Life in Transition

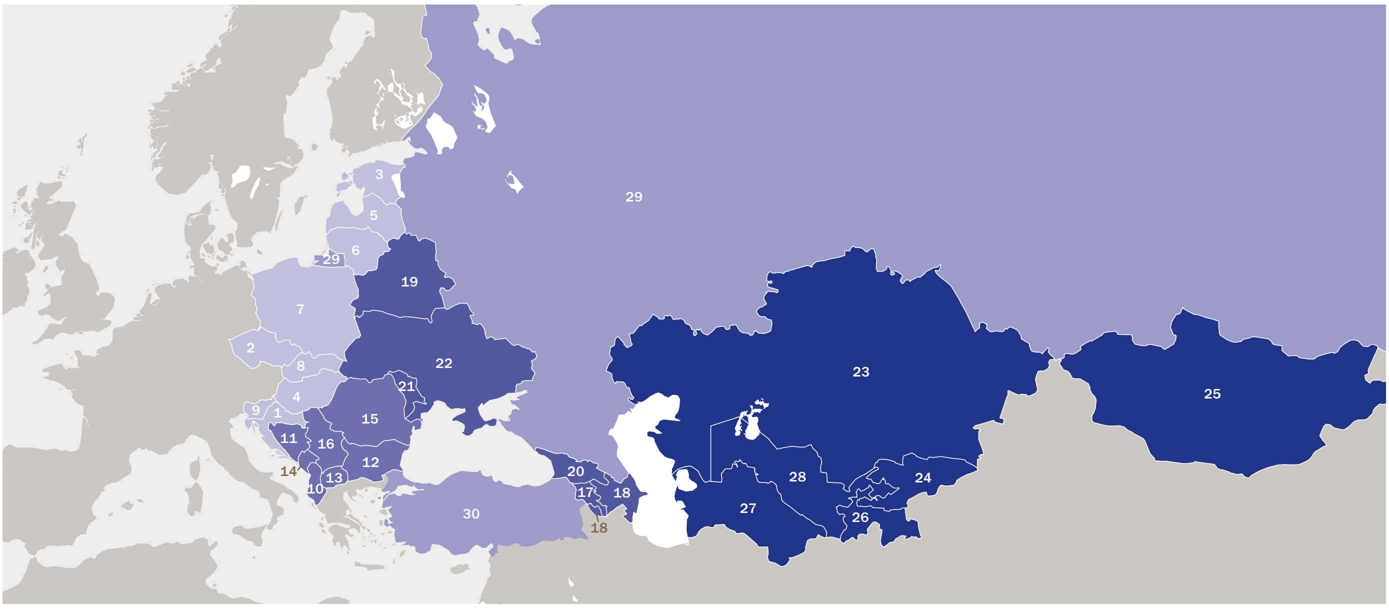
After the crisis

European Bank
for Reconstruction and Development

About this report

The European Bank for Reconstruction and Development (EBRD) seeks to foster the transition to an open market-oriented economy and to promote private and entrepreneurial initiative in central eastern Europe and the Baltic states, south-eastern Europe, the Commonwealth of Independent States and Mongolia. To perform this task effectively, the Bank needs to understand how transition is affecting the lives of people in the region and how it shapes their views on issues such as democracy and the market economy, the role of the state, and their hopes for the future.

In order to answer some of these questions, the EBRD in collaboration with the World Bank has carried out a major survey of households and individuals across the region – the Life in Transition Survey. This publication summarises the main results of the most recent round of the survey, conducted in 2010, and compares it with the first round, conducted in 2006, in order to share these results with our partners in the region and beyond.



Central Europe and the Baltic states
1 Croatia
2 Czech Republic[1]
3 Estonia
4 Hungary
5 Latvia
6 Lithuania
7 Poland
8 Slovak Republic
9 Slovenia

South-eastern Europe
10 Albania
11 Bosnia and Herzegovina
12 Bulgaria
13 FYR Macedonia
14 Montenegro
15 Romania
16 Serbia

Eastern Europe and the Caucasus
17 Armenia
18 Azerbaijan
19 Belarus
20 Georgia
21 Moldova
22 Ukraine

Central Asia
23 Kazakhstan
24 Kyrgyz Republic
25 Mongolia
26 Tajikistan
27 Turkmenistan
28 Uzbekistan

29 Russia
30 Turkey

[1] Since 2008 the EBRD has not made any new investments in the Czech Republic

Contents

Foreword by the Chief Economist

In late 2006, the EBRD and World Bank carried out the first comprehensive survey of individuals and households across virtually the whole transition region. The purpose was to gain a better understanding of how people's lives had been shaped and affected by the upheavals of the previous 15 years. The results revealed a complex picture: hardship for many and relatively low levels of life satisfaction, but also optimism for the future and robust support for the guiding principles of transition – democracy and the market economy. The survey findings also suggested a large unfinished reform agenda, especially with regard to improving the quality and delivery of public services, boosting the degree of trust in institutions and tackling deep-rooted problems such as the level of corruption, which most people felt had increased since the collapse of communism.

Four years later, the EBRD and World Bank commissioned a second round of the survey. The circumstances facing most people were significantly different between the first and second rounds. The Life in Transition Survey I (LiTS I) was carried out at a time when the region's economies were, with few exceptions, growing strongly. Average growth across the whole region was 7.3 per cent in 2006, and cumulative growth in the period 2000-06 was 40.3 per cent. In contrast, LiTS II took place in late 2010, at a time when most countries were still facing the aftershocks of a severe global economic crisis. Average GDP growth in 2009 was minus 5.2 per cent, and although most countries saw an upturn in 2010, the recovery has been patchy or negligible in many cases. One of the main reasons to repeat the survey was to see how attitudes, beliefs and values had been affected by the crisis.

LiTS II advances and improves on LiTS I in two important ways. First, the questionnaire was substantially revised. The new questionnaire includes sections on the impact of the crisis and on climate change issues, as well as improved and expanded questions in areas such as corporate governance, public service delivery, and economic and social attitudes. Second, the coverage has been expanded to include five western European "comparator" countries – France, Germany, Italy, Sweden and the UK. This allows us to benchmark the transition region against some advanced market economies, thereby giving a clearer perspective on the remaining challenges facing transition countries.

Taken together, the two rounds of LiTS contain an extraordinary wealth of information about economic and social life in the transition region before, and in the aftermath of, the great crisis. The chapters in this current report summarise the main findings on the impact of the crisis, attitudes and values, public

> "The 2010 LiTS confirms the resilience of transition – but also that transition is a work in progress."

service delivery, trust and corruption, and gender differences. The picture that emerges is one of great diversity, but there are also cross-cutting themes. Three of these themes deserve special mention.

First, the survey provides some vivid evidence of just how hard the crisis hit households in many countries in the transition region. In 17 out of the 29 countries surveyed, more than half of respondents thought that the crisis had affected them "a great deal" or "a fair amount." The same was true in only one of the five western comparator countries (Italy). By far the most important channels through which the crisis affected households were wage reductions, delays or suspensions. Most dramatically, in transition countries, 70 per cent of households which claim to be affected by the crisis report having reduced staple food and health expenditures as a result of the crisis. This proportion is almost twice as high as in the western comparator countries.

Second, in light of these dramatic deteriorations in material well-being during the crisis, the attitudes, values and levels of satisfaction among households appear surprisingly resilient. On average, 42.7 per cent in the region considered themselves "satisfied with my life now" in 2010, against 44.2 per cent in 2006. Compared with the 2006 survey, life satisfaction fell in 16 countries (not surprisingly, this group includes the countries hardest hit by the crisis) but rose in 13. The proportion of respondents who declared themselves to be optimistic about the future declined moderately from a cross-country mean of 55 per cent in 2006 to 49 per cent in 2010. Noticeable but not dramatic falls were also registered in levels of support for the market economy (declined in 16 countries, rose in 13) and democracy (declined in 18 countries, rose in 11). Interestingly, generalised trust in people increased, and so did satisfaction with government services. In contrast, trust in banks, financial institutions and foreign investors fell – but this trust remains much higher than in the western European comparator countries.

Finally, the 2010 survey confirms some regional patterns that are likely to be related to common histories and institutions. Specifically, the central European and Baltic countries have many attitudes, values and social outcomes in common, and so do most but not all countries on the territory of the former Soviet Union, whereas south-eastern Europe represents a much more mixed group. However, the way in which these groups compare to each other and to western Europe is not straightforward. In some ways the advanced European transition economies are close to the western European comparator group – for example, with regard to corruption, which is relatively low, and satisfaction with public services, which is quite high. In contrast, most of the advanced European transition economies report significantly lower levels of life satisfaction, optimism about the future, faith in the market, support for democracy, and trust in public institutions than both western European countries and less advanced transition economies in the east.

In summary, the 2010 LiTS confirms the resilience of transition – but also that transition is a work in progress. The fact that markets and democracy are least popular in the transition countries that have most experience with them is sobering but perhaps not surprising, since it is the existing political and economic systems that, in the eyes of respondents, must share the blame for the crisis. Diminishing expectations in the aftermath of the crisis and relentless negative demographic trends will no doubt put these systems under renewed pressures. But while markets and democracy come with their own baggage, they are more likely to provide constructive answers to these pressures than any plausible alternative.

Erik Berglöf
EBRD Chief Economist

Executive summary

Chapter 1

Impact of the global economic crisis

It is well-known that the crisis of 2008-10 led to exceptionally severe output falls in many transition countries, but what did this mean for individual households? Two-thirds of respondents in the transition region report that they were affected by the crisis. More than two-fifths report being hit “a great deal” or “a fair amount”, compared to only about 15 per cent in Germany. Thirty per cent of households suffered reduced wages, and 17 per cent job losses. On average, however, there was little change in overall levels of life satisfaction relative to four years previously. Satisfaction with life dropped in 16 countries but increased in 13. Changes in life satisfaction are loosely correlated with the severity of the output decline across countries.

Households used a variety of methods to cope with the crisis. About 70 per cent of households effected by the crisis report cutting back on spending on staple foods and health as a result of the crisis, a much higher proportion than in western Europe. Richer households tended to reduce spending on non-essential goods and increased their borrowing from friends and families. About one quarter of respondents engaged in “active” coping strategies, such as securing a second job or working longer hours.

One noticeable difference between the transition region and the western European comparators is the extent to which households in the latter were better able to draw on public safety nets to help cope with the downturn. In the transition region, the extent of coverage provided by benefits such as unemployment insurance varies significantly, with only a small proportion of the unemployed receiving such benefits in non-EU countries.

Chapter 2

Attitudes and values

Life satisfaction in most transition countries remains noticeably lower than in western European countries. Higher levels of life satisfaction are associated with employment, higher education and good health, as well as with income and economic growth. About half of respondents feel optimistic that children born now will have a better life than their generation. Compared to 2006, optimism has moderately declined, but it remains much higher than in western Europe, where over 70 per cent of respondents feel that the next generation will not fare better.

Support for democracy and markets has held up reasonably well in the transition region despite the difficult economic circumstances during the recent past. However, positive attitudes towards both have fallen relative to 2006 in a majority of countries, including in all EU countries except Bulgaria. In 21 of the 28 transition countries surveyed, less than one half of respondents felt that the market economy was better than any alternative (however, the same is true for France, Italy and the UK). In contrast, democracy continues to be preferred by more than one half of respondents in a majority of transition countries.

Respondents were also asked a series of questions designed to measure their “tolerance” of those different from themselves. In general, people in the transition region are tolerant towards those of a different religion. When it comes to immigrants and those of a different race, however, the variation across countries is wider, with sizeable population shares in some countries expressing some intolerance toward these social groups.

Chapter3

Governance and public service delivery

Satisfaction with the delivery of public services has risen in most transition countries relative to 2006, although it tends to be lower than in the western European comparators. People are generally happy with the public education system and with the process of acquiring official documents and social security, but much less so when dealing with traffic police or the courts. Overall satisfaction levels tend to be highest among the EU member states and Turkey, and lowest in the Commonwealth of Independent States (CIS) countries. Overall satisfaction is typically lower in countries with a high usage rate of services.

Unofficial payments are often made to access public services and/or improve the quality of service received. The public health system is the area where unofficial payments are most common, especially in eastern European countries such as Moldova and Ukraine and in parts of Central Asia. The extent to which these payments are used typically exceeds that in western Europe. Those who feel that unofficial payments are always necessary are more likely than others to report a strong degree of dissatisfaction with the quality of service provided.

Chapter 4
Corruption and trust

Many transition countries are characterised by high levels of corruption, particularly in Central Asia and some countries of eastern Europe and the Caucasus, and in general people do not believe that corruption has fallen in the past four years. Among the various social services, the perceived level of corruption is highest among the road police and lowest when it comes to accessing unemployment and other social security benefits.

However, in most countries the reported experience of unofficial payments is even higher than people's perceptions of the need for such payments. Part of the reason may be that such payments are, in some circumstances, made voluntarily to express gratitude. In fact, in those countries where satisfaction with public services is highest, unofficial payments are typically voluntary expressions of appreciation for the service. This is especially the case in some western comparators such as Sweden and the UK, but also in new member states of the EU such as Estonia and Hungary.

The level of trust in other people has increased modestly since 2006, but is significantly lower than in the western European countries. Generalised trust is positively correlated with life satisfaction and with economic growth in the period 2006-09. Levels of trust in one's family are typically high in the transition region and comparable to western European levels. Compared to EU countries, trust in institutions is strikingly high in many CIS countries, with the notable exception of the courts and the police.

Chapter 5
Gender differences in social integration

Men and women differ with regard to their experience of, and attitudes towards, transition. The most important change in the past 20 years has been in the labour market, and specifically women's access to employment. Over this period, women have become significantly less likely than men to work for wages. They are also less likely to participate in political activities. However, the survey results show that women do not differ significantly from men in terms of their attitudes towards democracy and the market economy.

In some other important attitudinal respects, there are only minor or negligible differences between women and men. Both groups are equally likely to report themselves satisfied with life, or to report that they have been successful in their lives. However, only 16 per cent of single parents – 90 per cent of whom are mothers – report that they are satisfied with their lives. The level of trust in institutions is also similar between men and women. Perhaps surprisingly, women were just as likely as men to report that they had tried to start a business, and they did not seem to be less successful in accessing funding.

Country assessments

The country assessments present some of the main results from the survey for each country, often contrasted with those from the 2006 LiTS. Certain key attitudes and values are shown by age and income groups. Comparisons with simple cross-country averages for the whole transition region and for five western European comparators are also drawn in a number of cases.

1
Impact of the global economic crisis

Introduction

The transition region was among the hardest hit by the global economic crisis. Gross domestic product (GDP) contracted by 5.2 per cent and registered unemployment increased in 2009. While some countries, like Poland, experienced slow but positive growth, several countries had severe output contractions (Latvia, for example, where real GDP fell by 18 per cent). This sharp reversal in fortunes came after a decade of sustained growth, which by and large improved living conditions for the transition population: between 1999 and 2006 over 55 million people escaped poverty.

The economic crisis hit households on multiple fronts, as workers lost their jobs, wage earnings were reduced, and remittances fell. The extent and severity of the impact on the welfare of citizens has varied, depending on the nature of the shocks experienced, the policy response and the coping mechanisms available to households. Solely measuring the effect on consumption may not fully capture the experience of households, but a multi-dimensional approach incorporating responses and perceptions can yield important insights into the impact as well as its consequences. The second Life in Transition Survey (LiTS II) allows such an exploration of the effects of the crisis, based not only on outcomes but also subjective perceptions, beliefs and choices, for 29 transition countries and five comparator countries in western Europe (France, Germany, Italy, Sweden and the United Kingdom).[1]

This chapter describes the impact of the crisis on households using data from the innovative LiTS II. It then analyses the coping mechanisms employed by households, distinguishing between strategies to increase earnings, private and public safety nets and expenditure reductions. The chapter concludes with an examination of the crisis impact on socio-economic outcomes, such as perceptions and expectations of social mobility, satisfaction with life and perceptions of government performance.

Crisis impact on households

Subjective perceptions

Subjective measures show that the impact of the crisis on transition households was large and widespread. On average, two-thirds of the population report being affected: 16 per cent of respondents declared that their household was affected “a great deal,” 26 per cent “a fair amount,” 23 per cent “just a little” and one-third “not at all” (see Box 1.1). While this measure is subjective, it corresponds closely to shocks objectively experienced by households.[2]

By this subjective measure, the impact of the crisis was greater in south-eastern Europe and the south Caucasus and lesser in Central Asia and Russia. It was also greater in all transition subregions than in the western European comparator countries as a group. In some of the new EU member states like Poland, the Czech Republic and Slovak Republic, the perceived impact is much more confined and closer to the experience reported by the western comparators (see Chart 1.1).

In certain countries, this subjective measure is less consistent with the overall size of the economic contraction but reflects the broader experience of households (see Chart 1.2). In Serbia, for example, the large fall in employment during the crisis may explain why over two-thirds of respondents report being affected “a great deal” or “a fair amount” (making it the second most subjectively affected) despite a smaller GDP contraction than many other countries (-3 per cent in 2009). However, differences in subjective perceptions of the crisis impact cannot be fully accounted for by the objective consequences of the crisis for households. The case of Latvia for example (with a lower subjective impact than the size of the objective shocks experienced would suggest) implies that there may be important cross-country cultural differences in reporting an impact. Accordingly, most of the analysis in this chapter compares individuals within a given country.

Main transmission channels

Households have been affected mostly through the labour market and particularly by reductions in wage earnings. Almost one-third of transition respondents report that a household member had their wages reduced over the previous two years as a result of the crisis (see Chart 1.3).[3] The second most important transmission channel has been job loss: 17 per cent of respondents report that at least one member of their household lost his or her job due to the crisis.

These labour market shocks, and particularly wage reductions, affected a much wider share of households in the transition countries than in the western European comparators. In eight transition countries – Croatia, Latvia, Lithuania, Montenegro, Romania, Slovenia, Turkey and Ukraine – more than half of respondents report that a household member experienced wage reductions or arrears as a result of the crisis. Job losses or family business closures were experienced by one-third of households in Latvia, FYR Macedonia and Tajikistan. Wage reductions were more widespread than job losses in all

[1]See also World Bank (2011), which examines household and government responses to the recession, using information from administrative sources, crisis response surveys in ten countries and government social responses. The crisis response surveys were conducted in Q3 2009 – Q1 2010, and given differences in timing and methodology, the results are not directly comparable. A previous report (see World Bank 2010a) used pre-crisis household data and aggregate macroeconomic information to simulate the impact of the crisis on households.

[2]Among households that declared being affected “a great deal” or “a fair amount” by the crisis, 90 per cent experienced at least one labour market shock or income loss (such as job loss, closure of family business, wage reduction or lower remittances). However, in a few countries, when asked how they were affected, a non-negligible proportion answered “Don’t know”. This was the case in Bulgaria (32 per cent), Georgia (31 per cent), Mongolia (23 per cent), Poland (21 per cent), Estonia (12 per cent) and France (11 per cent).

[3]See Khanna et al (2010): wage reductions in transition countries resulted from reduced working hours and shifts in employment from industry to sectors with lower wages.

Box 1.1
The LiTS II crisis impact module

The 2010 LiTS includes a new module on the impact of the crisis.

Respondents were asked *"As you know an economic crisis is affecting the whole world and our country. How much, if at all, has this crisis affected your household in the past two years?* with responses coded as follows: 1=a great deal, 2= a fair amount, 3= just a little and 4=not at all. Respondents who reported that their households were affected were asked whether they (or other household members) experienced shocks such as job loss, closure of family business, wage reductions or delays, lower remittances, and which was the most important.

All respondents were asked *"In the past two years, have you or anyone in your household had to take any of the following measures as the result of the decline in income or other economic difficulty?"* The list included measures to reduce expenditures, delay utility payments or sell assets. They were also asked whether they tried to borrow money, from whom and whether they were successful.

Lastly, the module asked all respondents whether they (or someone in their household) applied for any of four types of government benefits (unemployment, housing, child support and targeted social assistance/guaranteed minimum income), the result of the application, whether the household had received its first payment, and how helpful this support was.

Similar to the crisis response surveys launched in several countries in 2009 and 2010, the LiTS II crisis impact module is a rapid instrument to provide insights into the various channels through which households were hit and the coping mechanisms that they adopted. In addition, the LiTS II survey design allows for exploring the effects of the crisis on perceptions and various subjective measures of socio-economic outcomes. Finally, the LiTS II survey allows comparisons across 28 transition countries, and between transition countries and five western European countries.

countries except Armenia and Georgia. But, while it affects a smaller number of households, job loss results in higher losses for those households and increases the subjective effect of the crisis to a much larger extent than reduced wages.

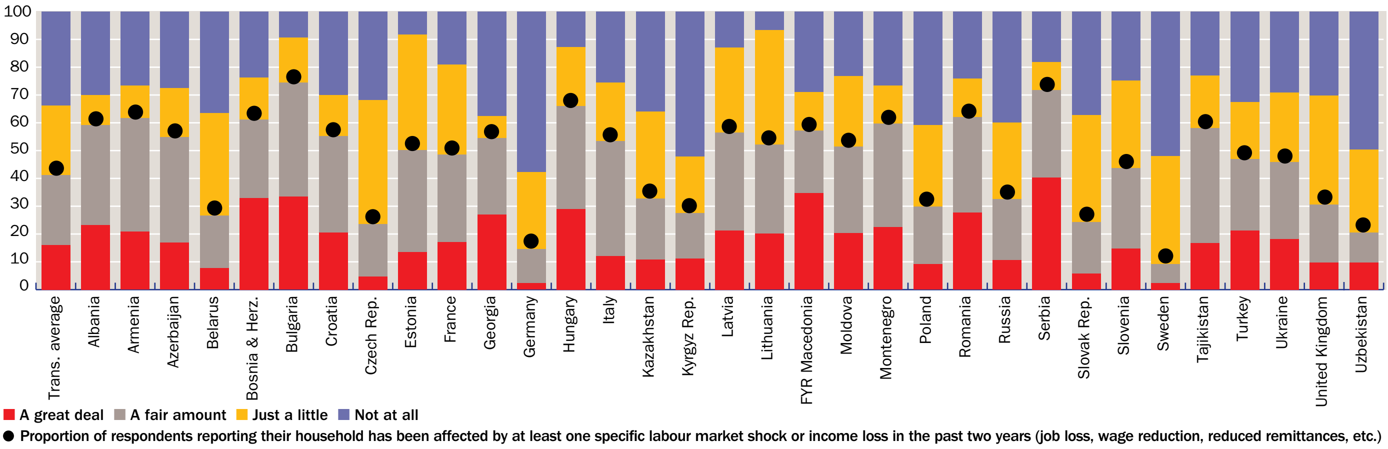
A reduction in remittances was the third main type of shock experienced by households, especially in countries with large numbers of migrant workers abroad. It was cited as an important crisis transmission channel, particularly in south-eastern Europe (by more than one-third of households in Bosnia and Herzegovina and Serbia) and Central Asia (by over one-quarter in Tajikistan).

Characteristics of affected households

Across the transition region, the poorest third of the population in each country[4] is more likely to report that their household was adversely impacted by the crisis (see Table 1.1). Similarly, household asset ownership (ownership of a car, a secondary residence or a bank account) is negatively correlated with crisis impact. The greater subjective impact of the crisis on poorer households is consistent with the fact that they are much more likely than richer households to have experienced job losses.[5]

The subjective impact on the poorest households is greatest in the western CIS (Belarus-Moldova-Ukraine) subregion, the new EU member states, the south Caucasus and Turkey. However, in Russia, Central Asia and south-eastern Europe, the LiTS II data do not suggest a differential subjective impact for the poorest third of households relative to richer households. Lastly, female-headed households and the elderly (or pensioners) do not report a significantly greater crisis impact than other households.[6] These findings based on household perceptions corroborate some of the preliminary information from objective measures but there are also some significant differences (see Box 1.2.)

Chart 1.1
Subjective impact of the crisis, by country



Source: LiTS II (2010).
Note: regional averages throughout this chapter are weighted according to the different population size of each country - see the Annex on pages 114-15 for details.

[4] A housing and expenses module (with seven expenditure items, including durables) is used to construct a consumption aggregate. Due to low response rates, actual or imputed rents are not included. The per capita consumption aggregate is then used to divide respondents into three consumption terciles in each country (lower, middle and upper). Previous analysis showed that the consumption aggregates constructed from LiTS I compare well with conventional measures based on national accounts and household surveys (see Zaidi et al, 2009).

[5] The greater impact of the crisis on the poor as well as the correlation between job loss and low consumption could be due to greater vulnerability of initially poor households to job loss, or to lower consumption caused by the job loss experienced by the household. The data do not enable an investigation of the two hypotheses as only current consumption is measured in LiTS II.

[6] Because the LiTS data measure crisis impact at the household level, it is not possible to analyse differences at individual level. The lower likelihood that female-headed households were affected is consistent with the crisis impact on sectors that employed higher proportions of males (for example, construction).

Household coping strategies

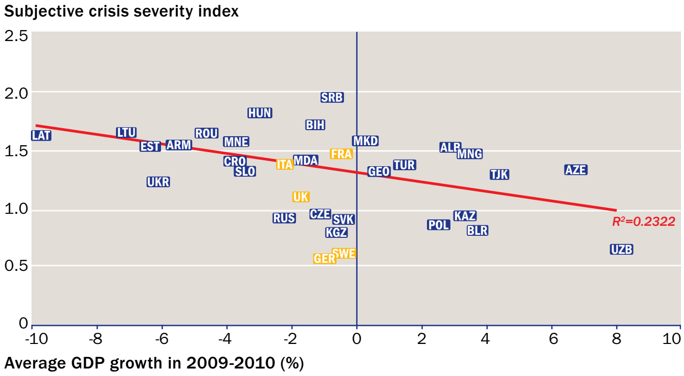
The subjective impact of the crisis goes beyond lower aggregate consumption and may depend on the coping strategies adopted. In fact, 13 per cent of those who reported that their household was affected "a fair amount" and 9 per cent of those reporting "a great deal" did not reduce their consumption. One-quarter of these households experienced job loss and one-half had lower wages, but they were able to maintain consumption using private and public safety nets as well as increasing their earnings.

Households use a variety of mechanisms to cope with lower incomes:

- **Active strategies:** These include getting a second job or increasing working hours to compensate for reduced wages, enrolling in further education because of a lack of job opportunities, selling assets or moving to a new location.
- **Safety nets:** Households can draw upon public safety nets (state benefits from government) and private safety nets (borrowing money from relatives, friends or a bank).
- **Passive strategies:** These consist of cutting expenditures. They include reducing expenditure on staple foods and health expenditure, and reducing other expenditure.[7]

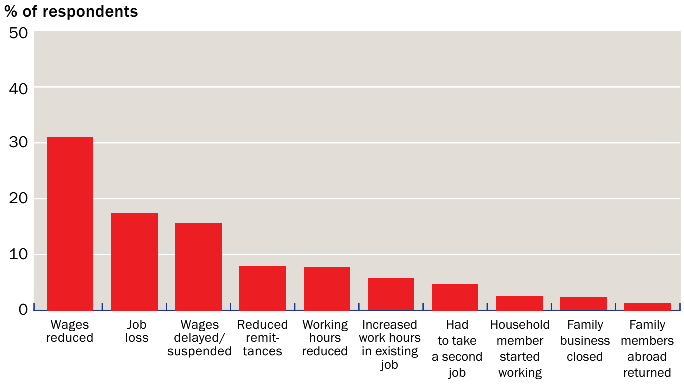
The applicability of these options varies by country and according to household circumstances. The most common coping strategy for households in the transition region was reducing consumption, followed by using private safety nets (see Chart 1.4). About 70 per cent of households that were affected "a great deal" or "a fair amount" by the crisis had to reduce consumption of staple foods and health expenditure, and a similar proportion cut other types of spending. Private safety nets were used by 40 per cent of affected households, followed by active strategy options, which were used by 23 per cent.

Chart 1.2
Economic growth and perceptions of the crisis severity



Source: LiTS II (2010).
Note: Regression line includes only the transition countries.

Chart 1.3
Main crisis transmission channels



Source: LiTS II (2010).

Box 1.2
Comparing subjective and objective measures of crisis impact

LiTS II confirms earlier findings that the impact of the crisis was widespread, and mostly through the labour market (World Bank, 2011). Although it provides rich insights, the LiTS II is not designed to study changes in consumption or income, intra-household dynamics, or the determinants of labour market outcomes. These can be analysed using Household Budget Surveys (HBS) or Labour Force Surveys (LFS) as they become available.

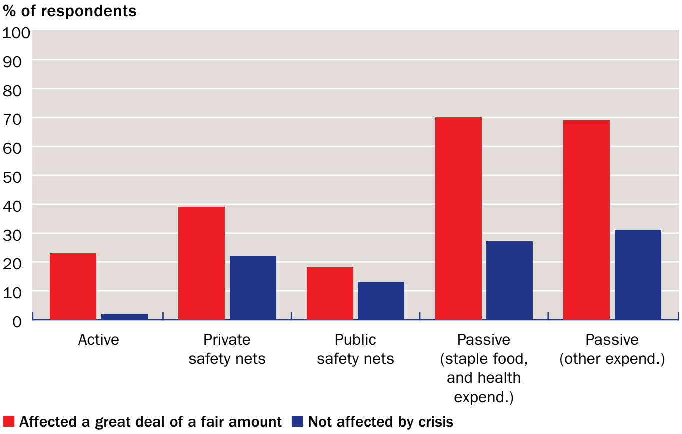
Consumption data from the available 2009 HBS suggest that the crisis affected mostly middle- and upper-income groups (Sulla 2011). This is consistent with the LiTS II finding that upper- or middle-class households report the largest drops in their social position (relative income). Nevertheless, poorer LiTS households (as measured by their current consumption) also report being more (subjectively) affected by the crisis than richer households.

At the country level, the LiTS II data show a negative correlation between perceptions of crisis severity and average 2009-2010 GDP growth rates (see Chart 1.2) but the correlation is weak, which may be due to the fact that households' subjective assessment of the impact of the crisis are based on a multitude of factors, some of which are not fully captured by objective measures. For example, the trauma associated with job loss can go beyond the associated drop in household income, there may be increased insecurity about the future, and so on. The subjective impact of the crisis may therefore depend on the coping strategies adopted, the intrinsic value of employment, and the extent to which households value leisure, uncertainty or different types of expenditures. Finally, there could be systematic reporting biases if different groups have systematically different perceptions of and attitudes to objective shocks (Bertrand and Mullainathan, 2001).

[7] The typology of active, safety nets and passive strategies is found in Lokshin and Yemtsov (2004). While LiTS II collected information on a wide range of coping mechanisms, the list is not exhaustive. For example, education expenditures could also be adjusted. However, World Bank crisis response surveys in five countries show no evidence of this (see World Bank 2011).

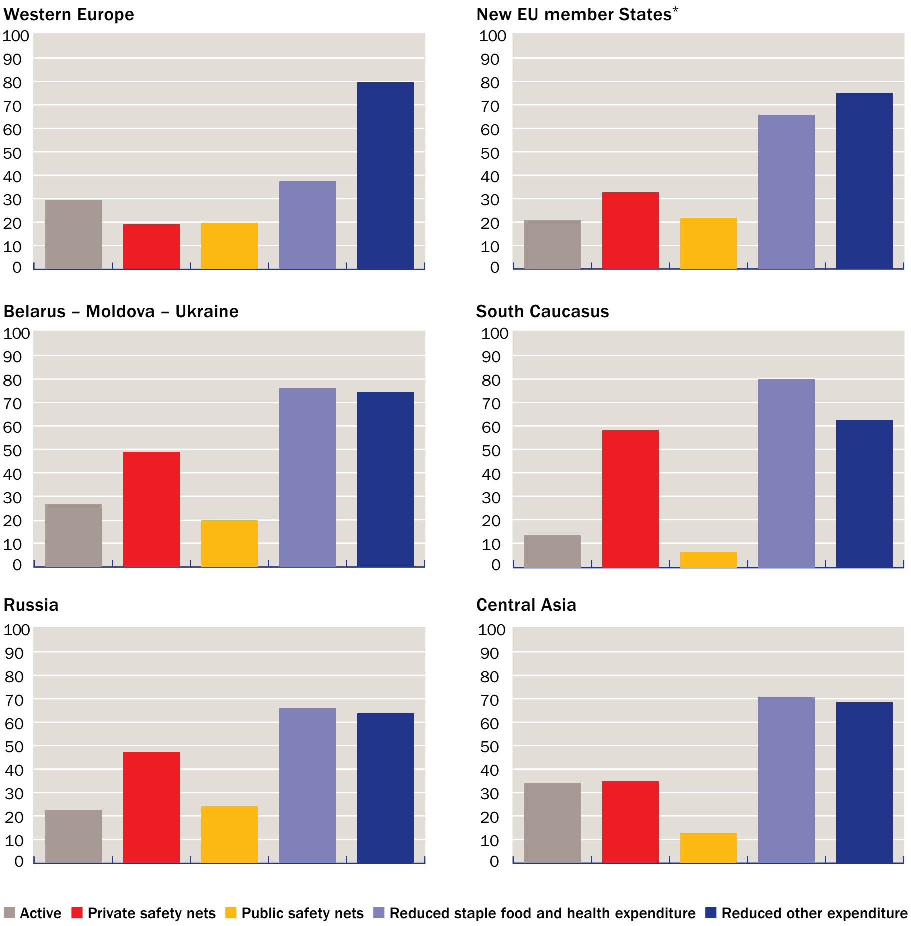
Even in times of hardship, a large proportion of households seemed able to increase their labour availability (by working increased hours, taking a second job or adding another household member to the labour force). Accessing public safety nets was the least used strategy, with less than one-fifth of affected households availing themselves of the four types of state benefits that were considered in the LiTS II. The greater use of private coping strategies (relative to accessing public safety nets) in transition countries is in contrast to that in the western European comparator countries (see Chart 1.5). The south Caucasus, where the use of public safety nets was lowest (7 per cent of affected households), also had the highest use of the private safety net option (58 per cent). In western Europe, public safety nets are as prevalent as private ones (both used by about 20 per cent of affected households), and reducing essential expenditure is much less frequent (at 40 per cent). The greater reliance on passive strategies in transition countries, and particularly on cutting staple food and health expenditure, could be explained by lower coverage of safety nets, lower stocks of household savings and food price inflation.

Chart 1.4
Coping strategies employed by households



Source: LiTS II (2010).
Note: For those not affected by the crisis, active strategies include selling assets or moving.

Chart 1.5
Proportion of affected households using various coping strategies, by subregion



Source: LiTS II (2010).
Note: *Includes the countries of Central Europe and the Baltics, Bulgaria and Romania. Households affected by the crisis are those that reported being affected "a fair amount" or "a great deal" by the crisis.

Public safety nets

In response to the crisis, governments deployed an array of instruments, including adjustments to social assistance programmes, unemployment insurance or pensions, or the provision of income support through public investment programmes (as in Kazakhstan, Latvia, Russia and Turkey). LiTS II respondents were asked if, in the previous 12 months, a household member had applied for any of four types of state benefits, the status of the application and whether the first payment had been received. Such information provides only a partial picture of the coverage of public safety nets (it does not include pensions, for example[8]) and does not distinguish between safety net assistance received regardless of the crisis and that provided as part of a specific policy response to the crisis.

The availability and efficiency of public safety nets in protecting vulnerable households varies substantially across countries (see Chart 1.6). Coverage was lower in south-eastern Europe but higher in EU member states, especially Germany, Sweden and Slovenia where more than one-third of respondents who say they were affected “a great deal” or “a fair amount” by the crisis received at least one of the four types of benefits.[9]

The four type of benefits considered in the LiTS II are generally targeted towards the poor, but provide little insurance against unemployment in non-EU countries. In most countries the poorest one-third of the population were more likely to have received these benefits than other people. However, targeting benefits at those most affected by the crisis is constrained by the fact that only a small proportion of the population in non-EU member states is covered by unemployment insurance. In some countries, this is because a large portion of the workforce is employed in the informal sector. Only in EU member states did the proportion of households applying for and receiving unemployment benefits in the previous 12 months (among households in which at least one member lost his or her job due to the crisis) exceed 10 per cent.

Private safety nets

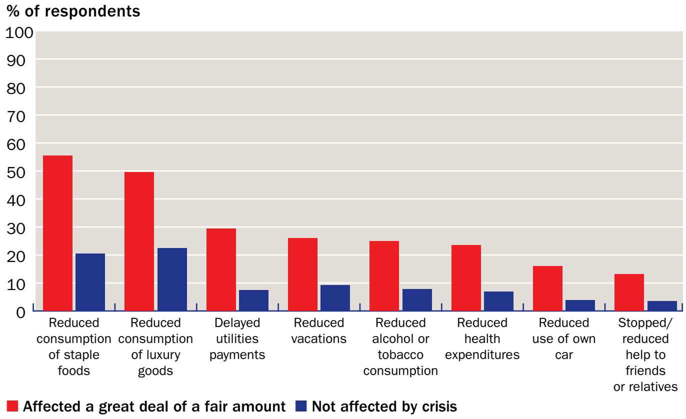
Households mostly sought informal insurance mechanisms when attempting to raise a loan in the crisis. Over 60 per cent of households tried to obtain loans from relatives and 48 per cent did so from friends. Only 28 per cent went to a bank. As expected, poorer households are even more likely to seek loans from relatives or friends, whereas those in the higher-consumption bracket are substantially more likely to borrow from a bank.

The crisis also had a negative impact on informal insurance networks. Thirteen per cent of respondents from affected households and 9 per cent of all respondents had to stop or reduce help that they were previously giving friends or relatives.

Passive strategies: reducing expenditure

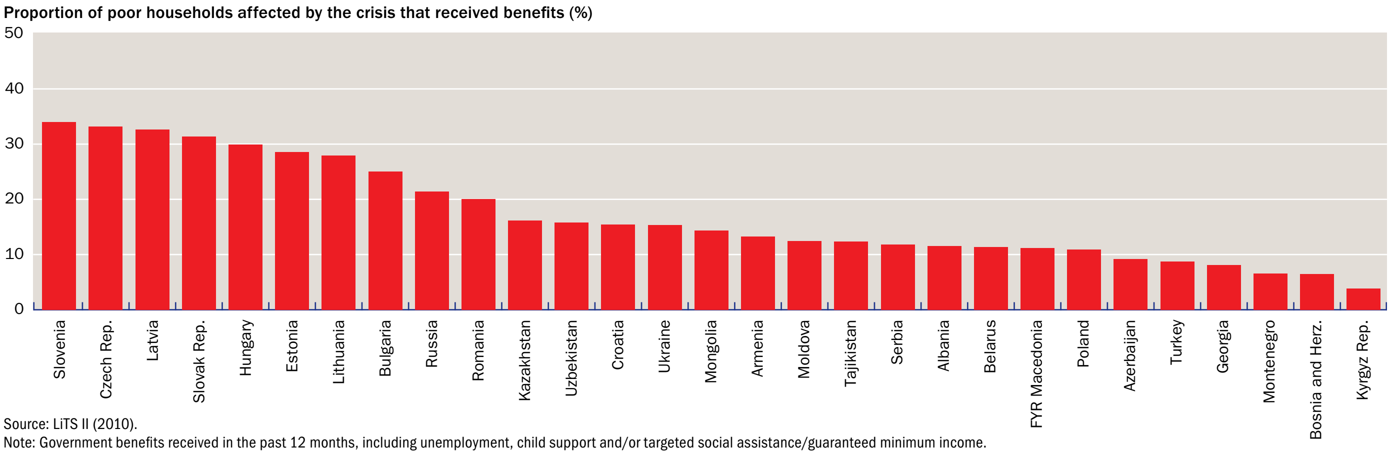
The most frequent coping mechanism used by households affected by the crisis was reducing the consumption of staple foods such as milk, fruit, vegetables or bread, closely followed by cutting the consumption of luxury goods (see Chart 1.7).[10]

Chart 1.7
Expenditure adjustments in the previous two years



Source: LiTS II (2010).

Chart 1.6
Coverage of four categories of government benefits



Source: LiTS II (2010).
Note: Government benefits received in the past 12 months, including unemployment, child support and/or targeted social assistance/guaranteed minimum income.
“Poor” households refer to the poorest third of households in every country as measured by consumption. Households affected by the crisis are those that reported being affected “a great deal” or “a fair amount”.

[8]Pensions serve as a safety net and have broad coverage in some countries. In Armenia, Romania, Russia and Turkey, minimum pensions were significantly increased in 2009 to protect the poor (see World Bank 2011).
[9]The coverage of those affected by the crisis (based on the LiTS II subjective measure) is not equivalent to objective measures of coverage of the poor (as measured with administrative and household data).
[10]This could be in response to a combination of lower income (from labour market shocks) and food price inflation.

More than half of households affected "a great deal" or "a fair amount" reduced their staple food consumption, compared with 20 per cent among those unaffected by the crisis. Other frequent expenditure adjustments included delaying payments on utilities (29 per cent of affected households), cutting back on vacations (26 per cent), reducing spending on alcohol and tobacco (25 per cent) and cutting health expenditures (24 per cent). Seven per cent of households had their utilities disconnected because of delayed payment.

How did coping strategies vary by household type?

Coping strategies varied among different types of households (see Table 1.2).[11] Reducing the consumption of luxury goods was, for example, a less frequent adjustment strategy for poorer households because luxury goods represent only a small share of their usual consumption.

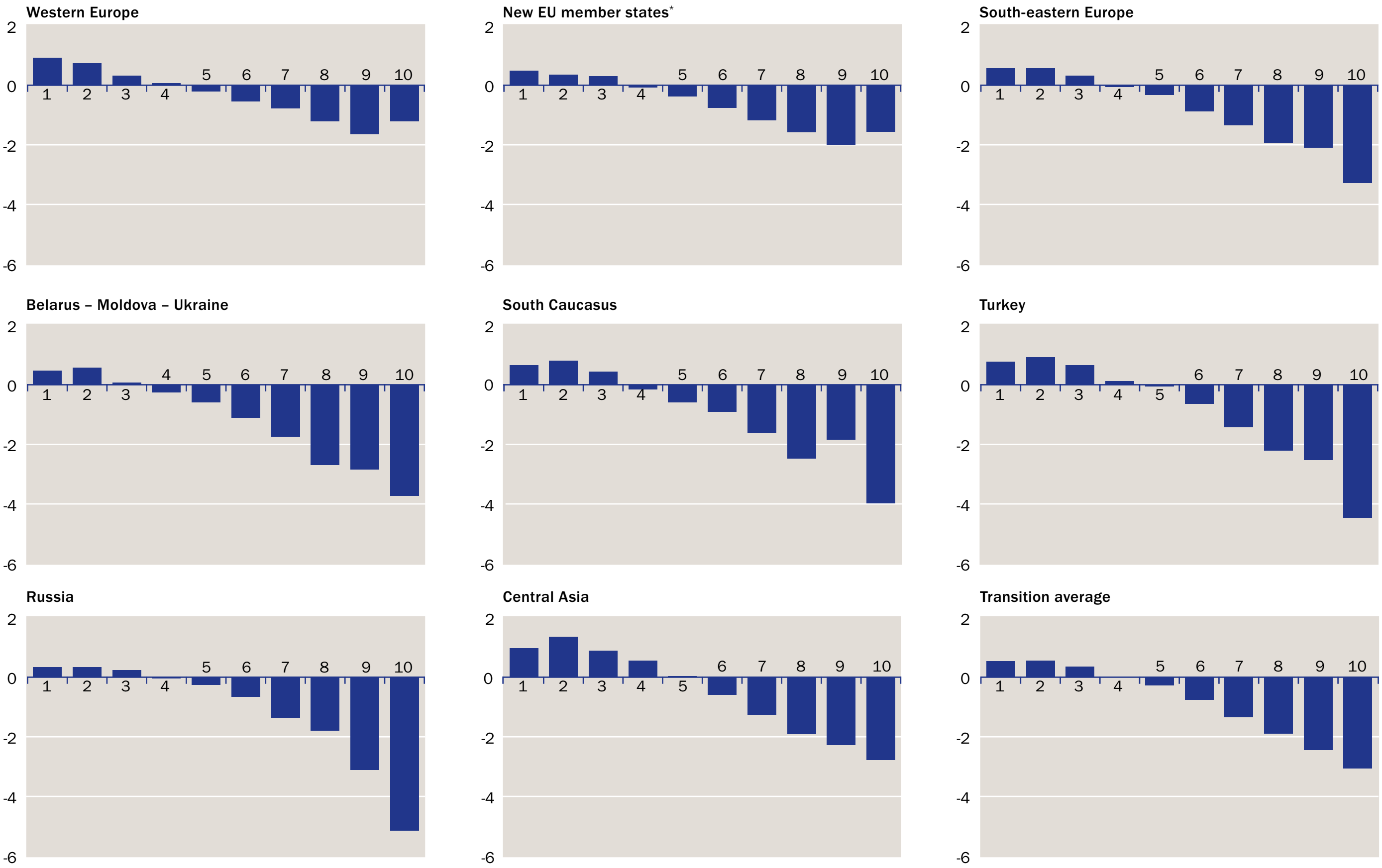
The poorest one-third of households are more likely to rely on reducing staple foods and health expenditures and using public safety nets. In contrast, households in the higher-consumption bracket are more likely to depend on active strategies, private safety nets and reducing non-essential expenditures. Middle-income households are less able to rely on active strategies and private safety nets without also having greater access to public safety nets. Consequently, these households also had to reduce their staple food and health expenditures.

Asset ownership,[12] like a higher income level, is associated with a greater ability to use active strategies and less reliance on passive strategies and public safety nets. Households with assets are better able to maintain their expenditures on staple foods and health, and can cope with a fall in income by reducing non-essential spending and using active strategies.

Despite their greater ability to access social safety nets (both public and private), female-headed households were not able to maintain their staple and health expenditures, which they had to reduce by more than the average household.

