             | 2.0                                     |
| Concessional housing loans                                                    | 77.8             | 3.7                                     |
| Social benefits for the citizens that were affected by the Chernobyl accident | 70.2             | 1.3                                     |
| Preferential medication prices                                                | 77.1             | 11.7                                    |
| Other                                                                         | 7.9              | 2.8                                     |

Table 10

**Imagine you are faced with serious financial problems.  
Who do you rely on in such a situation? (Two answers are possible)**

|                                             | Number of respondents | %    |
|---------------------------------------------|-----------------------|------|
| Only on myself                              | 916                   | 58.1 |
| On state assistance, social support program | 98                    | 9.9  |
| On friends                                  | 194                   | 17.8 |
| On relatives, parents                       | 354                   | 58.2 |
| On the employer                             | 4                     | 3.3  |
| No answer/Undecided                         | 11                    | 0.7  |

Table 11

**If you are to some extent dissatisfied with what the state is doing for you, how could you change the situation? (three answers are possible)**

|                                                               | Number of respondents | %    |
|---------------------------------------------------------------|-----------------------|------|
| Appeal to local authorities with a proposal or demand         | 254                   | 16.1 |
| Appeal to court                                               | 137                   | 11.8 |
| Appeal to mass media                                          | 90                    | 9.7  |
| Take part in mass protests                                    | 32                    | 3.1  |
| File a complaint                                              | 72                    | 9.8  |
| Would try adapting, look for ways out using personal contacts | 290                   | 24.9 |
| Appeal to public organizations                                | 36                    | 7.2  |
| Vote in elections                                             | 62                    | 10.7 |
| Appeal to elected representative                              | 26                    | 7.7  |
| Would not change anything                                     | 391                   | 24.8 |
| No answer/Undecided                                           | 156                   | 9.9  |

Table 12

**What is your attitude to rallies, protest actions?**

|                     | Number of respondents | %     |
|---------------------|-----------------------|-------|
| Absolutely positive | 79                    | 5.0   |
| Rather positive     | 399                   | 25.3  |
| Rather negative     | 478                   | 30.3  |
| Absolutely negative | 259                   | 16.4  |
| No answer/Undecided | 362                   | 23.0  |
| Total               | 1,577                 | 100.0 |

Table 13

**Which of the following do you agree with?**

|                                                                                                     | Number of respondents | %     |
|-----------------------------------------------------------------------------------------------------|-----------------------|-------|
| Participation in rallies should be punishable: criminal and administrative measures must be applied | 100                   | 6.4   |
| As a citizen, you must obey the rules, not rebel against them by having rallies and protests        | 382                   | 24.2  |
| Rallies and protest actions are normal: people must be given a chance to speak out                  | 455                   | 28.8  |
| Rallies and protest actions are acceptable, as they express people's will                           | 331                   | 21.0  |
| Other                                                                                               | 31                    | 2.0   |
| No answer/Undecided                                                                                 | 278                   | 17.6  |
| Total                                                                                               | 1,577                 | 100.0 |

Table 14

**What is your attitude to protesters?**

|                     | <b>Number of respondents</b> | <b>%</b>     |
|---------------------|------------------------------|--------------|
| Absolutely positive | 80                           | 5.1          |
| Rather positive     | 473                          | 30.0         |
| Rather negative     | 450                          | 28.6         |
| Absolutely negative | 173                          | 11.0         |
| No answer/Undecided | 401                          | 25.4         |
| <b>Total</b>        | <b>1,577</b>                 | <b>100.0</b> |

Table 15

**Which of the following do you agree with?**

|                                                                                                                                    | <b>Number of respondents</b> | <b>%</b>     |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------------|--------------|
| I believe protesters get paid for staging rallies                                                                                  | 364                          | 23.1         |
| I believe demonstrators act foolishly, as they will not reap anything except for punishment                                        | 405                          | 25.7         |
| I believe demonstrators are brave people who adhere to their principles, and are ready to assert their interests, despite reprisal | 479                          | 30.4         |
| Other                                                                                                                              | 23                           | 1.5          |
| No answer/Undecided                                                                                                                | 305                          | 19.4         |
| <b>Total</b>                                                                                                                       | <b>1,577</b>                 | <b>100.0</b> |

Table 16

**When you last thought «It is great I live in Belarus!», what was it connected with?, %**

|                                                   | <b>%</b> |
|---------------------------------------------------|----------|
| Developed manufacturing sector                    | 5.3      |
| High administrative competence                    | 6.3      |
| Strong state                                      | 5.7      |
| High-quality medical services                     | 2.7      |
| High-quality secondary education                  | 6.0      |
| High-quality higher education                     | 6.5      |
| Kind sympathetic people                           | 29.7     |
| High living standards                             | 0.8      |
| Financial stability                               | 4.2      |
| Political stability                               | 17.0     |
| Security, no crime                                | 11.8     |
| No arbitrary treatment by officials               | 1.9      |
| Sports achievements                               | 6.6      |
| Fair state                                        | 3.0      |
| No unemployment                                   | 2.5      |
| No poverty                                        | 5.6      |
| Decent pensions                                   | 2.8      |
| Beautiful nature                                  | 34.2     |
| Good environmental situation                      | 3.1      |
| Construction, redevelopment of towns and villages | 16.8     |
| Housing construction                              | 7.2      |
| I have never thought so                           | 23.2     |

Table 17

**In your opinion, where do such people as  
you live better – in Belarus or abroad?**

|                     | Number of respondents | %     |
|---------------------|-----------------------|-------|
| Rather in Belarus   | 737                   | 46.7  |
| No difference       | 307                   | 19.5  |
| Rather abroad       | 330                   | 20.9  |
| No answer/Undecided | 204                   | 12.9  |
| Total               | 1,577                 | 100.0 |

Table 18

**Would you like to leave Belarus?**

|                     | Number of respondents | %     |
|---------------------|-----------------------|-------|
| Rather yes          | 296                   | 18.8  |
| Rather no           | 1,153                 | 73.1  |
| No answer/Undecided | 128                   | 8.1   |
| Total               | 1,577                 | 100.0 |

Table 19

**If you would like to leave Belarus, what are the reasons?  
(a few answers are possible)**

|                                                                                   | Number of respondents | %    |
|-----------------------------------------------------------------------------------|-----------------------|------|
| This would improve my material status                                             | 243                   | 15.4 |
| This would give me a chance to have good education                                | 37                    | 2.4  |
| This would give me a possibility to have high-quality treatment, medical services | 55                    | 3.5  |
| I would have more social guarantees, better social protection                     | 105                   | 6.7  |
| This would give me a possibility to improve my skills, advance in career          | 66                    | 4.2  |
| Other                                                                             | 30                    | 1.9  |
| No answer/Undecided                                                               | 120                   | 7.6  |

Table 20

**If you have no wish to leave Belarus, what are the main reasons for this?  
(a few answers are possible)**

|                                                                                                           | Number of respondents | %    |
|-----------------------------------------------------------------------------------------------------------|-----------------------|------|
| Everything suits me in my country                                                                         | 339                   | 21.5 |
| No money to leave                                                                                         | 138                   | 8.7  |
| I would not be able to find a job in another country                                                      | 73                    | 4.6  |
| My relatives – family, children – and close friends live in this country, and I do not want to leave them | 695                   | 44.1 |
| Uncertainty scares me                                                                                     | 264                   | 16.7 |
| I am proud of my country, this is why I live here                                                         | 185                   | 11.7 |
| Other                                                                                                     | 38                    | 2.4  |
| No answer/Undecided                                                                                       | 90                    | 5.7  |

**BLOCK II. SOCIAL AND ECONOMIC STATUS**

Table 21

**What is your attitude to the fact that most Belarusian employers have fixed term labor contracts with their employees?**

|                     | Number of respondents | %     |
|---------------------|-----------------------|-------|
| Positive            | 143                   | 9.1   |
| Rather positive     | 248                   | 15.7  |
| Neutral             | 438                   | 27.8  |
| Rather negative     | 291                   | 18.5  |
| Negative            | 268                   | 17.0  |
| No answer/Undecided | 189                   | 12.0  |
| Total               | 1,577                 | 100.0 |