Chart 1.8
Perceptions of changes in social position

Average reported change in social position by reported position four years before



Source: LiTS II (2010).
Note: *Includes the countries of Central Europe and the Baltics, Bulgaria and Romania.
x-axis is household reported position on the 10-step ladder four years ago (relative income).
y-axis is the difference between the household reported position today and its reported position four years before.

[11] In this analysis, only the successful use of various strategies is measured. For example in the case of active strategies, only the success of a household in increasing the labour supply of its members is taken into account. It is not known if members sought additional work and failed.
[12] Ownership of a car, a secondary residence, a mobile phone or a computer.
[13] Most respondents believe that they are in the middle, regardless of their objective consumption level. The median position on the ladder is between step 4 (lower-consumption group) and step 5 (higher-consumption group).
[14] See Bourdieu (1979).

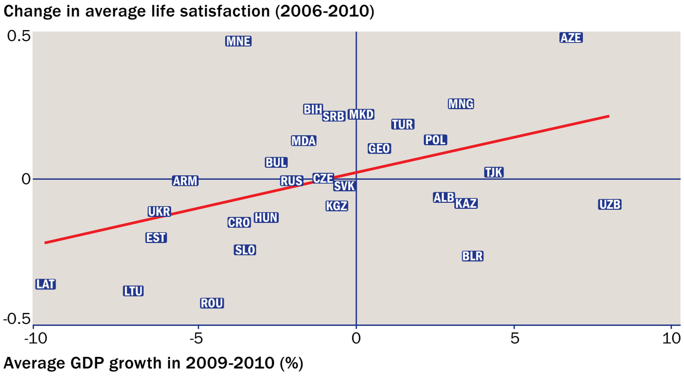
Impacts on social mobility, life satisfaction and perceptions of government performance

The crisis has impacted on other measures of well-being, such as relative income status and perceptions of social mobility, satisfaction with life and perceptions of government performance.

Social mobility

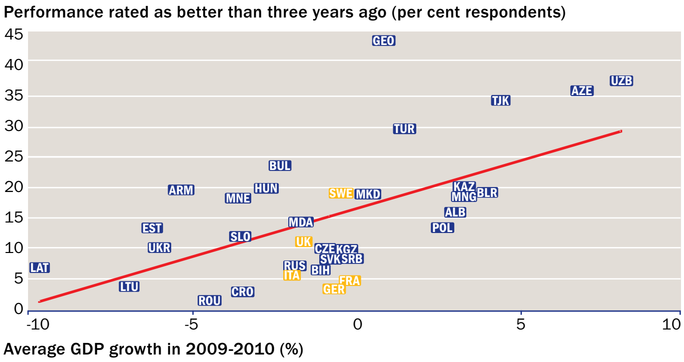
Respondents in LiTS II were asked to “imagine a 10-step ladder where on the bottom, the first step, stand the poorest 10 per cent of people in [their country] and on the highest step, the 10th, stand the richest 10 per cent of people in [the country].” They were then asked to state on which step of the 10-step ladder their household rests today, where it stood four years before and where it is likely to be in four years time. The stated position[13] can be interpreted as a subjective ranking of a household’s social standing: it is (weakly) correlated to the measured consumption aggregate but, similar to class, it is better predicted by education and asset ownership.[14]

Chart 1.9
Crisis severity and changes in life satisfaction



Source: LiTS I (2006) and LiTS II (2010), IMF WEO (October 2010 Update).
Note: Regression line includes only the transition countries.
Change in average life satisfaction is the difference between the 2006 and 2010 average life satisfaction, measured on a 1-5 scale (see footnote 20).

Chart 1.10
Crisis severity and perceptions of national government performance



Source: LiTS II (2010), IMF WEO (October 2010 Update).
Note: Regression line includes only the transition countries.

Such subjective views of relative social standing are important because relative incomes are known to play a larger role in satisfaction with life or happiness than absolute incomes.[15] Respondents who place themselves at a higher point on the ladder have significantly greater life satisfaction than those who report lower positions. And social mobility matters for life satisfaction: those who think that they have slipped down the ladder over the previous few years are significantly less satisfied with life.

In all transition subregions, households on the lower steps of the ladder report small improvements in their position (compared to four years before), whereas those in the middle and at the top of the ladder are more likely to report large falls (see Chart 1.8). The higher a household considered itself to be four years before, the larger its perceived drop down the social ladder. This pattern may be explained by the fact that those at the top have more to lose, as those at the bottom cannot fall much in relative terms. However, it is also consistent with preliminary evidence based on household surveys, which suggests that consumption during the crisis increased slightly in many transition countries for the poorest ten percent of households and fell most for the richer households (and that inequality fell slightly).[16] In summary, although poor respondents report being affected by the crisis more than others, those at the top of the ladder report the highest falls in their relative standing (see Box 1.2).

Looking towards the future, households are moderately optimistic about the next four years and most (those who feel they rose and those who feel they fell on the social ladder) expect an improvement in their social position. Large shocks, both negative and positive, seem to be viewed as transitory, as those who believe that they fell furthest down the ladder expect a rebound and those who gained most in relative terms expect a slight fall. Such expectations may affect preferences regarding the role of the state in insuring and redistributing incomes as well as life satisfaction.[17]

Life satisfaction

Life satisfaction captures, at the individual or national level, many measures of well-being.[18] Changes in satisfaction with life at the country level are correlated with the severity of the crisis impact (see Chart 1.9).[19] Average (self-reported) satisfaction with life in the transition region has remained almost constant compared to 2006 levels (recorded in LiTS I), but this reflects different dynamics across countries. Satisfaction with life dropped in 16 countries and increased in 13. These changes are correlated with the severity of the 2009-10 economic contraction. The countries where average life satisfaction levels declined the most – Latvia, Lithuania and Romania – experienced severe recessions. Conversely, average satisfaction with life increased in countries that had higher growth – for example, Azerbaijan and Poland.[20]

[15]See Easterlin (1995). Kahneman et al. (2006) argue that the correlation between satisfaction with life and income results from a “focusing illusion” because the life evaluation question draws “people’s attention to their relative standing in the distribution of material well-being.”
[16]See Sulla (2011).
[17]The prospect of upward mobility may affect preferences for redistribution, as shown by Benabou and Ok (2001).
[18]See Layard (2005). Life satisfaction is correlated with income but not perfectly: in the LiTS II (2010), it is highest for some low income-countries (e.g., Tajikistan).
[19]Average satisfaction with life is measured as the simple average of answers of respondents to the statement “All things considered, I am satisfied with my life now” with the following coding: 1=strongly disagree, 2=disagree, 3=neither disagree nor agree, 4=agree, 5=strongly agree.
[20]See Deaton (2008), who shows using cross-country data that higher incomes are associated with higher satisfaction with life. However, he also finds that “economic growth is associated with lower reported levels of life satisfaction.” Much of the literature has found that, within countries and over time, growth in income has not been associated with higher life satisfaction (the “Easterlin paradox”) in the long run because of adaptation of material norms to higher incomes (see Easterlin 1995), although income changes may have transitory impacts on life satisfaction (see Di Tella et al. 2007).

But recent growth (or lack of it) is insufficient to explain differences in the evolution of satisfaction with life across countries, as satisfaction increased in many south-eastern European countries compared to 2006 levels. In terms of individual comparisons – within countries, and after taking into account such factors as consumption, relative income, employment, health status, education and so on – those who were affected by the crisis report significantly lower satisfaction with life than those who were not, and the greater the severity of the impact, the lower their satisfaction with life.

Perceptions of government performance

The severity of the downturn was associated with more negative perceptions of the evolution of government performance (see Chart 1.10). In countries where economic growth remained strong, such as Azerbaijan, Tajikistan and Uzbekistan, there was a belief that the overall performance of their national governments improved over the past three years. Taking into account differences across countries, consumption levels, receipt of government benefits and other demographic factors, those respondents who were affected "a great deal" were, on average, 11 per cent more likely than those unaffected to say that the overall government performance worsened in the previous three years.

Conclusion

The global economic crisis hit the households of transition countries in multiple ways. Subjective perceptions confirm the widespread impact, with two-thirds of respondents being affected. Households were affected primarily through the labour market by job losses and reduced wages and remittances.

Households coped using a combination of active and passive strategies and safety nets. The poorest one-third were forced to reduce their consumption of staple foods and health spending, and tended to depend on public safety nets. The wealthiest one-third, in contrast, cut spending on non-essentials, borrowed from friends and families and pursued active strategies, such as increasing their labour supply.

Transition countries differed significantly from the western European comparator countries in that a large proportion of their populations resorted to reducing their consumption of basic necessities during the crisis. Private safety nets and informal insurance mechanisms could not meet the shortfall in income and, in some cases, the reduction of informal transfers reinforced the impact of the crisis.

The severity of the impact also influenced life satisfaction and perceptions of government performance: the harder the impact, the lower the satisfaction level and the more negative the assessment of government performance. However, reflecting the complexity of the relationship between economic growth and happiness, satisfaction with life in 2010 was lower in 15 countries (and especially so in Latvia, Lithuania and Romania) and higher in 13 countries compared to 2006 levels.

Looking ahead, there is reason for hope. Despite the shocks, households expect an improvement in their social position over the next four years. Their experiences during the crisis suggest that more efficient and better-targeted safety nets and social insurance mechanisms could help sustain and spread the gains from anticipated future growth.

Table 1.1
Ordered probit results: subjective impact of crisis by household characteristics

	Transition average	New EU member states	South-eastern Europe	Belarus – Moldova – Ukraine	South Caucasus	Turkey	Russia	Central Asia	Western Europe
Household consumption group									
Lower	0.0901*** -0.0158	0.0996*** (0.0258)	-0.0334 (0.0344)	0.189*** (0.0532)	0.198*** (0.0538)	0.283*** (0.0906)	0.0369 (0.0775)	0.0459 (0.0457)	0.0959** (0.0390)
Middle	0.0562*** (0.0154)	0.0898*** (0.0251)	0.0563* (0.0336)	0.0785 (0.0510)	0.0938* (0.0513)	0.204** (0.0878)	-0.0111 (0.0762)	-0.00314 (0.0440)	-0.0555 (0.0376)
Upper	Reference category								
Location									
Metropolitan	0.129*** (0.0414)	0.0382 (0.0452)		0.0159 (0.0978)	0.314*** (0.0590)		0.162 (0.115)	-0.0437 (0.0884)	-0.147*** (0.0525)
Urban	-0.0345 (0.0284)	0.0675** (0.0318)	0.124*** (0.0329)	0.112* (0.0612)	0.266*** (0.0555)	-0.0585 (0.0881)	-0.224*** (0.0780)	0.102** (0.0492)	-0.136*** (0.0401)
Rural	Reference category								
Assets									
Own a car	-0.0655*** (0.0144)	-0.118*** (0.0250)	-0.118*** (0.0318)	-0.0575 (0.0490)	-0.114** (0.0478)	-0.0301 (0.0815)	-0.0988 (0.0682)	0.0163 (0.0401)	0.162*** (0.0472)
Own a secondary residence	-0.0478* (0.0272)	-0.0781* (0.0421)	-0.103** (0.0469)	0.163* (0.0982)	-0.111 (0.103)	0.0564 (0.156)	-0.0913 (0.134)	-0.258*** (0.0998)	-0.109** (0.0545)
Have a bank account	-0.241*** (0.0162)	-0.228*** (0.0275)	-0.248*** (0.0296)	-0.228*** (0.0743)	-0.310*** (0.112)	-0.333*** (0.0747)	-0.152** (0.0746)	-0.0814 (0.0880)	-0.288*** (0.0767)
Own a mobile phone and/or a computer	0.0946*** (0.0218)	0.133*** (0.0335)	0.0600 (0.0443)	0.243*** (0.0670)	0.0779 (0.0797)	-0.427*** (0.147)	0.232* (0.121)	0.0335 (0.0529)	0.124** (0.0617)
Main source of livelihood of household									
Salary or wages in cash or kind	Reference category								
Income from self-employment	0.0484** (0.0212)	0.110*** (0.0411)	0.0237 (0.0402)	0.123 (0.0798)	0.0889 (0.0544)	0.141 (0.0886)	-0.00784 (0.144)	0.0298 (0.0503)	0.217*** (0.0584)
Sales or bartering of farm products	-0.112*** (0.0432)	0.228*** (0.0749)	0.130** (0.0647)	-0.0620 (0.163)	0.0240 (0.0954)	-0.269 (0.356)	-0.817 (0.709)	-0.119* (0.0655)	0.0871 (0.463)
Pensions	-0.171*** (0.0208)	-0.150*** (0.0354)	0.0393 (0.0420)	-0.207*** (0.0657)	0.120* (0.0659)	0.0120 (0.115)	-0.407*** (0.110)	0.0250 (0.0656)	-0.0164 (0.0579)
Benefits from the state	0.354*** (0.0559)	0.570*** (0.0794)	0.340*** (0.112)	0.126 (0.177)	0.0907 (0.133)	-0.170 (0.341)	0.884** (0.365)	0.397** (0.179)	0.189*** (0.0698)
Help from relatives or friends	0.0100 (0.0452)	0.290*** (0.0893)	0.0443 (0.0677)	0.237* (0.128)	0.0830 (0.0921)	-0.336 (0.272)	-0.447 (0.323)	0.203** (0.0958)	0.432* (0.225)
Other	0.103 (0.0652)	0.206 (0.146)	0.394 (0.425)	0.0130 (0.316)	0.426** (0.174)	-0.00700 (0.218)	0.205 (0.370)	0.0641 (0.192)	0.0744 (0.155)
Age of household head									
18-24	Reference category								
25-34	0.100*** (0.0288)	0.00889 (0.0562)	0.0937 (0.0984)	0.269** (0.124)	-0.0214 (0.101)	0.113 (0.125)	0.151 (0.124)	0.114 (0.121)	0.156 (0.120)
35-44	0.225*** (0.0289)	0.191*** (0.0564)	0.176* (0.0971)	0.416*** (0.124)	0.141 (0.101)	0.248* (0.129)	0.262** (0.123)	0.186 (0.118)	0.171 (0.116)
45-54	0.270*** (0.0294)	0.269*** (0.0566)	0.254*** (0.0955)	0.379*** (0.125)	0.253*** (0.0963)	0.306** (0.150)	0.261** (0.125)	0.264** (0.118)	0.265** (0.116)
55-64	0.106*** (0.0314)	0.109* (0.0588)	0.195** (0.0965)	0.319** (0.128)	0.232** (0.103)	0.0326 (0.174)	0.0655 (0.139)	0.159 (0.122)	0.107 (0.120)
65+	-0.115*** (0.0344)	-0.0401 (0.0630)	0.0215 (0.0993)	0.120 (0.138)	0.112 (0.109)	-0.443* (0.226)	-0.159 (0.159)	0.0839 (0.129)	-0.274** (0.125)
Female-headed household	0.00249 (0.0138)	0.0601*** (0.0213)	-0.0234 (0.0333)	-0.111*** (0.0423)	0.0107 (0.0433)	0.124 (0.112)	-0.00898 (0.0649)	0.0743* (0.0394)	0.0512 (0.0340)
cut 1	-0.612*** (0.0799)	-0.840*** (0.0975)	-0.345*** (0.118)	-0.279* (0.149)	-0.0526 (0.150)	-0.724*** (0.198)	-0.238 (0.187)	-0.479*** (0.154)	-0.0172 (0.165)
cut 2	0.0731 (0.0798)	-0.0738 (0.0971)	0.0100 (0.117)	0.442*** (0.149)	0.320** (0.150)	-0.167 (0.197)	0.523*** (0.188)	0.285* (0.153)	0.876*** (0.166)
cut 3	0.899*** (0.0803)	0.851*** (0.0976)	0.825*** (0.117)	1.264*** (0.150)	1.330*** (0.151)	0.595*** (0.199)	1.340*** (0.192)	0.994*** (0.153)	1.893*** (0.168)
Observations	**30,642**	**11,321**	**6,611**	**2,819**	**2,783**	**971**	**1,357**	**3,803**	**5,307**
Pseudo R-squared	**0.0395**	**0.0636**	**0.0180**	**0.0211**	**0.0148**	**0.0260**	**0.0401**	**0.0226**	**0.0825**

Source: LiTS II (2010).
Note: Standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1 Country-level dummies not shown.

Table 1.2
Likelihood of household coping mechanisms
(Simultaneous probit model, estimated by simulated maximum likelihood)

	Transition countries - All households					Transition countries - Households reporting being affected by the crisis				
	Active	Social safety nets - private	Social safety nets - public	Passive - staple and health expend.	Passive - other expenditure	Active	Social safety nets - private	Social safety nets - public	Passive - staple and health expend.	Passive - other expenditure
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Consumption group										
Lower	-0.0801* (0.0434)	-0.161*** (0.0388)	0.0800* (0.0468)	0.0377 (0.0373)	-0.236*** (0.0372)	-0.106* (0.0589)	-0.141*** (0.0541)	0.0173 (0.0662)	0.125** (0.0548)	-0.214*** (0.0583)
Middle	-0.0877** (0.0420)	-0.156*** (0.0368)	-0.00444 (0.0454)	0.0374 (0.0358)	-0.0556 (0.0356)	-0.184*** (0.0581)	-0.134*** (0.0520)	-0.0908 (0.0643)	0.0917* (0.0529)	-0.0142 (0.0574)
Upper	Reference category					Reference category				
Affected by crisis (self-reported)	0.549*** (0.0361)	0.454*** (0.0315)	0.211*** (0.0377)	0.891*** (0.0306)	0.574*** (0.0305)					
Female-headed household	0.0551 (0.0364)	0.0310 (0.0321)	0.171*** (0.0380)	0.129*** (0.0313)	0.00694 (0.0307)	0.0452 (0.0487)	0.117*** (0.0450)	0.161*** (0.0534)	0.167*** (0.0474)	-0.0115 (0.0475)
Location										
Rural	Reference category					Reference category				
Metropolitan	-0.0479 (0.0621)	-0.0419 (0.0538)	0.0497 (0.0643)	-0.0526 (0.0524)	0.0665 (0.0509)	-0.250*** (0.0871)	0.00242 (0.0765)	0.152 (0.0941)	0.00844 (0.0816)	0.0466 (0.0798)
Urban	0.0251 (0.0378)	-0.0315 (0.0343)	-0.125*** (0.0407)	0.0197 (0.0332)	0.120*** (0.0327)	-0.0501 (0.0522)	0.0559 (0.0482)	-0.0801 (0.0568)	-0.0220 (0.0497)	0.135*** (0.0518)
Household size	0.0268** (0.0124)	0.0755*** (0.0109)	0.164*** (0.0128)	0.0187* (0.0108)	0.0183* (0.0107)	0.00668 (0.0169)	0.0688*** (0.0151)	0.159*** (0.0177)	-0.000682 (0.0156)	0.0254 (0.0162)
Assets										
Own a car	0.0679* (0.0387)	-0.115*** (0.0350)	-0.212*** (0.0420)	-0.265*** (0.0335)	0.0978*** (0.0335)	0.104** (0.0509)	-0.157*** (0.0481)	-0.132** (0.0599)	-0.214*** (0.0495)	0.334*** (0.0514)
Own a secondary residence	0.162** (0.0700)	0.139** (0.0634)	-0.132* (0.0783)	-0.120* (0.0631)	0.0499 (0.0599)	0.201** (0.0959)	0.151* (0.0883)	-0.132 (0.108)	-0.155* (0.0888)	0.187* (0.0987)
Have a bank account	0.0426 (0.0466)	-0.0894** (0.0418)	0.0412 (0.0514)	-0.113*** (0.0393)	0.222*** (0.0391)	0.0955 (0.0627)	-0.0794 (0.0566)	-0.0359 (0.0707)	-0.110* (0.0570)	0.362*** (0.0611)
Own a mobile phone and/or a computer	0.161*** (0.0552)	0.0843* (0.0503)	-0.0729 (0.0609)	-0.143*** (0.0474)	0.178*** (0.0448)	0.127* (0.0774)	0.128* (0.0689)	-0.175** (0.0793)	-0.166** (0.0699)	0.144** (0.0661)
Age of household head										
18-24	Reference category					Reference category				
25-34	0.0694 (0.0767)	0.00478 (0.0701)	0.103 (0.0805)	0.170** (0.0699)	0.0307 (0.0682)	0.134 (0.114)	0.0627 (0.108)	0.179 (0.127)	0.0963 (0.112)	-0.108 (0.119)
35-44	0.0332 (0.0772)	-0.0270 (0.0704)	-0.0340 (0.0812)	0.192*** (0.0691)	0.0353 (0.0684)	0.0406 (0.112)	0.0249 (0.106)	0.0308 (0.126)	0.178 (0.110)	-0.211* (0.117)
45-54	-0.0315 (0.0770)	-0.106 (0.0707)	-0.225*** (0.0839)	0.184*** (0.0696)	-0.0132 (0.0681)	3.85e-05 (0.112)	-0.0699 (0.106)	-0.206 (0.128)	0.150 (0.109)	-0.123 -0.117
55-64	-0.195** (0.0762)	-0.309*** (0.0701)	-0.274*** (0.0827)	0.216*** (0.0689)	-0.0906 (0.0671)	-0.100 (0.112)	-0.320*** (0.105)	-0.261** (0.127)	0.0760 (0.109)	-0.256** (0.116)
65+	-0.457*** (0.0853)	-0.573*** (0.0762)	-0.219** (0.0915)	0.250*** (0.0741)	-0.357*** (0.0709)	-0.360*** (0.123)	-0.525*** (0.113)	-0.365*** (0.136)	0.106 (0.115)	-0.411*** (0.121)
Constant	-1.643*** (0.111)	-1.118*** (0.0998)	-2.033*** (0.125)	-0.488*** (0.0971)	0.0807 (0.0948)	-1.055*** (0.151)	-0.748*** (0.138)	-1.644*** (0.172)	0.306** (0.141)	0.737*** (0.150)
Observations	30,642	30,642	30,642	30,642	30,642	15,152	15,152	15,152	15,152	15,152
p	p21=.0955***, p31=.0208, p41=.158***, p51=.159***, p32=.121***, p42=.213***, p52=.141***, p43=.0651, p53=.0474***, p54=.407***					p21=0.0995***, p31=-.008057, p41=.0844***, p51=.0102***, p32=.143***, p42=.219***, p52=.135***, p43=.0567**, p53=.0499, p54=.285***				

Source: LiTS II (2010).
Note: Robust standard errors in parentheses. *** p<0.01, ** p<0.05, * p<0.1. Country-level dummies not shown.
Affected by the crisis: respondents declaring their household were affected "a great deal" or "a fair amount".

References

R. Benabou and E. Ok (2001), "Social mobility and the demand for redistribution: the POUM hypothesis", The Quarterly Journal of Economics, May 2001.

M. Bertrand and S. Mullainathan (2001), "Do people mean what they say? Implications for subjective survey data", The American Economic Review, Vol. 91, No. 2, Papers and Proceedings of the 113th Annual Meeting of the American Economic Association, May 2001.

P. Bourdieu (1979), "La Distinction: Critique sociale du jugement". Editions de Minuit.

A. Deaton (2008), "Income, health, and well-being around the world: Evidence from the Gallup World Poll", Journal of Economic Perspectives, Vol. 22, No. 2, Spring 2008, pp. 53-72.

R. Di Tella, J. Haisken-De New and R. MacCulloch (2007), "Happiness, adaptation to income and to status in an individual panel", National Bureau of Economic Research Working Paper 13159.

R. Easterlin (1995), "Will raising the incomes of all increase the happiness of all?", Journal of Economic Behavior and Organization, Vol. 27 (1995), pp. 35-47.

D. Kahneman, A. Krueger, D. Schkade, N. Schwartz and A. Stone (2006), "Would you be happier if you were richer? A focusing illusion", Science, 312 (5782), pp. 1908-10.

G. Khanna, D. Newhouse and P. Paci (2010), "Fewer jobs or smaller paychecks? Labour market impacts of the recent crisis in middle-income countries", Economic Premise, No. 11, April 2010.

R. Layard (2005), "Happiness: Lessons from a New Science". New York, Penguin Press.

M. Lokshin and R. Yemtsov (2004), "Household strategies for coping with poverty and social exclusion in post-crisis Russia", Review of Development Economics, Vol. 8, No. 1, pp. 15-32.

V. Sulla (2011), "Distributional impact of the financial crisis in ECA. Has poverty increased?", In preparation.

World Bank (2010a), "The Crisis Hits Home: Stress-Testing Households in Europe and Central Asia".

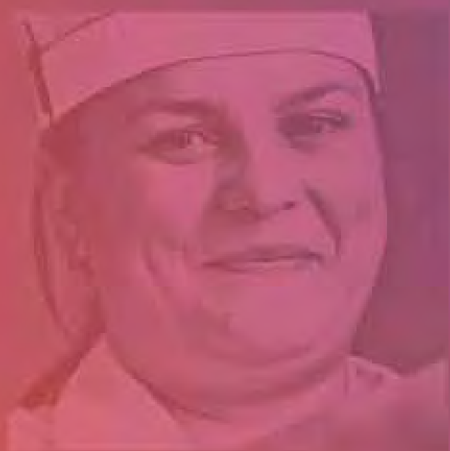
World Bank (2010b), "Migration and Remittances Factbook 2011".

World Bank (2011), "The jobs crisis: household and government responses to the great recession in Eastern Europe and Central Asia", January 2011.

S. Zaidi, A. Alam, P. Mitra and R. Sundaram (2009), "Satisfaction with life and service delivery in Eastern Europe and the former Soviet Union: some insights from the 2006 Life in Transition Survey", World Bank Working paper No. 162.

2

Attitudes and values



Introduction

More than two decades have passed since the collapse of the Berlin Wall in 1989, and the period since then has been one of profound upheaval for most people in the region, from central Europe to central Asia. The political and economic systems of most countries have been transformed, to a greater or lesser extent, and the region as a whole has become integrated into the global economy to a degree that was unimaginable 20 years ago. The effects of the transition on economic variables such as gross domestic product (GDP) growth, unemployment, investment and exports have been well documented. What is less well understood is how transition has affected people's attitudes and values: their overall sense of well-being and optimism, their views on markets, democracy and the role of the government, and their attitudes towards particular population groups.

This chapter identifies some preliminary answers provided by the second round of the Life in Transition Survey (LiTS II) conducted in 2010. The survey reveals that people in the transition region remain, on average, almost as happy as they were at the time of the first round (LiTS I) in 2006 – an encouraging result, given the negative changes in the economic environment in the meantime. At the same time, however, most of them are significantly less satisfied than their western European neighbours.[1] Moreover, their hopes that their children's lives will be better than their own, although still much higher than those in more developed and richer countries of western Europe, seem to have fallen. Support for market economics and democracy remains reasonably strong in many countries, even though several of the new European Union (EU) member states are experiencing less positive attitudes in this respect than in 2006. People's preferences for democracy in particular lag well behind those recorded in western Europe.

Results of LiTS II are particularly interesting when compared to those of the previous round in 2006, which was the first systematic attempt to measure some of these attitudes and values across the whole transition region. LiTS I was carried out at a time when the region was generally prospering economically, with many countries enjoying a sustained period of growth. In most cases, this was combined with progress in reforms and increasing economic and political integration into the wider world. Since then, a global economic crisis has occurred that has had a very negative impact on most transition countries. In 2009 alone, average (weighted) economic growth in the region was -5.2 per cent, with some countries – notably Armenia, the three Baltic states and Ukraine – suffering double-digit (in percentage terms) falls in GDP. There was, however, a partial recovery in 2010, with average GDP growth estimated at 4.2 per cent. LiTS II was therefore carried out at a time when, in most cases, the worst of the crisis had passed, although the trauma was still evident.

LiTS II records how key attitudes and values have evolved since 2006, but goes beyond the scope of LiTS I in two important ways. First, this round has also included five western European "comparator" countries – France, Germany, Italy, Sweden and the United Kingdom – which contrast with the transition region quite strikingly in a number of ways. Second, a number of new questions have been included on attitudes and values, notably with regard to willingness to pay for better public services and tolerance towards other groups in the population. This chapter presents both simple tabulations, as well as some econometric results that explain in more detail how different attitudes and values are linked to socio-economic characteristics.

Life satisfaction and optimism about the future

In recent years studies of subjective well-being, or happiness, have attracted great interest around the world.[2] The evidence from transition countries is rather limited, but results so far suggest a relatively low level of life satisfaction on average, with some countries typically scoring near the bottom of the worldwide scale.[3] The LiTS II results suggest that a sizeable gap remains between the transition region and western Europe. At the same time, they show huge variation within the region, which can be partially explained by differences in the impact of the crisis (see Chapter 1). They also point to an interesting link between life satisfaction and optimism; within the transition region, people in the happier countries are more likely to believe that their children will do better than their own generation.

In LiTS I and II, respondents were asked the extent to which they agreed with the following statement:

All things considered, I am satisfied with my life now.

There were five response options (other than don't know or refuse to answer): strongly disagree, disagree, neither disagree nor agree, agree and strongly agree. In LiTS II, towards the end of the survey, respondents were posed a similar question: "All things considered, how satisfied or dissatisfied are you with your life as a whole these days?" and asked to score their response on a 10-point scale, with 1 meaning completely dissatisfied and 10 completely satisfied. The answers to the two questions are broadly comparable; for ease of comparison with 2006, Charts 2.1 and 2.2 below focus on responses to the first question, while the regression analysis uses the 10-point scale because it contains a wider variation of responses. The charts

[1] Earlier research has also shown a major gap between the transition regional and western comparators. For example, Deaton (2008) shows, using Gallup World Poll data, that people in the transition countries are exceptionally dissatisfied with their lives, and much more so in the earlier World Values Surveys than in the 2006 World Poll. There are several reasons for these lower levels of reported happiness: (i) unfairness and inequality; (ii) deterioration of provision of public goods; (iii) income volatility and increased uncertainty; and (iv) change in aspiration levels.

[2] There are some methodological problems associated with asking people to rate their level of satisfaction on a given scale, and comparisons across countries should be treated carefully because of linguistic, cultural and other differences that may be difficult to control for. Nevertheless, social scientists have increasingly come to the view that such responses contain valuable information.

[3] See Sanfey and Teksoz (2007), Guriev and Zhuravskaya (2009) and Easterlin (2009). Guriev and Zhuravskaya (2009) find that the 'happiness gap' – the difference in life satisfaction between transition and non-transition countries – is statistically significant at the 1 per cent level and large in magnitude. Sanfey and Teksoz argue that socio-economic groups that exhibit relatively higher levels of happiness include students, people with higher levels of education and those with higher incomes. In addition, happiness declines with age until the early-50s and is slow to recover afterwards. Lastly, satisfaction levels are highest in those countries where standards of economic governance are most advanced and where inequality is lower.

group together the last two response options ("agree" and "strongly agree"), which are then divided by the total to show the percentage of "satisfied" people.

There is little change in overall life satisfaction in the transition region between 2006 and 2010. In the latter survey round, 42.7 per cent agree or strongly agree with the first statement above, compared to 44.2 per cent four years previously.[4] This is a surprising but encouraging result, given that the previous round was carried out during the economic boom while the latter survey was conducted in the wake of the crisis. It suggests a degree of resilience among the populations of the region, deriving perhaps from the years of hardship that many endured in the early years of transition.

Chart 2.1 shows the percentage of satisfied people in each country in 2010 and, excluding the western European comparators, in 2006. Life satisfaction has increased in 13 transition countries and decreased in 16.[5] The chart also demonstrates that few countries in the transition region come close to the high levels of life satisfaction seen in western Europe. Four of the top five countries are western European; only Italy among the comparators lags behind, with a satisfaction rate of around 50 per cent compared to around three-quarters of the sample in France, Germany and the UK and close to 90 per cent in Sweden. Perhaps surprisingly, levels of life satisfaction are higher in Tajikistan than in any other transition country. As this country is also the poorest country in the region (in terms of GDP per capita), it shows clearly that income is not the sole determinant of life satisfaction. The next four most satisfied transition countries are Uzbekistan, Slovenia, Poland and Mongolia. The lowest rates of happiness are in Romania and Hungary – both EU members – followed by Armenia and Georgia, two Caucasus countries.

The three Baltic states, Belarus, Romania and Slovenia experienced the biggest falls in life satisfaction between 2006 and 2010. With the exception of Belarus, these countries endured severe contractions during the economic crisis. In contrast, Azerbaijan and Mongolia, both of which were relatively insulated from the global downturn, witnessed a big rise in satisfaction, as did Montenegro, which is surprising given that country's sharp recession in 2009. This suggests that GDP growth rates may significantly influence the differences in satisfaction across countries. This supposition is supported by a simple cross-country regression of the changes in life satisfaction on the 2009 GDP growth rate, whereby almost one-quarter of the variation in the former is explained by variation in the latter. In other words, countries that recently experienced larger GDP falls also saw their average life satisfaction contract.

How is life satisfaction related to socio-economic variables, such as respondents' age, gender, education and so on, and how important are country-level variables? These questions can be addressed using econometric techniques. Within the transition country sample, the level of life satisfaction on the 1-10-point scale is regressed on a number of control variables in order to look at the relationship between each variable and life satisfaction (see column 1 in Table 2.1).[6]

Table 2.1
Life satisfaction and optimism[5]

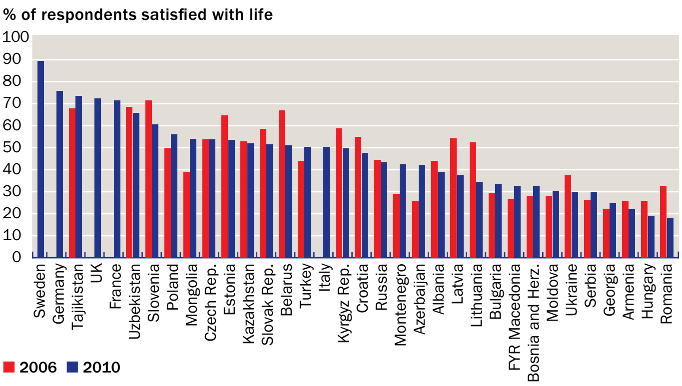
	Life satisfaction	Optimism
Monthly income[1]	0.476*** (0.0721)	-0.0259 (0.0394)
Female	0.0804* (0.0413)	0.0288 (0.0177)
Divorced	-0.370*** -0.1	-0.0152 -0.0506
Widowed	-0.131* -0.0744	0.056 -0.0533
Bachelor's level of education	0.826*** -0.24	-0.00899 -0.123
Master's level of education	1.048*** -0.283	0.122 -0.147
Age	-0.0246*** (0.00558)	-0.0110*** (0.00352)
Age squared	0.000408*** (0.0000968)	0.000173*** (0.0000511)
Very bad health	-1.900*** (0.125)	-0.437*** (0.112)
Unemployed	-0.555*** (0.0735)	-0.0799* (0.0433)
GDP per capita, 2009	0.201 (0.141)	-0.260 (0.0905)
Life satisfaction		0.0887*** (0.0114)
N	23,911	21,183
R-sq	0.149	0.069
adj. R-sq	0.149	0.068

Source: LiTS II (2010) and World Development Indicators.
Note: + and - signs indicate whether a variable is positively or negatively associated with life satisfaction (or optimism).
*** significant at 1 per cent level of significance, ** significant at 5 per cent level of significance, * significant at 10 per cent level of significance.
[1] Log of monthly income.

Table 2.2
Questions on market economy and democracy

Market economy (choose one)	Democracy (choose one)
1. A market economy is preferable to any other form of economic system.	1. Democracy is preferable to any other form of political system.
2. Under some circumstances, a planned economy may be preferable to a market economy.	2. Under some circumstances, an authoritarian government may be preferable to a democratic one.
3. For people like me, it does not matter whether the economic system is organised as a market economy or as a planned economy.	3. For people like me, it does not matter whether a government is democratic or authoritarian.

Chart 2.1
Comparative life satisfaction levels, 2006 and 2010



Source: LiTS I (2006) and LiTS II (2010).
Note: Percentage of satisfied people includes respondents who strongly agree or agree with the statement, "All things considered, I am satisfeid with my life now."

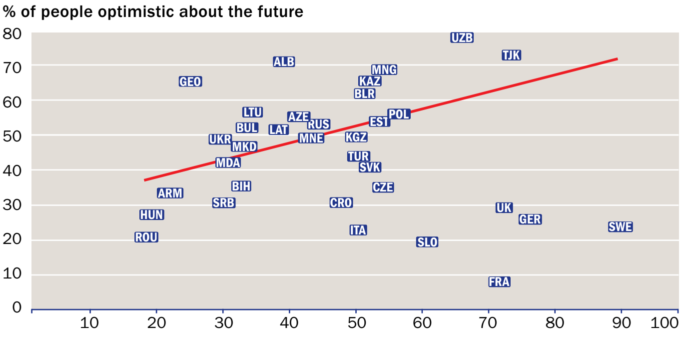
[4] These figures and all other regional averages in this chapter are based on simple averages of the country scores.
[5] The Czech Republic is included among the transition countries in LiTS II, although the EBRD has not made any new investments in the country since 2008.
[6] The regressions are carried out by ordinary Least Squares (OLS) and hence assume that the life satisfaction variable is "cardinal", meaning that the difference in satisfaction between a score of 1 and 2 is the same as between 2 and 3, 3 and 4, and so on. Alternative estimation techniques that do not require this assumption lead to similar results.

One of the most important correlates of life satisfaction appears to be income. A rise in the log of monthly income (measured by the sum of expenditure and saving) is associated with a statistically significant increase in life satisfaction on the 10-point scale. However, the extent to which this happens varies significantly across countries. A more detailed regression analysis (not shown here) suggests that in countries such as Albania, Hungary or FYR Macedonia, a slight increase in people's income is linked with a big rise in life satisfaction, whereas there is little correlation between the two in Azerbaijan, Belarus or Uzbekistan. Further research may reveal what lies behind these differences.

A number of other interesting results emerge from the life satisfaction regression analysis.[7] Women generally seem to be happier than men. Divorce, separation and widowhood are associated with lower levels of life satisfaction compared with being single. The relationship between life satisfaction and age follows the familiar U-shape from many other studies, meaning that it first decreases with age and then begins climbing again, in this case from around 44 years of age. Unsurprisingly, health status can have a particularly strong impact on a person's life satisfaction; someone in very bad health is generally two full points lower on the satisfaction scale relative to a very healthy person. The results also suggest that people value employment beyond its function as a source of income. An unemployed person is likely to be at least half a point less satisfied with his or her life relative to an employed one. Lastly, there is a positive link between education and life satisfaction, especially at university levels.

One of the encouraging results of LiTS I was the fact that over 55 per cent of respondents felt a sense of optimism in so far as they tended to agree with the statement: "Children who are born now will have a better life than my generation." LiTS II shows a mild, but statistically significant, decline in that percentage, with about 49 per cent of the sample agreeing or strongly agreeing. Chart 2.2 shows a scatter plot of this variable and life satisfaction rates by country. The chart shows that people in most transition countries are more optimistic about the future than their counterparts in western Europe. This is unsurprising since the western populations already have much higher living standards (on average) and do not have much reason to believe, or hope, that their children will do significantly better.

Chart 2.2
Optimism and life satisfaction, 2010



Source: LiTS II (2010).
Note: Regression line includes only the transition countries.
People satisfied with life includes respondents who agree or strongly agree with the statement - "All things considered, I am satisfied with my life now." Optimistic people includes respondents who agree or strongly agree with the statement - "Children who are born today will have a better life than my generation."

Another point of interest is that the relationship between the two variables – life satisfaction and optimism – within the transition sample is actually positive. This is evident from the chart, and it persists in a formal regression equation (see column 2 in Table 2.1). By way of example, Tajik respondents are not only happy at present but also believe that future generations will have an even better life, whereas those in Romania are relatively unhappy (compared with other countries) and also think that children born now will not have a better life. The regression results also show that married people are more optimistic compared to single respondents. Age and health status seem to have a similar effect on optimism as they do on life satisfaction. Interestingly, there is no statistically significant link between optimism and monthly expenditure.

Political and economic system preferences

One of the most interesting and widely publicised findings of LiTS I was the fact that, after approximately 15 years of transition in most countries, there was a relatively strong degree of support in most countries for both democracy and a market economy. But has this support been shaken by the severe economic downturn since then? This section shows that there is still relatively little desire to return to the past, even though attitudes towards democracy and market economics have become less positive in some countries (including all EU entrants from the region except for Bulgaria).

Table 2.2 shows the two pertinent survey questions in this respect; in each case there are three options, and respondents are asked to say which one they agree with most. It is important to understand that they are not asked if they prefer a planned economy or an authoritarian government, but rather whether, under some circumstances, these socio-economic features might be preferable to, respectively, a market economy and democracy.

Chart 2.3 presents the main results across the whole transition sample. As in 2006, more people (about one-third of the sample) prefer the combination of market economy and democracy to any other combination of responses. Barely 10 per cent of respondents said that both a planned economy and an authoritarian government may be preferable under some circumstances. The data also show that more people unequivocally prefer democracy as a political system than a market economy as an economic one. Almost 45 per cent of respondents choose democracy over any other political system, whereas less than 40 per cent would opt for a market economy under any circumstances. Nearly one-quarter of respondents feel that the type of economic system that they live under is not important to them and over one-fifth think similarly about the political system.

[7] It is important to emphasise that these correlations do not imply a causal relationship from these variables to reported well-being. There are likely to be important feedback effects from life satisfaction to variables such as income, health and marital status. Disentangling and better understanding these relationships will require further research.

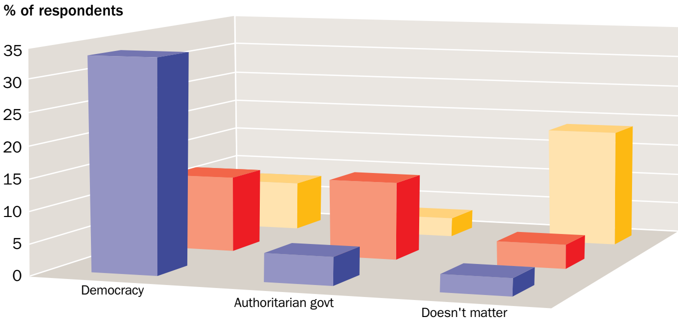
Although the main result appears to be encouraging evidence of the resilience of support for democracy and markets through the economic crisis, cross-country analysis reveals a major variation across transition countries and also a drop in support for both democracy and the market economy relative to 2006. Chart 2.4 shows that there is less support for a market economy in 16 countries of the region, with particularly notable falls in Albania, Mongolia, Serbia and some of the EU countries. In fact, Bulgaria is the only EU entrant that has not seen a drop in support for a market economy. It is worth pointing out that less than 30 per cent of UK respondents and less than one-quarter of the French sample also give unequivocal support to markets.[8]

The proportion of respondents for whom democracy is the preferred political system varies even more across the transition countries (see Chart 2.5). In this case, only four transition countries join the five western comparator states in the group in which over 70 per cent of respondents clearly prefer democracy to any other political system – Armenia, Georgia, Tajikistan and Uzbekistan. In 11 transition countries 50 per cent of respondents or fewer express a clear preference for democracy, including, rather surprisingly, some EU members. Of these, Latvia, Lithuania and Romania experienced particularly sharp economic contractions during the crisis. This could explain their lower support levels for a market economy, but it scarcely provides a reason for the declining preference for democracy. Rather worryingly (and mirroring people's preferences regarding the market economy), attitudes towards democracy have become less positive since 2006 in all EU entrant countries except Bulgaria.

Table 2.3 below examines the correlates of support for markets and democracy through regression analysis for transition countries. The results suggest that women and older people are less likely to support a market economy and democracy, whereas well-educated (to master's degree level) and happier people are more likely to do so. The regression confirms the

Chart 2.3
Socio-economic preferences: primacy of democracy and a market economy, 2010

% of respondents

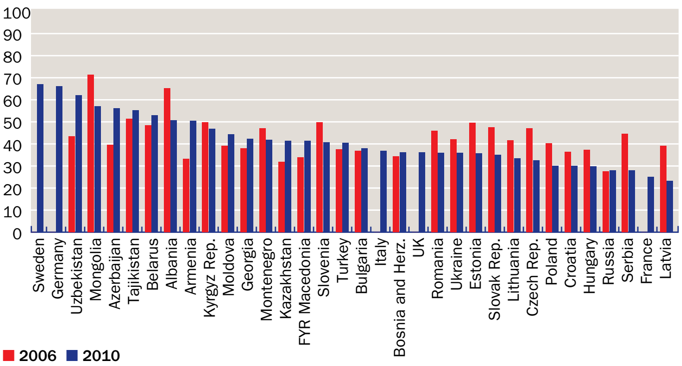


■ Market economy ■ Planned economy ■ Doesn't matter

Source: LiTS II (2010).

Chart 2.4
Comparative levels of support for a market economy, 2006 and 2010

% of respondents who prefer market economy over any other type of economic system

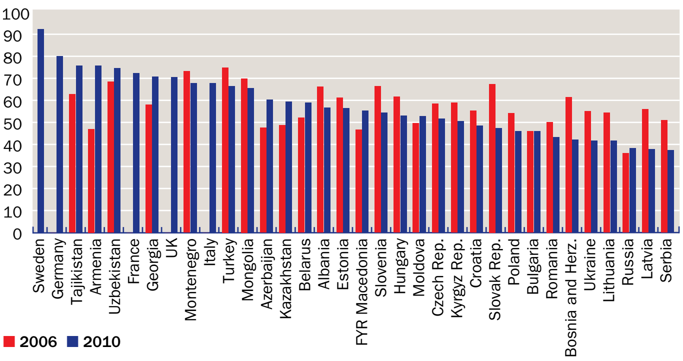


■ 2006 ■ 2010

Source: LiTS I (2006) and LiTS II (2010).
Note: Percentage of respondents who prefer market economy includes respondents who agree with the following statement: "A market economy is preferable to any other form of economic system."

Chart 2.5
Comparative levels of support for democracy, 2006 and 2010

% of respondents who prefer democracy over any other type of political system



■ 2006 ■ 2010

Source: LiTS I (2006) and LiTS II (2010).
Note: Percentage of respondents who prefer democracy includes respondents who agree with the following statement: "Democracy is preferable to any other form of political system."

Table 2.3
Political and economic system preferences[8]

	Prefer market economy and democracy
Female	-0.0764*** (0.0237)
Life satisfaction	0.0361*** (0.00812)
Bachelor's level of education	0.223* (0.131)
Master's level of education	0.326** (0.143)
Age	0.00499*** (0.00321)
Age squared	-0.000158*** (0.0000452)
GDP per capita, 2009	-0.262*** (0.06)
Number of observations	19,875

Source: LiTS II (2010) and World Development Indicators.
Note: + and - signs indicate whether a variable is positively or negatively associated with respondents' preferences for market economy and democracy.
*** significant at 1 per cent level of significance,
** significant at 5 per cent level of significance,
* significant at 10 per cent level of significance.

[8] It may very well be that the perception in the western comparator countries of the "planned economy" as the other economic system option in LiTS II is somewhat different to that in post-communist countries. It may even be the case that people in the EU entrant countries are also developing a more "western" understanding of the term (meaning government intervention in, and regulation of, markets as opposed to the non-market planned economy system seen under various communist regimes).

casual observation that support for markets and democracy is low in many of the richer transition countries, since it demonstrates a negative relationship with a country's overall income level as represented by its per capita GDP.

Government spending priorities

One of the most important effects of the crisis has been the squeeze on public spending. Revenues have dropped while rising unemployment and poverty have put increasing pressure on social benefit provision. This has compelled governments to make priorities and focus spending on areas where it is most needed. The LiTS II results show that it is typically health and education that receive most support for extra spending, but also that countries differ greatly in the extent to which respondents are prepared to pay for better services.

The survey asked the following question:

In your opinion, which of these fields should be the first and second priorities for extra government spending?

The priority options are: education; health care; housing; pensions; assisting the poor; environment (including water quality); and public infrastructure.[9] The results are shown in Chart 2.6 and reveal that, on average, almost two-thirds of respondents in transition countries consider health care to be either the first or second priority area for additional government spending. Education, at a distant second, is the first or second priority for just over 40 per cent. Less than 30 per cent similarly prioritise assisting the poor and a little over one-quarter advocate additional spending on pensions. Housing, public infrastructure and environment represent government priority spending areas for far fewer respondents. These results mirror those in 2006.[10] The cross-country variation in these responses is shown in the country assessments in this report (see pages 56-113).

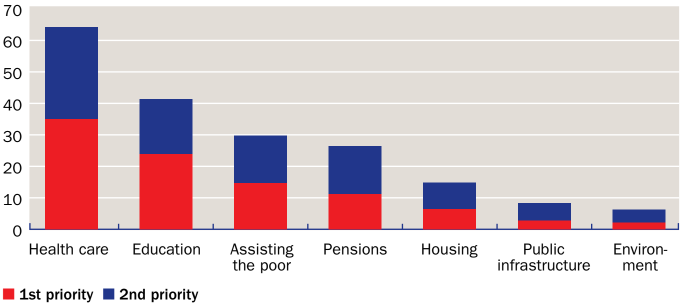
Data on government spending preferences allow further analysis not only of people's attitudes towards the role of their governments but also of cross-country differences in the responses. Here, two interesting questions are explored that may benefit from further research.

The first issue to consider is the extent to which people are "self-interested" and favour government spending directed towards areas where they themselves would benefit. With background data on individual respondents, it is possible to calculate how many people with poor health think that health care is a high government spending priority, how many old people believe the government should direct extra cash to pensions and how many poor people would have their government focus on alleviating poverty. The resulting three proportions are highly correlated within countries and therefore suggest a more general concept of self-interested behaviour in each country beyond that of the specific three groups, which can be analysed based on LiTS II data. They can be averaged by country to construct a "self-interest" index, in the sense that a high and positive value of the index means that many respondents in a given country want their government to spend mainly on people like themselves, while a low and negative value indicates that a large proportion prefer spending on areas that may not directly benefit them.[11]

Chart 2.7 shows that Romania, Georgia and Hungary lead the countries with the highest values on the self-interest index. At the other end of the spectrum are the Slovak Republic and Tajikistan. Most EU countries, including four of the five western comparators, record negative values. It is possible that self-interest is related to life satisfaction, as evidenced by the fact that Romania, Georgia and Hungary are three of the four lowest-ranked countries in the overall life satisfaction scale (see Chart 2.1), whereas Sweden and Tajikistan are at the top of the satisfaction ranking.

Chart 2.6
Priorities for government spending in transition countries, 2010

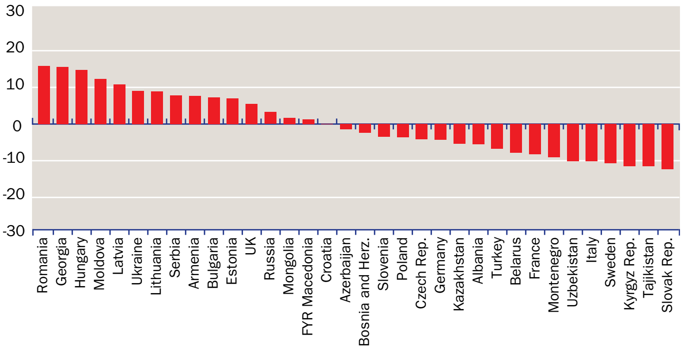
% of respondents who think what should be first and second priority for extra government spending



Source: LiTS II (2010).
Note: Data corresponds to percentage of respondents' first and second preferences for priority additional government spending.

Chart 2.7
Priority spending self-interest index: highest to lowest values, 2010

Self-interest index[10]



Source: LiTS II (2010).
Note: The data encompass percentage of respondents who prefer additional government spending contingent upon their status, that is, older people on pensions, people with poor health on health, working poor on helping the poor.

[9] Respondents could also add categories not included on the list.
[10] Strictly speaking, the results of the two rounds are not directly comparable because an extra category ("assisting the poor") was added in 2010.

[11] The index is constructed, first by "de-meaning" the data (that is, by taking an average across countries for each category and then calculating the difference between each country's value and the average), and second by taking an average of the three de-meaned values. As the values are demeaned, the index value for the average country is approximately zero and for other countries it takes positive and negative values, depending on whether the original values were larger or smaller than the mean.

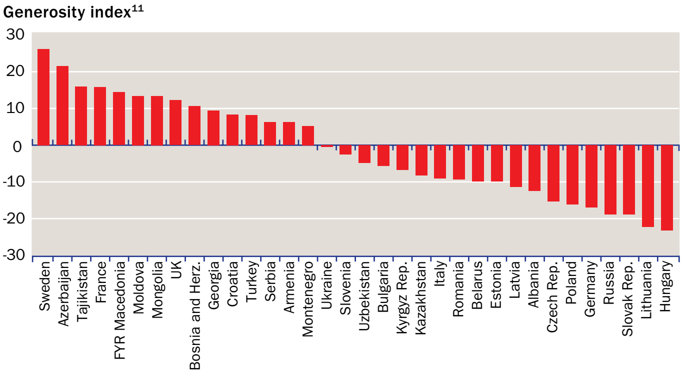
LiTS II also allows an investigation of people's willingness to pay for better services, and again reveals major differences across countries. Respondents were asked the following question (and to indicate yes or no to options a, b, c and d):

Would you be willing to give part of your income or pay more taxes, if you were sure that the extra money was used to: (a) improve public education; (b) improve the public health system; (c) combat climate change; (d) help the needy.

In respect of education, health care and assisting the poor, after calculating the number of people who are willing to contribute to the improvement of each service and dividing by the number who think that the service is either the first or second priority for additional government spending, the average of the three proportions[12] can then be calculated. This yields a "generosity" index, indicating how many people are willing to additionally contribute to a service that they think the government should support. A higher, positive value of the index means that respondents are in principle willing to forgo some of their own money to fund service improvements, whereas a lower, negative value means that people believe the government should resolve their priority issues without their personal contribution.

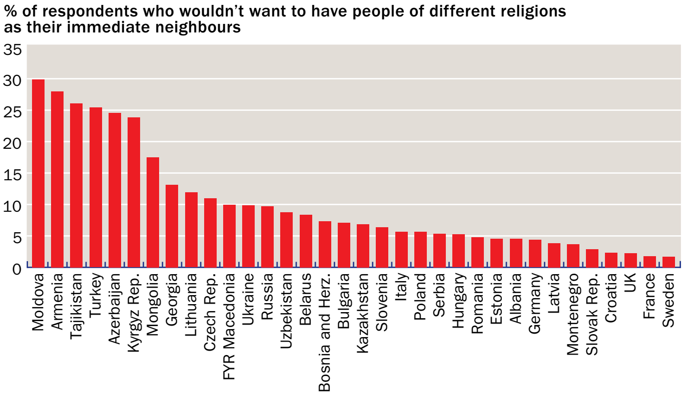
Chart 2.8 shows the cross-country variation in this index. People are most willing to give up their own money in Sweden (a western comparator country), followed by Azerbaijan (the first-ranked country from the transition region) and then Tajikistan and France in third place. At the bottom end of the scale are three EU members – Hungary, Lithuania and the Slovak Republic – followed by Russia and then Germany (another comparator country). The position of countries on the index does not seem to reflect either how well-off they are or how satisfied their people are on average.

Chart 2.8
Priority spending generosity index: highest to lowest values, 2010



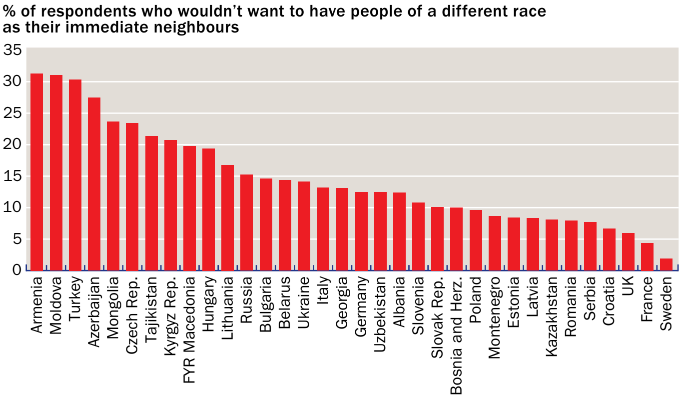
Source: LiTS II (2010).
Note: The generosity index encompasses the percentage of respondents who are willing to forego parts of their income if the money was used to improve parts of the public system which they deemed to be a first or second priority for additional government spending.

Chart 2.9
Attitudes towards people of a different religion, 2010



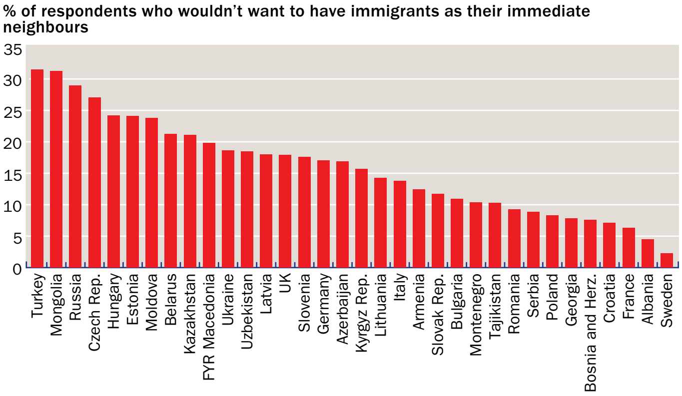
Source: LiTS II (2010).
Note: Data show percentage of respondents who would not like to have people of different religions as neighbours.

Chart 2.10
Attitudes towards people of other races, 2010



Source: LiTS II (2010).
Note: Data show percentage of respondents who would not like to have people of a different race as neighbours.

Chart 2.11
Attitudes towards immigrants, 2010



Source: LiTS II (2010).
Note: Data show percentage of respondents who would not like to have immigrants as neighbours.

[12] Similarly to the self-interest index, each proportion is de-meaned across all countries before inclusion in the average. This ensures comparability across the three service areas. As shown earlier, average transition region public support for education, health care and assisting the poor varies significantly. De-meaning ensures that the base effect of higher support for health care, for example, does not interfere with the analysis, which focuses on the difference between public preference for government spending on a service area and its own willingness to contribute to that area. See also footnote 10.

Tolerance

One of the drawbacks of LiTS I was that it revealed little about people's tolerance or prejudices towards other groups of people. This is obviously a sensitive area, and questions of this nature can provoke uneasiness or even hostility among respondents. Also, the answers should be treated with great caution, as they may in some cases be biased by social norms and the desire of some people to give socially acceptable responses rather than reveal their true beliefs. Nevertheless, it is important to try to get a better understanding of attitudes to minority groups, particularly those of a different race, nationality or religion. In LiTS II, therefore, respondents were presented with a list of 15 different groups and asked to disclose which category or categories they would not like to have as neighbours.[13] Among many interesting findings, the data reveal relatively tolerant attitudes towards different religions but less so towards immigrants and people of a different race.

Chart 2.9 shows that people in general claim not to object to having those of a different religion as neighbours. However, in six transition countries the proportion expressing such an aversion reaches over 20 per cent: Moldova (where it reaches 30 per cent), Armenia, Tajikistan, Turkey, Azerbaijan and the Kyrgyz Republic. Econometric analysis (see column 1 in Table 2.4) suggests that such attitudes are sometimes associated with lower levels of education and economic well-being.

The results are rather different when it comes to stated attitudes towards people of a different race and immigrants. Negative feelings towards people of a different race as neighbours reach a maximum of over 30 per cent in Armenia, Moldova and Turkey – see Chart 2.10. Regarding immigrants, the most negative attitudes are in Turkey and then Mongolia, although neither is a particularly high-immigration country – see Chart 2.11. At the most tolerant end of the scale are Sweden and France (in the comparator group), as well as several south-eastern European transition countries – Albania, Bosnia and Herzegovina and Croatia. There is limited statistical association between these attitudes and variables such as gender and education.

Table 2.4
Tolerance[14]
The extent to which people do not want to live with...

	People of a different religion	People of a different race	Immigrants
Female	-0.0123 (0.0274)	0.00215 (0.0235)	-0.0222 (0.025)
Bachelor's level of education	-0.514* (0.193)	-0.465*** (0.139)	-0.305* (0.185)
Master's level of education	-0.689*** (0.22)	-0.480*** (0.154)	-0.312 (0.208)
GDP per capita, 2009	-0.346*** (0.0892)	-0.140* (0.0717)	0.0368 (0.066)
Number of observations	23,827	23,827	23,827

Source: LiTS II (2010) and World Development Indicators.
Note: + and - signs indicate whether a variable is positively or negatively associated with whether people would not like to have members of specified groups living as neighbours.
*** significant at 1 per cent level of significance,
** significant at 5 per cent level of significance,
* significant at 10 per cent level of significance.

Conclusion

LiTS II provides some fascinating insights into the minds of people in the transition region, only some of which have been addressed in this chapter. It is worth emphasising the heterogeneity across the region and the need to examine results at the individual-country level. However, cross-country analyses can also put these results in perspective and may even lead to findings that reveal important differences from one country to another.

Several conclusions can be drawn from this brief examination of attitudes and values. On the positive side, people in the transition region have shown resilience in the face of the economic crisis. Although the region has gone through a deep recession and is still feeling the aftershocks in many cases, the level of life satisfaction has changed little since 2006. Optimism for future generations has declined only moderately. As before, there is little support for a return to authoritarianism or the planned economy, even though positive attitudes towards democracy and the market economy have declined in richer transition countries including almost all EU entrants. However, many people believe that the type of socio-economic system that they live under makes little difference to their lives. Respondents still consider that health care and education are the main priorities for extra government spending, but there is a big variation across countries in the extent to which people are prepared to make personal sacrifices for improvements in these services.

LiTS II includes for the first time five non-transition western European countries. The chapter has revealed important differences between these countries and the transition region. People in the comparator countries tend to be happier, more supportive of democracy and political liberties, and more tolerant of groups of people different from themselves. Taken together, these results point to a lingering gap between the transition region and western Europe, not just in terms of living standards or GDP per capita, but also in certain core attitudes and values. Whether this gap will close over time remains to be seen.

References

A. Deaton (2008), "Income, health, and well-being around the world: evidence from the Gallup World Poll", Journal of Economic Perspectives, Vol. 22, No. 2, pp. 53-72.

R. Easterlin (2009), "Lost in transition: life satisfaction on the road to capitalism", Journal of Economic Behavior and Organization, Vol. 71, pp. 130-45.

S. Guriev and E. Zhuravskaya (2009), "(Un)happiness in transition", Journal of Economic Perspectives, Vol. 23, No. 2, pp. 143-68.

P. Sanfey and U. Teksoz (2007), "Does transition make you happy?", Economics of Transition, Vol. 15, No. 4, pp. 707-31.

[13] Before presenting the list, the interviewer emphasised the sensitive nature of the question and reiterated that the survey was strictly confidential.
[14] GDP per capita is expressed in logarithms. Some control variables are not reported in the table.

3

Governance and public service delivery

LiTS II shows satisfaction with public service delivery in the transition region to be relatively high and, despite the adverse impact of the global economic crisis, to have risen since 2006 in most countries. However, satisfaction with public services in the transition region is lower than in the western European comparator countries. This chapter provides some evidence that may help to explain why this is so, notably, the higher reported prevalence of unofficial payments and relatively underdeveloped mechanisms for grievance redress compared to the western comparators.

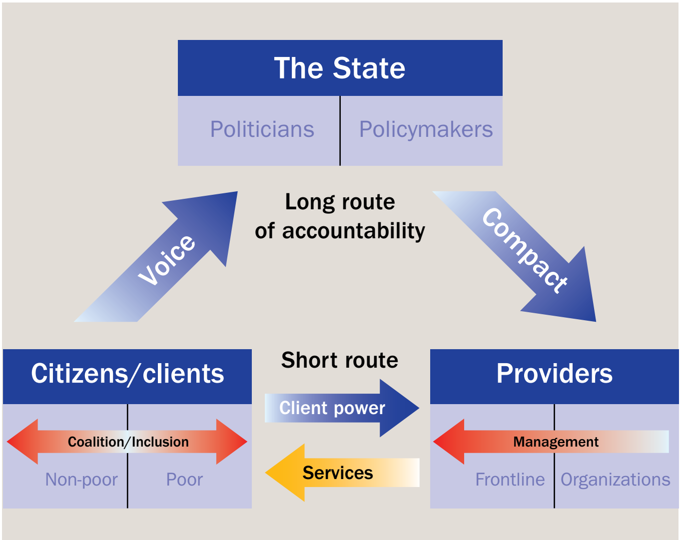
This chapter first outlines a conceptual framework for studying accountability relationships between policy-makers, service providers and citizens, and provides an overview of the coverage of governance and service delivery in LiTS II. It then presents the key findings on satisfaction and service delivery emerging from analysis of the survey data, and concludes by discussing measures that governments in the transition region can implement to further enhance citizens' satisfaction with public service delivery.

Introduction

The Life in Transition Survey provides a rich source of information about the experience and perceptions of citizens with respect to their interactions with public services. The data yield new insights on:

- How well transition countries are doing in terms of citizen satisfaction with public service delivery.
- Factors that affect how levels of satisfaction vary across different population subgroups.
- Key measures that can help governments improve satisfaction with service delivery.

Chart 3.1
Accountability relationships



Source: World Bank (2003).

Conceptual framework

There is a growing recognition among policy-makers and providers that measuring inputs and outputs alone is not enough to understand how service delivery works in practice. Rather, the traditions and institutions under which authority is exercised for the common good – "governance" – also play a crucial role. Better governance is an essential ingredient of reforms targeted at improving service delivery outcomes (for example, better health status, enhanced learning outcomes, etc).[1]

The governance and service delivery agenda was the subject of the 2004 World Development Report *Making Services Work for Poor People* (World Bank, 2003), which defined a framework for analysing the accountability relationships between a triangle of policy-makers, providers and citizens (see Chart 3.1).

Within this framework, policies can either be implemented through a "long route of accountability", whereby citizens elect policy-makers who in turn influence service delivery through providers, or a "short route of accountability", through which citizens may directly influence, participate in and/or supervise service delivery by providers. In order for both channels to work effectively, citizens' opinions regarding their levels of satisfaction with the quality and efficiency of the public services that they receive from providers provide an important feedback mechanism (see Box 3.1).

Coverage of governance and citizen feedback

The importance of regular citizen feedback on the quality and efficiency of public service delivery has particular resonance in the transition region, where the relationship among policy-makers, service providers and citizens has been transformed dramatically over the past two decades of political and economic transition and, for some countries, EU accession.

[1] For the purposes of this chapter, we define better governance as improvements in incentives for performance and institutional arrangements for holding service providers accountable.

Transition countries have undertaken wide-ranging service delivery reforms that have influenced institutional relationships, altered incentives for service providers at the institutional and individual levels, and changed the ways in which citizens participate in, and experience, service delivery. All of these developments have led to changes in the ways in which people interact with the state, as well as their perceptions and levels of trust.

These are themes which LiTS II is uniquely positioned to address: the survey enables new regional analysis on the links between the ways in which people use, experience and interact with public services, their perceptions and trust in providers and institutions, and the quality of service delivery itself (see Box 3.2).

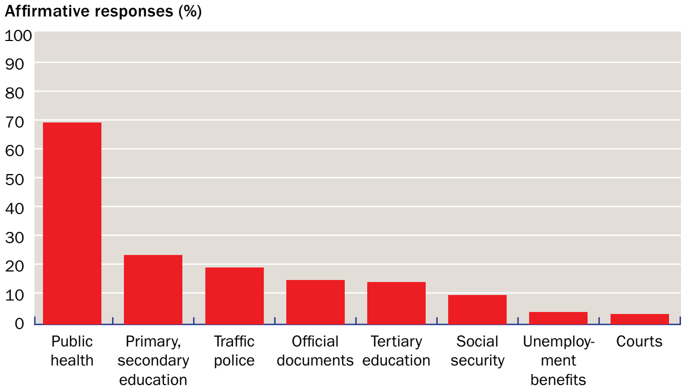
Key LiTS II findings

The following analysis focuses on responses to three sets of questions relating to eight different public services: the traffic police, requesting official documents (such as passport or birth certificate), the civil courts, primary or secondary education, vocational education, the public health system, requesting unemployment benefits, and requesting other social security benefits. For each service, respondents were asked: “In your opinion, how often is it necessary for people like you to have to make unofficial payments/gifts in these situations”, with responses recorded on a five-point scale: 1= never, 2=seldom, 3=sometimes, 4=usually and 5=always. Respondents were then asked: “During the past 12 months, have you or any members of your household used these services?” Lastly, all respondents who indicated that a household member had used a service during the past 12 months were asked: “How satisfied were you with the quality and the efficiency of the service/interaction?”. Responses were again recorded on a five-point scale: 1=very dissatisfied, 2=dissatisfied, 3=indifferent, 4=satisfied and 5=very satisfied.

Utilisation

The proportion of respondents who interacted with service providers varied considerably according to the type of service (see Chart 3.2). By far the most frequently accessed service was the public health system (70 per cent in the previous 12 months). Utilisation rates for other services were much lower. The next highest usage rates were for primary/secondary public education (23 per cent), interaction with traffic police (20 per cent) and requests for official documents (14 per cent).

Chart 3.2
Utilisation of public services



Source: LITS II (2010).
Note: these scores and all other regional averages in this chapter are based on weighted averages according to the population size of each country.

Box 3.1
Uses and limitations of citizen satisfaction data

Better data on governance and satisfaction with service delivery can serve three different purposes. First, service delivery data can serve as a “call to action” for governments if the data reveal outcomes that fall short of expectations. Second, data can serve a diagnostic function: while there is increased recognition that the quality of governance and service delivery affects delivery outcomes, the empirical evidence on those links remains limited. Increased data availability can also allow for better measurement of policies and outcomes and for impact evaluation. Lastly, data on peoples’ satisfaction with their experience and perceptions of quality can help complement more objective measures of service delivery (for example, from facilities surveys) to help policy-makers and development practitioners track the progress of country programmes and strategies.

There are a number of caveats in the interpretation of satisfaction data. The presence of “externalities” (for example, additional social benefits of education, public health and so on) may mean that user satisfaction does not capture the full extent of desired social outcomes. Also, even if individuals and society share the same goal – such as improvements in student learning – some people may have been conditioned to have low expectations, leading them to report high satisfaction despite poor service delivery outcomes. A third reason for caution is the problem of asymmetrical information, for example in the health sector, where doctors have technical information and expertise that patients lack.

Lastly, it is important to note that reported satisfaction may be disconnected from actual quality of services if people do not have a basis for comparison, or information, about what level of quality and service they should be expecting. For example, the high satisfaction rates in LiTS II contrast strikingly with recent findings on education quality outcomes from the Programme for International Student Assessment (PISA) survey. While 58 per cent of respondents in the Kyrgyz Republic report satisfaction with education in LiTS II, the 2009 PISA survey found that 83 per cent of 15-year olds were functionally illiterate (they scored below PISA level 2).

Source: Fiszbein, Ringold and Rogers (2010); Das and Hammer (2007). Calculations based on the OECD PISA 2009 database.

Satisfaction

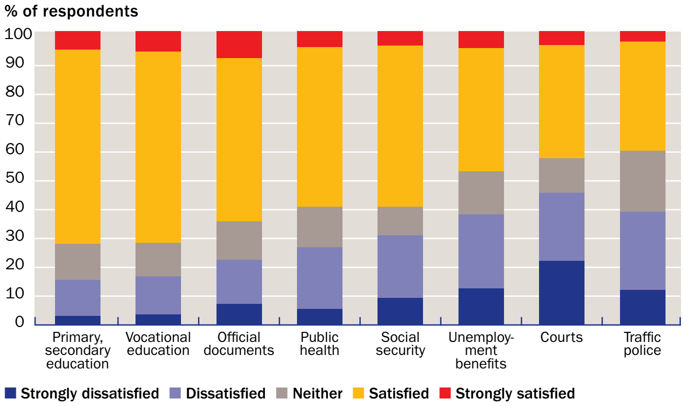
The public education system (both primary/secondary and vocational) received the most favourable survey ratings. Over 70 per cent of respondents were either satisfied or very satisfied with the quality and efficiency of the services (see Chart 3.3). Similarly, 60 per cent or more were satisfied when making requests for official documents and social security or when receiving medical treatment in the public health system. By contrast, civil courts and traffic police received the lowest service satisfaction ratings, with about 40 per cent of respondents dissatisfied with the quality and efficiency of the service interaction.

Among transition countries, overall satisfaction levels tended to be somewhat higher among the new EU member states and Turkey (see Table 3.1), and generally lower among the Commonwealth of Independent States (CIS), although there is considerable variation within subregions, for example, between Estonia and Romania, Georgia and Azerbaijan or Russia and Ukraine. Interestingly, some relatively poor transition countries (such as Georgia and Moldova) rate quite well for overall satisfaction with the quality and efficiency of public services. Another noteworthy finding is that while satisfaction with service delivery in transition countries is fairly high overall, it is generally considerably lower than prevailing levels in the western European comparator countries. Possible reasons for these differences at country level are discussed later in this chapter.

As illustrated by Chart 3.4, there is a negative correlation at the country level between usage rates and the level of satisfaction with delivery for several public services: countries where a relatively high proportion of respondents report using public services during the past 12 months tend to have lower satisfaction rates than countries where the reverse is true. It could be that heavy utilisation rates place a heavy burden on availability (in terms, for example, of staff time, medicines or teaching materials), thereby reducing the capacity to provide high-quality services and compromising perceptions of quality.

This gap between utilisation and satisfaction could signal deficits in the quality and availability of certain types of services. For example, health reforms in many transition countries aim to strengthen the supply of primary care and referral systems to higher levels of care. Where these systems are not in place, there may be over-utilisation of hospital or emergency care at the expense of more efficient preventative services. In the case of education, dissatisfaction may also reflect concerns about quality and the ability of schools to prepare students for the labour market.

Chart 3.3
Satisfaction with service delivery



Source: LiTS II (2010).

Box 3.2
Main dimensions of service delivery in LiTS II

Overall satisfaction with government performance: Respondents were asked to rate the overall performance of their national, regional, and local governments using a five-point scale (ranging from 1: very bad to 5: very good), and whether they felt the overall performance of these three administrative tiers had worsened, stayed the same or improved in the previous three years.

Utilisation: Respondents were asked if any household member had interacted with, or used, a range of public services during the previous year, including traffic police, courts, education, health, unemployment and social security benefits, and whether they requested public documents (such as a passport or marriage certificate).

Satisfaction with service delivery: Respondents were asked if they were satisfied with the quality and efficiency of the service interaction. Satisfaction data can be a proxy for measuring actual quality of services, as well as an indicator of the extent to which services are responsive to the needs and preferences of clients. They can also help to assess the effects of service delivery reforms, such as decentralisation.

Perceptions of service quality: Respondents were asked about their perceptions of the quality of education and health services. Regarding education, the survey inquired about any lack of textbooks and supplies, poor teaching, teacher absenteeism, overcrowded classrooms and poor conditions of facilities. Similarly for health, it asked about doctor absenteeism, treatment by staff, availability of medicines, waiting times and cleanliness of facilities. The answers to these questions provide a snapshot of people's experiences with services and can act as another measure of service quality.

Unofficial payments: Respondents were asked if they had to make unofficial payments and why – allowing for a more detailed analysis of the incidence and causes of informal payments than is usually possible from household surveys.

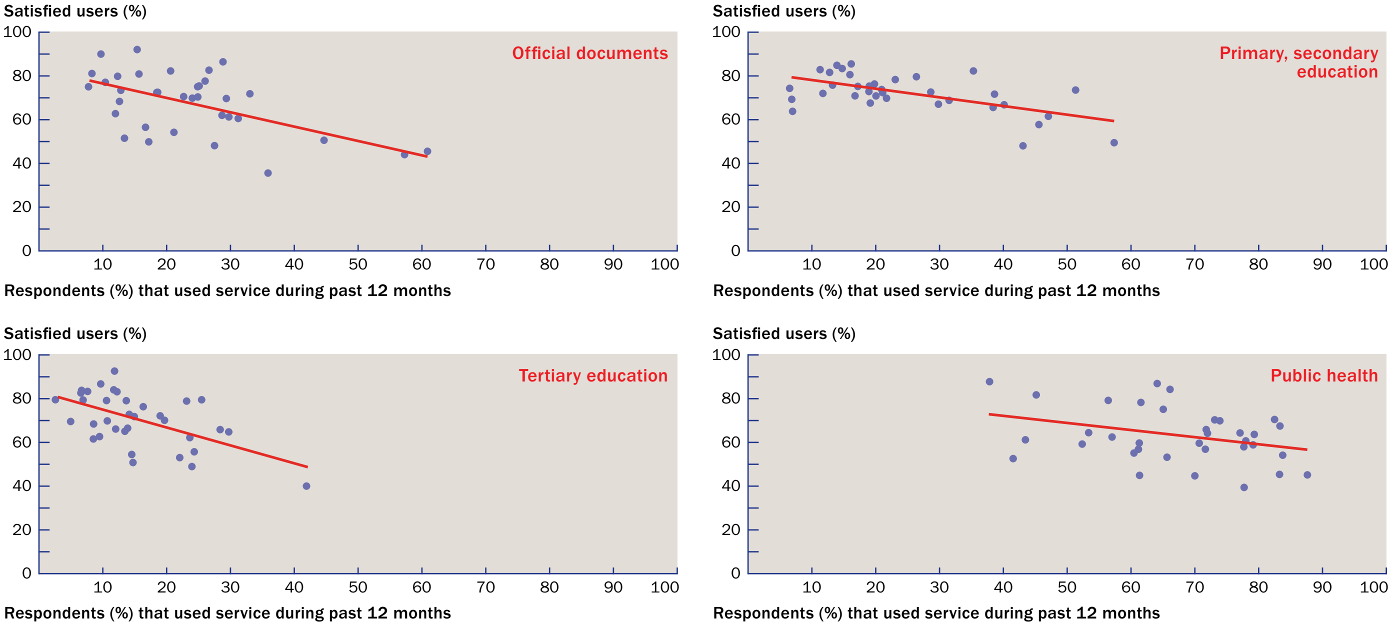
Grievance redress mechanisms: A new feature of the 2010 LiTS is a set of questions related to grievance redress mechanisms in health and education. The survey asks whether people know where to file a complaint if they were dissatisfied with education and health services, whether they filed a complaint, received a response, and were satisfied with the response.

Table 3.1
Satisfaction with public service delivery by country

Country	Per cent of respondents satisfied with quality and efficiency of public service delivery							
	Public health system	Primary / Secondary education	Traffic police	Official documents	Vocational education	Social security benefits	Unemployment benefits	Civil courts
Estonia	78	83	61	90	84	73	70	76
Georgia	75	82	75	92	83	28	-	36
Turkey	79	72	39	75	72	38	55	49
Latvia	70	83	53	80	79	74	74	35
Moldova	67	80	39	82	79	59	39	65
Slovenia	70	71	50	75	70	70	67	65
Croatia	70	76	64	72	65	69	54	35
Lithuania	64	69	56	72	79	67	78	44
Poland	62	85	52	81	83	49	39	57
Belarus	59	74	50	73	79	60	66	54
Hungary	59	74	64	73	70	60	61	38
Montenegro	60	73	51	71	72	53	28	42
Slovak Rep.	64	78	49	70	76	42	37	45
Uzbekistan	64	74	43	54	65	48	14	29
Russia	58	75	41	68	79	74	59	51
Czech Rep.	66	73	45	70	68	43	47	44
Bosnia and Herzegovina	55	70	56	75	63	31	15	69
Armenia	61	72	44	70	70	43	39	30
Bulgaria	61	75	26	52	84	59	48	17
Serbia	60	68	43	61	66	50	47	26
Romania	57	76	49	63	67	49	53	33
Tajikistan	57	62	36	62	51	42	38	29
Kazakhstan	54	69	40	50	62	50	43	27
Mongolia	53	67	14	48	66	34	36	17
Ukraine	45	72	22	57	73	57	41	34
FYR Macedonia	45	66	41	44	53	30	33	42
Kyrgyz Rep.	53	58	21	36	56	46	44	5
Albania	45	67	29	51	49	31	29	47
Western Europe	80	76	55	80	78	67	52	40

Source: LiTS II (2010).
Note: Countries are ranked in order of average satisfaction rates across all eight public services.

Chart 3.4
Satisfaction vs. utilisation rates by public service type



Source: LiTS II (2010).

Grievance redress

About 67 per cent of respondents who had used health services during the previous 12 months reported at least one problem with service delivery, and for education services the figure was 50 per cent. The biggest problems reported for health were long waiting times, lack of drugs and payment for services that should be free (see Chart 3.5). In the case of education, the main problems were lack of textbooks/supplies, payments for services that should be free and poor condition of facilities.

Grievance redress mechanisms in transition countries are relatively underdeveloped compared to the western European comparator countries (see Box 3.3). Fewer than half of respondents in the transition countries know where to file a complaint about health and education services (the highest level of awareness being in Turkey and the lowest in Central Asia), compared to 60 per cent for education and 50 per cent for health in western Europe. While 16 per cent and 11 per cent of respondents, respectively, reported that they had filed complaints for education and health in the comparator countries, only 5 per cent did so in transition countries for either service. Most people in the transition region who filed a complaint did get a response (although to a lesser extent in Central Asia and south-eastern Europe), and about two-thirds were satisfied with the response that they received (and more so in Russia).

Unofficial payments

When LiTS II respondents were asked how often it is necessary for people to make unofficial payments to access public services, a large majority said that such payments were never needed. Nevertheless, the proportion reporting that payments were usually or always needed was notably higher for the public health system than for other services (see Chart 3.6).

Box 3.3
Complaints handling and service delivery

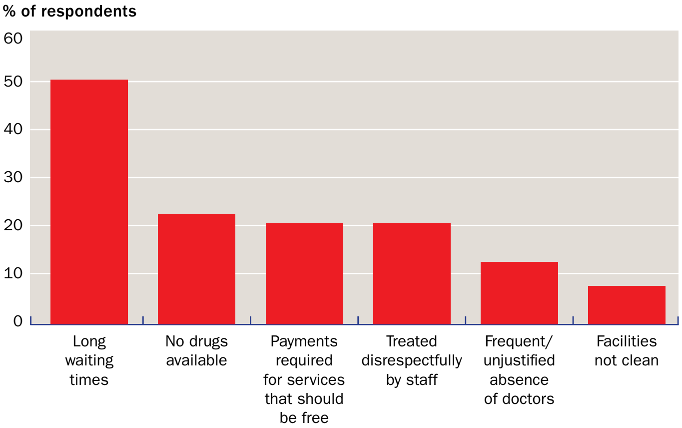
Grievance redress or complaints mechanisms refer to the institutions and channels that people can use to express their preferences and hold providers to account. They can also provide feedback to policy-makers on service performance. Various forms of redress mechanisms have long traditions in Europe. For example, Sweden first installed an independent ombudsman function in the late nineteenth century. More recently, the adoption of complaints handling systems spread in the countries of the Organisation for Economic Co-operation and Development (OECD) in the 1990s as governments looked increasingly to private sector practices to improve the standards of public service provision. Studies on the private sector highlighted that the presence of a complaints system in businesses was associated with better performance.

There are a number of specific objectives associated with the use of complaints handling in the public sector: promoting accountability in the delivery of services; measuring the quality of service provision and the effectiveness of policy; and harnessing experience to improve service delivery. Complaints handling systems take diverse forms, including customer complaints procedures; administrative appeals and tribunals systems; independent complaints handlers or ombudsmen; and judicial review (and other forms of legal action). High numbers of complaints may not necessarily reflect poor quality of services, but rather the accessibility of complaints systems and greater interaction between providers and citizens.

Transition countries have begun introducing complaints-handling mechanisms to improve service delivery. For example, as part of its health reform efforts, the Turkish government introduced Patients Rights Units in all hospitals which allow citizens to submit complaints related to access to care.

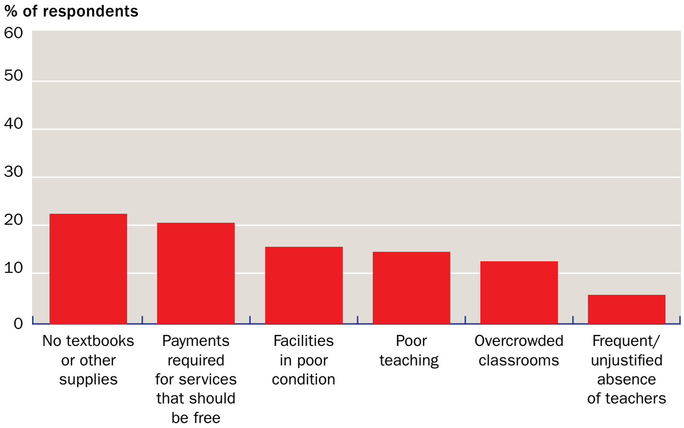
Sources: Johnson and Mehra (2002); Lister, et al. (2008).

Chart 3.5a
Problems with public health provision in the previous 12 months reported by respondents



Source: LiTS II (2010).

Chart 3.5b
Problems with education provision in the previous 12 months reported by respondents

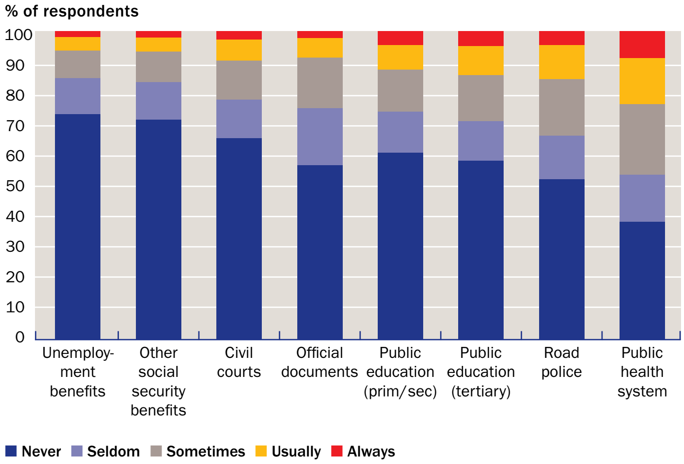


Source: LiTS II (2010).

The reported prevalence of unofficial payments in transition countries is higher than in most western European comparators. Within the transition region, it is generally lower in the EU countries and south-eastern Europe and higher in Central Asia and the South Caucasus, although once again there is variation within subregions (see Table 3.2). The reported prevalence of unofficial payments in the transition countries is higher than in most western European comparator countries.

LiTS II respondents were also asked why they had made unofficial payments for services that should have been free: 43 per cent of respondents in the western European comparator countries said they had made payments to express their gratitude to service providers, compared with only 19 per cent in transition countries (see Chart 3.7). By contrast, 41 per cent in the western comparators said they made the payments either because they were “asked to pay” or they “were not asked to pay, but knew that an unofficial payment was expected,” compared to 60 per cent in the transition countries.

Chart 3.6
Prevalence of unofficial payments or gifts



Source: LiTS II (2010).
Note: This chart shows the responses to the question:
“In your opinion, how often do people like you have to make unofficial payments or gifts in these situations?”.

Table 3.2
Reported prevalence of unofficial payments by country

Country	Per cent of respondents that report unofficial payments are usually or always needed							
	Public health system	Primary / Secondary education	Traffic police	Official documents	Vocational education	Social security benefits	Unemployment benefits	Civil courts
Estonia	4	1	1	0	1	1	0	1
Poland	8	1	4	1	2	1	1	2
Latvia	12	1	5	2	1	1	1	3
Georgia	7	5	1	1	5	2	4	3
Slovenia	8	3	3	3	3	3	3	5
Czech Rep.	11	5	5	3	7	3	3	3
Montenegro	13	6	7	4	6	4	4	3
Lithuania	22	1	6	2	3	7	4	2
Croatia	17	4	8	2	8	3	3	6
FYR Macedonia	13	3	5	5	8	8	7	7
Bulgaria	17	3	13	3	7	3	3	8
Belarus	21	6	14	3	9	2	3	4
Serbia	23	3	11	6	7	5	4	6
Russia	19	10	13	3	12	2	3	6
Bosnia and Herzegovina	22	9	11	6	11	6	6	8
Hungary	42	3	11	6	6	3	4	7
Romania	44	7	12	5	9	4	4	10
Slovak Rep.	22	11	12	5	19	6	8	12
Mongolia	19	9	12	11	16	8	9	15
Kazakhstan	18	9	21	12	16	8	7	13
Turkey	17	21	16	15	14	11	11	11
Uzbekistan	20	20	18	12	25	11	9	8
Armenia	28	15	22	19	18	13	13	12
Ukraine	43	17	28	14	26	7	8	17
Tajikistan	39	18	29	16	32	10	10	13
Albania	39	24	19	22	23	15	14	14
Moldova	45	18	32	23	24	11	9	19
Kyrgyz Rep.	49	38	43	37	51	29	32	33
Azerbaijan	72	65	66	60	65	63	65	61
Western Europe	3	1	1	1	1	1	1	1

Source: LiTS II (2010).
Note: Countries ranked in reverse order of average prevalence rates across all eight public services.

Factors influencing satisfaction with service delivery

The following analysis focuses on users of the public health and public primary/secondary education systems (the two most accessed services), and takes into account the fact that survey responses regarding satisfaction only apply to usage within the previous 12 months.

Public health

Relatively wealthier households, those with more children and/or elderly people and those in urban areas are more likely to access public health services than poorer households with fewer children or elderly members, or who are located in rural areas. Statistical analysis finds that reported levels of satisfaction with public health service provision are positively associated with self-assessed good health, satisfaction with life and greater age (insofar as older respondents were more likely to approve the quality of services received). Richer and better-educated respondents were less likely to be satisfied with the quality and efficiency of treatment received. Personal experience of specific problems in local public health provision (as identified in Chart 3.6) also has a negative impact on satisfaction with public health services.

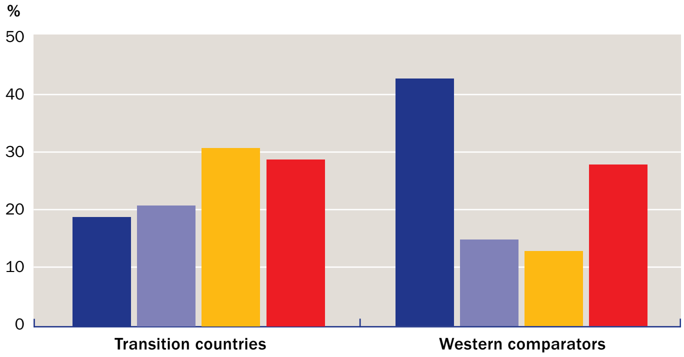
The issue associated with the largest reduction in satisfaction levels is "payments required for services that should be free," followed by being "treated disrespectfully by staff," "long waiting times," "frequent and unjustified absence of doctors" and having "no drugs available." The perception that unofficial payments are necessary for access is an important factor causing dissatisfaction. Users of the public health system who felt that unofficial payments are always needed are more than four times more likely to report being highly dissatisfied with services received than those who felt that such payments are never needed.

Public education

Differences in utilisation rates for public education are not statistically significant across urban, rural and metropolitan regions. According to statistical analysis, the reported level of satisfaction with primary and secondary education is positively associated with satisfaction with life; however, other factors such as the socio-economic background of the household and education level of the respondent do not appear to have any discernable impact on satisfaction levels. Personal experience of specific problems in the education system has a negative impact on satisfaction.