Table 22

**You have said your attitude to fixed-term labor contracts (for 12–36 months) is negative. Why?**

|                                                                        | Number of respondents | %    |
|------------------------------------------------------------------------|-----------------------|------|
| It affects social guarantees for workers                               | 92                    | 5.8  |
| It strips workers of their rights in their relations with the employer | 337                   | 21.3 |
| It requires more efforts from the worker to stay in current job        | 41                    | 2.6  |
| It makes my life less predictable                                      | 74                    | 4.7  |
| No answer/Undecided                                                    | 15                    | 0.9  |

Table 23

**There is a catchphrase «Workers pretend they work, and employers pretend they pay». To what extent do you think this is true, %**

|                                        | True | Rather true | Rather not true | Not true | NA/Undecided |
|----------------------------------------|------|-------------|-----------------|----------|--------------|
| (a) In the organization where you work | 5.3  | 15.4        | 31.9            | 16.7     | 30.8         |
| (b) In the country as a whole          | 6.4  | 23.2        | 30.9            | 11.2     | 28.3         |

Table 24

**Which of the two would you prefer?**

|                                                             | Number of respondents | %     |
|-------------------------------------------------------------|-----------------------|-------|
| To get moderate, but stable wages                           | 753                   | 47.8  |
| To get more, but take risks by assuming more responsibility | 635                   | 40.3  |
| No answer/Undecided                                         | 187                   | 11.9  |
| Total                                                       | 1,577                 | 100.0 |

Table 25

**What is the type of ownership of the organization/enterprise that you work for now?**

|                                                                                | Number of respondents | %     |
|--------------------------------------------------------------------------------|-----------------------|-------|
| Nongovernmental (private)                                                      | 228                   | 14.5  |
| State                                                                          | 676                   | 42.9  |
| I work for an enterprise/organization, but I am not aware of the property type | 29                    | 1.8   |
| I do not work                                                                  | 644                   | 40.9  |
| Total                                                                          | 1,577                 | 100.0 |

**ATTENTION! QUESTIONS 26–31 WERE FOR WORKERS ONLY!**

Table 26

**If you work for a private (nongovernmental) organization, would you like to work for a state-owned enterprise/organization?**

|                     | Number of respondents | % of employees of private organizations |
|---------------------|-----------------------|-----------------------------------------|
| Yes                 | 50                    | 22.0                                    |
| No                  | 144                   | 63.2                                    |
| No answer/Undecided | 34                    | 14.8                                    |
| Total               | 228                   | 100.0                                   |

Table 27

**If you work for a state-owned enterprise/organization, would you like to work in the private sector?**

|                     | Number of respondents | % of employees of state-run organizations |
|---------------------|-----------------------|-------------------------------------------|
| Yes                 | 127                   | 18.0                                      |
| No                  | 433                   | 61.5                                      |
| No answer/Undecided | 144                   | 20.5                                      |
| Total               | 804                   | 100.0                                     |

Table 28

**In which sector do you work (in your primary employment)?**

|                                                                          | Number of respondents | % of working respondents |
|--------------------------------------------------------------------------|-----------------------|--------------------------|
| Manufacturing                                                            | 180                   | 19.3                     |
| Service sector (retail, public catering, maintenance, consumer services) | 202                   | 21.7                     |
| Transport and communications                                             | 101                   | 10.8                     |
| Agriculture                                                              | 97                    | 10.4                     |
| Construction                                                             | 109                   | 11.7                     |
| Education, healthcare, welfare                                           | 151                   | 16.2                     |
| Housing maintenance and utilities                                        | 28                    | 3.0                      |
| Science, art, sport                                                      | 13                    | 1.4                      |
| State administration                                                     | 21                    | 2.3                      |
| Other                                                                    | 21                    | 2.3                      |
| No answer/Undecided                                                      | 8                     | 0.9                      |
| Total                                                                    | 931                   | 100.0                    |

Table 29

**What suits you in your current job and what doesn't?  
(% of working respondents)**

|                                            | Suitable | Rather suitable | Rather unsuitable | Unsuitable | NA/Undecided |
|--------------------------------------------|----------|-----------------|-------------------|------------|--------------|
| 1. Wage/salary level                       | 5.9      | 30.7            | 40.9              | 21.1       | 1.4          |
| 2. Possibilities for career advancement    | 6.2      | 39.6            | 33.9              | 14.3       | 6.0          |
| 3. Possibilities for advanced training     | 9.6      | 48.6            | 26.6              | 10.0       | 5.3          |
| 4. Working hours                           | 22.3     | 56.4            | 14.6              | 4.8        | 2.1          |
| 5. Social package (social guarantees)      | 13.5     | 44.2            | 24.0              | 10.6       | 7.7          |
| 6. Relationships in the organization       | 28.6     | 59.8            | 7.4               | 2.1        | 2.2          |
| 7. Prospects of increase in wages/salaries | 8.7      | 27.3            | 40.1              | 16.7       | 7.1          |
| 8. Treatment by the management             | 15.0     | 53.4            | 20.7              | 6.6        | 4.3          |

Table 30

**To what extent do you agree with the following? (% of working respondents)**

|                                                                                                                    | <b>Fully agree</b> | <b>Rather agree</b> | <b>Rather disagree</b> | <b>Fully disagree</b> | <b>NA/ Undecided</b> |
|--------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|------------------------|-----------------------|----------------------|
| 1. I have an interesting job                                                                                       | 17.9               | 47.0                | 25.2                   | 5.6                   | 4.2                  |
| 2. With my qualification/education I will easily find a good job in Belarus                                        | 10.1               | 37.2                | 37.0                   | 9.4                   | 6.2                  |
| 3. With my qualification/education I will easily find a good job abroad                                            | 6.3                | 23.5                | 33.8                   | 17.2                  | 19.2                 |
| 4. My employer would find it very hard to replace such a qualified worker as I am                                  | 7.6                | 25.4                | 41.5                   | 15.2                  | 10.3                 |
| 5. To a large extent I work because no one else wants to do my job                                                 | 4.5                | 15.7                | 46.8                   | 27.6                  | 5.4                  |
| 6. If it were not for my connections, my employer would have fired me long ago                                     | 1.5                | 6.7                 | 37.1                   | 49.4                  | 5.3                  |
| 7. If I were offered another job with a good chance of getting an apartment, I would change my current job eagerly | 25.1               | 28.4                | 23.8                   | 12.3                  | 10.3                 |
| 8. I work at my current job mostly to gain experience and then find something new                                  | 4.9                | 19.8                | 43.2                   | 25.6                  | 6.6                  |

Table 31

**How would you act (or have you acted) in case of a disagreement with the employer? (% of working respondents)**

|                                                                                               | <b>%</b> |
|-----------------------------------------------------------------------------------------------|----------|
| Would appeal to trade unions                                                                  | 8.7      |
| Would appeal to state authorities that protect workers' rights                                | 15.1     |
| Would appeal to the tax inspection (or a similar agency) so that my organization is inspected | 2.7      |
| Would file a lawsuit against the employer                                                     | 10.7     |
| Would quit my job                                                                             | 22.8     |
| Would agree to offered conditions to avoid conflict                                           | 16.6     |
| Other                                                                                         | 1.3      |
| No answer/Undecided                                                                           | 35.8     |

**ATTENTION! QUESTION 32 WAS FOR ALL RESPONDENTS!**

Table 32

**What do you do for a living?**

|                                                                                          | <b>Number of respondents</b> | <b>%</b> |
|------------------------------------------------------------------------------------------|------------------------------|----------|
| Owner (co-owner) of an organization, business (employer)                                 | 12                           | 0.8      |
| Top executive (senior manager), director (except in schools)                             | 7                            | 0.5      |
| Middle manager, deputy director (except in schools)                                      | 55                           | 3.5      |
| Qualified specialist, manager                                                            | 246                          | 15.6     |
| Worker, vendor, etc.                                                                     | 392                          | 24.9     |
| Civil servant                                                                            | 28                           | 1.8      |
| Serviceman, law-enforcer, etc.                                                           | 13                           | 0.8      |
| Budget-paid employee (teacher, medic, librarian, maintenance and utilities worker, etc.) | 131                          | 8.3      |
| Individual entrepreneur, farmer                                                          | 17                           | 1.1      |
| Household worker making products for sale                                                | 5                            | 0.3      |
| Pensioner                                                                                | 420                          | 26.7     |
| Student                                                                                  | 118                          | 7.5      |
| Homemaker                                                                                | 44                           | 2.8      |
| Unemployed                                                                               | 69                           | 4.4      |
| Other                                                                                    | 18                           | 1.2      |
| Total                                                                                    | 1,577                        | 100.0    |