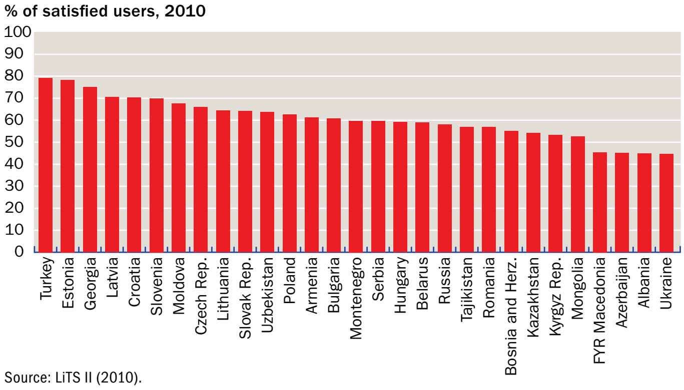
"Poor teaching" is associated with the largest reduction in satisfaction levels, followed by "frequent and unjustified absence of teachers," "crowded classrooms" and "payments required for services that should be provided free." Reported satisfaction levels are significantly higher among those respondents who say unofficial payments are never needed. Primary and secondary school users who felt that unofficial payments are always needed were nearly six times more likely to report being highly dissatisfied with the service delivery than those who considered such payments unnecessary.

Chart 3.7
Reason for making unofficial payments



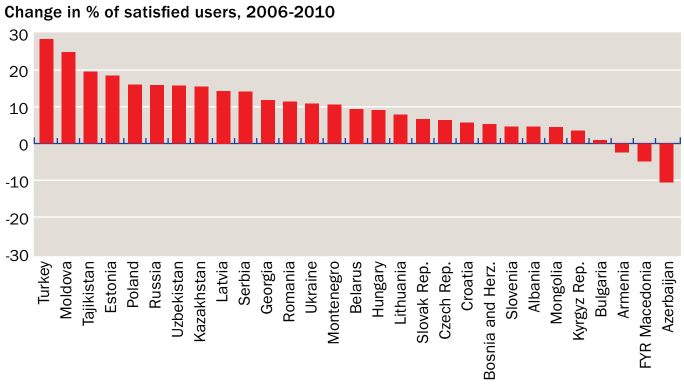
Source: LiTS II (2010).
Note: This graph shows the responses to the question: "Why did you make an informal payment for services you should have received for free?"

Chart 3.8a
Satisfaction with public health services (current and changes over time)



Source: LiTS II (2010).

Chart 3.8b
Satisfaction with public health services (current and changes over time)



Source: LiTS II (2010).
Note: This chart shows the difference between 2010 and 2006 in the proportion of users who answered satisfied/very satisfied when asked: "How satisfied were you with the quality and the efficiency of the service/interaction?"

Table 3.3
Changes in satisfaction with service delivery in transition countries, 2006-2010

	Per cent of respondents satisfied with the quality and the efficiency of public service delivery																				
	Public health system			Traffic police			Official documents			Education (Tertiary)			Unemployment benefits			Other social security benefits			Civil courts		
Country	2006	2010	Change	2006	2010	Change	2006	2010	Change	2006	2010	Change	2006	2010	Change	2006	2010	Change	2006	2010	Change
Moldova	43	67	25	27	39	13	49	82	33	44	79	35	13	39	26	4	59	55	43	65	22
Russia	42	58	16	21	41	21	33	68	35	48	79	31	28	59	31	25	74	49	18	51	33
Turkey	51	79	28	41	39	-2	60	75	15	46	72	26	21	55	34	42	38	-5	35	49	13
Tajikistan	37	57	20	21	36	15	34	62	28	45	51	6	11	38	27	26	42	15	38	29	-9
Montenegro	49	60	11	28	51	23	54	71	17	53	72	19	20	28	8	22	53	31	22	42	20
Ukraine	34	45	11	25	22	-3	42	57	15	35	73	38	11	41	30	20	57	37	28	34	5
Belarus	49	59	9	43	50	7	42	73	30	59	79	21	17	66	50	29	60	31	49	54	5
Romania	46	57	11	44	49	5	36	63	26	45	67	22	24	53	29	16	49	33	27	33	6
Estonia	60	78	18	64	61	-4	73	90	17	75	84	10	49	70	21	63	73	10	48	76	28
Bosnia and Herzegovina	50	55	5	30	56	25	54	75	22	47	63	16	33	15	-18	9	31	22	32	69	37
Kazakhstan	39	54	15	24	40	16	36	50	14	53	62	9	42	43	1	38	50	13	35	27	-8
Serbia	46	60	14	33	43	10	51	61	9	49	66	18	32	47	15	6	50	44	17	26	9
Poland	46	62	16	50	52	2	67	81	14	67	83	17	32	39	8	41	49	8	51	57	6
Georgia	63	75	12	71	75	4	59	92	33	72	83	12	27	0	-27	21	28	7	43	36	-7
Slovak Rep.	58	64	7	43	49	6	56	70	15	41	76	36	12	37	24	37	42	5	39	45	6
Hungary	50	59	9	47	64	17	62	73	12	75	70	-5	27	61	34	51	60	8	46	38	-9
Czech Rep.	60	66	6	27	45	17	51	70	18	68	68	0	35	47	11	42	43	1	28	44	16
Latvia	56	70	14	50	53	3	65	80	14	71	79	9	76	74	-3	66	74	7	59	35	-24
Slovenia	65	70	5	36	50	14	62	75	13	70	70	1	50	67	17	36	70	34	46	65	19
Croatia	65	70	6	55	64	9	54	72	17	63	65	2	29	54	25	30	69	39	41	35	-6
Lithuania	56	64	8	49	56	7	56	72	16	61	79	18	53	78	25	60	67	7	53	44	-9
Uzbekistan	48	64	16	41	43	2	48	54	6	61	65	3	14	14	-1	53	48	-5	25	29	4
Mongolia	48	53	4	19	14	-5	35	48	13	42	66	24	13	36	23	54	34	-20	18	17	-1
Albania	40	45	5	19	29	10	38	51	13	57	49	-8	14	29	15	37	31	-6	29	47	18
Kyrgyz Rep.	50	53	3	17	21	4	35	36	1	38	56	18	19	44	25	43	46	3	23	5	-18
Armenia	64	61	-2	32	44	13	62	70	8	66	70	4	27	39	12	50	43	-6	11	30	19
Bulgaria	60	61	1	23	26	2	72	52	-20	67	84	16	41	48	7	29	59	29	31	17	-15
FYR Macedonia	50	45	-5	38	41	3	53	44	-8	43	53	10	16	33	17	18	30	12	24	42	17
Azerbaijan	56	45	-10	24	16	-8	51	61	10	42	54	13	15	5	-10	21	12	-9	47	26	-21

Source: LiTS I (2006) and LiTS II (2010).
Note: "Change" denotes change in satisfaction between 2006 and 2010. Countries sorted in order of average increase across all seven services. All numbers are rounded.

Box 3.4
Improvements in satisfaction with public health systems

Moldova: Recent health sector reforms have included: the creation of an independent mandatory social health insurance structure; increased hospital autonomy; the separation of primary and secondary care financing; steps towards performance-based contracting; and the development of clear accreditation and quality standards. Health provision has recovered to pre-transition levels and spending increased to 6.4 per cent of GDP in 2009; however, anecdotal evidence suggests that the introduction of insurance has not replaced unofficial payments as a means of ensuring access to care.

Tajikistan: The government's 2005 health financing strategy aimed to improve equity, efficiency and cost-effectiveness of the health system by increasing public funding (in particular to primary health care) and introducing a basic-benefits-package (BBP). The BBP provides free services for vulnerable population groups and provides a legal framework for developing the policy for co-payments by patients for selected health services in hospitals.

Turkey: The Turkish government launched a major reform programme in 2003 to make the health system more effective by improving governance, efficiency, user- and provider-satisfaction and long-term sustainability. The main elements of the programme were to establish a single purchaser in the health system, make the public sector health services delivery network autonomous and strengthen human resources management and information systems. The programme has had important effects on access to care, especially for the poor.

In addition to improved health insurance coverage for the poor, productivity of health personnel and availability of services have increased. There has also been a rise in the immunisation of under-five-year-old children, the use of ante-natal services by pregnant women and the overall utilisation of health services.

Source: Chakraborty, 2009.

Changes in satisfaction levels

The LiTS II data show encouraging progress in recent years with regard to public perceptions of the quality and efficiency of service delivery. In the case of public health, for instance, between 2006 and 2010 nearly all transition countries show increases in the proportion of respondents who were either satisfied or highly satisfied with the quality and efficiency of services received (see Chart 3.8).[2] Box 3.4 notes recent reforms carried out in three selected countries where there has been a large increase in user-satisfaction rates.

In most countries, prevailing levels of satisfaction with the various public services covered in the LiTS questionnaire are higher in 2010 compared to 2006, especially regarding requests for official documents, unemployment benefits and other social security payments (see Table 3.3). Moldova and Russia stand out in this respect (as, to a lesser extent, do Turkey, Tajikistan and then Estonia). Azerbaijan is the only country for which satisfaction with service delivery for most public services in 2010 is lower than in 2006.

Conclusion

Despite the impact of the crisis, LiTS II data indicate that satisfaction with public service delivery has risen over time in most countries in the region. Prevalence of unofficial payments is quite low: when respondents were asked how often it is necessary for people to make unofficial payments/gifts when using public services, a large majority reported that such payments are never needed. Nevertheless, the data show that the level of satisfaction with public service delivery in most transition countries tends to be lower than prevailing levels in western European comparator countries. Conversely, the perceived frequency of unofficial payments is higher than in comparator countries.

How can governments in transition countries further increase citizens' satisfaction with service delivery? This analysis provides clues as to how this might be achieved. First, LiTS II data show utilisation of public facilities in transition countries to be generally higher than in the western comparators; this suggests that further analysis may shed more light on the potential for efficiency and quality improvements, and the extent to which better demand management practices could free up public resources to improve quality of services. Second, the prevalence of unofficial payments in transition countries is higher than in western Europe, and is an important factor in explaining dissatisfaction with public service delivery.[3] Lastly, the data show that mechanisms for grievance redress in the transition regions are still relatively underdeveloped in comparison to those in the comparator countries, and should be strengthened to help provide citizen feedback to policy-makers on the main problems faced when interacting with public service providers.

References

S. Chakraborty (2009), "Health systems strengthening: lessons from the Turkish experience", Europe Central Asia Knowledge Brief. December 2009, Vol. 12.

J. Das and J. Hammer (2007), "Money for nothing: the dire straits of medical practice in Delhi, India", Journal of Development Economics, Vol. 83, No. 1, May 2007, pp. 1-36.

A. Fiszbein, D. Ringold and H. Rogers (2010), "Making services work: indicators, assessments, and benchmarking of the quality of public service delivery", HDN Chief Economist Office.

R. Johnson and S. Mehra (2002), "Best-Practice Complaint Management", The Academy of Management Executive (1993-2005), Vol. 16, No. 4, (Nov., 2002), pp. 145-154.

G. Lister, F. Rosleff, M. Boudioni, F. Dekkers, E. Jakubowski and H. Favelle (2008), "Handling Complaints in Health and Social Care: International Lessons for England", Report prepared for the UK National Audit Office.

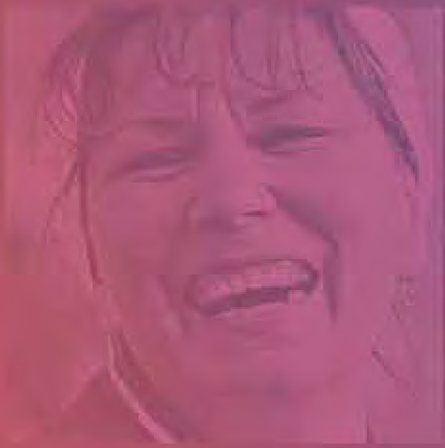
World Bank (2003), "World Development Report 2004: Making services work for poor people". Washington, D.C, Oxford University Press for the World Bank.

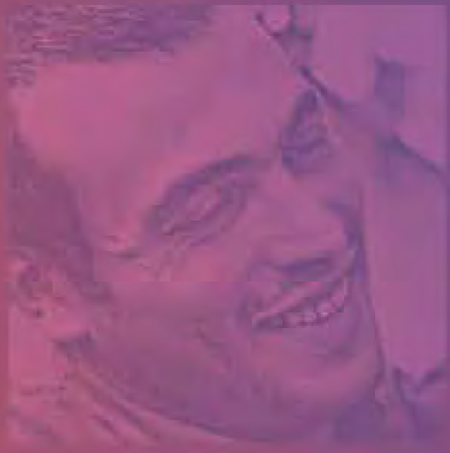
[2] It is important to note that data on satisfaction are not fully comparable between the 2006 and 2010 LiTS surveys. The 2006 survey asked respondents if "you personally" used a service, while the 2010 survey asked if "you or anyone in your household" used the service.

[3] The inverse correlation between satisfaction on the one hand and usage rates and perceived prevalence of unofficial payments is confirmed by an Ordinary Least Squares (OLS) regression of country-level average satisfaction rates for each of the eight public services covered in the LiTS II questionnaire. This uses as explanatory variables (i) average usage rates (that is, the percentage of respondents in the country that use that particular public service) and (ii) unofficial payments prevalence rates (the percentage who say that unofficial payments are usually or always needed for that particular service). The derived coefficients for the two explanatory variables in the regression are statistically significant at the 1 per cent level.

4

Corruption and trust





Introduction

Since the collapse of communism, many countries in the transition region have been characterised by low and declining levels of trust, and high and increasing levels of corruption. These negative trends have impeded many countries' transition to well-functioning markets, undermined people's life satisfaction and challenged their views of the positive benefits of the transition to market economies and democracy.

Corruption – both low-level administrative corruption and high-level corruption, sometimes referred to as 'state capture' – distorts political and economic systems by allowing those who can afford to bribe state officials to 'bypass' legal and regulatory obligations. It undermines the legitimacy of the state, which is seen to favour some citizens over others, and thus weakens policy-makers' ability to drive through socially difficult structural reforms. Corruption also hampers the efficient delivery of public services, as it reduces the state's tax revenues and diverts resources which should be available for public use to private hands.

Trust – both societal trust and trust in institutions – is an important prerequisite for well-functioning markets.[1] Societal trust is strongly associated with higher levels of economic development, stronger economic growth, more open markets and higher investment.[2] Trust lowers transaction costs, facilitating mutually beneficial exchange which would otherwise not be undertaken. Especially under circumstances where the rule of law is weak, a basic belief in a counterpart's trustworthiness is an important lubricant in a social and economic system.[3] Societal trust is also associated with other positive social dynamics: for example, it leads to greater tolerance of minority and immigrant groups.[4]

Both rounds of the Life in Transition Survey (LiTS I and II) contain a number of questions on corruption and trust in the transition countries and five western European comparator countries. These provide valuable insights into the nature of corruption – how pervasive it is, who bribes whom, and why bribery takes place – as well as societal and institutional trust. Analysing both rounds of the survey, which contained many of the same questions on corruption and trust, sheds light on how these key dimensions of social capital have evolved in the transition region over the past four years. LITS I and II also permit us to examine the linkages among the key societal attitudes and values that were reported in Chapter 1, such as life satisfaction and optimism about the future, and corruption and trust.

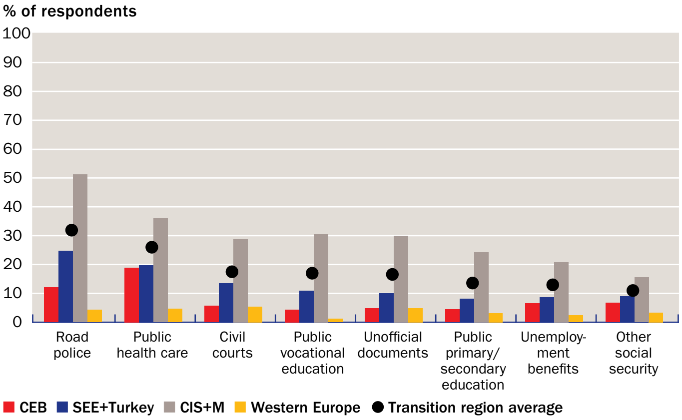
Corruption in the transition region

Both rounds of the Life in Transition Survey asked respondents a number of questions about their perceptions of corruption as well as their personal experience of it, including – for those who reported paying bribes to public officials – the reason for doing so. All respondents were asked how often it is necessary for "people like you" to have to make unofficial payments of gifts when interacting with eight specified public offices or bureaucracies:

1. The road police.
2. Requesting official documents.
3. Going to the courts for a civil matter.
4. Receiving primary or secondary public education.
5. Receiving public vocational education.
6. Receiving treatment in the public health system.
7. Requesting unemployment benefits.
8. Requesting other social security benefits.

The proportion of respondents who reported that it is "usually" or "always" necessary to make unofficial payments or gifts is broken down by these eight public services, and by region, in Chart 4.1. As this chart illustrates, the perceived level of corruption is highest with regard to interactions with the road police – for which 32 per cent of respondents indicated that it is usually or always necessary to make unofficial payments, followed by public health care (26 per cent).

Chart 4.1
Unofficial payments by public service and by region



Source: LiTS II (2010).
Note: "Unofficial payments" refers to the proportion of respondents who say people like themselves usually or always have to make unofficial payments or gifts while interacting with a given public service. These results and all other regional averages in this chapter are based on simple averages of the country scores.

[1]See Arrow (1972); North (1981); Putnam (1993); Fukuyama (1995); Stiglitz (1999).
[2]See Knack and Keefer (1997); Zak and Knack (2001).
[3]See Arrow (1974).
[4]See Uslaner (2002); Uslaner (2008).

On average the level of perceived need for unofficial payments is highest in the Commonwealth of Independent States and Mongolia (CIS+M) region, while respondents in south-eastern Europe (SEE) reported the second highest perceived level of need for unofficial payments, followed by the countries of Central Europe and the Baltic region (CEB). In the five western European comparator countries, the perceived level of need for unofficial payments or gifts is below five per cent for all public services, with the exception of civil courts, where 5.4 per cent of respondents reported that they were usually or always necessary.

The average level of the perceived need to make unofficial payments across these eight public services increased in the transition region over the past four years, from 10.4 per cent of respondents in 2006 to 13.0 per cent in 2010. Chart 4.2 reports the average proportion of respondents, by country, who stated that it is usually or always necessary to make unofficial payments across these eight public services.

As this chart illustrates, the highest perceived level of corruption in the 35 country sample is in Azerbaijan, where on average 65 per cent of respondents indicated that unofficial payments or gifts are “usually” or “always” necessary when interacting with the authorities in their official capacity. The proportion of respondents indicating that unofficial payments were usually or always necessary is above 20 per cent in Moldova, Albania, Tajikistan and Ukraine, although this number has fallen slightly in Albania and Ukraine over the period 2006-2010. At the other end of the spectrum, the lowest levels of unofficial payments are found in the western European comparator countries – Sweden, Germany, the UK and France – while Estonia remains the least corrupt transition country according to this measurement, with lower levels of unofficial payments than in France.

Of the countries in the CEB region, the highest levels of unofficial payments were reported in the Slovak Republic (12 per cent) and Hungary (10 per cent), both of which have recorded increases in unofficial payment levels since 2006. In SEE, after Albania the highest average levels of unofficial payments were found in Romania (12 per cent), Bosnia-Herzegovina (10 per cent) and Serbia (8 per cent). The average level of unofficial payments in Turkey has increased from the 6 per cent recorded in 2006 to 14 per cent in 2010, which is now higher than all SEE countries except Albania. The average reported level of unofficial payments in the CIS+M region is above 10 per cent in all countries – including the four Central Asian countries included in LiTS II – with the exceptions of Russia and Belarus, where it is 8 per cent on average.

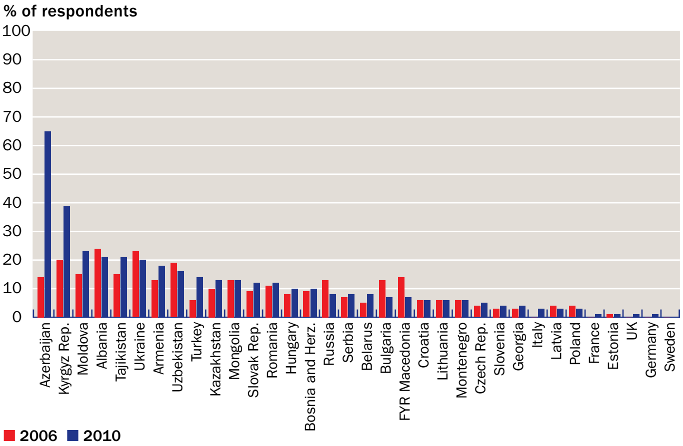
In total, the perceived level of corruption as measured by this indicator has fallen in 12 transition countries over the past four years, while it has increased in 17 countries. The most notable falls in average unofficial payments were in FYR Macedonia (where it halved from 14 to 7 per cent), Bulgaria (45 per cent decline) and Poland (36 per cent fall). Interestingly, in two countries for which other measures of corruption have reported increased levels in recent years – Russia and Ukraine – the average perceived level of unofficial payments fell: in Russia, from 13 to 8 per cent, and in Ukraine, from 23 to 20 per cent.

The most significant rises in perceived unofficial payment levels were noted in Azerbaijan, where this indicator increased almost five-fold, from the average level of 14 per cent recorded in 2006 to 65 per cent in 2010. Unofficial payments in the Kyrgyz Republic have also increased significantly, almost doubling from the average of 20 per cent across these eight sectors in 2006 to 39 per cent in 2010. As noted above, Turkey has also recorded a significant relative increase – more than doubling – in the level of reported unofficial payments.

In addition to looking at the changes between LiTS I and II in the average proportion of respondents who reported that unofficial payments or gifts were necessary when accessing public services, both rounds of the survey employed a direct approach to measuring changes in perceived levels of corruption. In LiTS II, respondents were asked whether they agreed or disagreed with the following statement: “There is less corruption now than around four years ago”.[5] There were five possible answers: strongly disagree, disagree, neither agree nor disagree, agree and strongly agree. Chart 4.3 reports the weighted proportion of responses by country, excluding the “neither agree nor disagree” category. The bullets on Chart 4.3 represent the difference between the sum of those who strongly disagree and disagree, and those who agree and strongly agree: the higher the bullet, the larger the proportion of people who perceive that corruption has fallen over the past four years.

As this chart graphically illustrates, there are only three countries in which the level of corruption is perceived to have fallen in the past four years: Georgia, where almost 78 per cent of people

Chart 4.2
Average level of perceived necessity of unofficial payments or gifts for public services, by country



Source: LiTS I (2006), LiTS II (2010).
Note: "Perception of unofficial payments" refers to the proportion of respondents who say people like themselves usually or always have to make unofficial payments or gifts averaged across all public services covered by the survey.

[5] In LiTS I, respondents were asked whether they agreed or disagreed with the question, “There is less corruption now than around 1989.”

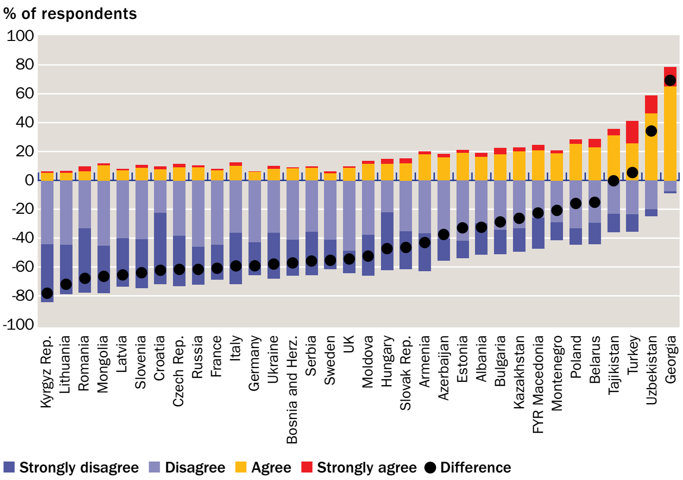
believe that corruption has fallen while only 9 per cent believe that it has increased – a difference of 69 per cent; Uzbekistan, where the difference is 34 per cent; and Turkey, where the difference is 5 per cent. The difference between those who perceive a decline in corruption over the past four years and those who do not is strikingly large in almost all other countries in the sample – including in the western European comparator countries. The countries in which the largest proportion of respondents did not perceive an improvement in the situation with regard to corruption are geographically spread over the transition region: the most significant perceived deterioration was noted among respondents in the Kyrgyz Republic, followed closely by Lithuania, Romania and Mongolia. Many CEB countries are among those in which respondents disagreed that corruption had fallen over the previous four years, as were the western European comparator countries: the difference between the proportion of respondents who agreed and those who disagreed that corruption had fallen over the previous four years was greater than 50 per cent in all five western European countries.

It is interesting to note that the changes in the perception of unofficial payments across the eight public sector areas in Chart 4.2 and the perception of the change in corruption levels reported in Chart 4.3 do not correspond in many cases. In Azerbaijan, for example, where the proportion of respondents who indicated that unofficial payments were usually or always necessary increased from 14 per cent to 65 per cent between 2006 and 2010, only 56 per cent of respondents indicated that they believed corruption had increased in the past four years. At the other end of the spectrum, 78 per cent of respondents in Georgia stated that they believed that corruption had fallen over the past four years, while the percentage of respondents who asserted that unofficial payments were usually or always necessary actually increased slightly, from 3 per cent to 4 per cent, although the absolute percentage remains among the lowest in the region.

Chart 4.4 illustrates the differences between people's perceptions of corruption and people's personal experience of corruption. The dark bullet is the average proportion of respondents by country who reported that unofficial payments are necessary in the eight public service sectors listed above, while the bars report the average proportion of respondents who stated that they or a household member had actually made an unofficial payment in those eight public service sectors in the previous year. The countries are ranked, from left to right, in order of the gap between perception and experience of corruption.

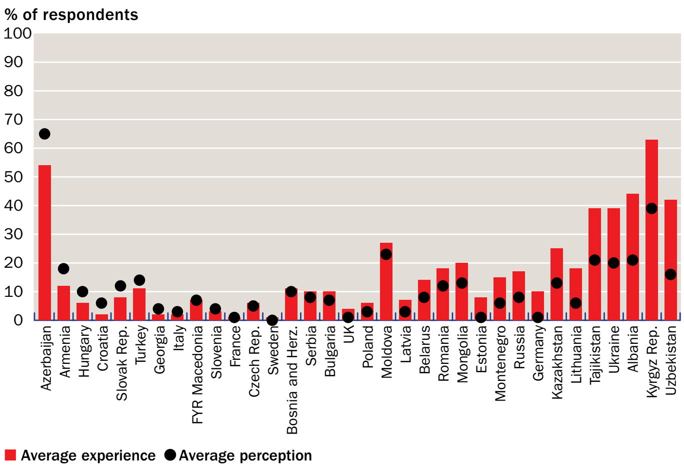
This chart is particularly revealing: most of the countries in which respondents reported the highest average levels of real experience of corruption are also those in which the gap between perception and reality (experience) is the greatest. At the right end of the chart, for example, an average of just 16 per cent of Uzbek respondents indicated that unofficial payments were usually or always necessary; however, on average, 42 per cent of Uzbek respondents reported that they or a family member had made an unofficial payment for services in each of the eight sectors listed above. At the other end of the chart, while 65 per cent of Azerbaijani respondents indicated that unofficial payments were usually or always necessary, an average of 54 per cent of respondents indicated that they or a family member made such unofficial payments when accessing each of these eight areas – while still a high number, it is nevertheless significantly lower than the reported perception of unofficial payments.

Chart 4.3
Views on changes in corruption over past four years



Source: LiTS I (2006), LiTS II (2010).
Note: "Perception of unofficial payments" refers to the proportion of respondents who say people like themselves usually or always have to make unofficial payments or gifts averaged across all public services covered by the survey.

Chart 4.4
Perception versus experience of corruption



Source: LiTS II (2010).
Note: "Average perception" refers to the proportion of respondents who say people like themselves usually or always have to make unofficial payments or gifts averaged across all public services covered by the survey. "Average experience" refers to the proportion of respondents who say they or a member of their household have made an unofficial payments or a gift in the past 12 months averaged across all public services covered by the survey.

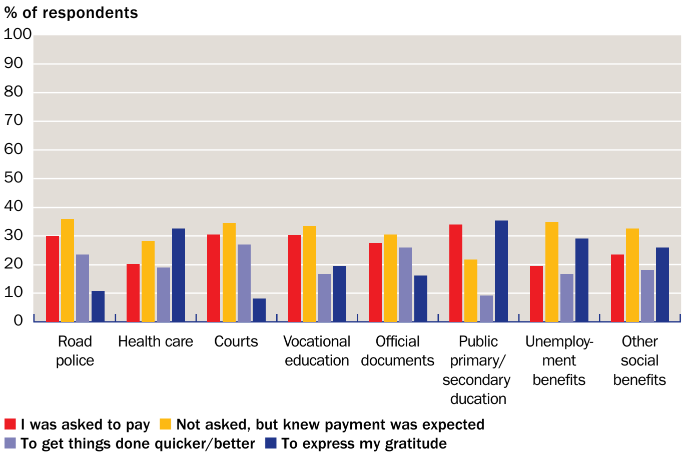
This mismatch between perception and experience of corruption in many countries might relate to societal expectations of corruption – and people's expectations of how corruption should change over time – as well as the disjuncture between the messages that they see and hear on national media and their daily life experiences. It might also reflect different motivations for making unofficial payments: in certain countries these unofficial payments might be entirely legal – as voluntary, unprompted and unrewarded expressions of gratitude, for example – as opposed to de facto extortion payments that are necessary for people to be able to access public services or avoid fines. The nature of unofficial payments will also vary by public service: such payments to the road police are unlikely to be motivated by the desire to express gratitude, whereas unofficial payments to teachers or employees in the public health system might be voluntary.

Indeed, Chart 4.5 appears to confirm this hypothesis. Respondents who made unofficial payments or gifts were asked why they had done so, and were given four possible answers: "I was asked to pay," "I was not asked to pay but I knew that an informal payment was expected," "I offered to pay to get things done quicker or better," and "I was not asked to pay but I wanted to express my gratitude." As this chart illustrates, very few respondents (around 10 per cent) made unofficial payments to the road police or civil courts in order to express their gratitude. Instead, about two-thirds of respondents who made unofficial payments to these two public services did so either because they were asked or else because they knew that it was expected.

At the other extreme, more than one-third of respondents who made unofficial payments to employees in the public health care and public primary or secondary education services did so to express their gratitude – although one-third of respondents also reported making such payments for primary or secondary public education because they were asked to do so. Not surprisingly, the public services in which "acceleration" or "smoothing" payments – designed to shorten the waiting time for an outcome that would happen anyway – were in the areas of the civil courts and requesting official documents.

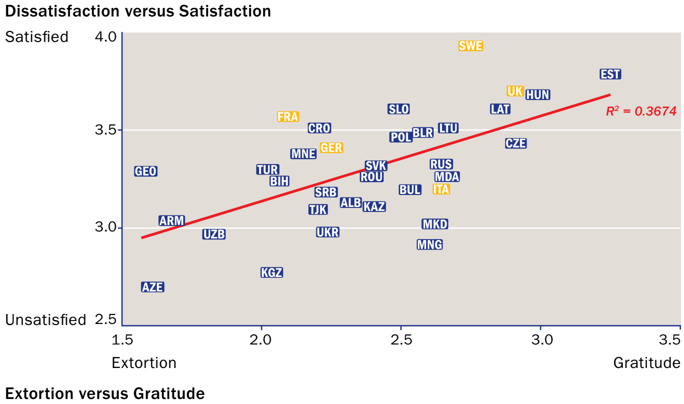
Not surprisingly, satisfaction with public services is closely correlated with the reasons that people make unofficial payments of gifts when using those services. Of those who do make unofficial payments or gifts, those who are satisfied with the public service that they receive tend to make voluntary gifts to express their gratitude. Those who are dissatisfied with the service tend to have been asked to make unofficial payments or gifts, or for it to be "understood" that such unofficial payments or gifts are necessary.

Chart 4.5
Reasons for making unofficial payments or gifts, by public service



Source: LiTS II (2010).
Note: "Gratitude" refers to the proportion of respondents who say that they made an unofficial payment or gift in the given public service in order to express gratitude.
"Quicker" refers to the proportion of respondents who say that they made an unofficial payment or gift in the given public service in order to get things done quick or better.
"Expected" refers to the proportion of respondents who say that they were not asked to make an unofficial payment or gift in the given public service but such payment or gift was expected.
"Asked" refers to the proportion of respondents who say they they were asked to make an unofficial payment or gift in the given public service.

Chart 4.6
Reasons for unofficial payments or gifts and level of satisfaction with public services

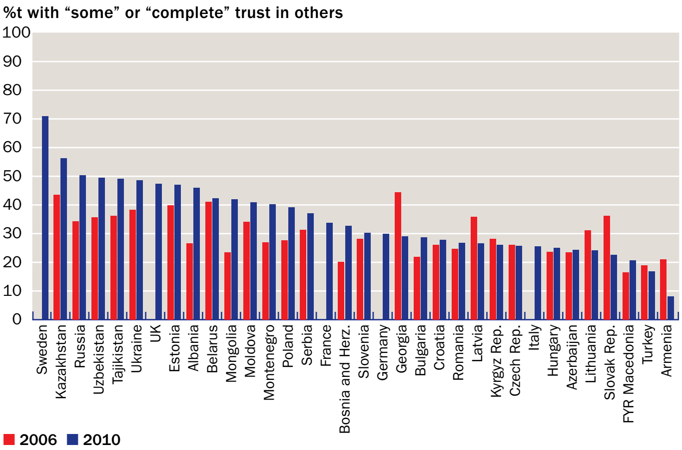


Source: LiTS II (2010).
Note: "Extortion vs Gratitude" refers to an index where those respondents who were "asked to" make an unofficial payment have a weight of 1, those who were "expected to" pay a weight of 2, those who made a payment "to have things done quicker" a weight of 3 and those who made a gift "to express gratitude" a weight of 4, averaged across all public services covered by the survey.
"Dissatisfaction vs Satisfaction" refers to an index where those respondents who say they are "very satisfied" with a public service get a weight of 5, "satisfied" - 4, "indifferent" - 3, "unsatisfied" - 2, "very unsatisfied" - 1, averaged across all public services covered by the survey.

This is illustrated clearly in Chart 4.6, which plots the average level of satisfaction with the eight public services listed above among those who have used them in the past twelve months, against the average reason for making unofficial payments or gifts among those who have made such payments or gifts while using public services in the past year.

As this chart shows, the highest average level of satisfaction among public service users are to be found in Estonia, Hungary, Sweden and the United Kingdom. In these countries, among those people who make unofficial payments or gifts when using public services, the predominant reason for doing so is to voluntarily express gratitude for the service. At the other end of the spectrum, the lowest levels of satisfaction with public services are to be found in Azerbaijan, the Kyrgyz Republic, Mongolia, Uzbekistan and Ukraine. In all of these with the exception of Mongolia, the predominant reasons for people to make unofficial payments or gifts is because they have been asked to do so or because they know that it is expected. We cannot say whether people are dissatisfied with their public services only, or even predominantly, because of the prevalence of extortion within the system, but the requirement or expectation to make bribe payments is very unlikely to improve people's satisfaction with the public service delivery.

Chart 4.7
Generalised trust by country, 2006 and 2010



Source: LiTS I (2006), LiTS II (2010).
Note: "Generalised trust" refers to the proportion of respondents who say they have some or complete trust in others.

Trust in the transition region

There is widespread agreement that trust is a crucial dimension of social capital which facilitates the successful functioning of market economies and democratic political systems.[6] However, there is some disagreement about why trust matters, and which dimensions of trust are the most important. The Life in Transition Survey provides a number of questions on trust which can help to shed light on its role in the transition region. The survey assesses respondents' trust in three different areas: "generalised trust," which refers to trust in other people in general; "group trust," which includes trust in family, friends, neighbours, people of a different religion and nationality; and "institutional trust," trust in governmental and non-governmental institutions, both public and private.

Generalised trust

In the Life in Transition Survey, the following question was used to measure the level of "generalised trust":

Generally speaking, would you say that most people can be trusted, or that you cannot be too careful in dealing with people?

Respondents were asked to reply using a five-point scale with complete distrust, some distrust, neither trust nor distrust, some trust and complete trust. In 2010, 34 per cent of respondents in the transition region answered that they have either "some trust" or "complete trust" in other people, compared to 30 per cent in 2006. This indicates that generalised trust is increasing modestly in the region, although it is lower than in the western European countries where on average 42 per cent people say they trust others. However, as illustrated in Chart 4.7, the levels of and changes in generalised trust vary significantly across the transition region.

As this chart shows, the highest levels of generalised trust among transition economies are observed in Russia and Central Asian countries, such as Kazakhstan, Uzbekistan and Tajikistan. Russia and Uzbekistan also saw some of the highest increases in generalised trust between 2006 and 2010. At the other end of the scale, FYR Macedonia, Turkey and Armenia have the lowest levels of generalised trust in the region. Only 8 per cent of respondents in Armenia say they trust others today, compared to 21 per cent four years ago.

Albania and Mongolia saw the largest absolute increases in levels of generalised trust, from 27 to 46 per cent and from 23 to 42 per cent, respectively. There has been virtually no change in levels of trust in Belarus, Azerbaijan and Czech Republic. Armenia, the Slovak Republic and Georgia experienced the most pronounced declines in generalised trust: in Georgia, for example, it fell from 44 per cent in 2006 to 29 per cent in 2010.

Chart 4.7 also suggests that there is almost no country-level correlation between generalised trust and either income or inequality. However, countries that have experienced strong average GDP growth between 2006 and 2009, such as Albania, Bosnia and Herzegovina, Russia and the Central Asia countries saw an increase in generalised trust. Latvia and Lithuania,

[6]See Glaeser et al. (2000).

which suffered significantly during the economic crisis, saw a significant fall in generalised trust. At both the individual and country levels, generalised trust is strongly correlated with life satisfaction (see Chart 4.8).

Trust in groups

Group trust focuses on trust in specified groups of people. Unlike generalised or institutional trust, this dimension of social trust focuses on the key dimension of social cohesion – within families and neighbourhoods, and across different ethnic and religious groups. In order to assess group trust, the Life in Transition Survey asked respondents the following question:

To what extent to you trust people from the following groups: Your family? Your neighbourhood? People you meet for the first time? Friends and acquaintances? People of another religion? People of another nationality?

As one might expect, levels of trust in one's family in the transition region are high and comparable to western European levels. There is significantly more heterogeneity across the region in broader social trust as measured by trust in friends and acquaintances: whereas in Estonia 89 per cent of respondents have some or complete trust in friends, only 66 per cent in Romania, 65 per cent in Turkey, 64 per cent in Albania and just 61 per cent in FYR Macedonia have trust in friends. The levels of trust in people one meets for the first time vary even more widely across the transition region, ranging from 9 per cent in Azerbaijan to 34 per cent in Tajikistan (compared to 57 per cent in Sweden).

In order to link trust to social cohesion, we make a distinction between "in-group" and "out-group" trust. In-group trust refers to people's trust in those similar to themselves: their family or those of the same religion or ethnicity. Out-group trust measures how much people trust those who are different from them. It is possible that high in-group trust could breed hostility towards other groups and reduce out-group trust. However, we find that this is not the case for the transition region.[7] The levels of in-group trust (in our case friends and family) and out-group trust (people whom one meets for the first time, people of different religions and nationalities) are correlated, as show in Chart 4.9.

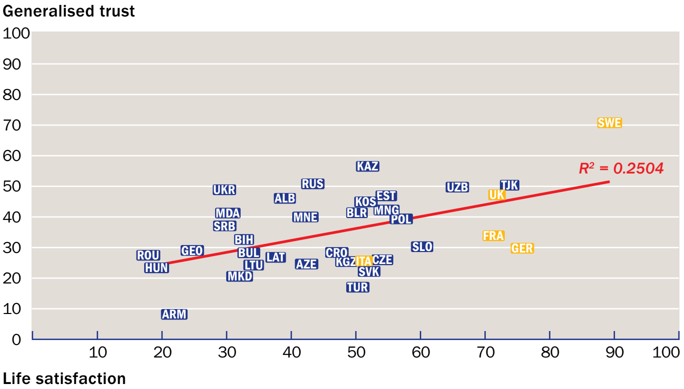
It is likely that both in-group and out-group trust are driven by a common set of factors, including broader societal trust. If trust in a society is low, people are likely to turn to informal networks to facilitate their economic and social transactions.

In order to test the importance of informal networks the survey asked the respondents to what extent they perceive that "knowing someone" is essential in getting a job in the private or government sector, settling a dispute with a neighbour, obtaining official papers or getting into university. In Chart 4.9, the importance of these informal networks is represented by the size of the bubbles: the larger the bubble, the more important informal networks are perceived to be.

As this chart shows, countries where both in-group and out-group trust is high do not in general rely on informal networks. However, some countries in south-eastern and central Europe – FYR Macedonia, Hungary, Serbia and Bulgaria in particular – appear to rely more heavily on informal networks to compensate for relatively low levels of in-group and out-group trust.
As with the corruption question, LiTS II enables us to explore differences between perceptions of trust in others and how trusting people are in a "real-life" situation. All respondents were asked the following question:

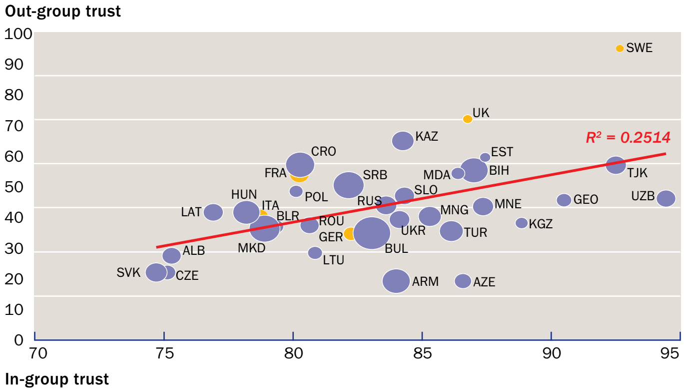
Suppose you lost your (purse/wallet) containing your address details, and it was found in the street by someone living in this neighbourhood. How likely is it that it would returned to you with nothing missing?

Chart 4.8
Generalised trust and life satisfaction



Source: LiTS II (2010).
Note: "Generalised trust" refers to the proportion of respondents who say they have some or complete trust in others. "Life satisfaction" refers to the proportion of respondents who agree or strongly agree with the statement "All things considered I'm satisfied with my life at the moment".

Chart 4.9
In-group trust, out-group trust and informal networks



Source: LiTS II (2010).
Note: "In-group trust" refers to the proportion of respondets who say they have some or complete trust in their friends, family and neighbours.
"Out-group trust" refers to the proportion of respondents who say they have some or complete trust in people of a different nationality, religion or in those who they meet for the first time.
Area of bubbles reflects the proportion of respondents who say it is important or essential to know an influential person to get a job in the government or private sector, settle a dispute with a neighbour, obtain official papers or get into university.

[7] Allport (1954) was the first to explain why in-group attachment does not always cause out-group hostility. Brewer (1999) supports this idea by introducing group formation dynamics.

One might expect that people in countries with high levels of trust in their neighbours are also more likely to believe that their wallet would be returned if found in their neighbourhood. This is in fact only true in one country, France. In the transition countries, there is a dramatic divergence between people's reported trust in their neighbours in principle, and their expectation that their wallet would be returned (see Chart 4.10). This is most striking in countries like Uzbekistan, Tajikistan, the Kyrgyz Republic and Moldova, where between 75 and 90 per cent of respondents say they have some trust or complete trust in their neighbours and yet only 20 per cent or less believe that the neighbours would return a lost wallet.
Overall, out-group trust is not particularly high in the transition region compared to western Europe. However, in many countries in the transition region there is a higher level of trust in people of another nationality or religion than in the western European comparators, Germany and Italy in particular. This might reflect the fact that many countries in the transition region are more ethnically and religiously diverse than the western Europe comparator countries – and people in the region are therefore more likely to interact with out-groups on a daily basis. Indeed, as Chart 4.11 shows, ethnic fractionalisation is highly correlated with trust in people of other nationalities.[8]

However, ethnic fractionalisation is clearly not the only factor driving out-group trust: Sweden, the UK and France, which are more ethnically homogeneous than any country in the transition region, also have high levels of trust towards people of other nationalities.

Trust in institutions

Trust in institutions – whether state institutions such as the government or the courts or private institutions such as banks and religious organisations – is a key factor underpinning social and political stability. The LiTS asked about trust in the head of state, the government/cabinet of ministers, regional government (where applicable), local government, parliament, courts, political parties, armed forces, police, non-governmental organisations (NGOs), banks and the financial system, foreign investors, trade unions and religious institutions. As with the generalised and group trust questions, respondents were asked to describe their level of trust in these institutions on a five-point scale, ranging from complete distrust to complete trust.

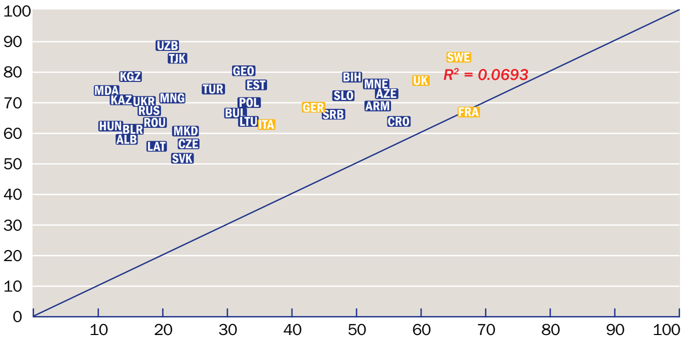
As Chart 4.12 shows, trust in institutions is uniformly higher in the CIS+M countries than in either the CEB or SEE region, with particularly marked differences in the areas of trust in the national, regional and local levels of government, the parliament, and the armed forces.

Several countries in the south Caucasus and Central Asia, such as Azerbaijan, Kazakhstan, Tajikistan and Uzbekistan continue to have exceptionally high level of trust in their presidents, governments and political parties.[9] In the Kyrgyz Republic, by contrast, trust in the head of state and government has fallen sharply over the period 2006-2010, reflecting the political turmoil in that country.

South-eastern European countries continue to have extremely low levels of trust in courts – just over 20 per cent of respondents say that they have some trust or complete trust in the judicial system. The levels of trust in police vary enormously across the region. In Estonia the level is now higher than in the UK, Italy, Germany and France. Significant increases can be noted in Armenia, Mongolia and Georgia – the latter, after a series of wide-ranging reforms, is nearing western European

Chart 4.10
"Hypothetical" and "real-life" trust in neighbours

"Hypothetical" trust in neighbours

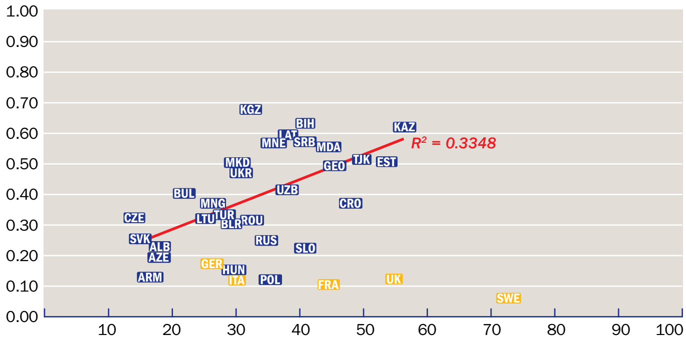


"Real life" trust in neighbours

Source: LiTS II (2010).
Note: "Hypothetical trust in neighbours" refers to the proportion of respondents who say they have some or complete trust in their neighbours.
"Real-life trust in neighbours" refers to the proportion of respondents who say it is likely that their lost wallet will be returned.

Chart 4.11
Ethnic fractionalisation and out-group trust

Ethnic fractionalisation



Trust in people of another nationality

Source: LiTS II (2010), Alesina et al. (2003).
Note: Regression line is fitted to the transition countries only.
"Ethnic fractionalisation" refers to the ethnic fractionalisation index developed in Alesian et al. (2003).
"Trust in people of another nationality" refers to the proportion of respondents who say they have some or complete trust in people of a different nationality.

[8] For the measurement of ethnic fractionalisation, see Alesina et al. (2002).

[9] The question about the level of trust in the head of state was not asked in Uzbekistan.

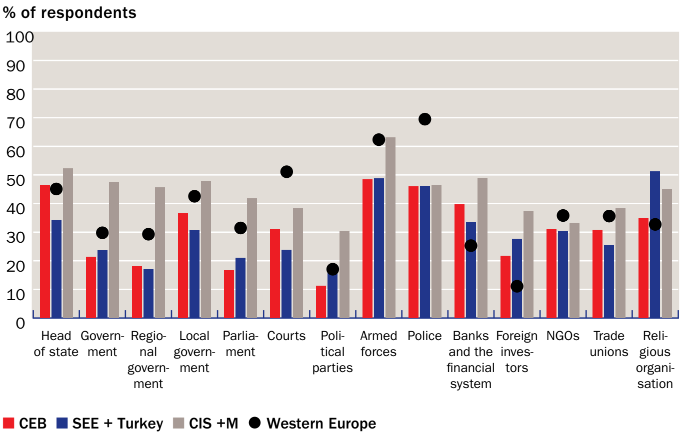
levels of trust in the police. However, several countries, such as Russia and Ukraine, lag far behind and the pace of improvement is relatively slow.

Trust in banks and the financial system in the transition region has fallen from 47 per cent to 41 per cent of respondents saying they have some trust or complete trust since the previous survey. Although there is significant variation in these changes across countries, trust in banks fell mainly in countries which were affected by the economic crisis. For example, Hungary and Romania, which are among the countries most affected by the economic crisis (see Chapter 1), saw the levels of trust fall from 40 per cent to around 15 per cent of respondents reporting at least some trust. Trust in foreign investors has declined more modestly (from 34 per cent to 30 per cent), but the levels of trust in foreign investors in the transition region still remain considerably higher than in western Europe, where only 11 per cent of respondents declared some trust or complete trust in them.

The level of trust in trade unions, NGOs and religious organisations has remained broadly stable between 2006 and 2010. South-eastern European countries exhibit a lower level of trust in trade unions and a higher level of trust in religious institutions compared to countries in western Europe. However, the data indicate a significant fall in trust in religious institutions in Armenia, where only 15 per cent of respondents reported some trust or complete trust, compared to 52 per cent in 2006.

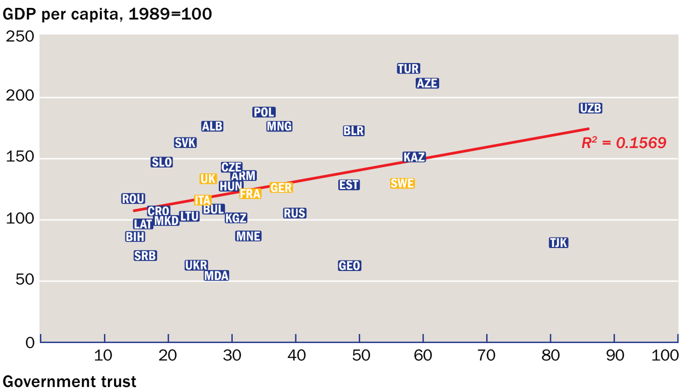
In order to see how institutional trust could be related to economic outcomes, we create a proxy variable for trust in governmental institutions by averaging the levels of trust in the head of state, the government/cabinet of ministers, regional and/or local government and the parliament. We find that countries which suffered the largest economic contraction during the crisis also tend to have the lowest level of trust in governmental institutions. More interestingly we find that trust in governmental institutions is correlated with cumulative growth in GDP per capita between 1989 and 2010 (see Chart 4.13). This suggests that not only does trust in government institutions fluctuate with economic growth in the short run, but that long-run growth can compensate for the short-term negative effects of an economic downturn by providing more 'structural' support for trust in governing institutions.

Chart 4.12
Institutional trust by region



Source: LiTS II (2010).
Note: "Institutional trust" refers to the proportion of respondents who say they that some of complete trust in a given institution.

Chart 4.13
Ethnic fractionalisation and out-group trust



Source: ERBD, Penn World Tables 7, LiTS II (2010).
Note: "Government trust" refers to the proportion of respondents who say they have some or complete trust in the head of state, government/cabinet of ministers, local government (where applicable), regional government (where applicable) and parliament.
"GDP per capita" is an index of real GDP per capita in 2010 where GDP per capita in the base year 1989 equals 100.

Relationship between corruption and trust in the transition region

While increasing corruption and declining trust seem to have gone hand-in-hand in the transition region over the past two decades, it remains unclear precisely what drives the changes in corruption and trust over time – and therefore how the two factors might be interrelated. The academic literature has identified several possible ways in which corruption and trust interact to hamper desirable social and economic outcomes. The two rounds of the LiTS enable us to test questions about how corruption relates to trust in the transition region.

First, a number of studies have found that levels of trust are negatively correlated with levels of corruption.[10] Chart 4.14 provides some evidence in support of these findings, plotting the average score on the generalised trust question against the average perception of the need to make unofficial payments when accessing the eight public services listed above.
As this chart illustrates, higher levels of perceived corruption tend to be associated with lower levels of generalised trust in the transition region. However, there are notable 'outliers' from this general association: in Armenia, levels of generalised trust are extremely low, while the perception of corruption in public services is around the average for the CIS+M region. At the other extreme, generalised trust in Kazakhstan is significantly higher than would be expected given the relatively high level of perceived corruption in the country.

[10] See Björnskov and Paldam (2004); Boix et al. (2003). Gambetta takes the argument further, arguing that that corruption is high when generalised trust is low and in-group trust is strong.

Second, academic studies have also found, not surprisingly, that corruption in the public services has a significant and negative impact on people's trust in civil servants.[11] Conversely, other studies have found that by enabling bureaucrats to cooperate with each other and with citizens, trust contributes to the fight against corruption.[12] Statistical analysis of the LiTS II results strongly confirms that trust in public institutions is determined, at least in part, by people's perception of corruption in those same institutions. Table 4.1 includes the results of a regression analysis at the individual level, with trust in local institutions as the outcome of interest (the "dependent variable") and the perceived level of corruption in those same institutions as the key determinant of trust. This method allows us to control for a wide variety of factors, both at the individual level and at the country level, which might influence trust in institutions.

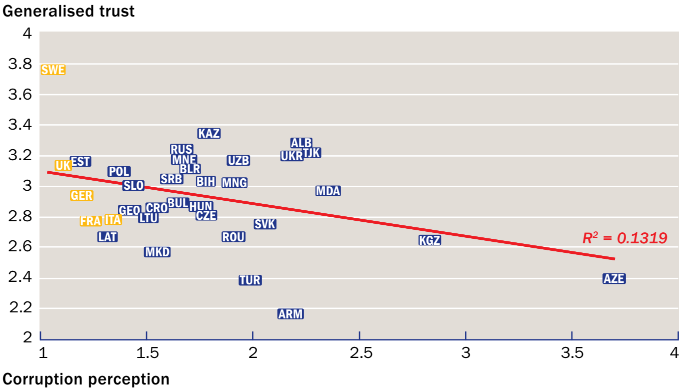
As this table demonstrates, the perception that unofficial payments are necessary when interacting with the road police, the civil courts and requesting unofficial documents has a very significant negative effect on people's trust in the police, the courts and local government – even when controlling for a wide variety of other key factors that also influence people's trust in local institutions. Other important factors that also have a significant impact on people's trust in local institutions include income (poorer people tend to have lower trust), perception of the household's relative wealth (those who believe themselves to be better off tend to have more trust in local institutions), age (older people tend to have lower trust in local institutions), gender (men tend to have lower trust in these local institutions), and poor health. Those who live in cities also tend to have lower trust in these local institutions. Finally, and not surprisingly, people who live in better governed countries tend to trust their local institutions more, although people who live in democracies tend to distrust these local institutions more than people who live in autocratic regimes.

Table 4.1
Determinants of trust in local institutions

Dependent variable ▶	Trust in local institutions
Local bribery perception	-0.098***
Individual level variables	
Household income	-0.081***
Relative wealth perception	0.099***
Age	-0.0047**
Male	-0.075***
Bad health	-0.20***
Country level variables	
World Bank Governance Indicators	1.34***
Democracy (Polity IV)	-0.0064**
Media freedom	0.014***
GDP per capita (PPP) 2009	-0.31**
GDP growth 2009	0.055***
Per capita GDP growth in 2009	0.051***
Standard deviation of GDP growth in 2009	0.11***
Gini coefficient in 2009	0.026**
Inflation in 2009	0.060***
Constant	**4.25*** **
N	**20,931**
R-sq	**0.163**
adj. R-sq	**0.162**

Source: LiTS II (2010).
Note: Other individual-level control variables include marital status, level of education, employment status, number of children in the household, urban and rural location, religiosity, and membership in voluntary organisations. Control variables at the country-level also include unemployment levels and growth in 2009, to capture the effect of the economic crisis, as well as a transition country dummy variable. None of these variables are significant at the 10 per cent level.
* p<0.1, ** p<0.05, *** p<0.01.

Chart 4.14
Trust and corruption 2010



Source: LiTS II (2010).
Note: Corruption perception refers to an index where those respondents who say they perceive that people like themselves "always" have to make unofficial payments get a weight of 5, "usually" - 4, "sometimes" - 3, "rarely" - 2, "never" - 1, averaged across all public services covered by the survey.
Generalised trust refers to an index where those respondets who say they have "complete trust" in others get a weight of 5, "some trust" - 4, neither trust nor distrust" - 3, "some distrust" - 2, "complete distrust" - 1.

[11]See Anderson and Tverdova (2003).
[12]See La Porta et al. (1997).

Conclusion

The Life in Transition Survey provides valuable insights into the nature of key dimensions of social capital in the transition region and the ways in which social capital is evolving over time as the transition process progresses. LiTS II also allows us to assess the impact of the economic crisis which affected the entire region on patterns of corruption and societal trust, and to compare the levels of societal and institutional trust and corruption in public services between western European countries and the countries in the transition region. This helps us to understand what drives differences in these key factors that underpin the effective functioning of the market economy and democratic political systems.

In the 29 transition countries included in the LiTS, the average level of the perceived need to make unofficial payments across eight key public services has increased somewhat over the past four years, from 10.4 per cent of respondents in 2006 to 13.0 per cent in 2010 reporting that it was usually or always necessary to make such payments. Among the various public services included in the survey, the perceived level of corruption is highest among the road police and lowest when it comes to accessing unemployment and other social security benefits.

However, in most countries the reported experience of unofficial payments among users of public services is significantly higher than people's perceptions of the need for such payments. Part of the reason for this disjuncture between perceptions and experience appears to be that such payments are, in some circumstances, made voluntarily to express gratitude. In fact, in those countries where satisfaction with public services is highest, unofficial payments are typically voluntary expressions of appreciation for the service. This is especially the case in some western European comparator countries, such as Sweden and the UK, but also in new member states of the EU such as Estonia and Hungary.

The level of generalised trust in other people has increased modestly since 2006, but it is significantly lower in the transition region than in the western European countries. Generalised trust is positively correlated with life satisfaction and with economic growth in the period 2006-09. Levels of trust in family are typically high in the transition region and comparable to western European levels, but trust in 'out-groups' such as strangers and people of different religious or ethnic groups varies widely across the transition region. Moreover, there is very little connection between people's stated views on trust in their neighbours, and their expectation of 'trustworthy' behaviour by those neighbours.

Finally, trust in central state institutions, such as the presidency, the government and parliament, is strikingly high in many countries in the CIS region, significantly higher than trust in those same institutions in the new EU member states or the established democracies in western Europe. However, trust in institutions with which citizens are more likely to interact on a daily basis – the police and the courts – is significantly lower across the transition region than in the western European countries, raising interesting questions about what drives trust in these 'distant' political institutions in the CIS region in particular.

References

Alesina, A., Devleeschauwer, A., Easterly, W. and S. Kurlat (2002), "Fractionalization and growth", Journal of Economic Growth, Vol. 8, No. 2, pp. 155-194.

Allport, G. (1954), "The Nature of Prejudice". Reading, MA: Addison-Wesley.

Anderson, C.J. and Y. V. Tverdova (2003), "Corruption, Political Allegiances, and Attitudes toward Government in Contemporary Democracies", American Journal of Political Sciences, Vol. 47 No. 1, pp. 91-109.

Arrow, K. J. (1972), "Gifts and Exchanges", Philosophy and Public Affairs, Vol. 1, No. 4, pp. 343-62.

Arrow, Kenneth J. (1974), "The Limits of Organisation". New York: WW Norton.

Björnskov, C. and M. Paldam (2004), "Corruption Trends", In J. Graf Lambsdorff, M. Schramm and M. Taube, eds. The New Institutional Economics of Corruption – Norms, Trust, and Reciprocity, Routledge, London, pp. 59-75.

Boix, C., Adsera, A., and M. Payne (2003), "Are You Being Served? Political Accountability and Quality of Government". Journal of Law, Economics, and Organization, Vol. 19, No. 2, pp. 445-90.

Brewer M. B. (1999), "The Psychology of Prejudice: Ingroup Love or Outgroup Hate?" Journal of Social Issues, Vol. 55, No. 3, pp. 429-444.

Fukuyama, F. (1995), "Trust: The Social Virtues and the Creation of Prosperity". New York: The Free Press.

Glaeser E. L., Laibson, D. I., Scheinkman, J. A. and Soutter, C. L. (2000), "Measuring Trust", Quarterly Journal of Economics, Vol. 115, No. 3, pp. 811-846.

Knack, S. and P. Keefer (1997), "Does Social Capital Have an Economic Payoff? A Cross Country Investigation", Quarterly Journal of Economics, Vol. 112, No. 4, pp. 1251-88.

La Porta, R., F. Lopez-De-Silanes, A. Shleifer and R.W. Vishny (1997), "Trust in Large Organisations", The American Economic Review, Papers and Proceedings, Vol. 137, No. 2, pp. 333-338.

North, D. C. (1981), "Structure and Change in Economic History". New York: WW Norton.

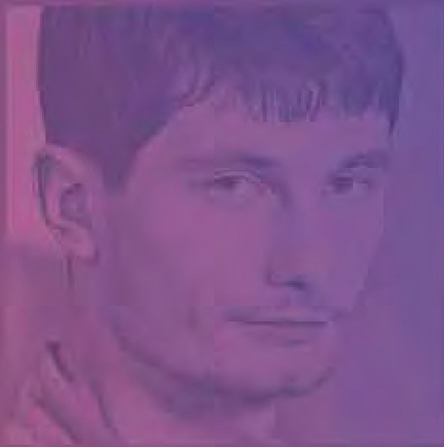
Putnam, R. D. (1993), "Making Democracy Work: Civic Traditions in Modern Italy". Princeton, NJ: Princeton University Press.

Stiglitz, J. (1999), "Wither Reform? Ten Years of Transition". Keynote address, World Bank Annual Conference on Development Economics, April 28-30.

Uslaner, E. M. (2002), "The Moral Foundations of Trust". Cambridge University Press.

Uslaner, Eric M. (2008), "Corruption, Inequality, and the Rule of Law: The Bulging Pocket Makes the Easy Life". Cambridge University Press.

Zak, P. and S. Knack (2001), "Trust and Growth", The Economic Journal, Vol. 111, No. 470, pp. 295-321.



5

Gender differences in social integration

Introduction

Women's and men's lives have been profoundly transformed since the collapse of the communist regimes in eastern Europe and the Soviet Union in the early 1990s. The complicated and often painful process of market liberalisation and democratisation, accompanied in some countries by economic, political and military crises, affected both men and women, but not necessarily in the same way. This gender difference has received considerable scholarly and policymaking attention.[1] The findings of this chapter build on this, but also address a broader range of issues related to social integration. Using data from the second wave of the Life in Transition Survey, this chapter examines women's and men's experience of the transition and their expectations for the future, taking into account their views on the emerging political and economic systems in their countries and their ability to participate in building democratic and "open" societies.

There are persistent gender differences in the degree and patterns of people's integration into society all through the post-socialist region. First, women face more obstacles than men entering the labour market and are less likely than men to become entrepreneurs. This is despite the fact that women have equivalent levels of education, training and skills as men and share positive values regarding the free market and competition. One of the most important factors contributing to this gender disparity is the fact that women are primarily responsible for domestic work and childrearing, both of which have become more time-consuming and difficult as state funding for social services, such as child care or elderly care facilities, have been cut back.

Second, in terms of political integration, women's disadvantage seems smaller, since they hold fairly similar views regarding the importance and trustworthiness of democratic institutions and claim to be just as likely to vote as men. However, women lag behind men in their political experience, willingness to take concrete political action and political representation.

Third, the size of the gender difference varies greatly across countries and regions. Women are doing best in central Europe and the Baltic (CEB) region, where they seem to face similar obstacles and hold largely comparable views to women in western European societies. Women suffer more disadvantages in south-eastern Europe (SEE) and in many, although not all, of the countries of the Commonwealth of Independent States and Mongolia (CIS+M).

Finally, although women may suffer more disadvantages compared to men, their overall satisfaction with life and their assessment of how they and their families have fared in the recent past is quite similar to those of men. There are exceptions, however; for example, single parents, most of whom are women, report a lower level of life quality and satisfaction, suggesting that families and households are important in mitigating women's perception of disadvantage.

The first part of this chapter focuses on economic integration, highlighting gender differences in education, participation in paid work, entrepreneurship, and values and behaviour. The second section considers gender differences with regard to political participation. The concluding section explores the links between economic and political participation and overall life satisfaction.

Forms, experience and conditions of labour market integration

Women's lives before 1989 varied quite significantly across the diverse set of countries called the "communist bloc" in eastern Europe and the Soviet Union. A few similarities must be noted, however, especially those whose legacies carry over to the present. Most importantly, communist parties in all countries of the region proclaimed that women's emancipation was an important political goal. The crucial process through which this goal was supposed to be realised was the integration of women into the paid labour force. As a result, women's rate of employment increased everywhere and many gained experience in professional and semi-professional white-collar positions. By the early 1980s most women of working age expected to be engaged in paid work throughout their adult lives.[2]

However, although most women worked for wages, these were significantly lower than those of men, and gender segregation was prominent, both in paid and unpaid work. Communist policy-makers did not encourage a redistribution of domestic responsibilities, and the gender gap in leisure time increased.[3] Moreover, different groups of women fared quite differently. For example, those belonging to certain religious or ethnic minorities faced discrimination and were less likely than those of the majority to be working for pay.

Although historical legacies linger on, the societies of the region were transformed profoundly during the early 1990s – with an ambiguous impact on gender equality. Some researchers have claimed that transition has had disproportionately negative consequences for women. They argue that unemployment and inactivity rates have increased, as has discrimination against

[1] See, for example, UNIFEM (2006), Pollert and Fodor (2005) and Pascall and Kwak (2005).

[2] See Haney (2000).

[3] See Einhorn (1993), Drakulic (1993), Funk and Mueller (1993).

women, especially those with young children. The real value of state subsidies has declined, bringing about a rise in women's risk of poverty as well as a growth in domestic responsibilities.[4] Other studies emphasise the usefulness in a capitalist market of assets that women acquired during the communist period, and argue that women are not necessarily the "losers" of the transition, even though their lives (just like the lives of men) have been transformed.[5]

These issues are addressed below by reviewing different aspects of women's (and men's) integration into the emerging economies in transition countries in terms of education, paid labour force participation and access to entrepreneurial opportunities.

Education

After the Second World War educational opportunities expanded and became more equal all over the world. Communist countries, in particular, made concerted efforts to achieve social mobility by guaranteeing access to educational institutions for those previously excluded. Less successful in transforming class inequalities, this campaign led to a near-complete equalisation of men's and women's level of educational attainment, although sharp distinctions remained in the types of degrees that girls and boys received.

The legacy of this achievement is evident even in the 21st century and the contrast with western Europe is still apparent in the working age populations. Chart 5.1 shows that women outnumber men among those with university and postgraduate degrees in the CEB countries, while there are no gender differences in the SEE and CIS+M regions. By contrast, significantly more men than women have university degrees in the five western European countries included in LiTS II.

Access to paid employment

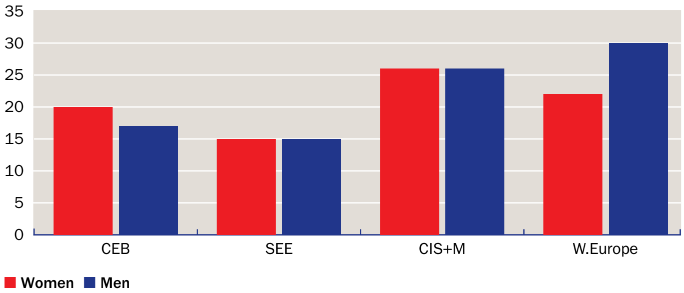
Women in transition societies suffer marked disadvantages in the labour market, particularly at the point of entry to paid employment. Indeed, this is an area where the life experiences of communist and transition generations of women differ sharply. For communist generations, paid work was a given: it was a personal and political necessity and not working for wages was simply not an option for most. In the transition generation, work has been scarce and almost half of all women of working age (and about one-third of men) are jobless.

Chart 5.2 shows the proportion of women and men who had paid jobs at any time in the year prior to LiTS II.

Women are less likely than men to have worked for wages everywhere but there is variation in this regard across the countries. Women in the CEB region have the highest chance of having been in paid employment: 61 per cent reported having worked for wages in the year prior to the survey, while only 50 per cent of women in the CIS+M region and 47 per cent of those in SEE did so. The employment rate of women in CEB countries is closest to that of women living in the five western European comparators (at 67 per cent). However, variations within each subregion are large. For example, within the CIS+M area, only about 25-28 per cent of women have worked for wages in Armenia, Azerbaijan and Tajikistan, while 67-70 per cent have done so in Belarus and Russia.

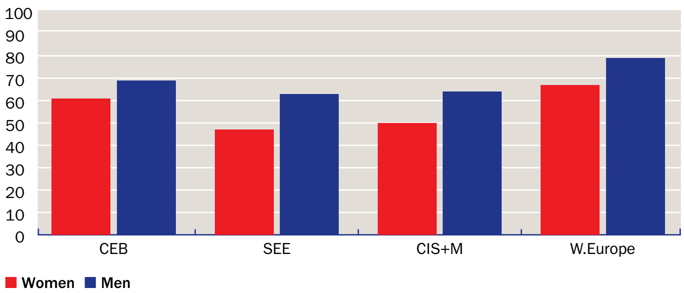
Certain groups of women, such as those living in rural areas, the less educated, mothers of young children and those who belong to ethnic or religious minorities may face more obstacles to entry to the labour market. Indeed, data suggest that women have particular difficulties finding paid employment in rural areas. This is most pronounced in the SEE region, where only 37 per cent of women who live in the countryside, compared to 51 per cent of those in urban areas, were engaged in paid employment. The difference between women's employment chances in rural and urban areas is almost negligible in the western European comparator societies. Some of the rural gender gap may reflect the way that women who work as unpaid family members on family farms are accounted for. Even in this case, however, it is significant if these women do not think of themselves as paid workers but rather as being outside the labour market.

Chart 5.1
% of women and men (18 years old or over) with post-secondary education



Source: LiTS II (2010).
Note: Percentage of those with post-secondary education. Working age population 18-64 yars old.

Chart 5.2
% of women and men of working age (18-64) in employment at any time in previous 12 months



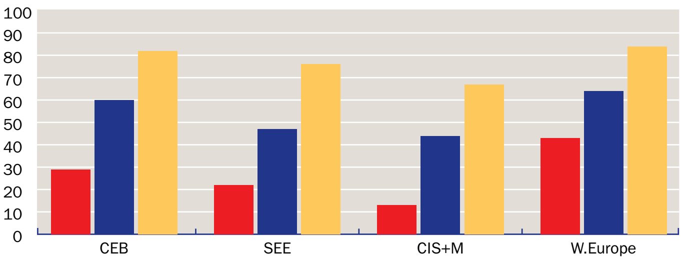
Source: LiTS II (2010).
Note: Working age population between 18-64 years old.

[4] See Gal and Kligman (2000), True (2003), Glass (2008), UNIFEM (2006).
[5] See Fodor (1997), Ghodsee (2005).

Education increases women's labour market integration (see Chart 5.3). In the CEB countries, for example, over 80 per cent of college- and university-educated women had paid work in the year prior to the survey, compared to only around 30 per cent with elementary education or less. The pattern is similar in the SEE and CIS+M countries, although the benefits of education are somewhat smaller. The gender gap in access to employment is large at the lower educational levels, but it disappears for those in the highest educational brackets in all regions except the CIS+M, where men's advantage is marked even in this elite group. Note also that in western Europe unskilled women have a much better chance of finding paid work than in the post-communist region: 43 per cent of women with elementary education or less worked for wages in the five western European countries included in the survey, while only between 13-29 per cent of women did in the transition region.

Having children is another reason why some women are unable to work for wages. Studies have found that employers discriminate against women with children,[6] and child care is unavailable or unaffordable in many transition countries. In some countries, lengthy paid parental leave policies make it difficult for women to re-enter the labour force.[7]

Chart 5.3
% of working-age women (18-64) employed in the year prior to the survey by educational level



Elementary school Secondary school Post secondary

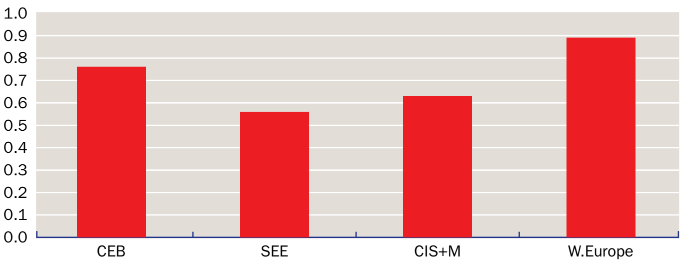
Source: LiTS II (2010).
Note: Women only, working age 18-64.

Because of its importance, this chapter explores the impact of children on women's work activity in more depth. Chart 5.4 presents the regional odds ratios of working for women who live in the same household with children under 12, controlling for other factors such as age, education, single parental status, location of residence and religion. While having a child of one's own is the most common reason why women suffer labour market disadvantages, in many transition countries grandmothers are the primary carers of young children – a responsibility which may enable their daughters to seek paid employment but will limit their own chances.

In all regions, the employment odds for women with children are only 60-76 per cent of those for men without children once other factors are taken into account. The "motherhood penalty" is highest in the SEE region (odds of 56 per cent) and lowest in CEB (76 per cent) compared to men without children. This suggests that, as elsewhere, women responsible for children are less likely to be integrated into the labour market, while the odds of working for men with children are higher than those of men without offspring. This finding is not unique to the transition countries, but the data suggest that the cost of raising young children is higher in the transition region than it is on average in the western European comparators.

Having considered factors at the individual level that contribute to people's labour market integration, we now turn to country-level variables which may also determine the size of gender inequality and specifically the gender gap in employment. Chart 5.5 shows the relationship between the level of economic development and the percentage gender difference in employment rates by country. On average, richer countries exhibit lower levels of gender inequality in access to employment than countries with lower GDP levels. This relationship may be due to a variety of factors: the availability of jobs, the level of welfare spending on services which enable women's participation in the labour force, or values regarding women's role in society which are also associated with levels of economic development.[8] It should be noted, however, that the relationship between economic development and gender inequality is in fact quite complex: Chart 5.5 indicates a lot of variation in the

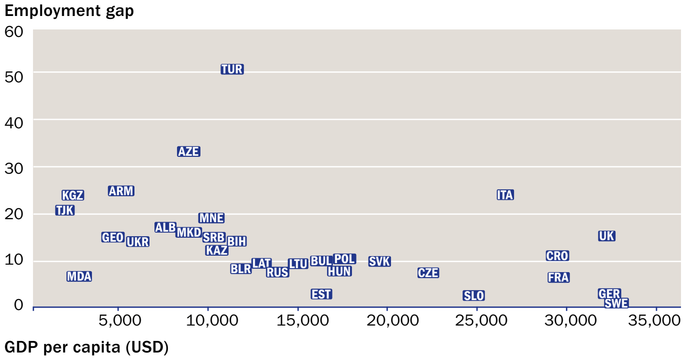
Chart 5.4
Odds ratios of working for women with children compared to men without children (aged 18-64)



Women with children

Source: LiTS II (2010).
Note: Odds ratios are calculated from logistic regression equations, predicting the odds of having worked in the 12 months prior to the survey, and including the following independent variables: gender, age, educational level, (Muslim) religion, urban/rural area, married, having children under 12 in the household, country, and the interaction term between gender and having children under 12 in the household.

Chart 5.5
% difference in the employment rate of men and women and the level of economic development



Source: LiTS II (2010).

[6] See Glass and Fodor (2011).
[7] See Saxonberg (2006).
[8] See Inglehart and Norris (2003).

gender gap at the two ends of the distribution, which means that factors other than the level of economic development will also have a significant impact on women's employment chances and intentions.

At least for EU member countries, data from the Labour Force Survey show that a large part of the gender difference in employment is due to the unavailability of part-time employment in the transition region. When work patterns are examined using full-time equivalencies, it is evident that the difference between transition societies and western European ones becomes quite small.[9] Nevertheless, the pattern suggests that in the transition region work is divided less equitably than in the western comparator countries: participation in the labour market is restricted to a smaller number of people (among both men and women, but especially women) who are also working longer hours than their western counterparts.

Further inequalities in labour force participation are also evident. When workers see no chance of finding employment, or when outside factors (such as unmet child care needs) would prevent them from working should they find a job, they often give up their search. Women in the transition region are less likely than men to be actively seeking employment. For example, in the CIS+M region 22 per of women claimed to be looking for work, compared to 31 per cent of men. This, together with women's lower level of employment, suggests both a high degree of discouragement among women and possibly a higher level of social acceptance of women's labour market inactivity than men's.

Entrepreneurial activity

Self-employment is a special form of labour force participation, providing an opportunity for prosperity to people who may have trouble finding other types of employment.[10] Chart 5.6 shows that while there are more people who work on a self-employed basis in the CIS+M and western comparator countries than in the other regions, women in all areas are underrepresented. In general, men are about twice as likely to be self-employed as women. There is no difference in the size of this gap in terms of educational level, age group, marital status, having children or urban/rural status.

This stable gender gap is in line with differences in men's and women's stated preferences. Across the transition region, the majority of women (between 50 per cent and 63 per cent) and more women than men would prefer to be working for a state-owned company or the government, while men express a stronger preference for self-employment. However, Chart 5.7 shows that significantly more women would like to work on a self-employed basis than are able. In CIS+M countries, for example, only 7 per cent of women were self-employed in the year prior to the survey but 29 per cent would prefer this type of employment.

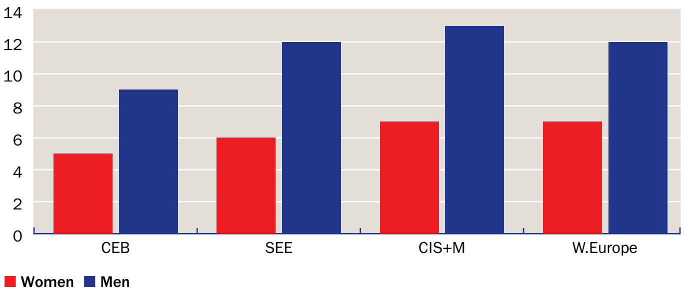
LiTS II also asked respondents whether or not they have ever attempted to start their own businesses. In each transition subregion about 18-21 per cent of men and 11-13 per cent of women have tried to become entrepreneurs. Women were not significantly less successful than men, as about the same percentage managed to set up a business of their own. The overall rate of success ranges from 50 per cent in CIS+M countries to about 80 per cent in CEB, but there is no gender difference in any of the transition subregions.

Borrowing money to start a business did not seem to be a particular hindrance to women entrepreneurs. About the same proportion of men and women sought funding, and women did not, in general, report any less success than men. In CIS+M countries the data reveal some gender disparity, but the difference is small (with 70 per cent of women and 74 per cent of men managing to access start-up finance). Women in the SEE region reported more success than men, with 83 per cent (compared to 75 per cent of men) getting a loan. These figures, however, should be treated with caution as the number of respondents in each category is quite small. Moreover, these findings are not entirely consistent with previous research which found small but statistically significant gender differences in access to and cost of finance.[11]

Values and behaviour related to a competitive market

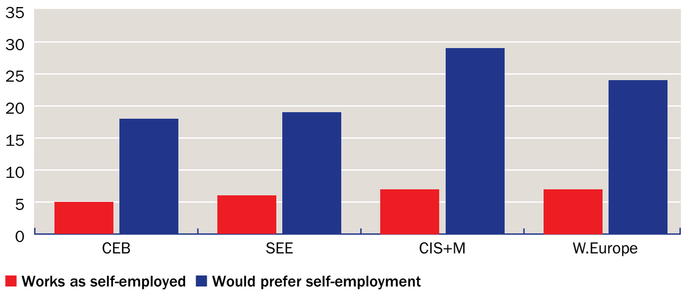
People's attitudes and values influence the choices and decisions that they make about their own labour force participation and the market-related strategy that they use for their own or their family's economic survival. Although LiTS II did not ask respondents explicitly about how they feel about work or

Chart 5.6
% of self-employed women and men (aged 18-64) in previous 12 months (among those doing paid work)



Source: LiTS II (2010).
Note: Working age population, 18-64.

Chart 5.7
% of women (aged 18-64) who work as self-employed and those who would prefer to



Source: LiTS II (2010).

[9] See EU Expert Group on Gender and Employment (EGGE, 2010).
[10] See Seguino et al (2010), Werner (2004).
[11] See Muravyev et al. (2009), who found that firms managed by women entrepreneurs (defined as owner-managers) have a five per cent lower probability of receiving a bank loan and pay half a percentage point higher interest rates, although the level of gender discrimination declines as the level of financial development increases.

women's role in paid work, it is still possible to identify at least two areas where gender differences in certain attitudes may influence finding work or becoming an entrepreneur.

First, social and geographical mobility – the willingness to work outside one's home country or move within a country for a job – can improve people's access to work or business opportunities. Across the transition region, men are more likely to be willing to move abroad or within their own country to access work. In the CIS+M region about 30 per cent of working age men would move either within their own country or abroad for work, while only 20 per cent of women would do so. In CEB and SEE countries, people express slightly more willingness; about 30-40 per cent of men and 20-35 per cent of women would be ready to move. Both men and women in the western comparator countries express a greater willingness to relocate than those in the transition region, especially within their own countries. This most likely reflects both the relative ease and wider social acceptance of such an option.

The second area where gender differences may influence access to work or becoming an entrepreneur is risk aversion. Taking risks is a necessary part of self-employment, so exploring gender differences in this respect helps to shed light on why women are less likely than men to become entrepreneurs. Across the transition region women are, on average, more risk-averse than men (see Chart 5.8).

There is less gender difference in other values. Chart 5.9 describes how people feel about the market economy 20 years after its reintroduction in their countries. What is striking is that people in the CEB countries tend to have less faith in the market, while those in CIS+M countries and the western comparators display the most. Women are rather more reluctant to endorse the market economy than men, while more women than men believe that economic systems make little difference in their own lives.

The vast majority of people in the transition region and the western European comparator countries believe that the gap between the rich and the poor should be reduced. Women are slightly more supportive of this position than men, but the difference is small (for example, 78 per cent of men and 80 per cent of women in the CEB countries). Women are no more likely than men to support an increase in the state's role in the economy and are just as likely to believe in the positive impact of competition on people's performance. Men and women hold similar views on the importance of merit in getting ahead, and there is no gender difference in how people explain why some groups are impoverished (attributing it mostly to injustice and then to laziness). In summary, while women exhibit slightly more empathy towards less fortunate people, their overall approach to the capitalist system and market economy is quite similar to that of men.

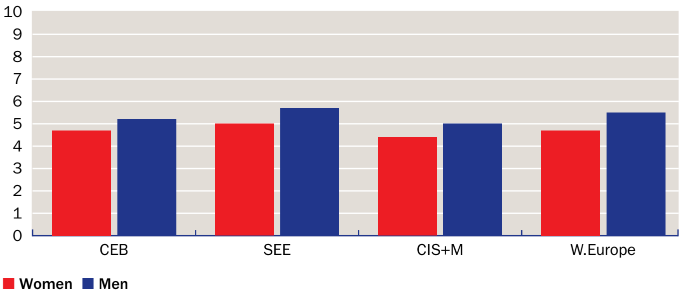
Political participation and integration

Political participation can take a number of different forms. During the communist period, quotas guaranteed that women would be represented in the most visible, although not most powerful, political decision-making bodies. Since voters could not choose from among candidates, but were expected to elect a designated nominee, achieving the requisite representation of women did not constitute an administrative hurdle. Accordingly, women made up around one-third of the members of national parliaments, but their representation in government or the highest party organ, the Politburo, remained low.[12]

After 1989 new forms of political participation and new avenues of political integration emerged. However, studies show that women's representation in the post-communist parliaments is lower than before 1989.[13] This decline has been attributed to several factors, including a backlash against communist gender quotas, a general notion that politics is "men's business" and the fact that electoral systems do not facilitate the participation of women, as well as to women's lack of leisure time and experience in political organisations.

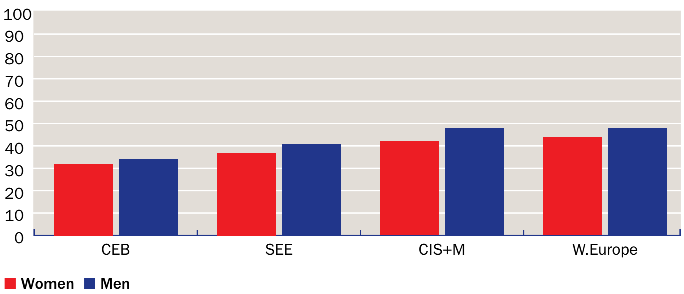
The variation among countries in terms of women's parliamentary representation is significant and ranges from a high of 22-24 per cent in Croatia, the Czech Republic, Estonia and Uzbekistan to a low of 4-8 per cent in Georgia, Mongolia and Ukraine.[14] Women's representation is higher in the five western European comparator countries, ranging from 45 per cent in Sweden to 19 per cent in France. However, women's political

Chart 5.8
Mean of risk aversion for men and women. Average values on a 10-point scale



Source: LiTS II (2010).
Note: On the ten point scale, 1 represents "Not willing to take risks at all" and 10 represents "Very much willing to take risks". Therefore a lower score indicates higher risk aversion.

Chart 5.9
% of women and men who deem a market economy is best for their country



Source: LiTS II (2010).

[12] See Eglitis (2002).
[13] See Rueschemeyer (1998).
[14] Source: Interparliamentary Union, http://www.ipu.org/wmn-e/classif.htm; accessed February 15, 2011.

participation is higher at the sub-national level. Many women enter politics at the local level, especially as NGO workers and civic activists.[15]

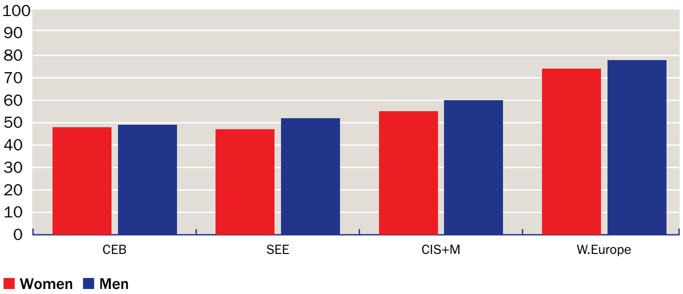
In the transition region, support for democracy is not gender-neutral, although differences in men's and women's political attitudes are small. Most notably, women are marginally less likely than men to believe that democracy is preferable to any other form of political system (see Chart 5.10). In SEE, for example, 52 per cent of men but only 47 per cent of women agree with this statement, while in the CIS+M countries 60 per cent of men and 55 per cent of women do so. There is a similar gender gap in the western European comparators, but no difference in the CEB region. More women than men also claim that it makes no difference to their lives whether the government is authoritarian or democratic.

Men and women express a similar degree of trust in political and democratic institutions. Most people believe that elections are necessary and only about 10 per cent of the population in the transition region believe that leaders should be appointed (about the same proportion who agree that authoritarian rule is acceptable). There is practically no gender difference in this regard. It is therefore not surprising that men and women claim to have voted in the same proportions across the region, both at national and local election level. This may not reflect actual voting patterns, but it does suggest that both men and women consider voting to be a political obligation.

However, while the overall percentages are small, fewer women than men are members of political parties (see Chart 5.11) or have participated in political activities (such as attending lawful demonstrations, participating in strikes or signing petitions). There is no gender difference in trade union membership or in membership of humanitarian or charitable associations. However, while almost 20 per cent of people in the western comparator countries are members of such organisations, no more than 3 per cent are in any of the transition subregions. Since women tend to start their integration into politics through such local activities, the fact that this percentage is small is an indication, and possibly a cause, of women's relatively low rate of participation in public life.

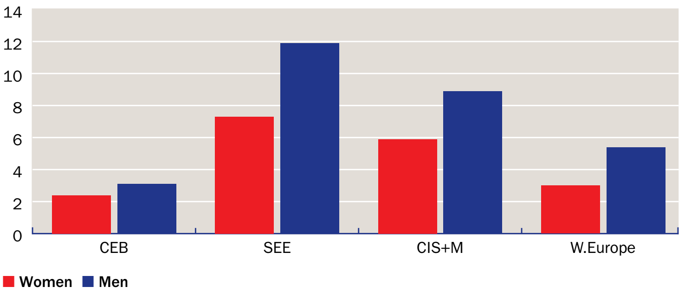
Having access to a support network is a form of societal integration. While women are no less likely than men to use contacts to get jobs, settle disputes, get into university and so on, men can name more people who they can turn to for such help. In particular, men are more likely to be able to mobilise workplace friends or superiors for support. This is due, at least in part, to men's higher level of labour force participation and their consequent access to a wider and more powerful network of acquaintances.

Chart 5.10
% of women and men who believe that democracy is preferable to any other form of political system



Source: LiTS II (2010).
Note: Population over 18.

Chart 5.11
% of men and women who are members of political parties



Source: LiTS II (2010).
Note: Population over 18.

Conclusion

This chapter has highlighted gender differences in social integration 20 years after the collapse of communism. The most important change since 1989, and the main difference in the lives of the past two generations of women, is apparent in women's relationship and access to paid work. Women across the transition region are significantly less likely than men to be working for wages. There are, however, some notable differences among subregions and across countries. The most important gender-related factors that disadvantage women's entry to the labour market include having children, low levels of education and living in a rural or less developed area. Women and men do not differ significantly in terms of social attitudes towards the market economy or democracy, but women's political integration is more tenuous. While they are just as likely as men to be passive spectators of politics, they are less likely to participate actively.

There is little gender difference in how people view their overall well-being. Women are just as likely as men to say that they are satisfied with their lives and jobs and that they feel that they have been successful. When asked how they have done relative to others, both men and women respond similarly. The level of education, location or age do not alter this gender neutrality, which is probably due to the fact that women and men share households and social well-being depends more on household resources than on individual fortunes.

[15] See Ghodsee (2005).