**ATTENTION! QUESTIONS 33-35 WERE FOR *PENSIONERS ONLY!***

Table 33

**What in your opinion are the main problems of the Belarusian pension system?  
(% of pensioners)**

|                                                                                                    | Not a problem | Rather not a problem | Rather a problem | A serious problem | NA/ Undecided |
|----------------------------------------------------------------------------------------------------|---------------|----------------------|------------------|-------------------|---------------|
| Small pensions                                                                                     | 12.0          | 17.5                 | 37.9             | 31.7              | 0.9           |
| Absence of pension funds and other companies, where additional pension contributions could be made | 9.9           | 20.9                 | 22.2             | 14.3              | 32.6          |
| Almost equal pensions are paid to all, irrespective of seniority                                   | 5.0           | 22.6                 | 37.7             | 25.4              | 9.3           |
| Untimely payments                                                                                  | 68.0          | 22.5                 | 5.6              | 1.2               | 2.7           |

Table 34

**Do you think your pension is sufficient to live on?**

|                     | Number of respondents | % of pensioners |
|---------------------|-----------------------|-----------------|
| I guess yes         | 167                   | 39.6            |
| I guess no          | 247                   | 58.7            |
| No answer/Undecided | 7                     | 1.7             |
| Total               | 420                   | 100.0           |

Table 35

**If you believe your pension is not sufficient, what is the reason behind low pensions in Belarus? (three answers are possible)**

|                                                                                             | Number of respondents | % of pensioners |
|---------------------------------------------------------------------------------------------|-----------------------|-----------------|
| State inefficiently distributes money, hence low pensions                                   | 114                   | 46.1            |
| General economic situation in the country does not allow paying more                        | 89                    | 36.3            |
| Collapse of the pension system in the 1990s                                                 | 10                    | 4.2             |
| People cannot earn more and cannot contribute to the pension fund more                      | 13                    | 5.2             |
| Money in the pension fund does not work; no interests are accrued                           | 14                    | 5.8             |
| There are no insurance companies and pension funds, where one could make additional savings | 0                     | 0.2             |
| People do not think about pensions, do not save                                             | 3                     | 1.3             |
| No answer                                                                                   | 2                     | 1.0             |
| Total                                                                                       | 247                   | 100.0           |

**ATTENTION! QUESTIONS 33-35 WERE FOR *STUDENTS ONLY!***

Table 36

**How can you assess your prospects of getting a job in Belarus?**

|                                                                                                   | Number of respondents | % of students |
|---------------------------------------------------------------------------------------------------|-----------------------|---------------|
| I have got good prospects of getting a job according to my training and get a decent salary/wages | 15                    | 12.5          |
| My chances are quite good                                                                         | 55                    | 46.3          |
| My chances are quite bad                                                                          | 40                    | 33.7          |
| I have almost no chance of getting a job according to my training and get a decent salary/wages   | 7                     | 5.9           |
| No answer/Undecided                                                                               | 2                     | 1.6           |
| Total                                                                                             | 120                   | 100.0         |



Table 37

**Who do you think needs mandatory job assignments upon graduation  
(from university, technical college)?**

|                                            | Number of respondents | % of students |
|--------------------------------------------|-----------------------|---------------|
| The state more than anyone else            | 42                    | 35.4          |
| Graduates (students) themselves            | 17                    | 14.0          |
| The state and graduates (students) equally | 45                    | 38.0          |
| Neither the state nor graduates (students) | 11                    | 9.1           |
| No answer/Undecided                        | 4                     | 3.6           |
| <b>Total</b>                               | <b>120</b>            | <b>100.0</b>  |

Table 38

**Which of the following would you like to achieve (have) in 10 years' time?  
(% of students)**

|                                                                                                                      | Definitely | Possibly | Unlikely | I do not aspire to this |
|----------------------------------------------------------------------------------------------------------------------|------------|----------|----------|-------------------------|
| 1. Job according to training                                                                                         | 51.6       | 39.3     | 6.1      | 3.0                     |
| 2. Advancement, climbing the career ladder                                                                           | 69.5       | 21.8     | 4.8      | 3.9                     |
| 3. High salary/wage                                                                                                  | 84.1       | 13.0     | 1.4      | 1.5                     |
| 4. Own business                                                                                                      | 24.1       | 37.8     | 27.2     | 11.0                    |
| 5. Own house/apartment                                                                                               | 76.0       | 19.0     | 5.0      | –                       |
| 6. Country/summer house                                                                                              | 35.4       | 27.4     | 22.9     | 14.3                    |
| 7. Own car                                                                                                           | 66.1       | 25.5     | 3.1      | 5.2                     |
| 8. Executive position                                                                                                | 26.5       | 41.3     | 22.8     | 9.4                     |
| 9. Complete self-fulfillment                                                                                         | 55.3       | 37.2     | 6.7      | 0.8                     |
| 10. Active public and political position (in the parliament, local authorities, parties, public organizations, etc.) | 6.0        | 14.6     | 40.4     | 39.0                    |
| 11. Fame and high status of a professional in certain area                                                           | 38.1       | 41.1     | 11.7     | 9.1                     |
| 12. Fame and high authority as a public figure or politician                                                         | 4.8        | 7.7      | 45.0     | 42.5                    |
| 13. Family, children                                                                                                 | 73.1       | 23.9     | 0.9      | –                       |
| 14. To live in a large city                                                                                          | 42.3       | 41.9     | 7.8      | 8.0                     |
| 15. To live in the countryside or small town                                                                         | 3.5        | 9.1      | 38.0     | 49.3                    |
| 16. Live abroad                                                                                                      | 11.0       | 37.8     | 24.1     | 27.1                    |

Table 39

**In your opinion, why do students become members of the Belarusian Republican Youth Union? (% of students) (a few answers are possible)**

|                                                                        | Number of respondents | % of students |
|------------------------------------------------------------------------|-----------------------|---------------|
| I do not know such an organization                                     | 2                     | 2.0           |
| To take part in concerts, public events                                | 12                    | 10.0          |
| To communicate, make friends                                           | 18                    | 15.0          |
| Out of patriotism                                                      | 11                    | 9.0           |
| Because BRYU members are promised additional privileges, state support | 48                    | 37.0          |
| Because they make everyone join the BRYU                               | 44                    | 42.0          |
| Other                                                                  | 2                     | 2.0           |
| No answer/Undecided                                                    | 12                    | 10.0          |

**ATTENTION! QUESTIONS 40–43 WERE FOR THE UNEMPLOYED AND NONWORKERS ONLY!**

Table 40

**Why are you out of job now?**

|                                        | Number of respondents | % of jobless persons and nonworkers |
|----------------------------------------|-----------------------|-------------------------------------|
| No jobs for my qualification, training | 14                    | 12.4                                |
| No job that I would like               | 8                     | 7.1                                 |
| No wish to work                        | 5                     | 4.4                                 |
| Low wages                              | 18                    | 16.3                                |
| For health reasons                     | 5                     | 4.1                                 |
| For family reasons                     | 43                    | 38.0                                |
| Other                                  | 8                     | 7.4                                 |
| No answer/Undecided                    | 12                    | 10.3                                |
| Total                                  | 113                   | 100.0                               |

Table 41

**Have you been looking for job/trying to start you own business in the past month?**

|                     | Number of respondents | % of jobless persons and nonworkers |
|---------------------|-----------------------|-------------------------------------|
| Yes                 | 47                    | 41.1                                |
| No                  | 66                    | 58.2                                |
| No answer/Undecided | 1                     | 0.7                                 |
| Total               | 113                   | 100.0                               |