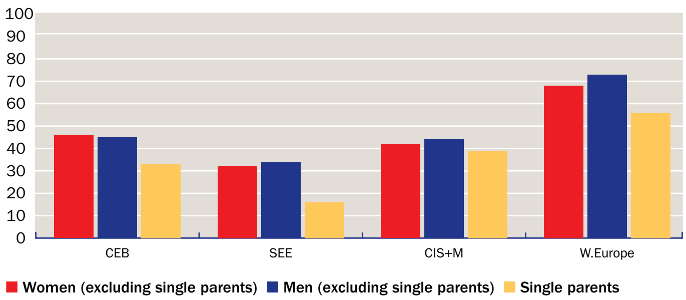
Indeed, those who cannot rely on resources generated by other adults and who must take care of dependents alone are, on average, less satisfied with their lives. Single parents – 90 per cent of whom are single mothers – express lower life satisfaction than others (see Chart 5.12). They feel more disadvantaged in terms of economic well-being and are more likely to respond negatively when asked if they have done well/better than their parents or are satisfied with their lives. The differences across the regions are also large. Single parents seem to be the least satisfied in south-eastern Europe, where only 16 per cent claim to be satisfied with their lives – half as many women and men as do in the general population.

This chapter has identified a few key issues that policy-makers may fruitfully address. Entry to the labour market is important for women to support their families and gain self-sufficiency. Even though women possess the same level of education and skills and hold roughly the same views about market competition as men in transition countries, they are significantly less likely to be working for wages. This, as well as the fact that general levels of economic development are related to the size of gender inequality, suggest that factors at the societal rather than individual level should be addressed to promote equality in this respect.

This chapter has explored patterns of gender inequality and gender differences across the transition region. Importantly, factors such as ethnicity, location, educational level and having young children in the household interact with gender as a determinant of inequality. Variations are significant, not only across subregions but also countries. Levels of economic development are related to the gender employment gap, as are other factors including cultural variables, forms of social protection and family structures.

Chart 5.12

% of women and men and single parents who claim to be satisfied with their lives overall



Source: LiTS II (2010).
Note: Population over 18.

References

Drakulic, S. (1993), "How We Survived Communism and Even Laughed". Harper Perennial.

Eglitis, D.S. (2002), "Imagining the Nation: History, Modernity and Revolution in Latvia". The Pennsylvania State University Press: University Park, Pennsylvania.

Einhorn, B. (1993), "Cinderella Goes to Market: Citizenship, Gender and Women's Movements in East Central Europe". London, New York, Verso.

EU Expert Group on Gender and Employment (EGGE), "Gender Equality, Employment Policies and the Crisis in EU Member States". 2010.

Fodor, E. (1997), "Gender in transition: Unemployment in Hungary, Poland, and Slovakia". East European Politics and Societies 11 (3), pp. 470-500.

Funk, N. and M. Mueller, Eds. (1993), "Gender Politics and Post-Communism: Reflections from Eastern Europe and the Former Soviet Union". New York, Routledge.

Gal, S. and G. Kligman (2000), "The Politics of Gender After Socialism". Princeton, NJ, Princeton University Press.

Ghodsee, K. (2005), "The Red Riviera: Gender, Tourism, and Postsocialism on the Black Sea". Durham, NC, Duke University Press.

Glass, C. (2008), "Gender and Work During the Transition: Job Loss in Bulgaria, Hungary, Poland and Russia". East European Politics and Societies 22 (4), pp. 757-783.

Glass, C. and E. Fodor. (2011), "Public Maternalism Goes to Market: Recruitment, Promotion and Hiring in Hungary". Gender & Society, February.

Haney, L. (2000), "Familiar welfare: Building the Hungarian Welfare Society, 1948-1968". Social Politics 7 (1), pp. 101-122.

Inglehart, R. F. and P. Norris (2003), "Rising Tide: Gender Equality and Cultural Change Around the World". New York, NY, Cambridge University Press.

Muravyev, A., O. Talavera and D. Schäfer (2009), "Entrepreneurs' gender and financial constraints: Evidence from international data". Journal of Comparative Economics 37 (2), pp. 270–286.

Pascall, G. and A. Kwak (2005), "Gender Regimes in Transition in Central and Eastern Europe". Bristol, UK, The Policy Press.

Pollert, A. and E. Fodor (2005), "Working Conditions and Gender in an Enlarged Europe". Dublin, European Foundation for the Improvement of Living and Working Conditions.

Rueschemeyer, M., Ed. (1998), "Women in the Politics of Postcommunist Eastern Europe". Armonk, NY, M.E. Sharpe.

Saxonberg, S. (2006), "Failing Family Policy in Post-Communist Central Europe". Journal of Comparative Policy Analysis, vol 8, 2, pp. 185-202.

Seguino, S, Berik G, Rodgers Y. (2010), "An Investment that Pays off: Promoting Gender Equality as a Means to Financial Development". Friedrich Ebert Stiftung.

True, J. (2003), "Globalization, Gender and Post-Socialism". New York, NY, Columbia University Press.

UNIFEM (2006), "The Story Behind the Numbers: Women and Employment in Central and Eastern Europe and the Western Commonwealth of Independent States". http://www.unifem.org/attachments/products/StoryBehindTheNumbers_eng.pdf; accessed February 15, 2011.

Werner, C. (2004), "Feminizing the New Silk Road: Women Traders in Rural Kazakhstan". In K. Kuehnast and C. Nechemias (eds). 2004. "Post-Soviet Women Encountering Transition: Nation Building, Economic Survival and Civic Activism". Woodrow Wilson Center Press, Washington DC and Johns Hopkins University Press, Baltimore, Maryland.

Country assessments

The following country-by-country assessments present some of the main results from the 2010 Life in Transition Survey (LiTS). Certain key attitudes and values are shown by age and income groups, while comparisons with western European countries and with the results from the previous round of the survey in 2006 are also drawn where appropriate.

Key findings (%, weighted)

	Albania	Average Transition region	Average Western Europe
Satisfied with life	39	43	72
Trust in others	46	34	42
Perceive less corruption than four years ago	19	21	9
Concerned about climate change	46	54	54
Support both market economy and democracy	43	34	42
Households affected by the crisis	59	49	31

Impact of the crisis

The economic crisis has affected a majority of households. Around 60 per cent of respondents say that their households have been significantly affected, compared to a transition region average of about 50 per cent. This is despite the fact that Albania was one of the few countries to maintain positive growth during the crisis. There is little variation across age groups, although the upper-income category have been less affected than those lower down the income scale.

Life satisfaction

Satisfaction with life has dropped slightly since 2006. The overall average is close to, but a little below, that for the transition region as a whole. The drop is particularly marked among the over-60s, whereas it has remained fairly stable among younger people. Unhappiness is also prevalent among low-income groups, where only 20 per cent of respondents declare that they are satisfied with life, compared to more than 30 per cent in 2006.

Optimism for the future has also declined, although from a high level. More than two-thirds of people still feel that future generations will have a better life than at present, compared with less than 50 per cent for the transition region as a whole. However, this belief is weaker among younger people.

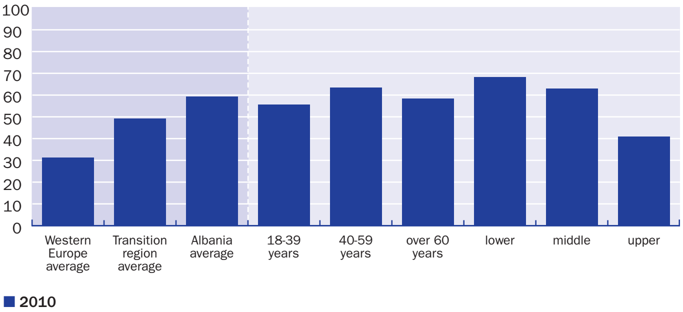
Attitudes towards democracy and market economy

Democracy and the market economy attract strong support. More than 40 per cent of respondents believe that a combination of the two is better than any other option. However, more than one-fifth would, under some circumstances, favour a planned economy combined with an authoritarian government. This belief is particularly prevalent among older people.

Respondents generally believe that some important features of a stable democracy are missing. Only about one-third think that Albania has free and fair elections, law and order or a strong political opposition. About one-quarter believe that the court system defends individual rights against abuse by the state.

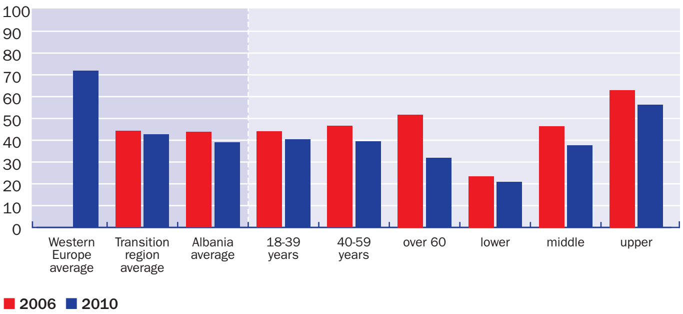
Almost three-fifths of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



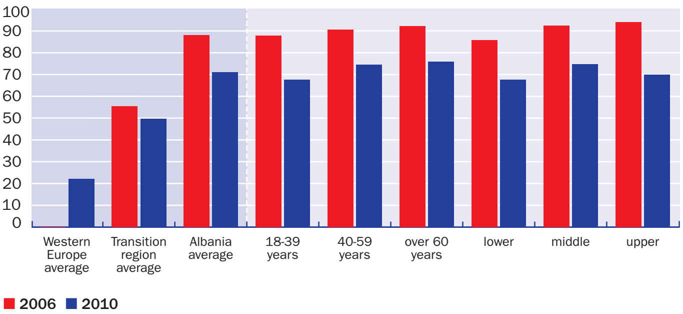
Life satisfaction remains close to the region's average

% of respondents who are satisfied with life, all things considered

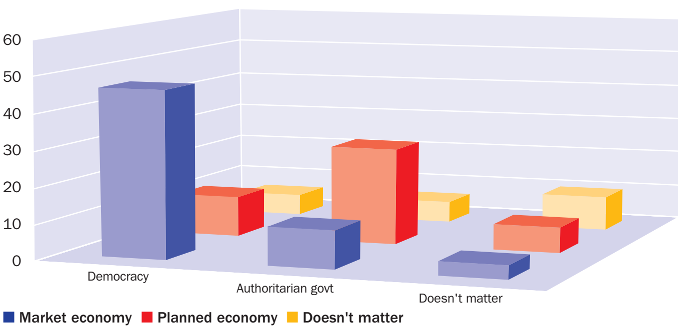


Optimism dropped across age and income groups

% of respondents who are optimistic about the future of the younger generation



About 40 per cent of respondents prefer democracy and market economy



Generalised and institutional trust

The level of trust in people has risen significantly since 2006. Nearly half of respondents think that people can generally be trusted, indicating a higher level of trust than in most other transition countries and higher even than the average for the five western European comparator countries (France, Germany, Italy, Sweden and the United Kingdom). There is little variation across age groups, although trust tends to be higher among upper-income groups than those at the lower- or middle-income levels.

Trust in financial institutions has held up well in the economic crisis. Banks and the financial system are trusted by nearly 60 per cent of respondents, compared with about one-quarter in the western comparators. This perhaps reflects the resilience of the Albanian financial system throughout the crisis and its limited exposure to global financial difficulties. The police and armed forces are the most trusted public institutions, while political parties, parliament and trade unions merit the least confidence.

Corruption perception

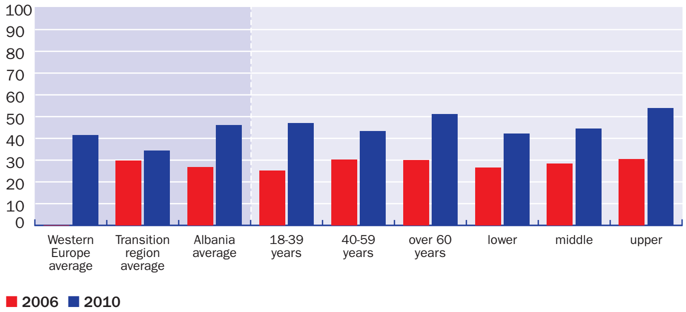
Perceptions of corruption in public institutions have generally fallen since 2006. Less than 20 per cent of respondents think that corruption has dropped since 2006, but this figure is comparable to most other transition countries. The public health system remains the sector most frequently associated with irregular payments. Nevertheless, whereas about half of respondents in 2006 indicated that such payments were common, the figure has dropped by 2010 to around 40 per cent. The percentage of those making irregular payments for other public institution services is generally between 10 per cent and 20 per cent, which is broadly comparable to the transition region average.

Priorities for government spending

Spending on education is seen as the biggest priority. Nearly 40 per cent of respondents think that education should take precedence, with health care close behind at 33 per cent. This ordering is reversed in most other transition countries and in the western comparators. There is little support for directing government resources to helping the poor as a first priority.

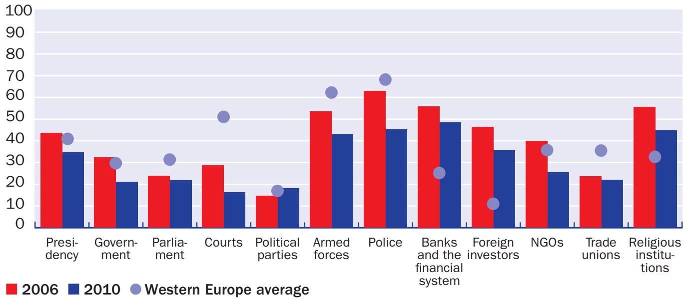
Trust in people has nearly doubled since 2006

% of people who think that, generally, people can be trusted



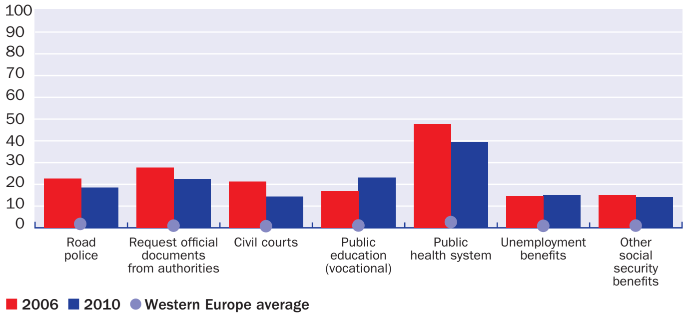
Trust in most institutions is down since 2006

% of respondents who have trust in institutions, by category



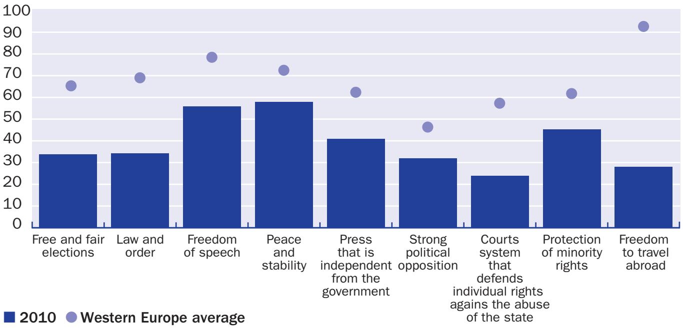
Irregular payments mostly down since 2006

% of respondents who believe that irregular payments are used, by category



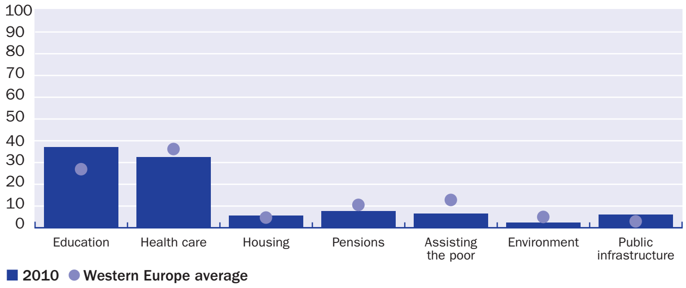
Low belief in ability to travel freely abroad

% of respondents who agree that the country has the basic democratic institutions



Government spending on education is biggest priority

% of respondents who think what should be the direction of extra government spending



Key findings (%, weighted)

	Armenia	Average Transition region	Average Western Europe
Satisfied with life	22	43	72
Trust in others	8	34	42
Perceive less corruption than four years ago	20	21	9
Concerned about climate change	61	54	54
Support both market economy and democracy	44	34	42
Households affected by the crisis	62	49	31

Impact of the crisis

As in the rest of the transition region, the crisis has impacted on the livelihoods of many Armenians. More than three-fifths of respondents report that their households have been affected adversely, which is significantly higher than the transition region average. The impact has been felt most among middle-aged people and the lower socio-economic classes.

Life satisfaction

Only about one-fifth of respondents are satisfied with life, ranking Armenia near the bottom of the transition country scale in this respect. Life satisfaction has dropped two percentage points since 2006 and is about 20 percentage points lower than the transition region average. It has fallen almost uniformly across age and income categories, except among the higher-income bracket of the population where it rose by two percentage points. In the highest-income group it approached 50 per cent, which is comparable to the transition average.

Optimism in a better future has fallen by about 10 per cent since 2006. While the average optimism level in the transition region stands at about 50 per cent, only about one-third of Armenian respondents believe in a better future for their children. The drop of optimism has been greatest among the oldest age groups in the population (by about 20 percentage points) and among middle-income respondents.

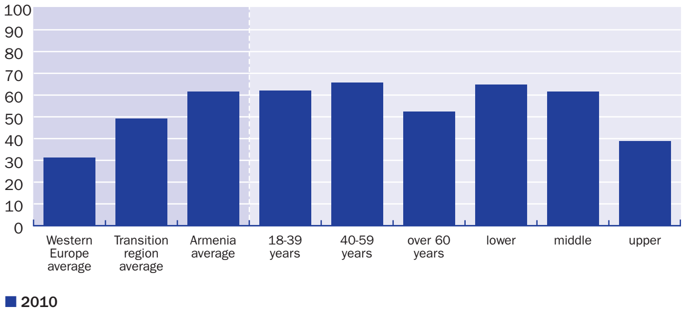
Attitudes towards democracy and market economy

More than two-fifths of respondents prefer a combination of a market economy and democracy. This is well above the proportion of those who favour democracy and, under some circumstances, a planned economy or those without an obvious preference for a particular economic and political system.

Less than one-fifth of respondents think that Armenia has some of the basic democratic institutions. However, a relatively high percentage of respondents (well above 50 per cent) think there is peace and stability in their country.

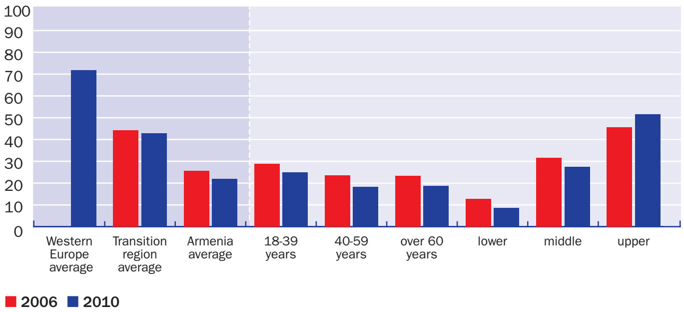
Three-fifths of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



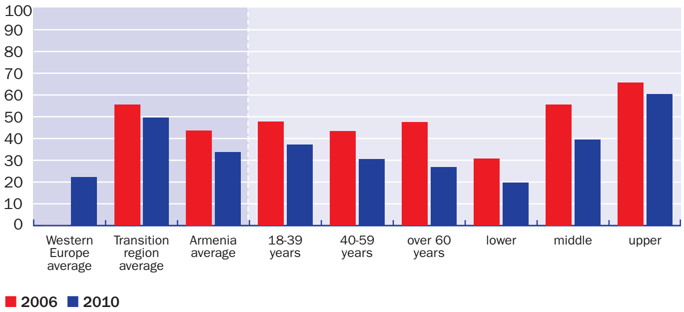
Life satisfaction is one-half of transition region average

% of respondents who are satisfied with life, all things considered

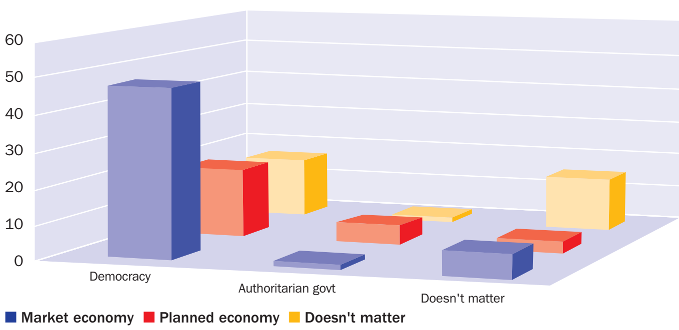


Optimism has dropped especially among older people

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of trust among respondents, at only eight per cent, is the lowest in the transition region and has dropped from about 20 per cent since 2006. The already low level has especially fallen among the younger and the middle-aged groups and among the lower-income sections of the population.

The level of trust in public institutions is also quite low and well under the average for the western European comparator countries. Trust in certain institutions – the presidency, the government and parliament – has risen, but less than one-third of respondents have confidence in their institutions overall. The armed forces merit the highest level of trust, while religious institutions have experienced the biggest drop (almost 40 percentage points).

Corruption perception

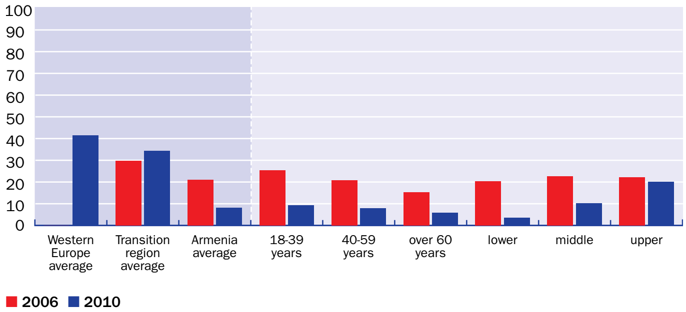
There has been an increase in the level of perceived corruption. About 20 per cent of Armenian respondents (more than in 2006) believe that irregular payments are used when dealing with various branches of the public sector, and particularly the health care system. Similar numbers have actually used unofficial payments in public services in the past year. Over a quarter reported bribing the road police, of which 70 per cent were either asked or expected to bribe. If we consider average corruption rates in public services across all sectors, Armenia would rank in the bottom third of the transition region. This is not surprising because the satisfaction with public service quality and efficiency of service is low and falling at the fifth fastest rate in the region.

Priorities for government spending

As in the rest of the transition region, Armenians mostly favour extra government spending on health care. Almost half of respondents would like to see extra health care expenditure, which is well above the average for the western European comparators. There is also a strong preference for more spending on education and helping the poor.

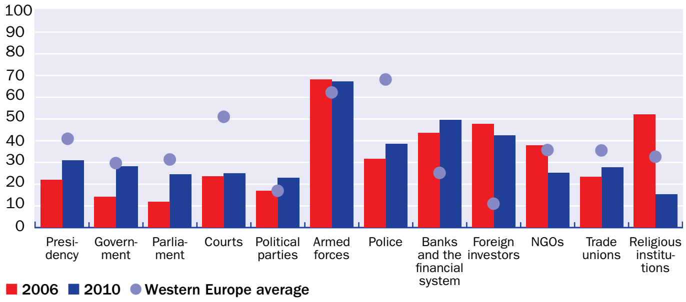
Trust is a mere one-quarter of transition region average

% of people who think that, generally, people can be trusted



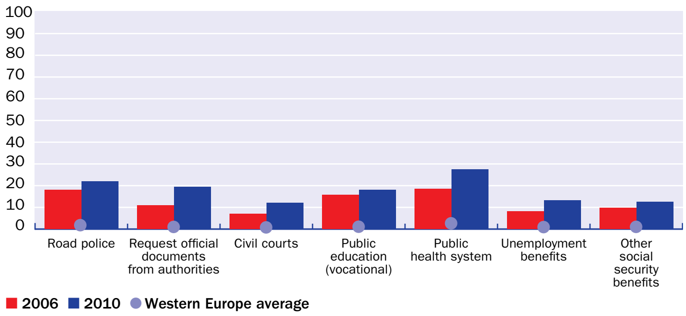
Trust in religious institutions is over two-thirds down since 2006

% of respondents who have trust in institutions, by category



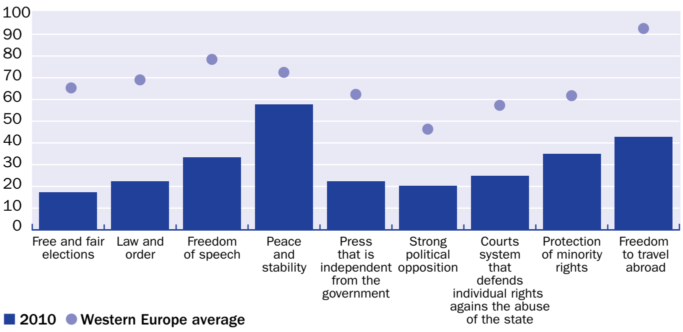
Irregular payments are slightly up since 2006

% of respondents who believe that irregular payments are used, by category



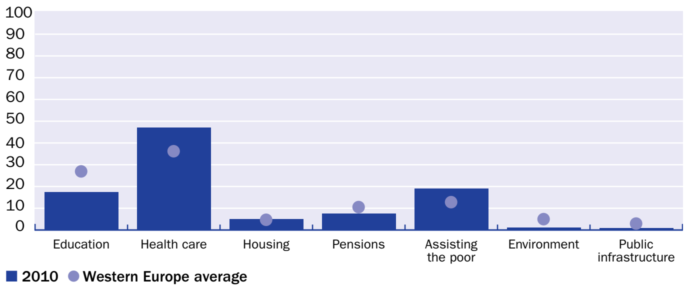
Limited belief in presence of many basic institutions

% of respondents who believe that the country has the basic democratic institutions



Government spending on health care is biggest priority

% of people who think what should be the priority of extra government spending



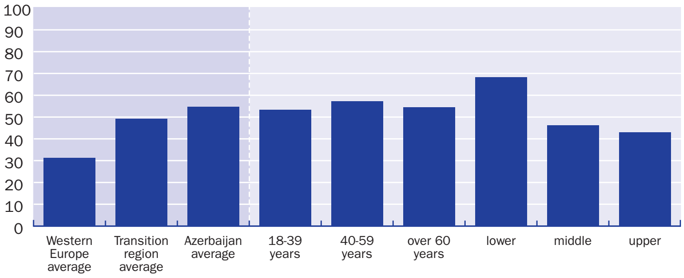
Life in Transition
Azerbaijan

Key findings (%, weighted)

	Azerbaijan	Average Transition region	Average Western Europe
Satisfied with life	42	43	72
Trust in others	24	34	42
Perceive less corruption than four years ago	18	21	9
Concerned about climate change	73	54	54
Support both market economy and democracy	50	34	42
Households affected by the crisis	55	49	31

Over one-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



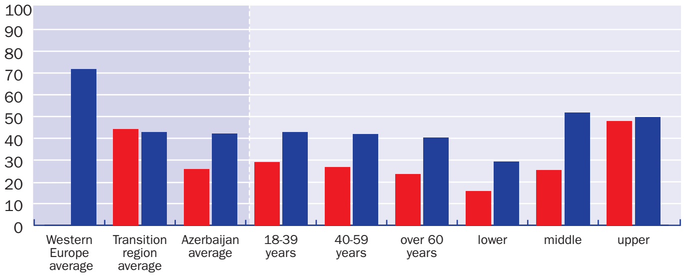
2010

Impact of the crisis

The global economic crisis has had a significant impact on livelihoods. About 55 per cent of households report being affected adversely, which is above the transition region average, and those in the lower-income brackets have been hit hardest.

Life satisfaction has risen significantly since 2006

% of respondents who are satisfied with life, all things considered



2006 2010

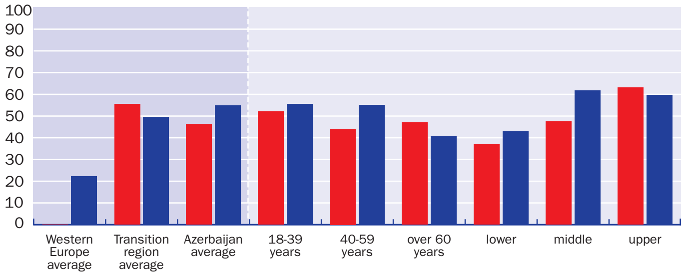
Life satisfaction

Life satisfaction has improved since 2006 and is comparable to the transition region average. More than 40 per cent of respondents are satisfied with life. While the percentage has risen across different age and income brackets, the improvement has been most apparent among the middle class. This could reflect a perceived upturn in the economic and political climate; over half of respondents think that the socio-economic situation is better than in 2006.

More than one-half of respondents believe that today's children will have a better life than the preceding generation. The level of optimism has risen among most age and income brackets and compares well with the transition region average. However, people over the age of 60 and those in the upper-income bracket tend to be less optimistic about the future of the younger generation.

Optimism is now above transition region average

% of respondents who are optimistic about the future of the younger generation



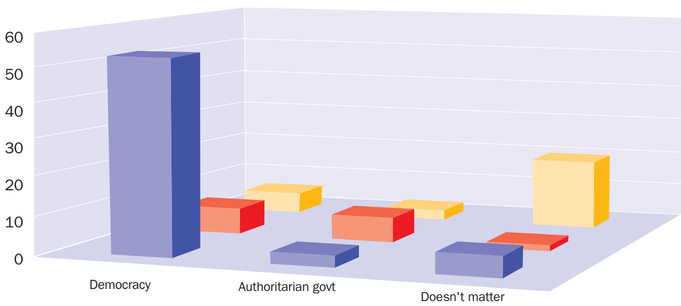
2006 2010

Attitudes towards democracy and market economy

Fifty per cent of respondents prefer a combination of democracy and a market economy over other political and economic systems. In contrast, less than 10 per cent favour, under some circumstances, authoritarian government with a planned economy. About two-thirds would be willing to sacrifice some political liberties for strong economic growth. However, respondents differ in their assessments of their country's economic and political model: one-third think that they live in a country with full political liberties and robust economic growth, while one-quarter believe that they enjoy few liberties but strong growth and a further quarter think that there are few liberties and weak growth.

About one-half of respondents consider that Azerbaijan has some of the basic democratic institutions. However, belief in their effectiveness and independence, particularly the political opposition and the media, is relatively low and much lower than in the western European comparator countries.

Combination of democracy and market economy preferred to other options



Market economy Planned economy Doesn't matter

Generalised and institutional trust

People are reluctant to trust others. Only about one-quarter of respondents consider that people can generally be trusted, ranking Azerbaijan 22nd out of 28 in this respect among the transition countries. Those surveyed are especially wary of people on the first meeting and a significant proportion also shows some distrust of those of different nationalities and religions.

Trust in public institutions remains relatively high and well above levels in the western European comparator countries. More than half of respondents have trust in their national institutions, particularly the presidency and the armed forces.

Corruption perception

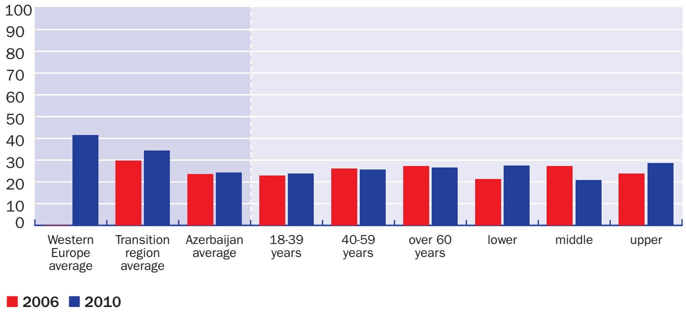
The level of perceived corruption is the highest across all sectors in the transition region. Azerbaijan has simultaneously experienced the largest increase in perceived corruption and the largest fall in satisfaction in public services across all surveyed countries. Only 18 per cent of respondents think that corruption has decreased since 2006. More than half report having made irregular payments when dealing with public authorities. This practice is common across most sectors, but more so in the public health system. In several sectors, such as road police, bureaucracy and courts, around three-quarters of those making unofficial payments said that they were asked or expected to bribe. Interestingly, less than one-fifth of respondents consider it important to have personal contacts to obtain official papers, which suggests that bribing and informal networks might be acting as substitutes. There does not seem to be evidence of relaxed attitudes towards corruption as only about three per cent of respondents think that there is nothing wrong if a public official asks for a favour or gift in return for a service.

Priorities for government spending

Further expenditures on education, health care and helping the poor are seen as the main priorities by the majority of respondents. However, despite this concern for the poor, Azerbaijan ranks last among the transition countries in its commitment to reducing the gap between rich and poor and second to last in its support for income equality.

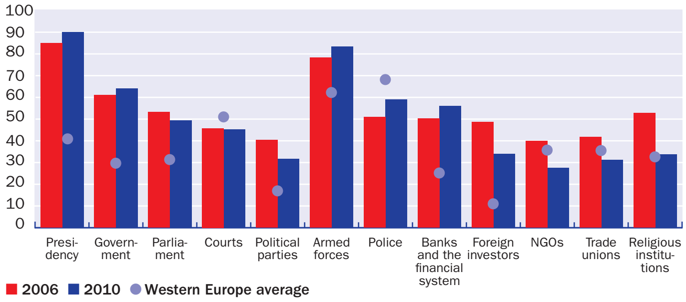
Level of trust remains below transition region average

% of people who think that, generally, people can be trusted



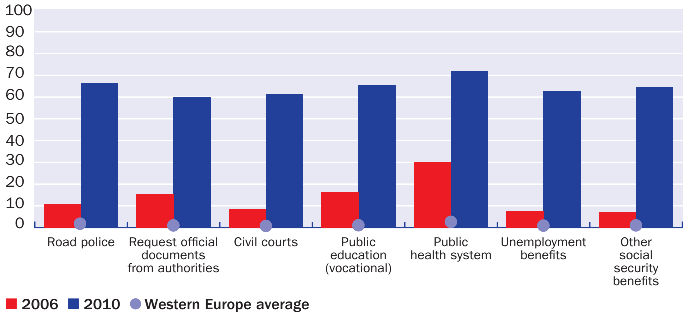
Trust in the presidency and armed forces very high

% of respondents who have trust in institutions, by category



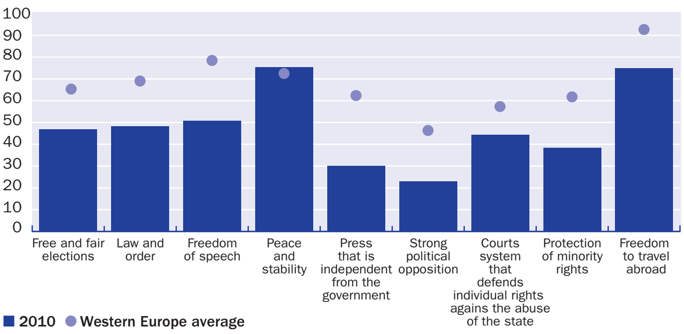
Irregular payments have dramatically increased since 2006

% of respondents who believe that irregular payments are used, by category



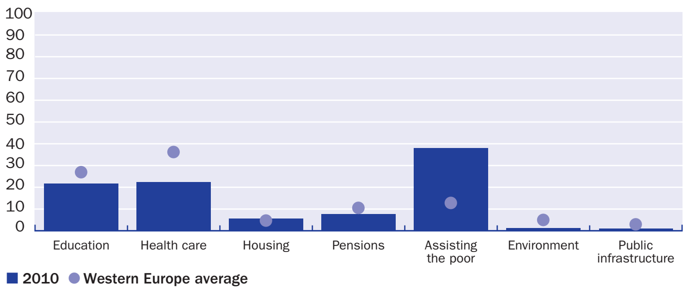
Moderate belief in presence of certain basic institutions

% of respondents who believe that the country has the basic democratic institutions



Government spending on assisting the poor is biggest priority

% of respondents who think what should be the priority of extra government spending



Belarus

Key findings (%, weighted)

	Belarus	Average Transition region	Average Western Europe
Satisfied with life	51	43	72
Trust in others	42	34	42
Perceive less corruption than four years ago	29	21	9
Concerned about climate change	56	54	54
Support both market economy and democracy	40	34	42
Households affected by the crisis	27	49	31

Impact of the crisis

As in other countries largely insulated from world economic trends, the global economic crisis has not had a significant impact on livelihoods in Belarus. Only about one-quarter of respondents report that their households have been adversely affected (which is well below the average for the transition region as a whole). The impact of the crisis has been stronger among the lower-income and middle-aged sections of the population.

Life satisfaction

While the level of life satisfaction has dropped significantly (by almost 15 points to about 50 per cent), it remains above the transition average. Life satisfaction has dropped almost uniformly across age and income brackets, but more so among young and middle-aged people. It is highest among the upper-income sections of the population.

About three-fifths of respondents believe that future generations will have a better life than themselves, which represents a drop of around 10 percentage points since 2006. Despite this decline, optimism in a better future remains well above the average for the transition region as a whole. Levels of optimism have especially fallen among the younger and lower-income groups.

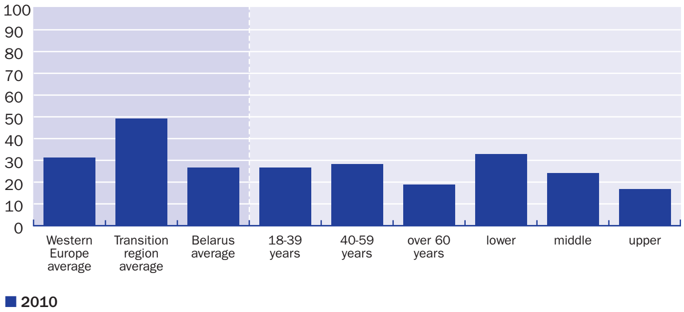
Attitudes towards democracy and market economy

Almost 40 per cent of respondents prefer a combination of democracy and a market economy, a much higher proportion than those who register indifference to the system under which they live (about 15 per cent) or those who prefer any other combination of economic and political regime. Respondents would also exchange some political liberties to live in a country with high economic growth. More than one-half think that their country is characterised both by limited political rights and weak growth.

Despite the high level of trust in their institutions, many respondents think that some basic democratic institutions are missing. Most believe that there is peace and stability in their country, as well as freedom to travel abroad. However, relatively few think that a strong opposition, a free and independent media or the right to free speech are present in the country.

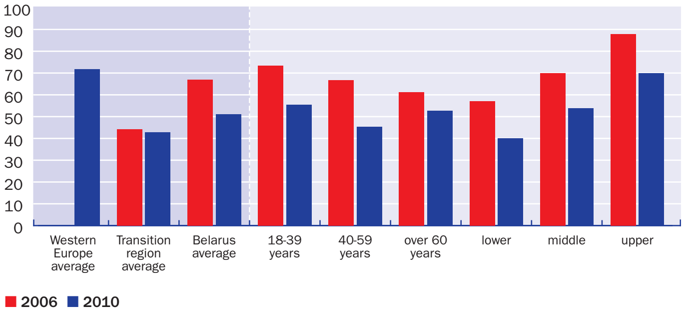
One-third of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



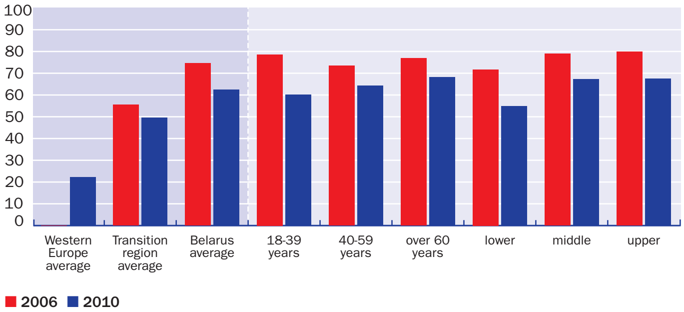
Life satisfaction is down across age and income groups since 2006

% of respondents who are satisfied with life, all things considered

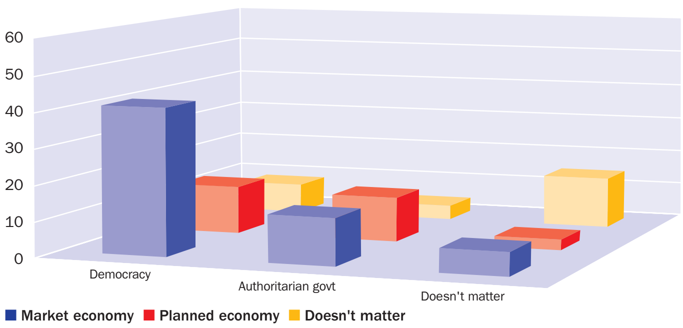


Optimism remains above transition region average

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of trust in people has changed little since 2006. 42 per cent of respondents think that people can generally be trusted, an increase of only two percentage points since 2006. The middle- and lower-income sections of the population registered hardly any change in their trust levels. However, only around 15 per cent of Belarusians believe that if they were to lose their wallet in their neighbourhood it is likely to be returned. This is a rather low level of real-life trust compared to other transition countries with a similar level of generalised trust and trust in neighbours.

Roughly one-half of respondents think that public institutions can be trusted. The armed forces, police, presidency and courts are the most trusted public institutions. The level trust in the parliament, despite falling mildly, remains one of the highest in the transition region. In addition, about one-half of respondents trust banks and the financial institutions, which is a much higher percentage compared to the western European comparator countries. This probably reflects the milder impact of the global economic crisis on Belarus and the relative insulation of its banking and financial system.

Corruption perception

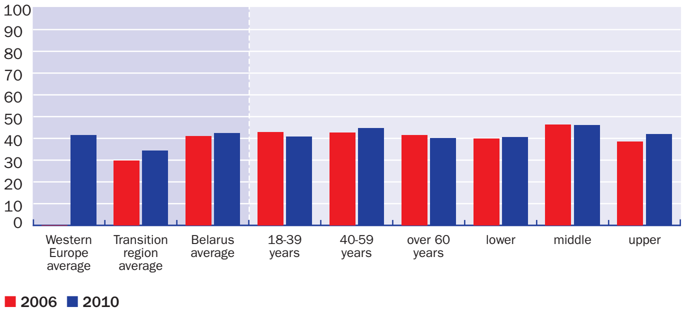
Perceived corruption has increased since 2006. The percentage of respondents who think that the incidence of irregular payments across the public sector has risen, particularly in respect of the traffic police and public education. Corruption in the public health system is perceived as endemic. Only 16 per cent of respondents think that government officials exacting payment when exercising their duties is acceptable.

Priorities for government spending

More than 40 per cent of respondents think that additional expenditure on health care should be the first priority (slightly higher than the average for the western European comparator countries). A significant proportion would also prefer additional spending on education and housing. Belarusians are also quite egalitarian – about 30 per cent think that incomes should be more equitable.

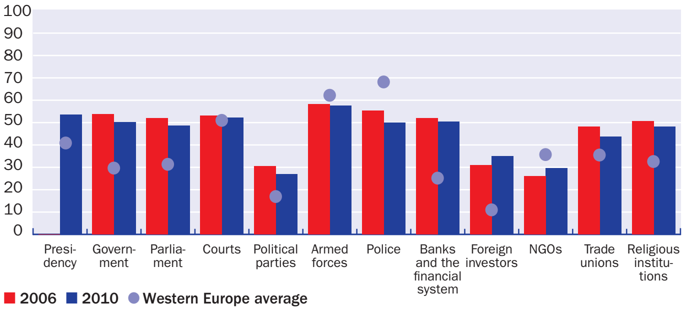
Trust levels are largely unchanged since 2006

% of people who think that, generally, people can be trusted



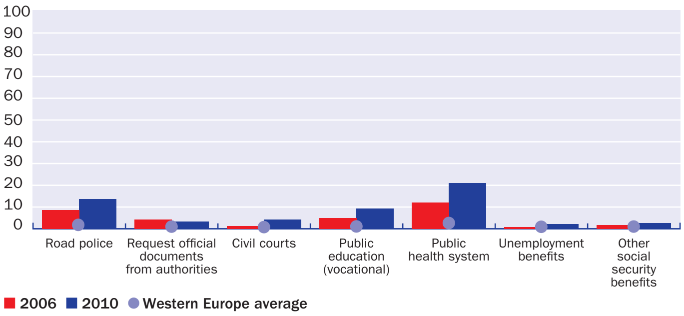
Trust is lowest in political parties, foreign investors, NGOs

% of respondents who have trust in institutions, by category



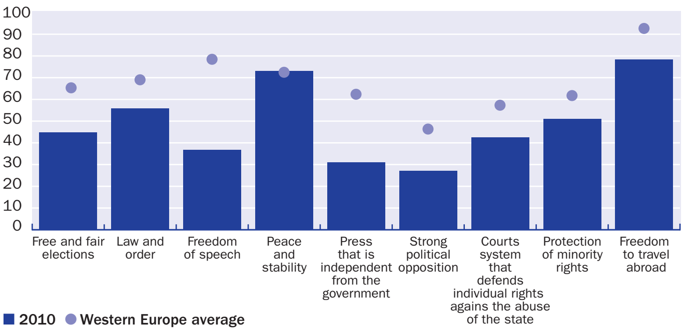
Irregular payments are slightly up since 2006

% of respondents who believe that irregular payments are used, by category



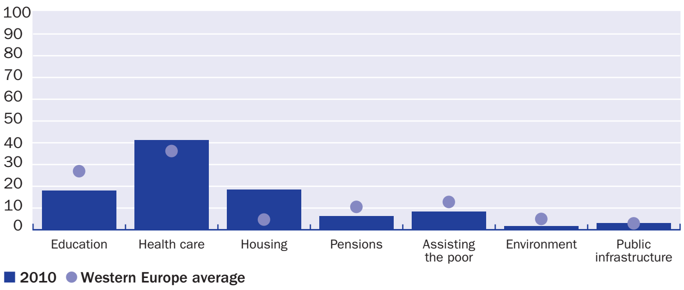
Limited belief in presence of certain basic institutions

% of respondents who agree that the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the direction of extra government spending



Bosnia and Herzegovina

Key findings (%, weighted)

	Bosnia and Herzegovina	Average Transition region	Average Western Europe
Satisfied with life	32	43	72
Trust in others	33	34	42
Perceive less corruption than four years ago	9	21	9
Concerned about climate change	53	54	54
Support both market economy and democracy	29	34	42
Households affected by the crisis	61	49	31

Impact of the crisis

The crisis has affected more than 60 per cent of households. This compares with a transition region average of about 50 per cent. The impact appears to be more or less the same across age groups, and has been particularly severe on lower-income groups.

Life satisfaction

Life satisfaction remains low, despite rising slightly since 2006. Less than one-third of respondents are satisfied with life, compared with 43 per cent in the transition region as a whole. However, satisfaction has risen marginally across all age and income groups and is highest among younger people and upper-income groups.

There is a low degree of optimism about the prospects for future generations. The percentage of those who think future generations will have a better life than at present has changed little since 2006 and, at about 35 per cent, is well below the transition region average. This pessimism is particularly marked among middle-aged people and those on lower incomes.

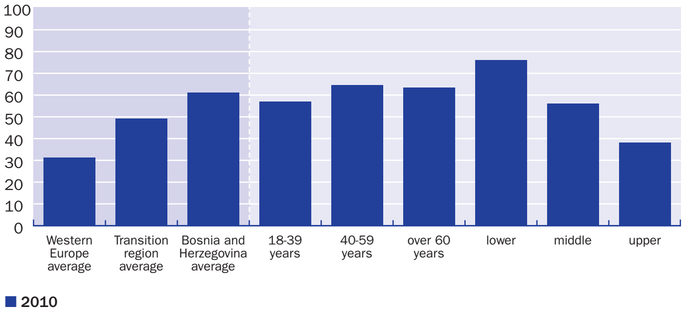
Attitudes towards democracy and market economy

Support for democracy and a market economy is rather limited. Almost 29 per cent of respondents support this combination, which is about the same percentage as those who do not favour either option. However, only about 15 per cent would prefer, under some circumstances, a combination of authoritarian government and a planned economy.

Few people believe that many of the basic democratic institutions exist in Bosnia and Herzegovina. Less than one-quarter of respondents think that there is law and order or a court system that defends individual rights against abuse by the state. Even fewer think that there is freedom to travel abroad, no doubt reflecting the visa requirements still in place during the LiTS on Bosnian nationals visiting the EU Schengen zone (which have since been relaxed). However, 40 per cent believe that freedom of speech is respected in the country.

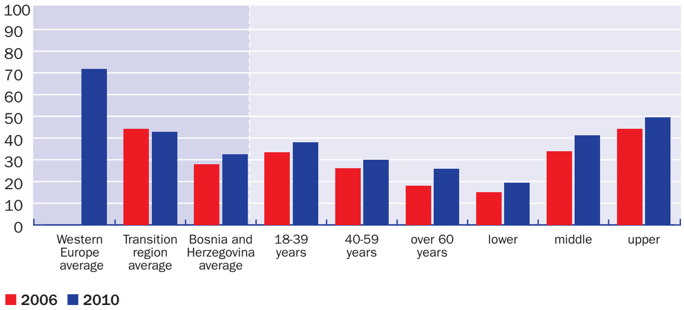
Three-fifths of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



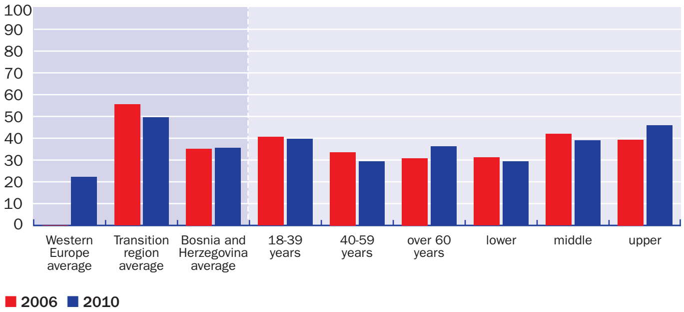
Correlation of life satisfaction with income is very pronounced

% of respondents who are satisfied with life, all things considered

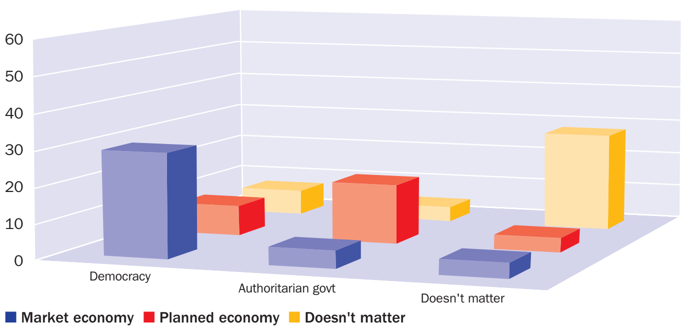


Optimism is well below transition region average

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

There has been a significant increase in trust over the past four years. About one-third of respondents think that people can generally be trusted, which is nearly double the response in 2006 and close to the transition region average. Trust in people is especially strong among the upper-income groups, but shows little variation across ages.

Trust in public and private institutions varies significantly. Religious institutions and the police tend to be the most trusted institutions. Banks and the financial system are also trusted and show the biggest increase since 2006. This may reflect the fact that the financial sector has been relatively resilient throughout the economic crisis, aided by strong support from foreign parent banks and international financial institutions through the "Vienna Initiative" agreement. Political parties, parliament and the government attract the lowest levels of trust.

Corruption perception

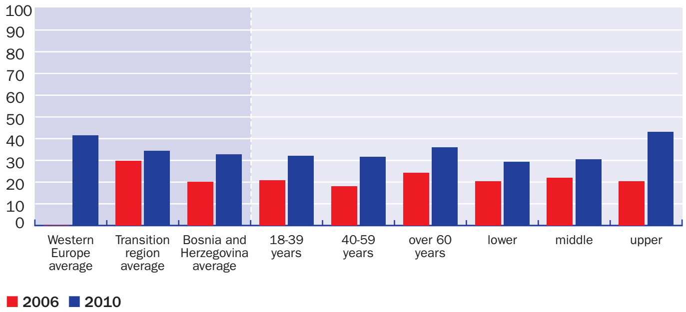
Very few people think that corruption has fallen since 2006. Less than 10 per cent of respondents agree that there is less corruption relative to four years ago, ranking the country near the bottom of the transition region scale in that respect. However, the level of irregular payments to most public institutions is generally quite low and has improved notably since 2006 in relation to the traffic police. On the other hand, corruption in the public health system is perceived to have risen, with more than 20 per cent of respondents declaring that such payments have been made in the past year.

Priorities for government spending

Health care is the biggest priority for extra government spending. Many respondents believe that helping the poor is also a priority. Strong support for more expenditure on pensions probably reflects the high number of pensioners, of various categories, in the country.

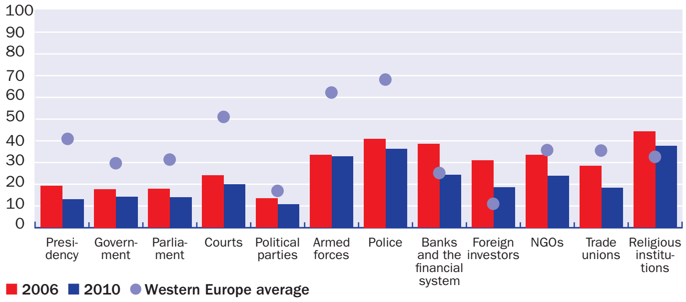
Trust is up by over one-half since 2006

% of people who think that, generally, people can be trusted



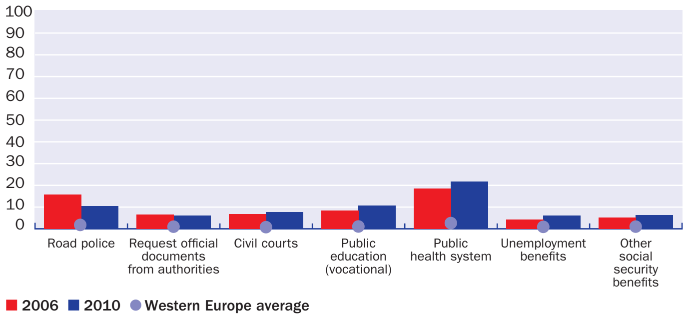
Trust in institutions is slightly down since 2006

% of respondents who have trust in institutions, by category



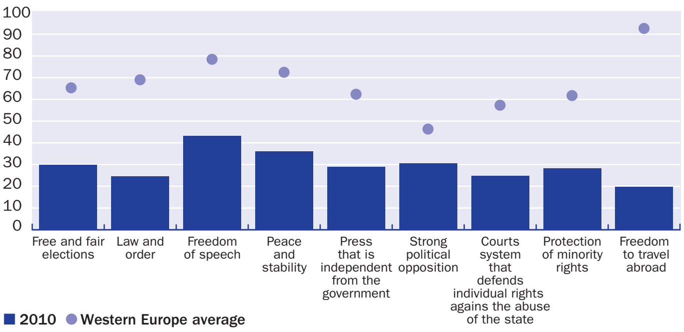
Irregular payments slightly up since 2006

% of respondents who believe that irregular payments are used, by category



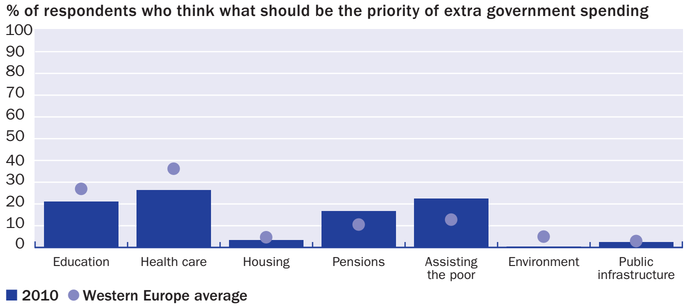
Very low belief in ability to travel freely abroad

% of respondents who think the country has the basic democratic institutions



Priorities for government spending are health care, assisting the poor and education

% of respondents who think what should be the priority of extra government spending



Bulgaria

Key findings (%, weighted)

	Bulgaria	Average Transition region	Average Western Europe
Satisfied with life	33	43	72
Trust in others	29	34	42
Perceive less corruption than four years ago	23	21	9
Concerned about climate change	61	54	54
Support both market economy and democracy	32	34	42
Households affected by the crisis	75	49	31

Impact of the crisis

The perceived impact of the economic crisis on Bulgarians was very high. It hit around 75 per cent of households – about 26 percentage points more than the transition region average – and particularly the poorer ones. Almost 85 per cent of people in the lower-income bracket were affected adversely, compared to only about 60 per cent of the richest third.

Life satisfaction

Despite a slight increase in happiness since 2006, satisfaction with life in Bulgaria remains almost 10 per cent below the transition region average. Life satisfaction in the middle-income bracket has dropped by 12 percentage points, but increased by almost nine per cent among the richest sector of the population. This has created a 25 percentage point difference in happiness between groups that were previously roughly equally satisfied with their lives. Life satisfaction in the over-60s category has risen to almost one-third, and is now similar to that among 40-59-year-olds.

Optimism for the future has risen above the transition region average. The proportion of people who believe that their children will have better lives than themselves has increased by almost 10 percentage points to just over half of the total. Optimism has especially increased among people in the upper-income group, who are now slightly more positive than those in the middle-income category.

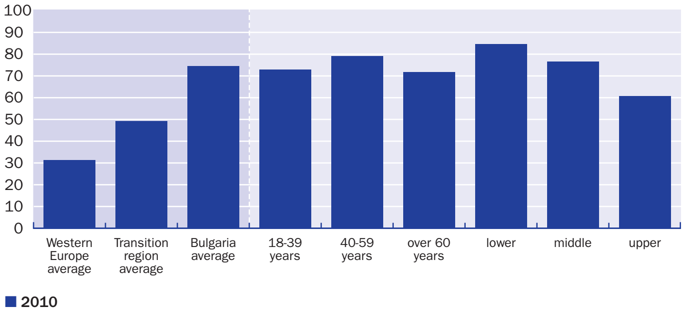
Attitudes towards democracy and market economy

Democracy with a market economy is the most popular socio-economic option. This level of support has remained stable since 2006. Just under 40 per cent of respondents prefer a market economy to any other economic system and about 46 per cent choose democracy over other political systems.

Most respondents recognise the presence of two basic democratic freedoms – protection of minority rights and freedom to travel abroad – in Bulgaria. More than one-half also consider that freedom of speech and peace and stability exist. On the other hand, fewer than 15 per cent believe that their country has a court system that protects individual rights again abuse by the state. Only one-fifth think that there is effective law and order or a strong political opposition.

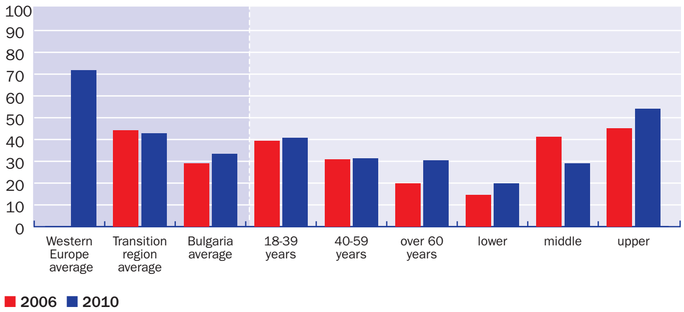
Three-quarters of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



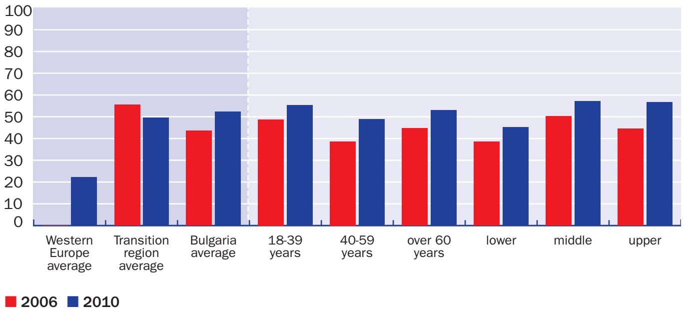
Life satisfaction is below transition region average, despite a rise

% of respondents who are satisfied with life, all things considered

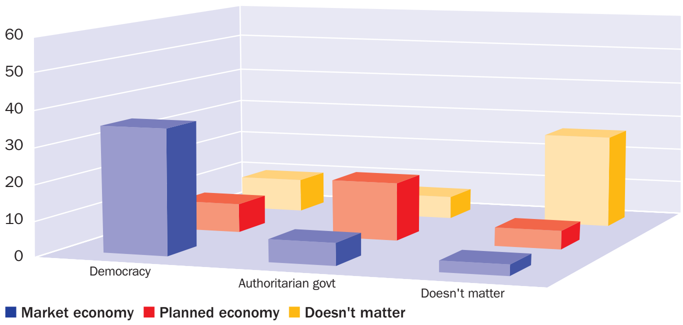


More optimism now for the future than transition region average

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of trust has increased by one-third since 2006 to reach 29 per cent, but still remains five percentage points below the transition region average. The largest increase – about 13 percentage points – has been among the young, which now equates with the level of trust in the oldest age group and is slightly above that of 40-59-year-olds. Trust is also higher in the upper-income bracket, following a higher-than-average increase in this group since 2006.

Bulgarians have lost some confidence in previously trusted institutions. The biggest falls are in the presidency, armed forces and the police, which were trusted by over 40 per cent of respondents in 2006. On the other hand, trust in the government has almost doubled to over 26 per cent. Trust remains particularly low for parliament, political parties and trade unions, despite some improvement since 2006.

Corruption perception

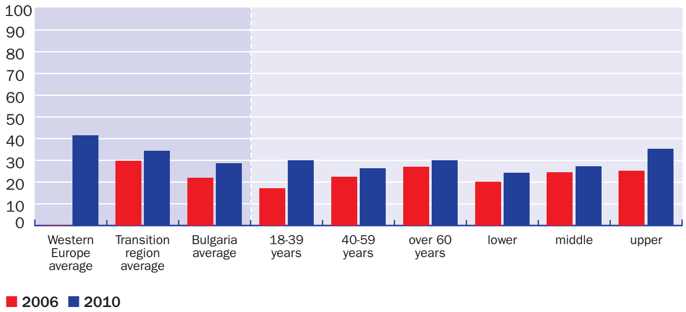
Irregular payments have decreased since 2006 across all institutions. They are most prevalent in the public health sector according to 17 per cent of respondents (a seven per cent fall from 2006), while 13 per cent believe that the traffic police are also significant recipients (a fall of one-third since 2006). These percentages are well above the corresponding figures in the western European comparator countries.

Priorities for government spending

Public health care deserves the government's priority attention according to well over half of respondents. Almost one-fifth believe that the government should channel extra funding towards education and around 15 per cent think more funding should go into pensions. There is relatively little public support for helping the poor as a top priority, and even less so for more government finance for housing, the environment or public infrastructure.

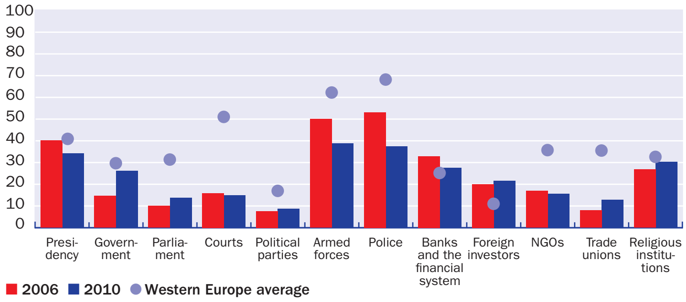
Increase in overall trust most pronounced among the young

% of people who think that, generally, people can be trusted



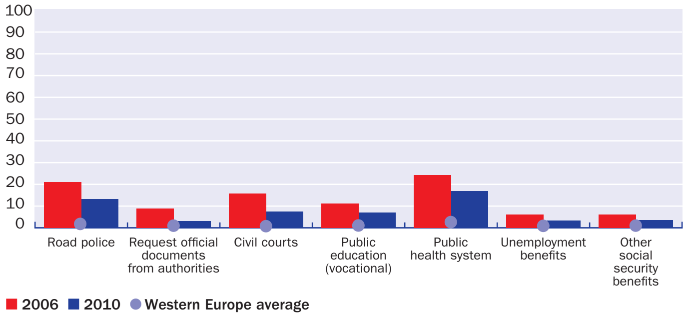
Most trusted institutions have lost some of their standing

% of respondents who have trust in institutions, by category



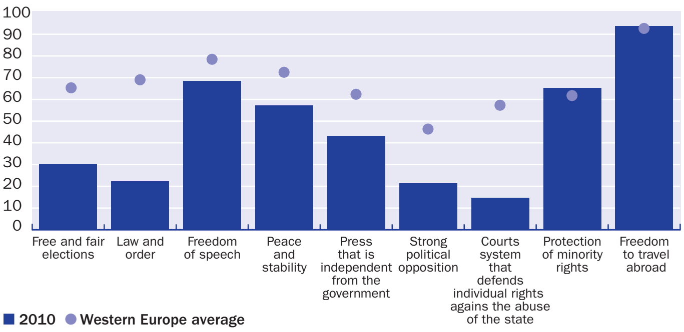
Irregular payments are down since 2006 across all institutions

% of respondents who believe that irregular payments are used, by category



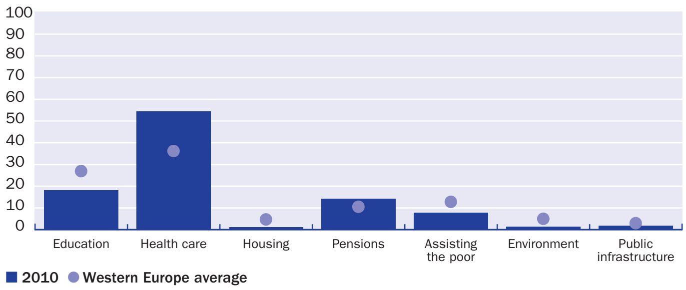
All democratic institutions (bar two) below western standards

% of respondents who think that the country has the basic democratic institutions



Government spending on health care is biggest priority

% of people who think what should be the priority of extra government spending



Key findings (%, weighted)

	Croatia	Average Transition region	Average Western Europe
Satisfied with life	48	43	72
Trust in others	28	34	42
Perceive less corruption than four years ago	10	21	9
Concerned about climate change	50	54	54
Support both market economy and democracy	21	34	42
Households affected by the crisis	55	49	31

Impact of the crisis

More than one-half of households have been affected adversely by the crisis, slightly above the transition region average. There is a noticeable difference across age groups, with only a little over one-third of the over-60s reporting that their households have suffered. Upper-income groups have been least affected, although the variation across income groups is not particularly strong.

Life satisfaction

Satisfaction with life is above the transition region average, but has dropped since 2006. There is virtually no difference in the level of happiness across age groups, in contrast to 2006 when young people were noticeably more satisfied with life than middle-aged or older people. As in most other transition countries, the degree of satisfaction rises with income levels, but is lower for all income groups compared to 2006.

There has been a big drop in optimism for the future. In 2006 about one-half of respondents believed that future generations would have a better life. That has fallen to around 30 per cent, indicating a high degree of pessimism compared to the average for the transition region. This pattern is common to all age groups and especially so for the lower-income category.

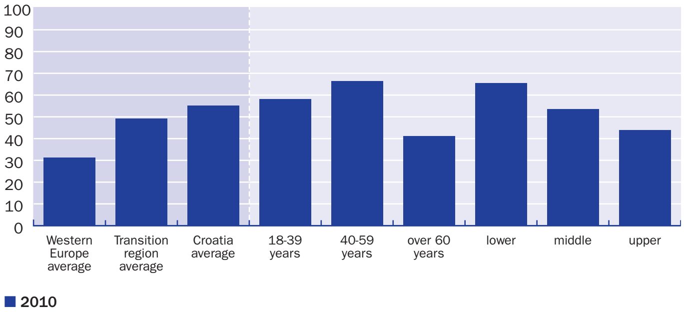
Attitudes towards democracy and market economy

Only about 20 per cent of respondents favour both a market economy and democracy. Many people consider that it does not matter for them whether there is democracy or, under some circumstances, authoritarianism or if there is a market or, under some circumstances, planned economy.

There is a moderate belief that some basic democratic institutions are present in the country. Only one-fifth of respondents believe that there is a court system that defends individual rights against abuse by the state, and less than 30 per cent think that there is law and order or a strong political opposition. However, a majority think that freedom of speech, peace and stability, protection of minority rights and freedom to travel abroad exist.

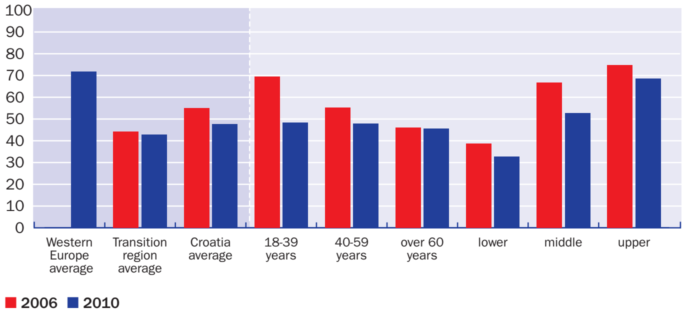
More than one-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



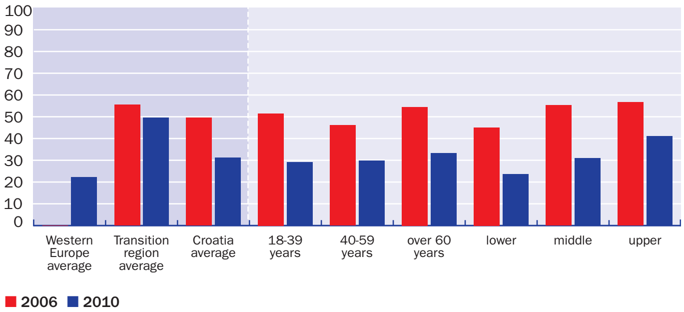
Life satisfaction has fallen sharply among the young since 2006

% of respondents who are satisfied with life, all things considered

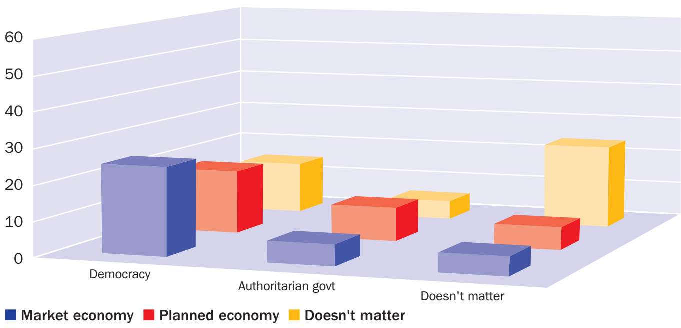


Optimism has dropped over one-third since 2006

% of respondents who are optimistic about the future of the younger generation



21 per cent prefer a combination of democracy and market economy to other options



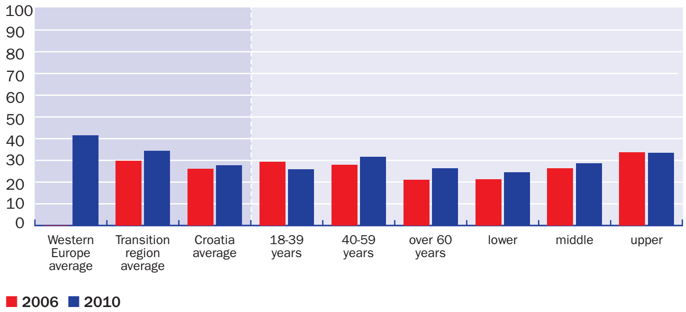
Generalised and institutional trust

The level of trust in others is limited and below the regional average. There has been a slight increase since 2006, but still barely more than one-quarter of respondents think that people in general can be trusted. People in the 40-59 age range display the highest level of trust.

Trust in many political institutions is particularly low. Less than 10 per cent of people trust political parties, parliament or the government. In contrast, the army and police force, along with religious institutions, attract the highest degree of confidence. The level of trust in banks and the financial system has decreased since 2006 but remains comparable to western European standards.

Trust level remains below transition region average

% of people who think that, generally, people can be trusted

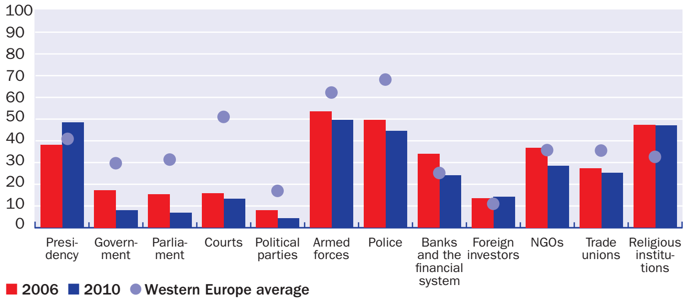


Corruption perception

Corruption overall is not perceived to be declining, but petty corruption is generally low. Less than 10 per cent of respondents think that the level of corruption has dropped since 2006. However, the level of irregular payments to public institutions is generally low, especially in regard to applications for official documents or social security benefits. The main exception, as in most other countries, is the health care system, where about 15 per cent of respondents report having to make irregular payments to get the necessary service. There is a fairly high level of satisfaction with public service delivery although there is an uncharacteristically low level of satisfaction with civil courts, where only about one-third of users were happy with the quality of service.

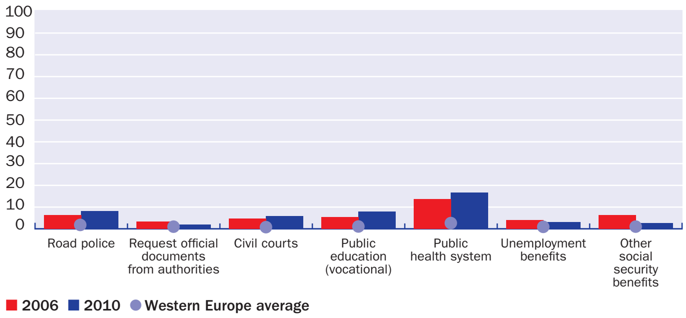
Trust in institutions is mostly down since 2006

% of respondents who have trust in institutions, by category



Irregular payments are slightly up since 2006

% of respondents who believe that irregular payments are used, by category

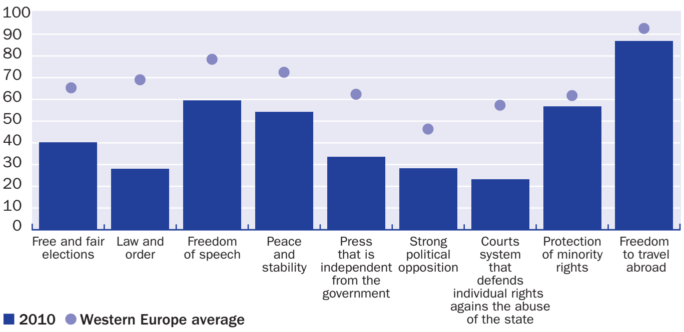


Priorities for government spending

Education is the top priority for extra government spending. This contrasts with the majority of countries, where health care is usually in first place. A significant proportion of respondents also favour prioritising pensions and helping the poor.

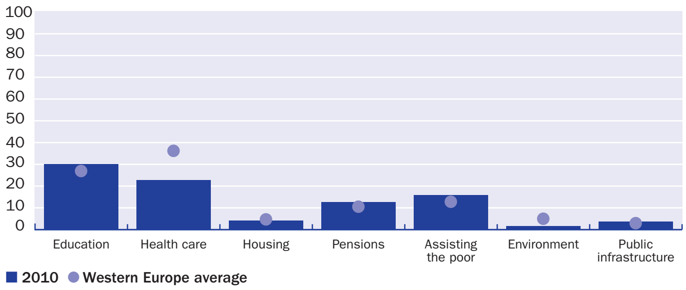
Belief in presence of minority rights protection at western levels

% of respondents who think the country has the basic democratic institutions



Government spending on education is biggest priority

% of people who think what should be the priority of extra government investment



Estonia

Key findings (%, weighted)

	Estonia	Average Transition region	Average Western Europe
Satisfied with life	54	43	72
Trust in others	47	34	42
Perceive less corruption than four years ago	21	21	9
Concerned about climate change	43	54	54
Support both market economy and democracy	31	34	42
Households affected by the crisis	50	49	31

Impact of the crisis

The global economic crisis has had a significant impact on Estonian households. While the overall effect in Estonia is comparable to the transition region average, certain sections of the population have been hit more severely than others. The crisis has especially affected people in the 40-59 age group and those in the lower-income bracket.

Life satisfaction

Life satisfaction has decreased but remains well above the transition region average. Just over one-half of Estonians seem satisfied with life, which is much higher than their Baltic neighbours. However, satisfaction has fallen across most age and income categories, particularly the younger generation and the lower-income bracket. This could reflect a perceived worsening of the socio-economic climate in the country, as only 15 per cent of respondents believe that the situation has improved since 2006.

Optimism in a better future for today's children has decreased but remains comparable to the transition region average. The level of optimism has fallen almost uniformly across age and income brackets and has registered a significant drop of almost 20 percentage points.

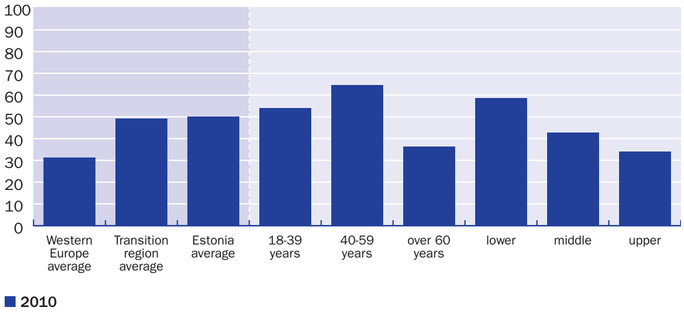
Attitudes towards democracy and market economy

About 30 per cent of respondents prefer a combination of democracy and a planned economy over other political and economic systems. This compares well with less than 10 per cent who would prefer, under some circumstances, an authoritarian regime and planned economy. As in most of the transition region, about 75 per cent would exchange some political liberties to live in a country with robust economic growth. Respondents differ in their assessments of their country's economic and political model: one-half think they live in a country with weak growth but full political liberties, while about one-third believe that the country has weak growth and also few liberties.

About one-third of respondents think that the country enjoys the basic democratic institutions, which compares well with the western European comparators. There is less confidence, however, in the protection of minority rights or the existence of impartial courts and a strong opposition.

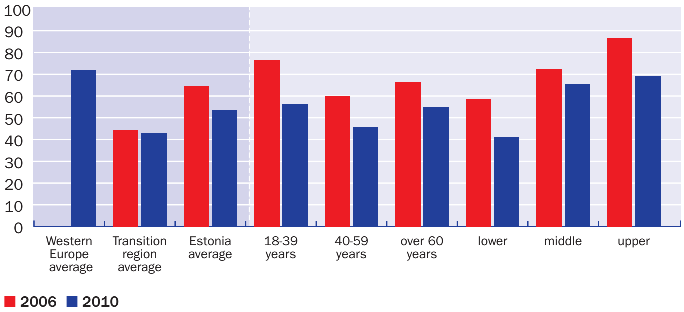
About one-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



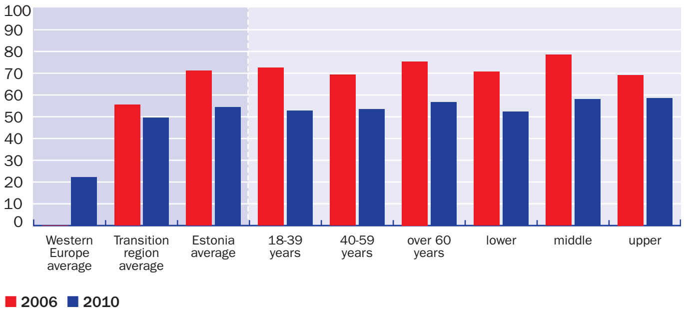
Life satisfaction is down across age and income since 2006

% of respondents who are satisfied with life, all things considered

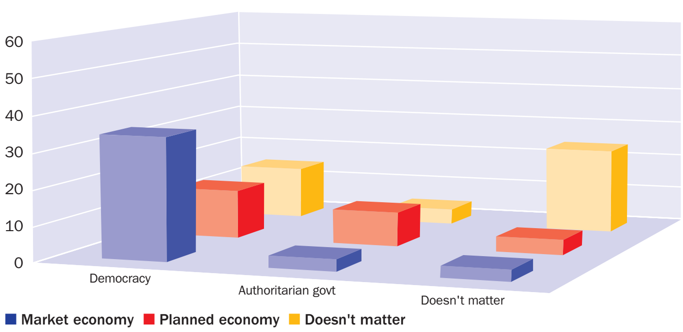


Optimism is lower by one-quarter since 2006

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of general trust has risen since 2006, with 48 per cent of respondents claiming to trust others. This remains well above the average for the transition region and is above western European comparator levels. In addition to trusting their families, Estonian respondents are much more likely than those in other transition countries to be trustful towards friends and acquaintances and those of other religions and nationalities.

Trust in public institutions is relatively high and comparable to western European comparator levels. It has remained stable since 2006 or even slightly increased. Respondents especially trust the armed forces and the police, but have low levels of trust in political parties.

Corruption perception

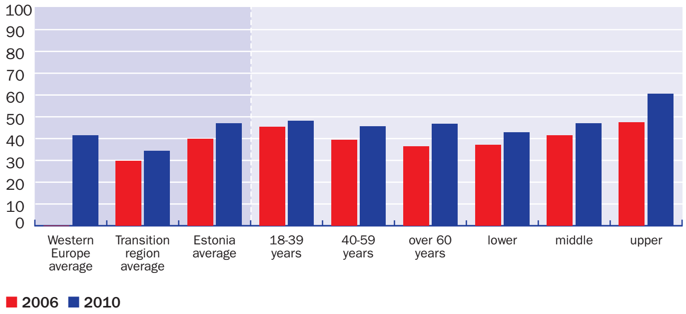
The level of perceived corruption is relatively low and has remained stable since 2006. In fact, the rate of corruption experience in Estonia is one the lowest in the transition region. It is not surprising that Estonia is a transition economy with the highest level of satisfaction with the quality and efficiency of public services. The rate of increase in satisfaction is also one of the highest in the region. About one-fifth of Estonians think that the level of corruption has fallen. Most do not approve when a public official asks for favours or gifts in return for a service. Less than two per cent of respondents report making unofficial payments when dealing with public authorities, which is comparable to western European comparator levels. However, as in most transition countries, perceived corruption in the public health system is more common than in the rest of the public sector.

Priorities for government spending

More than two-thirds of respondents think that extra government funds should be directed towards the education and public health systems. About one-fifth think that further spending should be targeted towards the poor, while some 80 per cent believe that the gap between rich and poor should be reduced. The priorities for government spending are very much in line with those expressed by survey respondents in western European countries.

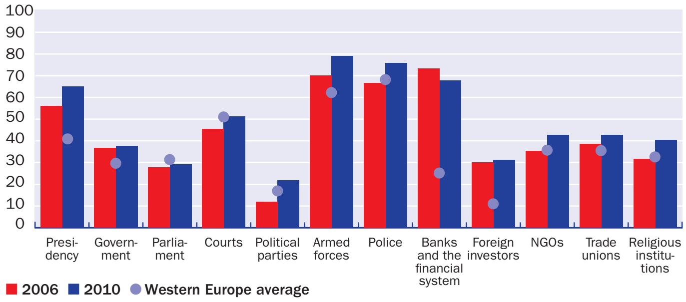
Level of generalised trust has slightly increased since 2006

% of people who think that, generally, people can be trusted



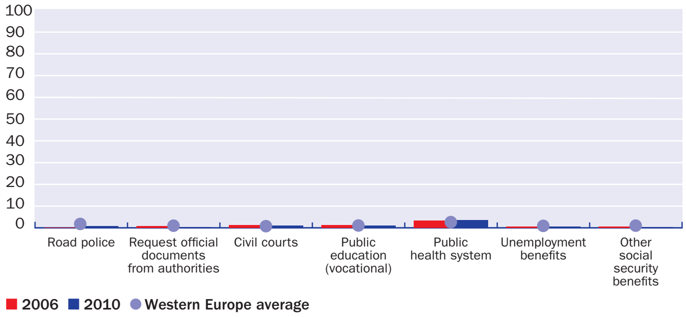
Trust in banks and the financial system remains high

% of respondents who have trust in institutions, by category



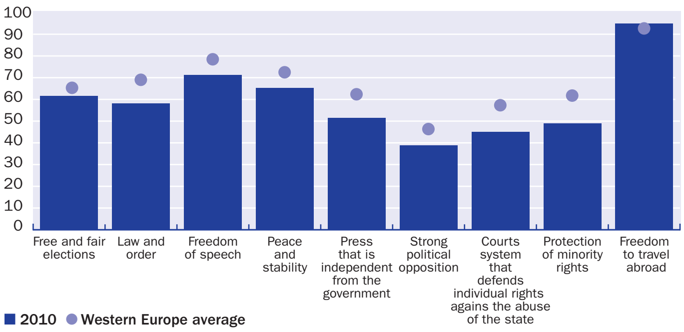
Irregular payments remain very low

% of respondents who believe that irregular payments are used, by category



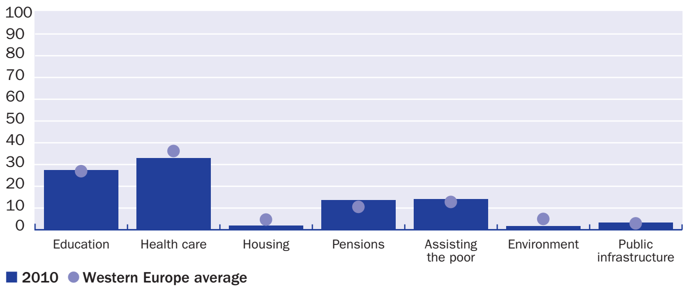
Strong belief in presence of most basic institutions

% of respondents who think the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the priority for extra government spending



FYR Macedonia

Key findings (%, weighted)

	FYR Macedonia	Average Transition region	Average Western Europe
Satisfied with life	33	43	72
Trust in others	21	34	42
Perceive less corruption than four years ago	25	21	9
Concerned about climate change	59	54	54
Support both market economy and democracy	33	34	42
Households affected by the crisis	57	49	31

Impact of the crisis

Nearly 60 per cent of households have been affected by the crisis. This is above the transition region average, even though the depth of the recession was lower than in most other countries. The impact has been smallest on older people, possibly because they have been less vulnerable to job losses. Upper-income households have also been less affected.

Life satisfaction

Satisfaction with life has risen over the last four years. There is a notable increase in the level of satisfaction among the over-60s and those on lower incomes, although the improvement among the latter category has been from a particularly low base. Overall, the percentage of satisfied people, at less than one-third, is still significantly below the transition region average.

There has been a significant rise in optimism since 2006. Nearly half of respondents think that their children will have a better life than themselves (up from around one-third in 2006), which is broadly comparable to the transition region average. The proportions do not vary much across age groups, but there is some variation by income level, with those at the upper end of the scale being the most optimistic.

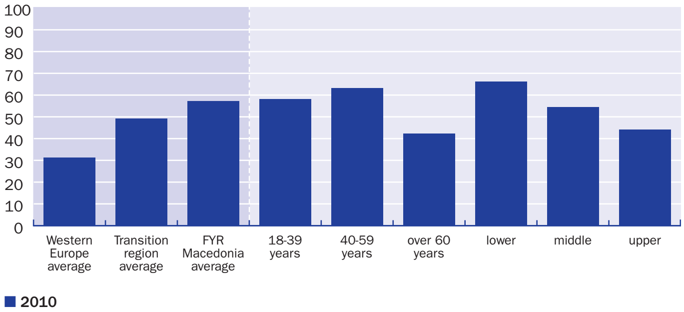
Attitudes towards democracy and market economy

A combination of democracy and a market economy is preferred to any other option. About one-third of respondents choose this socio-economic system over the alternatives, and there is little support for a return to authoritarianism or a planned economy. However, more than one-quarter express indifference to what type of system exists.

Few people believe that all of the important features of a stable democracy exist. Only about 20 per cent of respondents think that the country has law and order or a court system that defends individual rights against abuse by the state. Less than 30 per cent think that there are free and fair elections. However, about 50 per cent think that there is protection of minority rights, which is close to the average for western European comparators. In addition, about two-thirds of respondents feel that they have freedom to travel abroad.

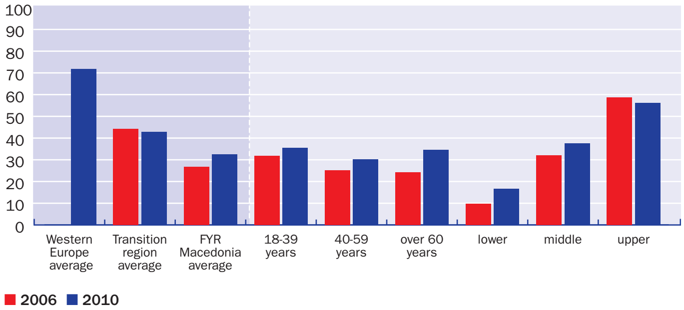
Over one-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



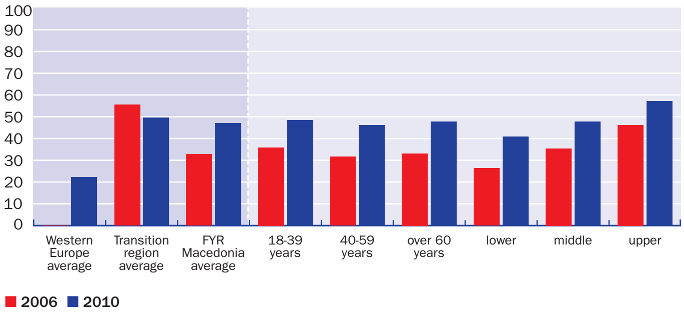
Strong dependence of life satisfaction on income

% of respondents who are satisfied with life, all things considered

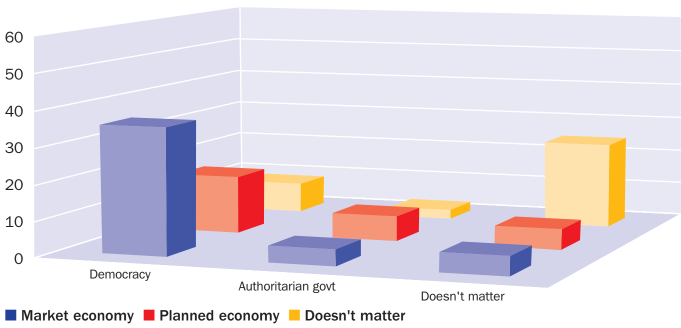


Optimism is significantly up since 2006

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of trust has risen, but remains among the lowest in the transition region. Only one-fifth of respondents think that people can be trusted. Younger people and those with higher than average incomes tend to be more trusting of others. The level of trust in a real-life situation is also rather low: just one-quarter of respondents said that they can expect to have their lost wallet returned.

Religious bodies, the police and the armed forces merit the highest level of trust among public institutions. Compared with 2006, there has been an increase in trust in financial institutions possibly reflecting the country's relative insulation from the global economic crisis. Trust in political parties and the courts is at a very low level and has dropped marginally in both cases since 2006. However, trust in both the parliament and trade unions is up compared with 2006.