Table 42

**If you found a job, would you be able to start working in the next two weeks?  
(% of those who answered question 41 in the affirmative)**

|                     | Number of respondents | % of those seeking jobs |
|---------------------|-----------------------|-------------------------|
| Yes                 | 44                    | 95.4                    |
| No                  | 1                     | 2.6                     |
| No answer/Undecided | 1                     | 2.0                     |
| Total               | 47                    | 100.0                   |

Table 43

**Are you registered in your local job center as an unemployed person?**

|                     | Number of respondents | % of jobless persons and nonworkers |
|---------------------|-----------------------|-------------------------------------|
| Yes                 | 14                    | 12.0                                |
| No                  | 99                    | 87.3                                |
| No answer/Undecided | 1                     | 0.7                                 |
| Total               | 113                   | 100.0                               |

**ATTENTION! THE FOLLOWING QUESTIONS WERE FOR ALL RESPONDENTS!**

Table 44

**Is there a community activist – who files complaints, collects signatures, communicates with the authorities – in your apartment house?**

|                                             | Number of respondents | %     |
|---------------------------------------------|-----------------------|-------|
| Yes, and this is me                         | 21                    | 1.3   |
| Yes, and I know him/her                     | 271                   | 17.2  |
| There is someone, but I do not know him/her | 222                   | 14.1  |
| No, I am not aware of this person           | 1,063                 | 67.4  |
| Total                                       | 1,577                 | 100.0 |

Table 45

**Are you a member of any public organization or political party?**

|                                             | Number of respondents | %     |
|---------------------------------------------|-----------------------|-------|
| Yes, I am a member of a political party     | 15                    | 1.0   |
| Yes, I am a member of a public organization | 134                   | 8.5   |
| No                                          | 1,428                 | 90.5  |
| Total                                       | 1,577                 | 100.0 |

Table 46

**Have you ever helped a complete stranger, or taken part in any charity actions?**

|                     | Number of respondents | %     |
|---------------------|-----------------------|-------|
| Yes                 | 562                   | 35.6  |
| No                  | 939                   | 59.6  |
| No answer/Undecided | 76                    | 4.8   |
| Total               | 1,577                 | 100.0 |

Table 47

**How often do you communicate with your friends, people you know  
(not family members or colleagues)?**

|                                        | Number of respondents | %     |
|----------------------------------------|-----------------------|-------|
| A few times a week and more frequently | 778                   | 49.3  |
| Once a week                            | 320                   | 20.3  |
| A few times a month                    | 275                   | 17.4  |
| Once a month and less frequently       | 132                   | 8.3   |
| Almost never                           | 73                    | 4.6   |
| Total                                  | 1,577                 | 100.0 |

**BLOCK III. ECONOMIC SITUATION**

Table 48

**Which of the following are the most serious problems for Belarus?  
(Choose not more than five answers)**

|                                                            | %    |
|------------------------------------------------------------|------|
| Consumer price inflation                                   | 81.8 |
| Alcoholism                                                 | 47.9 |
| Low income level                                           | 32.4 |
| Instability of the ruble                                   | 17.9 |
| High housing prices                                        | 29.0 |
| High taxes                                                 | 11.1 |
| High utility fees                                          | 32.9 |
| Poverty of a considerable part of population               | 28.5 |
| Corruption, bribery                                        | 15.7 |
| Unemployment                                               | 25.5 |
| Harassment of entrepreneurs                                | 7.6  |
| Rising oil and natural gas prices                          | 12.6 |
| Absence of democracy and freedom of speech                 | 8.0  |
| Foreign debt growth                                        | 9.0  |
| Lack of culture; aggressive people                         | 9.7  |
| Low quality of medical services                            | 14.0 |
| State interference in business                             | 4.4  |
| Excessive red tape                                         | 9.1  |
| Environment contamination                                  | 6.6  |
| Bad relations with other countries/international community | 4.5  |
| High crime rate                                            | 5.7  |
| Population loss                                            | 8.5  |
| Poor quality of education                                  | 1.8  |
| Infringement of national culture, language                 | 2.2  |
| These problems are not relevant in Belarus                 | 0.3  |

Table 49

**How would you assess your material well-being?**

|                     | <b>Number of respondents</b> | <b>%</b>     |
|---------------------|------------------------------|--------------|
| High                | 2                            | 0.1          |
| Above average       | 59                           | 3.7          |
| Average             | 930                          | 58.9         |
| Below average       | 407                          | 25.8         |
| Low                 | 165                          | 10.5         |
| No answer/Undecided | 14                           | 0.9          |
| <b>Total</b>        | <b>1,577</b>                 | <b>100.0</b> |

Table 50

**How has your material well-being changed in the past year?**

|                        | <b>Number of respondents</b> | <b>%</b>     |
|------------------------|------------------------------|--------------|
| Decreased dramatically | 173                          | 11.0         |
| Decreased slightly     | 487                          | 30.9         |
| Has not changed        | 763                          | 48.4         |
| Increased slightly     | 115                          | 7.3          |
| Increased seriously    | 6                            | 0.4          |
| No answer/Undecided    | 33                           | 2.1          |
| <b>Total</b>           | <b>1,577</b>                 | <b>100.0</b> |

Table 51

**If your material well-being has improved in the past year, what are the main reasons for this?**

|                               | <b>Number of respondents</b> | <b>% of those whose material well-being has improved</b> |
|-------------------------------|------------------------------|----------------------------------------------------------|
| My employer's action          | 35                           | 29.3                                                     |
| Policy of the state           | 9                            | 7.8                                                      |
| My own actions                | 59                           | 48.5                                                     |
| Changes in the global economy | 2                            | 1.6                                                      |
| Change in age, in the family  | 10                           | 8.0                                                      |
| No answer/Undecided           | 6                            | 4.9                                                      |
| <b>Total</b>                  | <b>121</b>                   | <b>100.0</b>                                             |

Table 52

**How do you think your material well-being will change in the next 12 months?**

|                        | <b>Number of respondents</b> | <b>%</b>     |
|------------------------|------------------------------|--------------|
| Decrease dramatically  | 179                          | 11.3         |
| Decrease slightly      | 382                          | 24.1         |
| Will not change        | 528                          | 33.5         |
| Increase slightly      | 141                          | 9.0          |
| Increase significantly | 10                           | 0.6          |
| No answer/Undecided    | 340                          | 21.5         |
| <b>Total</b>           | <b>1,577</b>                 | <b>100.0</b> |

Table 53

**If you believe your material wealth will decrease in the next 12 months, what will be the main reasons for this?**

|                               | Number of respondents | % of those who believe their material wealth will decrease |
|-------------------------------|-----------------------|------------------------------------------------------------|
| My employer's action          | 34                    | 6.1                                                        |
| Policy of the state           | 168                   | 29.9                                                       |
| My own actions                | 11                    | 1.9                                                        |
| Changes in the global economy | 292                   | 52.0                                                       |
| Change in age, in the family  | 20                    | 3.5                                                        |
| No answer/Undecided           | 38                    | 6.7                                                        |
| Total                         | 561                   | 100.0                                                      |

Table 54

**What should receive more state financing, and what should be financed less?**

|                                                      | Increase financing | Leave as it is | Reduce expenses | No Answer/Undecided |
|------------------------------------------------------|--------------------|----------------|-----------------|---------------------|
| 1. Army                                              | 11.6               | 47.5           | 15.8            | 25.2                |
| 2. Police, security ministries                       | 8.1                | 37.1           | 32.2            | 22.6                |
| 3. Pensions, education allowances, benefits          | 68.3               | 11.2           | 0.8             | 19.7                |
| 4. Healthcare                                        | 69.8               | 10.3           | 0.7             | 19.2                |
| 5. Education, science                                | 53.8               | 25.0           | 1.2             | 20.0                |
| 6. Housing maintenance and utilities                 | 34.4               | 35.9           | 7.3             | 22.3                |
| 7. Public authorities                                | 3.3                | 23.4           | 52.1            | 21.2                |
| 8. Development and introduction of high technologies | 40.3               | 30.6           | 4.8             | 24.3                |
| 9. Environmental protection                          | 40.4               | 35.2           | 2.3             | 22.2                |
| 10. Agriculture                                      | 47.5               | 28.5           | 2.7             | 21.4                |
| 11. Construction of sports facilities                | 12.4               | 32.9           | 32.6            | 22.2                |
| 12. Tourism                                          | 20.9               | 39.6           | 14.9            | 24.6                |
| 13. Construction of roads, infrastructure            | 44.3               | 29.0           | 4.9             | 21.8                |
| 14. Industry                                         | 44.7               | 29.2           | 3.1             | 22.9                |

Table 55

**Please, indicate to which extend you agree with the following statements**

|   |                                                                                                                             |                                                                                      |
|---|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 1 | Sale and purchase of small enterprises must be authorized by the state; some small enterprises must remain state-controlled | Small enterprises must be privately-owned and sold and purchased without limitations |
|---|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Fully agree with the former  | 346                   | 22.0  |
| Rather agree with the former | 411                   | 26.1  |
| Disagree with both           | 281                   | 17.8  |
| Rather agree with the latter | 355                   | 22.5  |
| Fully agree with the latter  | 184                   | 11.7  |
| Total                        | 1,577                 | 100.0 |

|   |                                                     |                                                                                      |
|---|-----------------------------------------------------|--------------------------------------------------------------------------------------|
| 2 | Most prices must be set and controlled by the state | Most prices must be set on the basis of demand and supply without state interference |
|---|-----------------------------------------------------|--------------------------------------------------------------------------------------|

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Fully agree with the former  | 449                   | 28.5  |
| Rather agree with the former | 471                   | 29.9  |
| Disagree with both           | 288                   | 18.3  |
| Rather agree with the latter | 250                   | 15.8  |
| Fully agree with the latter  | 119                   | 7.5   |
| Total                        | 1,577                 | 100.0 |

|   |                                                              |                                                         |
|---|--------------------------------------------------------------|---------------------------------------------------------|
| 3 | Most of the largest enterprises must remain state-controlled | Most of the largest enterprises must be privately-owned |
|---|--------------------------------------------------------------|---------------------------------------------------------|

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Fully agree with the former  | 592                   | 37.5  |
| Rather agree with the former | 513                   | 32.5  |
| Disagree with both           | 274                   | 17.3  |
| Rather agree with the latter | 141                   | 8.9   |
| Fully agree with the latter  | 58                    | 3.7   |
| Total                        | 1,577                 | 100.0 |

|   |                                                              |                                                           |
|---|--------------------------------------------------------------|-----------------------------------------------------------|
| 4 | Largest banks must be state-owned and perform state programs | Bank regulations must be based on international standards |
|---|--------------------------------------------------------------|-----------------------------------------------------------|

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Fully agree with the former  | 551                   | 34.9  |
| Rather agree with the former | 434                   | 27.5  |
| Disagree with both           | 267                   | 16.9  |
| Rather agree with the latter | 227                   | 14.4  |
| Fully agree with the latter  | 99                    | 6.3   |
| Total                        | 1,577                 | 100.0 |

|   |                                                                           |                                                                                           |
|---|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|
| 5 | Loss-making and uncompetitive enterprises must be subsidized by the state | Viability of enterprises must depend on their possibility to produce competitive products |
|---|---------------------------------------------------------------------------|-------------------------------------------------------------------------------------------|

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Fully agree with the former  | 214                   | 13.6  |
| Rather agree with the former | 278                   | 17.6  |
| Disagree with both           | 370                   | 23.5  |
| Rather agree with the latter | 432                   | 27.4  |
| Fully agree with the latter  | 282                   | 17.9  |
| Total                        | 1,577                 | 100.0 |

|   |                                                                           |                                                                                                      |
|---|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| 6 | Export, import and foreign exchange trade must be controlled by the state | Minimum regulation of export, import and foreign exchange trade that meet international requirements |
|---|---------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Fully agree with the former  | 398                   | 25.3  |
| Rather agree with the former | 430                   | 27.3  |
| Disagree with both           | 374                   | 23.7  |
| Rather agree with the latter | 262                   | 16.6  |
| Fully agree with the latter  | 113                   | 7.1   |
| Total                        | 1,577                 | 100.0 |

|   |                                                                                            |                                                                                         |
|---|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|
| 7 | State must offer special conditions to selected enterprises and support domestic producers | All enterprises, including foreign ones, must enjoy equal transparent rules of the game |
|---|--------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|

|                              | Number of respondents | %     |
|------------------------------|-----------------------|-------|
| Fully agree with the former  | 320                   | 20.3  |
| Rather agree with the former | 433                   | 27.4  |
| Disagree with both           | 356                   | 22.6  |
| Rather agree with the latter | 303                   | 19.2  |
| Fully agree with the latter  | 165                   | 10.4  |
| Total                        | 1,577                 | 100.0 |

|   |                                                                                |                                                                                          |
|---|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|
| 8 | State must determine which shareholdings can be sold, and which cannot be sold | Free sale and purchase of securities, regulations being based on international standards |
|---|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|

|                              | Number of respondents | %            |
|------------------------------|-----------------------|--------------|
| Fully agree with the former  | 350                   | 22.2         |
| Rather agree with the former | 470                   | 29.8         |
| Disagree with both           | 361                   | 22.9         |
| Rather agree with the latter | 266                   | 16.9         |
| Fully agree with the latter  | 131                   | 8.3          |
| <b>Total</b>                 | <b>1,577</b>          | <b>100.0</b> |

|   |                                                                                 |                                                                                                   |
|---|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|
| 9 | Power engineering, telecoms, utilities and road maintenance must be state-owned | Private business must be allowed into power engineering, telecoms, utilities and road maintenance |
|---|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|

|                              | Number of respondents | %            |
|------------------------------|-----------------------|--------------|
| Fully agree with the former  | 595                   | 37.7         |
| Rather agree with the former | 485                   | 30.7         |
| Disagree with both           | 238                   | 15.1         |
| Rather agree with the latter | 172                   | 10.9         |
| Fully agree with the latter  | 87                    | 5.5          |
| <b>Total</b>                 | <b>1,577</b>          | <b>100.0</b> |

|    |                                                                                         |                                                                                                            |
|----|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 10 | Employment and wages must be regulated by the state even at privately-owned enterprises | Employment and wages must be regulated by labor contracts between the worker, employer and the trade union |
|----|-----------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|

|                              | Number of respondents | %            |
|------------------------------|-----------------------|--------------|
| Fully agree with the former  | 341                   | 21.6         |
| Rather agree with the former | 360                   | 22.8         |
| Disagree with both           | 260                   | 16.5         |
| Rather agree with the latter | 405                   | 25.7         |
| Fully agree with the latter  | 210                   | 13.3         |
| <b>Total</b>                 | <b>1,577</b>          | <b>100.0</b> |

|    |                                                                                                      |                                                                                                            |
|----|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|
| 11 | Land must be state-owned, except for sale and purchase of small land plots, which must be restricted | With minor exceptions, land must be sold and purchased without restrictions, including by foreign citizens |
|----|------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|

|                              | Number of respondents | %            |
|------------------------------|-----------------------|--------------|
| Fully agree with the former  | 553                   | 35.1         |
| Rather agree with the former | 466                   | 29.6         |
| Disagree with both           | 330                   | 20.9         |
| Rather agree with the latter | 146                   | 9.3          |
| Fully agree with the latter  | 82                    | 5.2          |
| <b>Total</b>                 | <b>1,577</b>          | <b>100.0</b> |

Table 56

Please, compare the situation in the countries below and Belarus:

*1. Living standards: Russia*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 329                   | 20.9  |
| In that country the situation is the same as in Belarus | 552                   | 35.0  |
| In that country the situation is better than in Belarus | 486                   | 30.8  |
| No answer/Undecided                                     | 210                   | 13.3  |
| Total                                                   | 1,577                 | 100.0 |

*Living standards: Ukraine*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 887                   | 56.2  |
| In that country the situation is the same as in Belarus | 379                   | 24.0  |
| In that country the situation is better than in Belarus | 107                   | 6.8   |
| No answer/Undecided                                     | 204                   | 12.9  |
| Total                                                   | 1,577                 | 100.0 |

*Living standards: Lithuania*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 186                   | 11.8  |
| In that country the situation is the same as in Belarus | 358                   | 22.7  |
| In that country the situation is better than in Belarus | 497                   | 31.5  |
| No answer/Undecided                                     | 535                   | 33.9  |
| Total                                                   | 1,577                 | 100.0 |

*Living standards: Poland*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 60                    | 3.8   |
| In that country the situation is the same as in Belarus | 252                   | 16.0  |
| In that country the situation is better than in Belarus | 802                   | 50.8  |
| No answer/Undecided                                     | 463                   | 29.4  |
| Total                                                   | 1,577                 | 100.0 |

*Living standards: Germany*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 21                    | 1.4   |
| In that country the situation is the same as in Belarus | 73                    | 4.6   |
| In that country the situation is better than in Belarus | 1,123                 | 71.2  |
| No answer/Undecided                                     | 360                   | 22.8  |
| Total                                                   | 1,577                 | 100.0 |

*Living standards: Sweden*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 21                    | 1.3   |
| In that country the situation is the same as in Belarus | 62                    | 3.9   |
| In that country the situation is better than in Belarus | 1,058                 | 67.1  |
| No answer/Undecided                                     | 436                   | 27.6  |
| Total                                                   | 1,577                 | 100.0 |



*Living standards: the United States*

|                                                         | <b>Number of respondents</b> | <b>%</b>     |
|---------------------------------------------------------|------------------------------|--------------|
| In that country the situation is worse than in Belarus  | 45                           | 2.8          |
| In that country the situation is the same as in Belarus | 85                           | 5.4          |
| In that country the situation is better than in Belarus | 1,009                        | 64.0         |
| No answer/Undecided                                     | 438                          | 27.8         |
| <b>Total</b>                                            | <b>1,577</b>                 | <b>100.0</b> |

*2. Stability: Russia*

|                                                         | <b>Number of respondents</b> | <b>%</b>     |
|---------------------------------------------------------|------------------------------|--------------|
| In that country the situation is worse than in Belarus  | 357                          | 22.6         |
| In that country the situation is the same as in Belarus | 701                          | 44.5         |
| In that country the situation is better than in Belarus | 260                          | 16.5         |
| No answer/Undecided                                     | 259                          | 16.4         |
| <b>Total</b>                                            | <b>1,577</b>                 | <b>100.0</b> |

*Stability: Ukraine*

|                                                         | <b>Number of respondents</b> | <b>%</b>     |
|---------------------------------------------------------|------------------------------|--------------|
| In that country the situation is worse than in Belarus  | 969                          | 61.4         |
| In that country the situation is the same as in Belarus | 318                          | 20.1         |
| In that country the situation is better than in Belarus | 49                           | 3.1          |
| No answer/Undecided                                     | 242                          | 15.3         |
| <b>Total</b>                                            | <b>1,577</b>                 | <b>100.0</b> |

*Stability: Lithuania*

|                                                         | <b>Number of respondents</b> | <b>%</b>     |
|---------------------------------------------------------|------------------------------|--------------|
| In that country the situation is worse than in Belarus  | 269                          | 17.1         |
| In that country the situation is the same as in Belarus | 444                          | 28.2         |
| In that country the situation is better than in Belarus | 290                          | 18.4         |
| No answer/Undecided                                     | 573                          | 36.4         |
| <b>Total</b>                                            | <b>1,577</b>                 | <b>100.0</b> |

*Stability: Poland*

|                                                         | <b>Number of respondents</b> | <b>%</b>     |
|---------------------------------------------------------|------------------------------|--------------|
| In that country the situation is worse than in Belarus  | 98                           | 6.2          |
| In that country the situation is the same as in Belarus | 373                          | 23.7         |
| In that country the situation is better than in Belarus | 580                          | 36.8         |
| No answer/Undecided                                     | 525                          | 33.3         |
| <b>Total</b>                                            | <b>1,577</b>                 | <b>100.0</b> |

*Stability: Germany*

|                                                         | <b>Number of respondents</b> | <b>%</b>     |
|---------------------------------------------------------|------------------------------|--------------|
| In that country the situation is worse than in Belarus  | 26                           | 1.6          |
| In that country the situation is the same as in Belarus | 185                          | 11.8         |
| In that country the situation is better than in Belarus | 928                          | 58.9         |
| No answer/Undecided                                     | 438                          | 27.7         |
| <b>Total</b>                                            | <b>1,577</b>                 | <b>100.0</b> |

*Stability: Sweden*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 19                    | 1.2   |
| In that country the situation is the same as in Belarus | 156                   | 9.9   |
| In that country the situation is better than in Belarus | 908                   | 57.6  |
| No answer/Undecided                                     | 494                   | 31.3  |
| Total                                                   | 1,577                 | 100.0 |

*Stability: the United States*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 128                   | 8.1   |
| In that country the situation is the same as in Belarus | 205                   | 13.0  |
| In that country the situation is better than in Belarus | 704                   | 44.6  |
| No answer/Undecided                                     | 540                   | 34.2  |
| Total                                                   | 1,577                 | 100.0 |

*3. Possibility to make money: Russia*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 121                   | 7.7   |
| In that country the situation is the same as in Belarus | 352                   | 22.3  |
| In that country the situation is better than in Belarus | 919                   | 58.2  |
| No answer/Undecided                                     | 185                   | 11.8  |
| Total                                                   | 1,577                 | 100.0 |

*Possibility to make money: Ukraine*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 717                   | 45.4  |
| In that country the situation is the same as in Belarus | 358                   | 22.7  |
| In that country the situation is better than in Belarus | 216                   | 13.7  |
| No answer/Undecided                                     | 287                   | 18.2  |
| Total                                                   | 1,577                 | 100.0 |

*Possibility to make money: Lithuania*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 170                   | 10.8  |
| In that country the situation is the same as in Belarus | 373                   | 23.6  |
| In that country the situation is better than in Belarus | 477                   | 30.2  |
| No answer/Undecided                                     | 558                   | 35.4  |
| Total                                                   | 1,577                 | 100.0 |

*Possibility to make money: Poland*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 49                    | 3.1   |
| In that country the situation is the same as in Belarus | 263                   | 16.7  |
| In that country the situation is better than in Belarus | 797                   | 50.5  |
| No answer/Undecided                                     | 468                   | 29.7  |
| Total                                                   | 1,577                 | 100.0 |

*Possibility to make money: Germany*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 16                    | 1.0   |
| In that country the situation is the same as in Belarus | 101                   | 6.4   |
| In that country the situation is better than in Belarus | 1,085                 | 68.8  |
| No answer/Undecided                                     | 376                   | 23.8  |
| Total                                                   | 1,577                 | 100.0 |

*Possibility to make money: Sweden*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 14                    | 0.9   |
| In that country the situation is the same as in Belarus | 96                    | 6.1   |
| In that country the situation is better than in Belarus | 989                   | 62.7  |
| No answer/Undecided                                     | 479                   | 30.3  |
| Total                                                   | 1,577                 | 100.0 |

*Possibility to make money: the United States*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 29                    | 1.9   |
| In that country the situation is the same as in Belarus | 100                   | 6.3   |
| In that country the situation is better than in Belarus | 994                   | 63.0  |
| No answer/Undecided                                     | 454                   | 28.8  |
| Total                                                   | 1,577                 | 100.0 |

**4. Corruption: Russia**

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 550                   | 34.9  |
| In that country the situation is the same as in Belarus | 501                   | 31.8  |
| In that country the situation is better than in Belarus | 131                   | 8.3   |
| No answer/Undecided                                     | 395                   | 25.1  |
| Total                                                   | 1,577                 | 100.0 |

*Corruption: Ukraine*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 735                   | 46.6  |
| In that country the situation is the same as in Belarus | 344                   | 21.8  |
| In that country the situation is better than in Belarus | 84                    | 5.3   |
| No answer/Undecided                                     | 415                   | 26.3  |
| Total                                                   | 1,577                 | 100.0 |

*Corruption: Lithuania*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 183                   | 11.6  |
| In that country the situation is the same as in Belarus | 451                   | 28.6  |
| In that country the situation is better than in Belarus | 167                   | 10.6  |
| No answer/Undecided                                     | 776                   | 49.2  |
| Total                                                   | 1,577                 | 100.0 |

*Corruption: Poland*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 100                   | 6.4   |
| In that country the situation is the same as in Belarus | 392                   | 24.9  |
| In that country the situation is better than in Belarus | 307                   | 19.4  |
| No answer/Undecided                                     | 778                   | 49.3  |
| Total                                                   | 1,577                 | 100.0 |

*Corruption: Germany*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 59                    | 3.7   |
| In that country the situation is the same as in Belarus | 236                   | 15.0  |
| In that country the situation is better than in Belarus | 577                   | 36.6  |
| No answer/Undecided                                     | 705                   | 44.7  |
| Total                                                   | 1,577                 | 100.0 |

*Corruption: Sweden*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 58                    | 3.7   |
| In that country the situation is the same as in Belarus | 212                   | 13.4  |
| In that country the situation is better than in Belarus | 559                   | 35.4  |
| No answer/Undecided                                     | 749                   | 47.5  |
| Total                                                   | 1,577                 | 100.0 |

*Corruption: the United States*

|                                                         | Number of respondents | %     |
|---------------------------------------------------------|-----------------------|-------|
| In that country the situation is worse than in Belarus  | 143                   | 9.1   |
| In that country the situation is the same as in Belarus | 237                   | 15.1  |
| In that country the situation is better than in Belarus | 433                   | 27.5  |
| No answer/Undecided                                     | 763                   | 48.4  |
| Total                                                   | 1,577                 | 100.0 |

Table 57

**If Belarusian state-run enterprises were to be privatized, where would you prefer to have investors come from? (three answers are possible)**

|                     | Number of respondents | %    |
|---------------------|-----------------------|------|
| Belarus             | 1,215                 | 77.0 |
| Israel              | 13                    | 2.5  |
| Iran, Venezuela     | 4                     | 0.3  |
| China               | 28                    | 2.8  |
| Russia              | 85                    | 26.0 |
| EU                  | 89                    | 10.5 |
| the United States   | 4                     | 3.9  |
| No answer/Undecided | 140                   | 8.9  |

**BLOCK IV. POLITICAL SITUATION**

Table 58

**There is an opinion: «The state ensures civil peace and political stability and this justifies certain restrictions on democracy and freedom of speech».  
To what extent do you agree?**

|                     | <b>Number of respondents</b> | <b>%</b> |
|---------------------|------------------------------|----------|
| Fully agree         | 178                          | 11.3     |
| Rather agree        | 539                          | 34.2     |
| Rather disagree     | 409                          | 25.9     |
| Fully disagree      | 144                          | 9.1      |
| No answer/Undecided | 308                          | 19.5     |
| Total               | 1,577                        | 100.0    |

Table 59

**Do you agree with the following statements?**

*Belarus must become an EU member*

|                     | <b>Number of respondents</b> | <b>%</b> |
|---------------------|------------------------------|----------|
| No                  | 649                          | 41.2     |
| Yes                 | 529                          | 33.5     |
| No answer/Undecided | 399                          | 25.3     |
| Total               | 1,577                        | 100.0    |

*Belarus must become a part of Russia*

|                     | <b>Number of respondents</b> | <b>%</b> |
|---------------------|------------------------------|----------|
| No                  | 1,043                        | 66.1     |
| Yes                 | 226                          | 14.4     |
| No answer/Undecided | 306                          | 19.4     |
| Total               | 1,577                        | 100.0    |

*Belarus must remain an independent state*

|                     | <b>Number of respondents</b> | <b>%</b> |
|---------------------|------------------------------|----------|
| No                  | 216                          | 13.7     |
| Yes                 | 1,169                        | 74.1     |
| No answer/Undecided | 192                          | 12.2     |
| Total               | 1,577                        | 100.0    |

*Belarus and Russia must build a single state with a common currency, president and parliament*

|                     | <b>Number of respondents</b> | <b>%</b> |
|---------------------|------------------------------|----------|
| No                  | 865                          | 54.8     |
| Yes                 | 322                          | 20.4     |
| No answer/Undecided | 390                          | 24.7     |
| Total               | 1,577                        | 100.0    |

**Block V. GENERAL INFORMATION***Place of residence*

|                 | <b>Number of respondents</b> | <b>%</b> |
|-----------------|------------------------------|----------|
| Minsk           | 300                          | 19.0     |
| Minsk Region    | 238                          | 15.1     |
| Brest Region    | 212                          | 13.4     |
| Vitebsk Region  | 185                          | 11.7     |
| Gomel Region    | 238                          | 15.1     |
| Grodno Region   | 227                          | 14.4     |
| Moghilev Region | 178                          | 11.3     |
| Total           | 1,577                        | 100.0    |

*Size of settlement*

|                     | <b>Number of respondents</b> | <b>%</b> |
|---------------------|------------------------------|----------|
| > 1,000,000 (Minsk) | 300                          | 19.0     |
| 100,000 – 500,000   | 496                          | 31.5     |
| 50,000 – 100,000    | 94                           | 6.0      |
| 10,000 – 50,000     | 258                          | 16.4     |
| 5,000 – 10,000      | 31                           | 2.0      |
| < 5,000             | 398                          | 25.2     |
| Total               | 1,577                        | 100.0    |

*Sex*

|        | <b>Number of respondents</b> | <b>%</b> |
|--------|------------------------------|----------|
| Male   | 734                          | 46.5     |
| Female | 844                          | 53.5     |
| Total  | 1,577                        | 100.0    |

*Age*

|       | <b>Number of respondents</b> | <b>%</b> |
|-------|------------------------------|----------|
| 18–24 | 234                          | 14.8     |
| 25–34 | 287                          | 18.2     |
| 35–44 | 284                          | 18.0     |
| 45–54 | 304                          | 19.2     |
| 55–64 | 184                          | 11.7     |
| 65 +  | 285                          | 18.1     |
| Total | 1,577                        | 100.0    |

*Nationality*

|            | <b>Number of respondents</b> | <b>%</b> |
|------------|------------------------------|----------|
| Belarusian | 1,353                        | 85.8     |
| Russian    | 111                          | 7.0      |
| Ukrainian  | 17                           | 1.1      |
| Pole       | 84                           | 5.3      |
| Other      | 13                           | 0.8      |
| Total      | 1,577                        | 100.0    |

*Marital status*

|                                          | Number of respondents | %     |
|------------------------------------------|-----------------------|-------|
| Single                                   | 303                   | 19.2  |
| Married                                  | 920                   | 58.3  |
| Live together without civil registration | 35                    | 2.2   |
| Divorced                                 | 139                   | 8.8   |
| Widow/widower                            | 177                   | 11.2  |
| Refusal                                  | 4                     | 0.2   |
| Total                                    | 1,577                 | 100.0 |

*Monthly income*

|                                                           | Number of respondents | %     |
|-----------------------------------------------------------|-----------------------|-------|
| Sufficient, and we can put money aside on a monthly basis | 121                   | 7.7   |
| We manage to put money aside, but not regularly           | 689                   | 43.7  |
| We only manage to make both ends meet                     | 572                   | 36.3  |
| Not enough money, we deny ourselves almost everything     | 119                   | 7.6   |
| No answer/Undecided                                       | 76                    | 4.8   |
| Total                                                     | 1,577                 | 100.0 |

*Total monthly income, Belarusian rubles*

|                     | Number of respondents | %     |
|---------------------|-----------------------|-------|
| Less than 200,000   | 9                     | 0.6   |
| 200,001–400,000     | 156                   | 9.9   |
| 400,001–600,000     | 160                   | 10.1  |
| 600,001–800,000     | 243                   | 15.4  |
| 800,001–1,000,000   | 281                   | 17.8  |
| 1,000,001–1,250,000 | 192                   | 12.2  |
| 1,250,001–1,500,000 | 132                   | 8.3   |
| 1,500,001–1,750,000 | 66                    | 4.2   |
| 1,750,001–2,000,000 | 58                    | 3.7   |
| 2,000,001–2,500,000 | 53                    | 3.4   |
| Over 2,500,000      | 24                    | 1.5   |
| No answer/Undecided | 205                   | 13.0  |
| Total               | 1,577                 | 100.0 |

*How large is your family/how many people live in the same household and keep house with you?*

|       | Number of respondents | %     |
|-------|-----------------------|-------|
| 1     | 200                   | 12.7  |
| 2     | 474                   | 30.0  |
| 3     | 488                   | 31.0  |
| 4     | 308                   | 19.5  |
| 5     | 74                    | 4.7   |
| 6     | 26                    | 1.6   |
| 7     | 5                     | 0.3   |
| 8     | 1                     | 0.1   |
| 9     | 3                     | 0.2   |
| Total | 1,577                 | 100.0 |

*Do you have children under 18 years of age (that live together with you)?*

|           | Number of respondents | %     |
|-----------|-----------------------|-------|
| Yes       | 571                   | 36.2  |
| No        | 1,001                 | 63.5  |
| No answer | 5                     | 0.3   |
| Total     | 1,577                 | 100.0 |

*Do you personally use the Internet and if yes, how often?*

|                                       | <b>Number of respondents</b> | <b>%</b>     |
|---------------------------------------|------------------------------|--------------|
| Yes, every day                        | 135                          | 8.6          |
| Yes, a few times a week               | 174                          | 11.1         |
| Yes, a few times a month              | 124                          | 7.9          |
| Yes, once a month and less frequently | 67                           | 4.3          |
| No, I don't                           | 892                          | 56.6         |
| I do not know what Internet is        | 184                          | 11.7         |
| <b>Total</b>                          | <b>1,577</b>                 | <b>100.0</b> |

*Which of the following countries have you visited in the past three years? A few answers are possible*

|                                                        | <b>Number of respondents</b> | <b>%</b>    |
|--------------------------------------------------------|------------------------------|-------------|
| Russia                                                 | 375                          | 23.8        |
| Ukraine                                                | 203                          | 12.9        |
| Baltic States (Lithuania, Latvia, Estonia)             | 8                            | 0.5         |
| Eastern Europe (Poland, Czech Republic, etc.)          | 21                           | 1.3         |
| Western Europe (Germany, France, etc.)                 | 8                            | 0.5         |
| Scandinavia (Finland, Sweden, Norway)                  | 1                            | 0.1         |
| Other                                                  | 20                           | 1.3         |
| <b>I have not left Belarus in the past three years</b> | <b>941</b>                   | <b>59.7</b> |



## ABOUT BISS

The Belarusian Institute of Strategic Studies (BISS) is registered in Vilnius, Lithuania. BISS was founded by leading Belarusian experts, journalists and public figures as a platform for dialogue between the expert and academic community and civil society, and form a bridge between analysts, Belarusian society and international community. By developing this dialogue, BISS seeks to generate a new vision of Belarus through constructive alternative proposals concerning political, economic and social transformation of the country; studies ways to enhance Belarus' competitiveness and improve living standards for Belarusians.

BISS' *key spheres of interest* are:

- engagement between the Belarusian state and society;
- transformation of political elites in Belarus;
- quality of human capital and migration issues;
- energy preparedness;
- relationship between Belarus and the European Union;
- Belarusian-Russian relations;
- national identity and development of the Belarusian nation.

BISS focuses on *five key initiatives*.

1. Economic, political and social research:

- awareness of the nature of «social contracts» in Belarusian society;
- genesis and transformation of political elites in Belarus;
- national identity in modern Belarus;
- global financial crisis and its impact on the Belarusian economy and society.

2. Publication of regular economic liberalization, privatization and investment surveys, and monitoring of Belarus–EU relations.

3. Expert roundtables and conferences with representatives of think tanks, civil society, political elite, interest groups and international experts addressing political, economic and social development of Belarus. The key events include:

- annual BISS conference (two conferences have been held as of today);
- monthly BISS expert roundtables;
- Energy Club, a joint initiative of BISS and the Office for Democratic Belarus (Brussels) establishing a platform to discuss urgent issues of the Belarusian energy sector development, energy security and energy efficiency.

4. Advising Belarus Public Policy Fund (BPPF).

5. Publication of the Belarusian Yearbook, a comprehensive review of political, economic and social trends in Belarus.

## AUTHORS

**Marina Baturchik** – IPM Research Center expert. Graduated from Belarusian State University (BSU) philosophy and social sciences faculty (Sociology). Has been engaged in applied social studies (qualitative and quantitative) since 2001. Heads the quantitative study department in Indecom Marketing company since 2007. Lectures at BSU social communications chair. *Areas of expertise*: methodology of social settings research, media studies.

**Alexander Chubrik** – economist and project manager at the IPM Research Center, senior research fellow at CASE – Center for Social and Economic Research, Poland (research experience since 1999). Graduated from the Economics Department of the Belarusian State University (2000, MS in economics, honors degree) and post-graduate courses at the same department (2003). *Areas of expertise*: economic growth, poverty and social inclusion, labor market, macroeconomic modeling, applied econometrics, transition economies.

**Kiryl Haiduk** – BISS (Lithuania) expert and IPM Research Center (Minsk, Belarus) economist. Graduated from Belarusian State University (BSU) in 1998 with a honors degree in ‘Economic Theory’. Holds an MA from the University of Sussex (England, 2000); also completed the «macroeconomic policy and institutes» program at the Berlin School of Economics (2002). Worked for the International Labor Organization (ILO) as an economic expert in 2002–2005. *Areas of expertise*: macroeconomic policy, political economy, labor markets, transition economies.

**Anastasia Glambotskaya** – economist of the IPM Research Center. Graduated from the Belarusian State Economic University (BSEU) in 2002 (International Economics and International Economic Relations). Holds Master’s degree in International Political Economics from the University of Manchester, UK (2004), completed research scholarship at the London School of Economics, LSE, UK (2004) and the Institute of Economic Affairs, London. Took part in several international projects of the IPM Research Center. *Areas of expertise*: international economic relations, international business, development and internationalization of small and medium-sized enterprises, transformation and integration processes in Central and Eastern Europe, sectoral expertise: telecommunications, insurance sector.

**Tatiana Lisovskaya** – sociologist, analyst, marketing expert. Graduated from the philosophy and economics faculty of Belarusian State University in 1996 (MS in sociology), and post-graduate school of the Sociology Institute with the National Academy of Sciences in 2005. Taught political and social and political disciplines in various Belarusian universities in 1997–2007. Took part in a number of international projects of the IPM Research Center and La Strada International Association. Worked as a marketing expert and marketing analyst for Belarusian companies. *Areas of expertise*: social stratification, SME development.

**Elena Rakova** – economist and project manager at the IPM Research Center. Graduated from the St. Petersburg University of Economy and Finance (MS in economics, 1995); did post-graduated studies in Scientific Economic Institute of the Ministry of Economy of Belarus, holds PhD in economics (2002). Took part in a number of international projects of the IPM Research Center, CASE, BISS, UNDP, etc. *Areas of expertise*: structural reforms, privatization, SME development, energy sector reforms.

**Vital Silitski** – political analyst, Director of the Belarusian Institute for Strategic Studies (Vilnius, Lithuania). Graduated from the Department of Philosophy and Economy, Belarusian State University (division of Sociology). Holds a PhD in Political Science from Rutgers University (USA), MA in Politics from the Central European University (Hungary). Worked as associate professor in European Humanities University. Completed a fellowship of the International Forum for Democratic Studies (USA, 2004–2005), was a visiting fellow at Stanford University (2006–2007). *Areas of expertise*: political economy of democratic transitions, democratization and authoritarianism in the post-Soviet space, electoral revolutions, nation building and national identity in Belarus, Belarus-EU and Belarus-Russia relations.

**Gleb Shimanovich** – economist at the IPM Research Center. He graduated from Belarusian National Technical University (BNTU) with bachelor degree and Honours Diploma in Business Economics in 2006. In 2007 he received master degree in economics at BNTU. Took part in a number of international projects of the IPM Research Center, BISS, UNDP, etc. *Areas of expertise*: international trade, public finance, external debt.

**Nadezhda Yefimova** – leading sociologist of NOVAK laboratory. Graduated from Kazakh State University, completed a postgraduate program in Belarusian State University (BSU). Defended a thesis on sociology (PhD) in 1987. Works as associate professor of the social communications department of the BSU philosophy faculty. Completed fellowships in Humberside University, Hull, the UK, 1996 and Malaga University, Spain, 2003. *Areas of expertise*: qualitative methods in sociological studies, text analysis, organizational and mass communications, consumer behavior.