Corruption perception

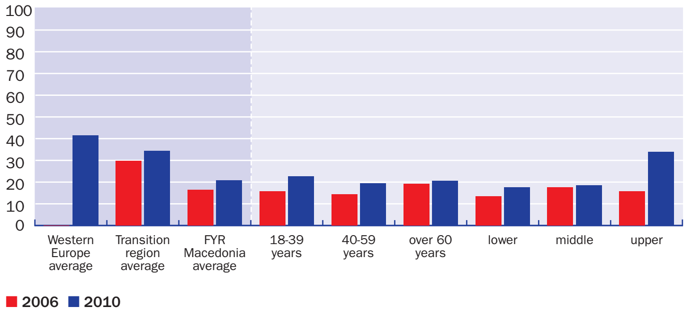
Perceived corruption has dropped significantly since 2006. In general, the country has a low level of corruption in many public institutions, especially in terms of interaction with the traffic police or when requesting official documents from the authorities. However, about 15 per cent of people say that they have resorted to irregular payments in the health care system. The actual experience of corruption is also quite low: in all sectors, apart from the health care and unemployment benefit system, fewer than 10 per cent of respondents admit to bribing. It is possible that networks substitute for bribery in public services. Over a half of respondents say that informal contacts are important in order to obtain official papers – close to the highest level in the surveyed countries. However, the overall level of satisfaction with public service delivery is now the third lowest in the region.

Priorities for government spending

Extra spending on health care is considered the biggest priority. This is closely followed by investment in education and helping the poor. Other options for extra spending, including pensions, attract little support.

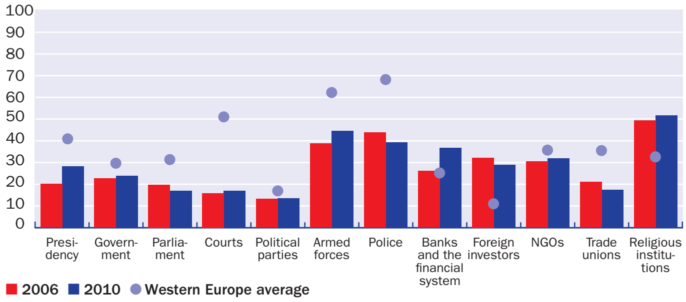
Trust remains low despite an increase since 2006

% of people who think that, generally, people can be trusted



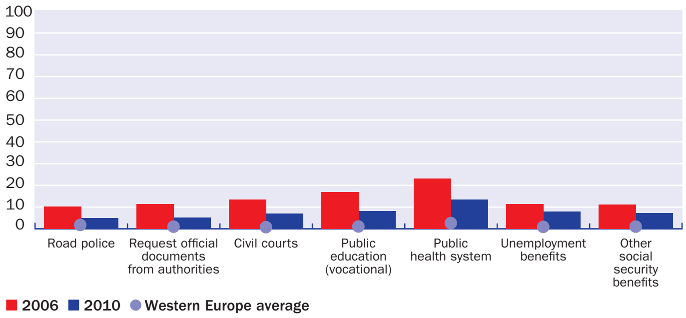
Trust in courts remains very low

% of respondents who have trust in institutions, by category



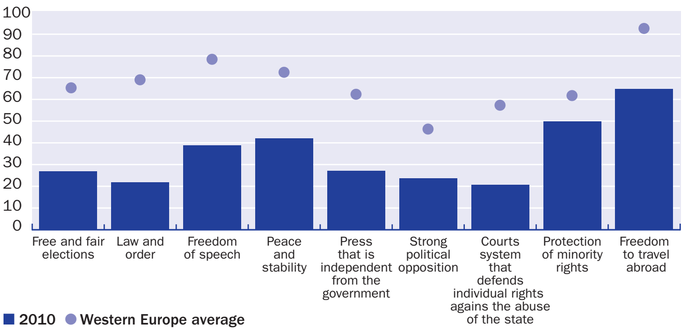
Irregular payments are down since 2006

% of respondents who believe that irregular payments are used, by category



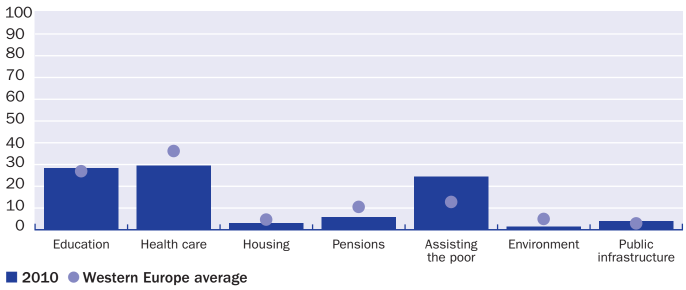
Limited belief in presence of certain basic institutions

% of respondents who think the country has the basic democratic institutions



Government spending on education and health care is a priority

% of respondents who think what should be the priority of extra government spending



Georgia

Key findings (%, weighted)

	Georgia	Average Transition region	Average Western Europe
Satisfied with life	25	43	72
Trust in others	29	34	42
Perceive less corruption than four years ago	78	21	9
Concerned about climate change	63	55	54
Support both market economy and democracy	38	34	42
Households affected by the crisis	54	49	31

Impact of the crisis

There has been a significant impact on well over one-half of households. The effects of the economic crisis have been felt much more among the younger sections of the population and the lower socio-economic groups. However, unlike in most other economies, job losses were a more widespread consequence of the economic crisis than wage reductions.

Life satisfaction

Only about one-quarter of respondents are satisfied with life which, despite a two percentage points rise since 2006, puts the country near the bottom in the transition region in this respect. Life satisfaction has increased slightly among the lower and upper socio-economic sections of the population, but has dropped by about five percentage points among middle-income respondents.

Optimism about the future is well above the transition region average. About three-fifths of respondents believe that children born today will have a better future than their parents. Older people, as well as the upper socio-economic bracket of the population, have become more optimistic since 2006.

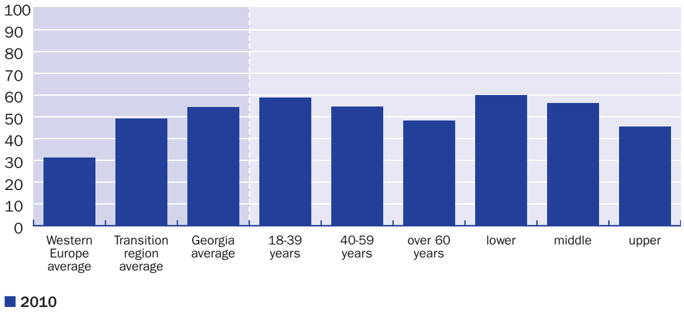
Attitudes towards democracy and market economy

More than one-third of respondents prefer the combination of a market economy and democracy. The proportion of people who support, under some circumstances, a planned economy with an authoritarian regime is significantly lower at less than 10 per cent. Any other political and economics combination is slightly less favoured.

People believe that some basic democratic institutions exist in their country, but significantly less than the western European comparator average. About one-half of respondents believe that the country has law and order, freedom of speech and peace and stability. However, a significant percentage does not think that there is a strong political opposition or a court system that protects individual liberties against the abuse by the state.

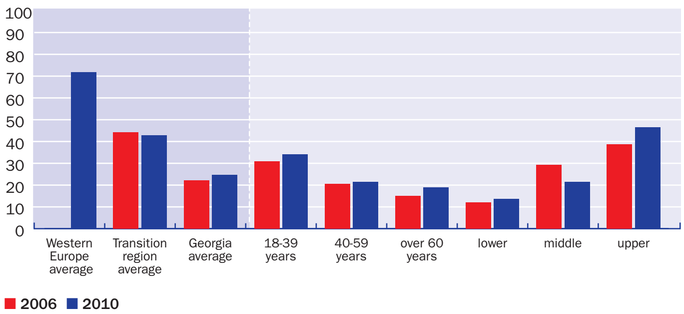
More than one-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



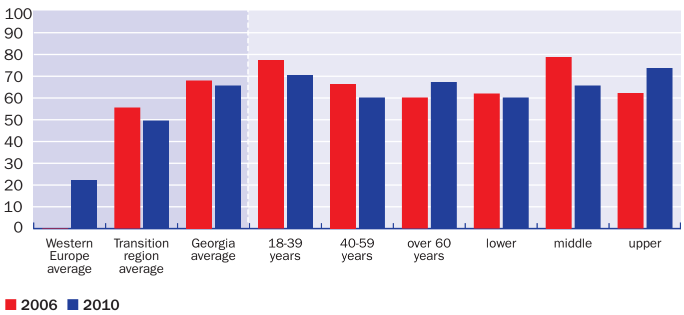
Life satisfaction is still one-half of transition region average

% of respondents who are satisfied with life, all things considered

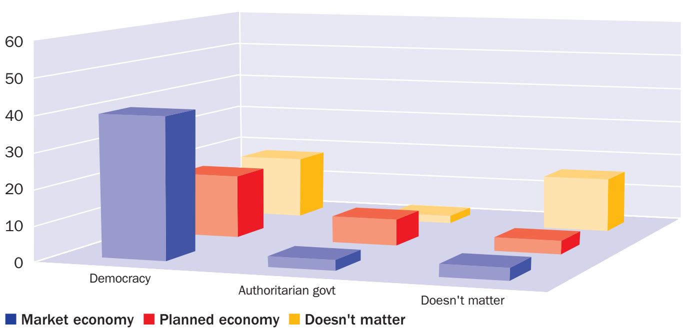


Optimism for the future remains high

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

People are more reluctant than before to trust others. Less than one-third of respondents think that people can generally be trusted, which represents a 15 percentage point fall since 2006. Despite this decline across all age and income categories, the level of trust is still comparable to the transition region average.

Trust in certain political institutions is strong. Well over one-half of respondents trust the presidency, the armed forces and the police. Trust in banks and financial institutions is also relatively high (and much higher than the western European comparator average) and has risen slightly since 2006.

Corruption perception

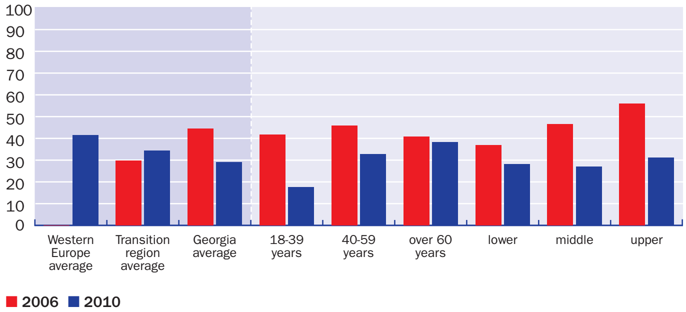
Unlike in the rest of the Caucasus, irregular payments are not widespread in Georgia. The recent dynamic of falling corruption is particularly pronounced – 78 per cent of Georgians agree that corruption has fallen in the last four years, which is the highest in all the surveyed countries. Respondents in Georgia are the least inclined in the transition region to believe that bribes are used in dealings with public sector institutions. Moreover, the corruption perception in Georgia is comparable to the western European comparator average. As in the other transition countries, the incidence of irregular payments remains more common in the public health sector, although even in this sector the prevalence of bribery is extremely low by regional standards.

Priorities for government spending

Extra government spending on health care is the main priority for about one-third of respondents. A significant percentage would also like to see extra expenditure to help the poor, as well as further investment in pensions and education. Over 15 per cent of Georgians are prepared to pay more tax in order to improve the public service they prioritise, which is the second highest level of such willingness among all surveyed economies.

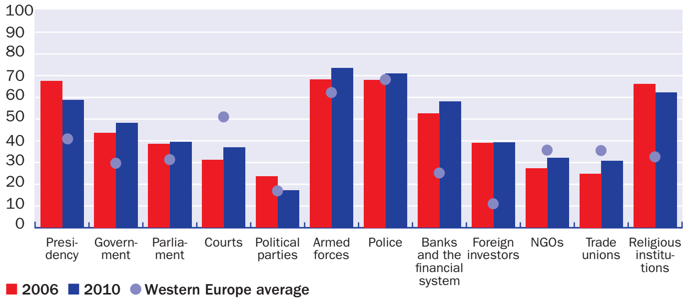
Level of trust is down by one-third since 2006

% of people who think that, generally, people can be trusted



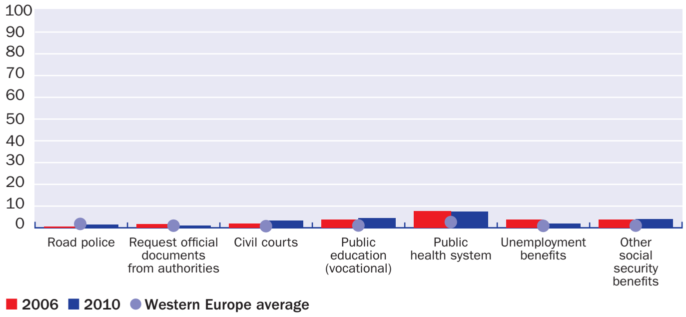
Trust in institutions is comparable to western European level

% of respondents who have trust in institutions, by category



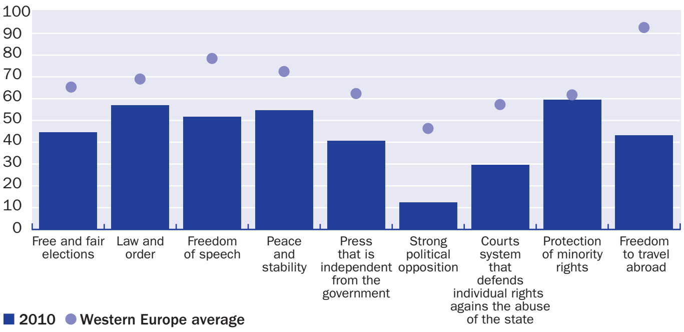
Irregular payments remain quite infrequent

% of respondents who believe that irregular payments are used, by category



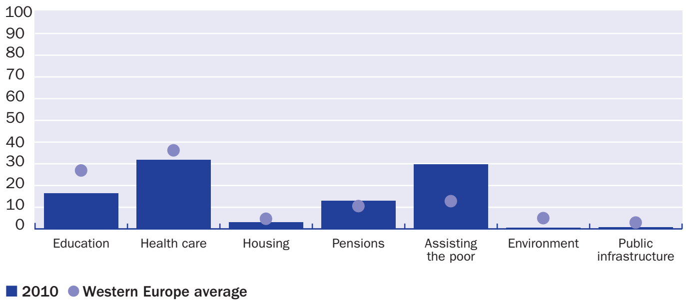
Little belief in presence of strong political opposition

% of respondents who think the country has the basic democratic institutions



Government spending on health care and helping the poor are biggest priority

% of respondents who think what should be the priority of extra government spending



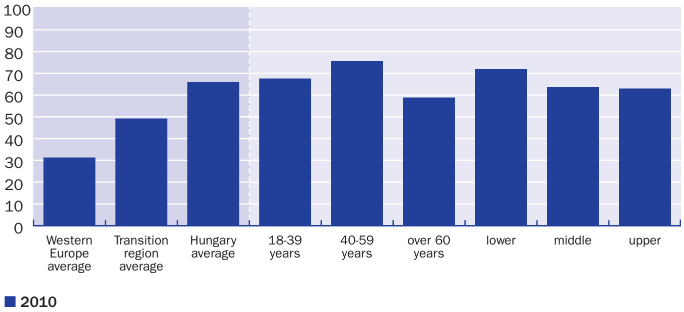
Hungary

Key findings (%, weighted)

	Hungary	Average Transition region	Average Western Europe
Satisfied with life	29	43	72
Trust in others	25	34	42
Perceive less corruption than four years ago	15	21	9
Concerned about climate change	62	54	54
Support both market economy and democracy	28	34	42
Households affected by the crisis	66	49	31

Two-thirds of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount

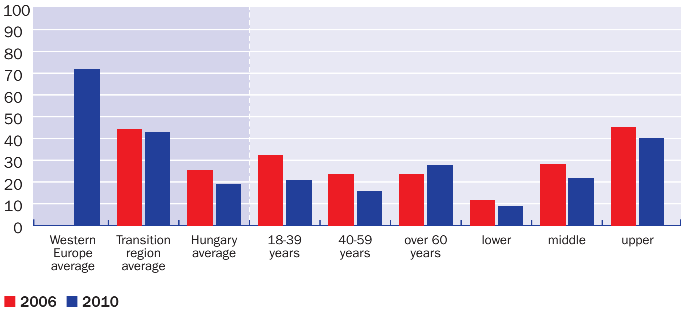


Impact of the crisis

Hungary has the third highest proportion of households to have been impacted by the crisis in the transition region. More than two-thirds have been affected adversely, which is almost 20 per cent more than the transition region average. The poorest sections of the population have been hit the hardest, as have middle-aged people and, to a lesser extent, the over-60s.

Life satisfaction is well below one-half of transition country average

% of respondents who are satisfied with life, all things considered



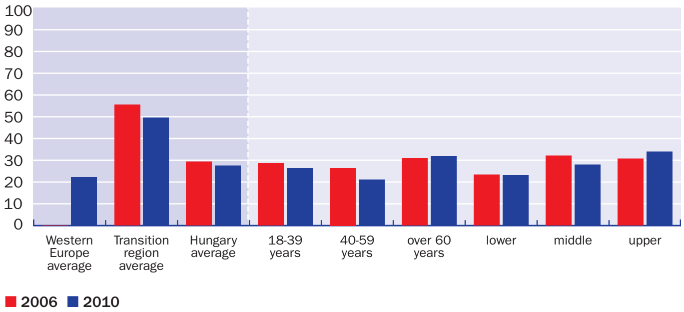
Life satisfaction

Life satisfaction in Hungary is among the lowest in the transition region. It has fallen seven percentage points (from an already low base in 2006) to 18 per cent, which is below one-half of the transition average. The youngest section of the population has seen the largest drop in satisfaction. There is a positive correlation between happiness and higher income, with just seven per cent of the poorest third of the population reporting satisfaction with their lives.

Optimism for the future remains very low at only just above one-half the transition region average. Hungary is among the small group of transition countries where people are not only dissatisfied with their own lives but do not believe that their children face a better future. Since 2006, optimism has declined among the middle class but risen in the richest third of the population.

Optimism is barely above one-half of transition region average

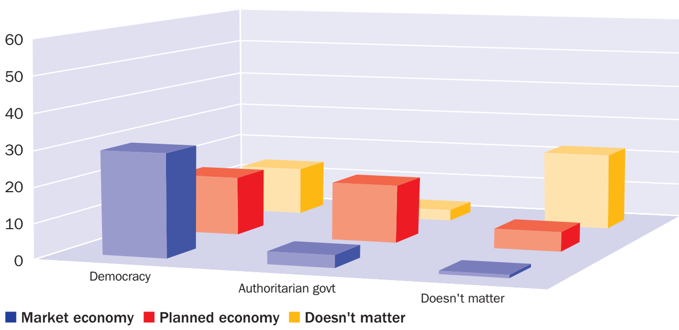
% of respondents who are optimistic about the future of the younger generation



Attitudes towards democracy and market economy

Hungarian support for a market economy is among the lowest in the transition region. Only 30 per cent of respondents unequivocally support a market economy, a decrease of seven percentage points since 2006. Attitudes towards democracy are more positive, with over one-half preferring it to any other political system. Yet even this figure is eight per cent lower than in 2006. Nevertheless, the combination of a market economy and democracy is still the most popular socio-economic option in Hungary, as in the most of the transition region.

Combination of democracy and market economy preferred to other options



Fewer people believe that Hungary has democratic institutions comparable to those in the western European comparator countries. The lag behind the western countries ranges from 14 percentage points for freedom to travel abroad to 30 percentage points for law and order and a court system that defends individual rights against abuse by the state. In addition, only 31 per cent of respondents believe that there is a strong political opposition in the country.

Generalised and institutional trust

The level of generalised trust is low at eight points below the transition region average. Trust has risen mainly among the upper-income group and least among the poorest since 2006, implying a strong correlation between wealth and trust. Trust in others has only decreased in the 40-59 age group.

Trust in most public institutions, with the exception of the government and parliament, has decreased significantly since 2006. In fact, trust in the government is five percentage points above the western European comparator average after nearly doubling since 2006. On the other hand, confidence in the police force has dropped by more than 20 per cent, while trust in banks has more than halved to 10 percentage points below the western comparator average (probably reflecting the economic crisis).

Corruption perception

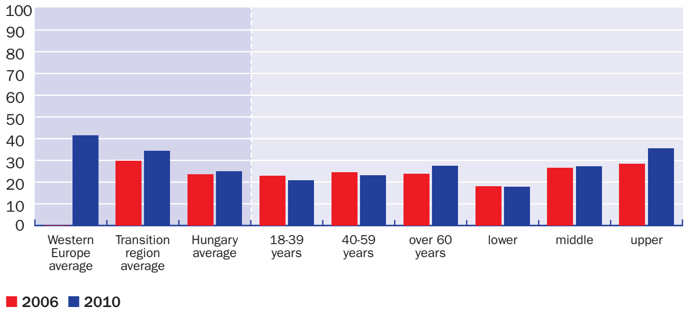
Over 40 per cent of Hungarians believe that irregular payments are common in the public health care system. This is a high figure relative to the western European comparator average of three per cent and an increase of 10 percentage points since 2006. The health care sector clearly stands out from other public services in this respect, since irregular payments to traffic police are considered the next most common incidence of bribery according to only 10 per cent of respondents.

Priorities for government spending

Hungarians list education as only the fourth most important government spending priority. This may be because they believe that their education system is already of a very high quality, but only 13 per cent think that it should receive additional funding as a priority, compared to 40 per cent favouring of health care, almost 20 per cent for pensions and nearly 15 per cent for helping the poor.

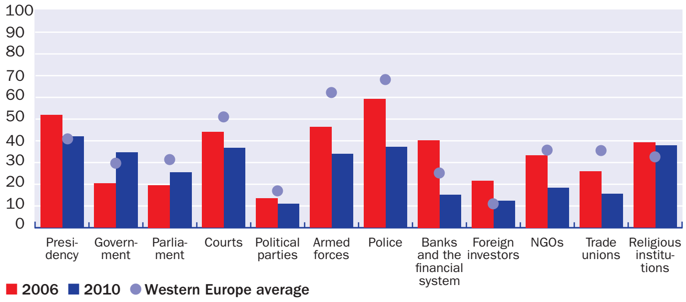
Trust is higher among the better-off

% of people who think that, generally, people can be trusted



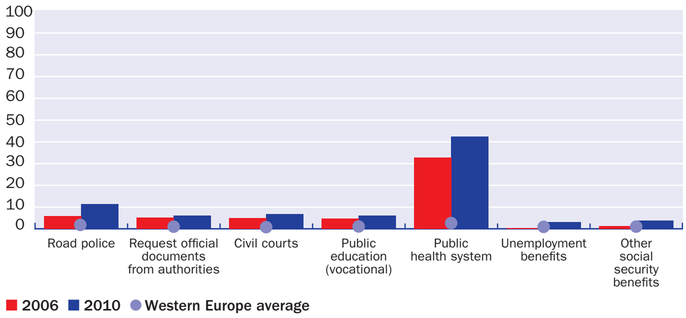
Trust in the police and banks sees the most dramatic drop

% of respondents who have trust in institutions, by category



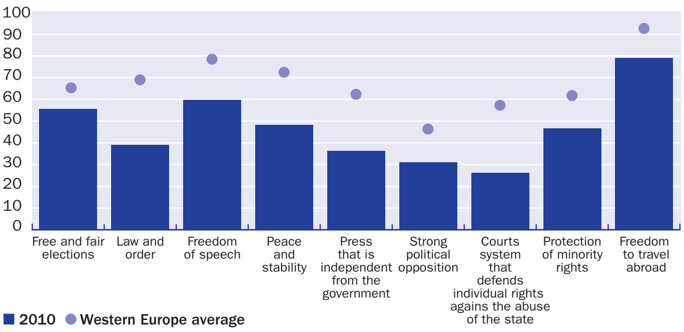
Very high irregular payment occurrence in public health care

% of respondents who believe that irregular payments are used, by category



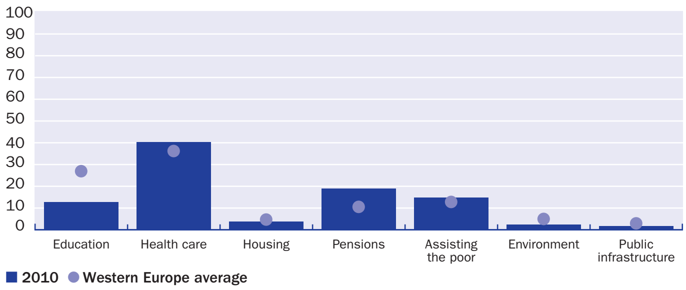
Strong courts, political opposition not present according to many

% of respondents who think the country has the basic democratic institutions



Unusually low preference for government spending on education

% of people who think what should be the main priority of extra government



Kazakhstan

Key findings (%, weighted)

	Kazakhstan	Average Transition region	Average Western Europe
Satisfied with life	52	43	72
Trust in others	57	34	42
Perceive less corruption than four years ago	23	21	9
Concerned about climate change	41	54	54
Support both market economy and democracy	34	34	42
Households affected by the crisis	33	49	31

Impact of the crisis

The crisis has spared most Kazakh households, with only 10 per cent reporting that they have been affected significantly. Two-thirds of respondents have been affected only slightly or not at all. The most common consequences of the crisis have been reduced or delayed wages and job losses. Many households report that they reduced consumption of both staples and luxury goods, but around one-fifth delayed paying utility bills which might be indicative of greater hardship.

Life satisfaction

Satisfaction with life has dropped slightly for middle-income households and people under 60. Kazakhstan nevertheless retains one of the higher satisfaction levels in the transition region. Despite slowing growth rates, the economy has not suffered a contraction over the past decade due to high oil prices. Over one-half of respondents believe that the economic and political situation in the country has improved since 2006, and 30 per cent say that the performance of local administration is also better.

Almost two-thirds of surveyed respondents are optimistic about the future of the younger generation. While the belief in a better future for the younger generation has declined somewhat since 2006, it remains much higher than the average for the transition region. The younger generations and people in middle-income groups have the highest level of optimism.

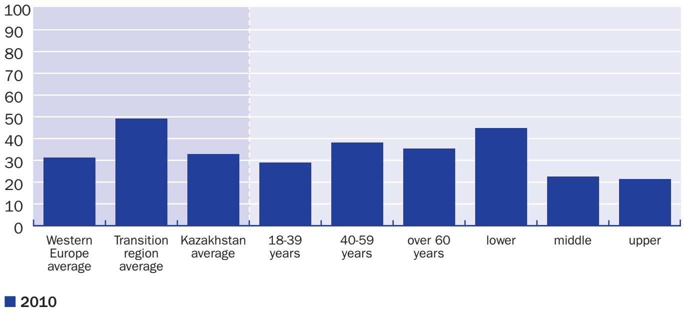
Attitudes towards democracy and market economy

Although most people prefer democracy to other forms of government, about one-fifth of respondents say that an authoritarian system may be better under some circumstances. Around one-third of those surveyed prefer a planned economic system under some circumstances, indicating some scepticism toward market reforms. This is roughly the average for the transition region as a whole.

Yet, there is only a moderate belief in the existence of some basic institutions in the country. One-half of respondents believe that that there are free and fair elections, law and order, an independent press and freedom of speech in their country and over 80 per cent agree that there is peace and stability; 27 per cent say that regional and local administration leaders should be appointed rather than elected.

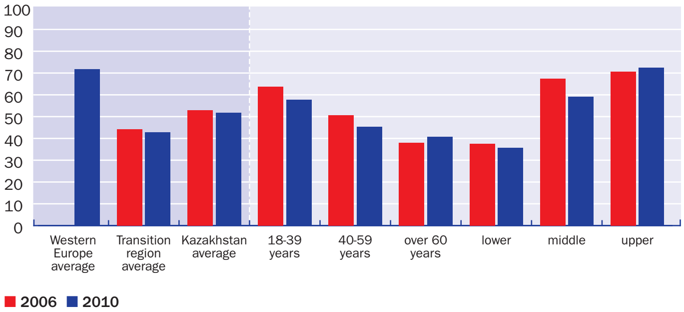
Only one-third of households has been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



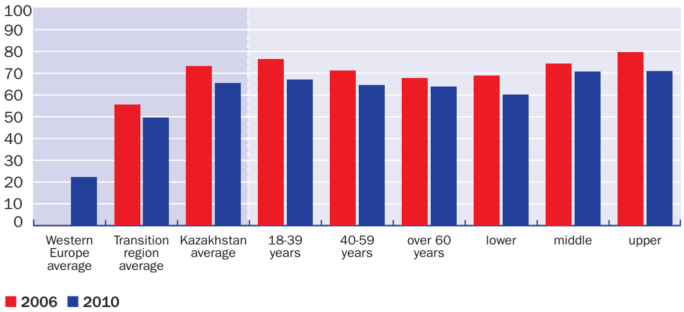
Life satisfaction is decreasing with age

% of respondents who are satisfied with life, all things considered

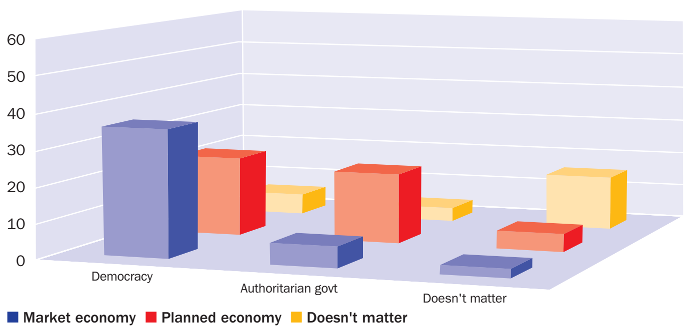


Optimism remains well above transition region average

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

Trust in others is high and has increased. Over one-half of households report some, or complete, trust in others. Levels of generalised trust have particularly increased among the middle-aged population groups as well as among the lower and upper income segments of the population.

Trust in most public institutions has fallen slightly, but confidence in the presidency – registered by almost 80 per cent of respondents – remains extremely high compared to other transition countries. Most indicators of in-group trust in the survey are in line with transition region averages: for example, around two-thirds of respondents say that they would turn to their relatives when in need.

Corruption perception

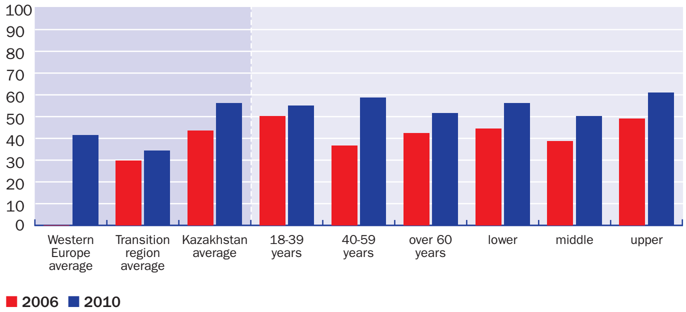
A slight increase in reported bribery since 2006 reflects rises in police, civil court and public health service corruption. About 62 per cent of respondents report bribing the police in the last year (half of whom were either asked to pay or were expected to pay). Two-fifths of respondents report dissatisfaction with the quality and efficiency of the police service and similarly think that bribery is common in public health care administration. Almost 40 per cent of respondents complain about long waiting times in hospitals, and 10 per cent claim that the most important factor for succeeding in life is political connections.

Priorities for government spending

Public health care is considered the biggest priority for government spending, reflecting respondents' concerns over long waiting times and corruption. However, only one-half of respondents would be prepared to pay more in taxes to improve the health care system. The disabled, the elderly and families with children have been identified as the most deserving groups for government support. Two-fifths of respondents think that injustice in society has led to more people needing support from the government. Despite low concern for climate change in comparison to other countries in the transition region, 30 per cent of respondents say that they would give up more of their income to tackle the problem.

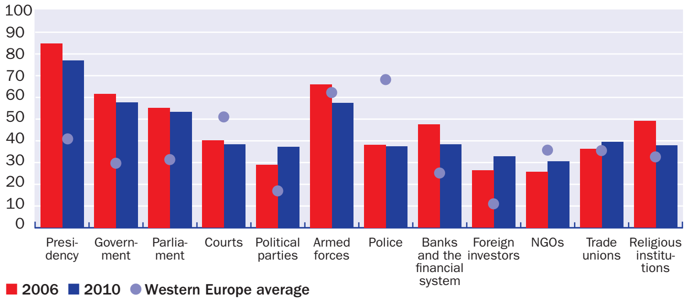
Trust is two-thirds above transition region average

% of people who think that, generally, people can be trusted



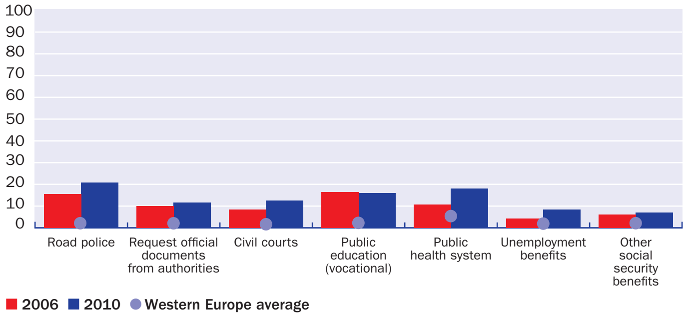
Trust in the presidency, the government and the parliament remains very high

% of respondents who have trust in institutions, by category



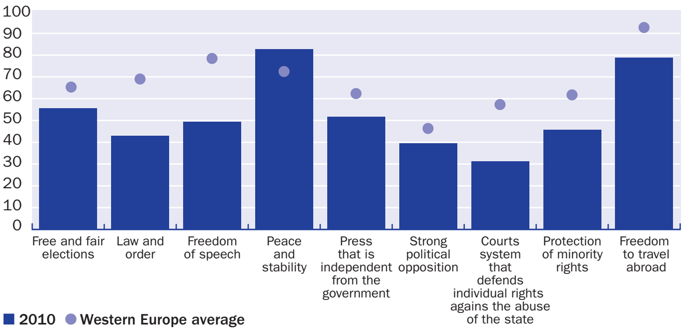
Irregular payments have somewhat increased since 2006

% of respondents who believe that irregular payments are used, by category



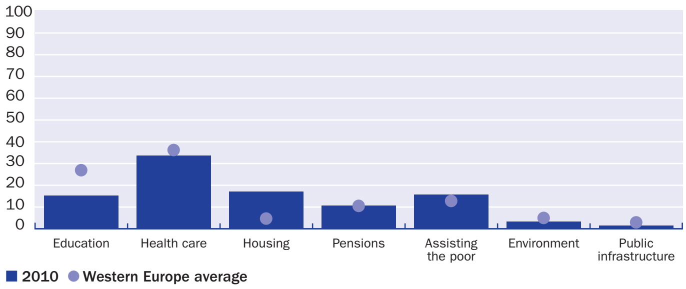
Strong belief in presence of peace and stability

% of respondents who think the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the direction of extra government spending



Kyrgyz Republic

Key findings (%, weighted)

	Kyrgyz Republic	Average Transition region	Average Western Europe
Satisfied with life	50	43	72
Trust in others	26	34	42
Perceive less corruption than four years ago	6	21	9
Concerned about climate change	41	54	54
Support both market economy and democracy	34	34	42
Households affected by the crisis	28	49	31

Impact of the crisis

Less than half of Kyrgyz say that the crisis has not affected them at all. Around 45 per cent of households say that reduced remittances and wages have been the dominant consequences. This may reflect the fact that the economic downturn in Russia, which hosts many Kyrgyz migrant workers, exacerbated the impact on households in the Kyrgyz Republic. The vast majority of households have cut down their consumption of staple and luxury goods in the past two years.

Life satisfaction

Levels of life satisfaction are higher than the transition average, although they have dropped since 2006. About two-fifths of Kyrgyz respondents do not think that they have fared better in life than their parents, but about the same proportion think that their household lives better today than in 2006. Only one-third is satisfied with their jobs and less than 40 per cent feel financially secure. Four-fifths of respondents do not think that the economic or political situation has improved in recent years.

While the belief in a better future of the younger generation is comparable to the transition region average, it has significantly dropped since 2006. This belief is particularly pronounced among the younger generation and those in the middle and upper income segments of the Kyrgyz population.

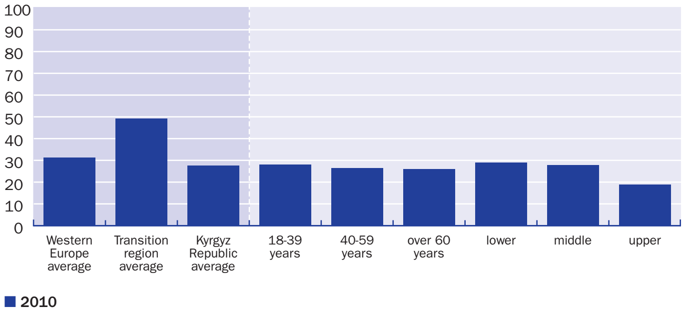
Attitudes towards democracy and market economy

Although one-third of respondents prefer democracy and a market economy, around 25 per cent would rather live, under some circumstances, in an authoritarian system and planned economy. Only 60 per cent believe that elections are necessary to choose political leaders – among the lowest support for elections in the transition region. Just one-fifth say that they would prefer a country with more political liberties and lower economic growth to a country with higher growth and fewer liberties.

Respondents are sceptical about the existence of basic democratic institutions. A majority of respondents do not think that their country has free and fair elections or law and order. However, few are apathetic about the style of government and most believe that its form will affect them: one-fifth believe that citizens should be more active in questioning the actions of the authorities.

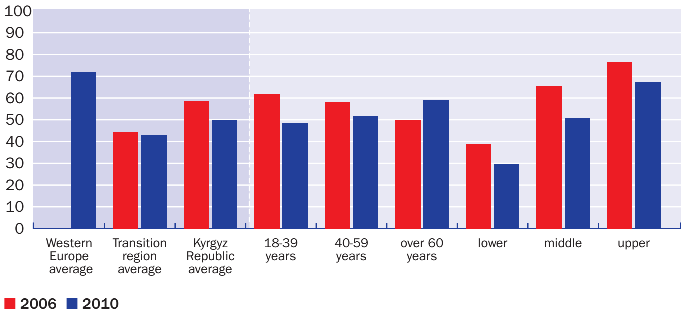
Over one-quarter of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



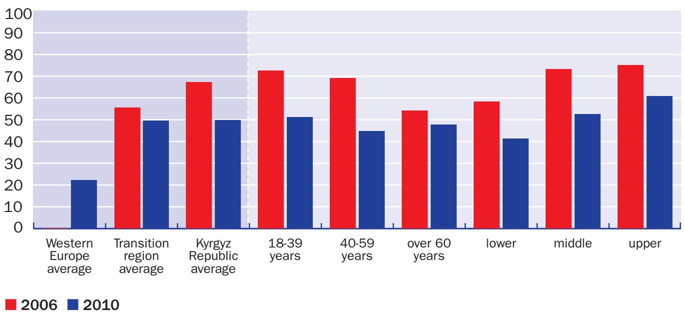
Life satisfaction is strongly related to income

% of respondents who are satisfied with life, all things considered

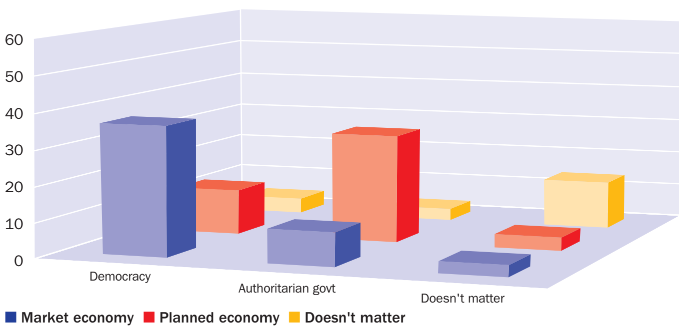


Optimism is down since 2006 to transition region average

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of generalised trust has seen a small increase among lower- and middle-income households. While the average trust in people has slightly decreased since 2006, it remains well below the average for the entire transition region. In addition to middle- and upper-income segments of the population, older people seem to have more generalised trust.

However, trust in governmental institutions has collapsed since 2006. The Kyrgyz Republic now ranks in the bottom 10 of transition countries for trust in the presidency and government. This may be a consequence of violent riots in the capital, which brought down the government in April 2010 and were followed by ethnic unrest in the south of the country. On the other hand, over 95 per cent of respondents have complete trust in the family, although two-thirds say that they would not trust people who they meet for the first time.

Corruption perception

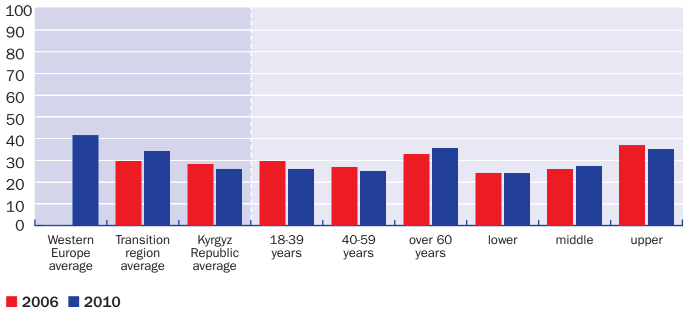
Levels of bribery have doubled across all sectors in the last four years. The perception of corruption in the country is among the worst in the transition region. A majority of households report that they are dissatisfied with the service that they receive from traffic police and bureaucratic officials. In most instances, respondents were asked for payment or knew that this was expected of them. Corruption is also endemic in the health care sector and in public education, although few households have ever filed a complaint.

Priorities for government spending

The preferences of Kyrgyz households for government spending generally coincide with those in western European comparator countries. There is slightly lower support for health care provision and more for helping the poor. Only two-fifths of households are prepared to give up more of their income in order to improve health care or education, which would appear to reflect concerns about corruption. At the same time, around 30 per cent of respondents say that those in need find themselves in their predicament because of laziness and lack of willpower.

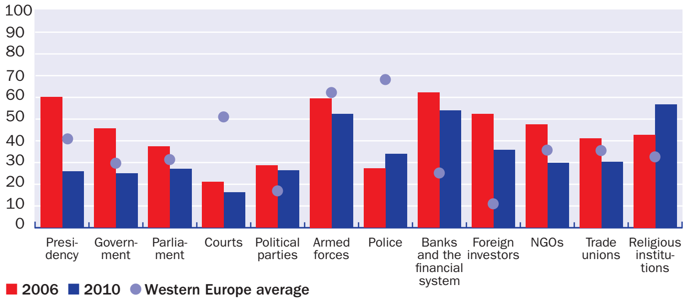
Trust level remains highest among older people

% of people who think that, generally, people can be trusted



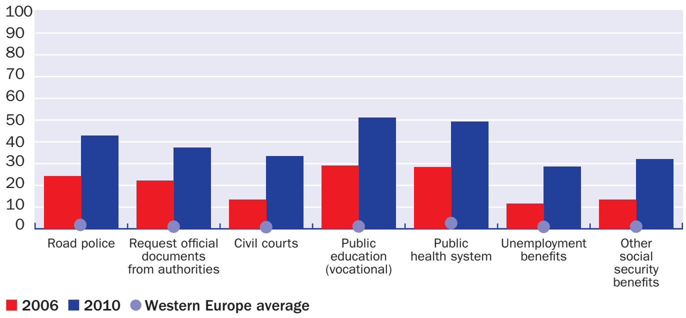
Trust in the presidency and government are sharply down since 2006

% of respondents who have trust in institutions, by category



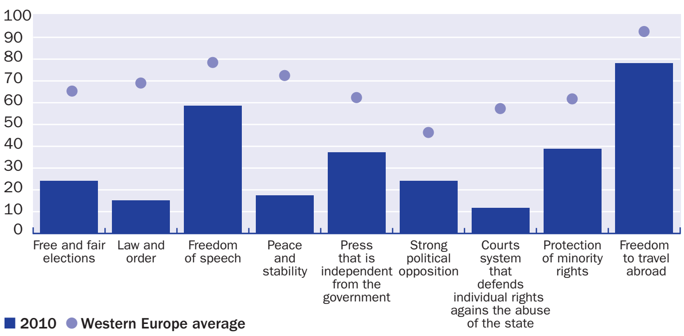
Irregular payments have doubled in some areas since 2006

% of respondents who believe that irregular payments are used, by category



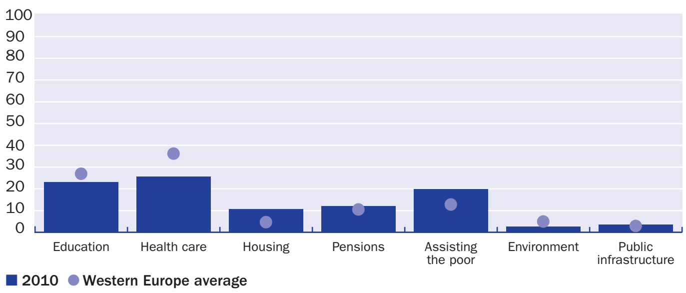
Limited belief in presence of certain basic institutions

% of respondents who think the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the prirority of extra government spending



Life in Transition
Latvia

Key findings (%, weighted)

	Latvia	Average Transition region	Average Western Europe
Satisfied with life	38	43	72
Trust in others	27	34	42
Perceive less corruption than four years ago	8	21	9
Concerned about climate change	47	54	54
Support both market economy and democracy	14	34	42
Households affected by the crisis	56	49	31

Impact of the crisis

Almost 60 per cent of respondents report that their households have suffered during the economic crisis. While this is relatively comparable with the regional average, it underlines the negative impact on the livelihoods of many Latvians. Moreover, less than 10 per cent of respondents think that the economic and political climate has improved since 2006.

Life satisfaction

Life satisfaction has declined in Latvia over the last four years, ranking the country 16th in this respect among the transition countries. Life satisfaction levels have dropped almost uniformly across age and income brackets. However, certain age ranges (people aged 18-59) as well as middle- and upper-income groups have experienced more significant decreases.

While the level of optimism has dropped since 2006, it remains comparable to the transition region average and is well above the average for the western European comparator countries included in the survey. Optimism about the future of the younger generation has fallen by 20 percentage points and has almost uniformly decreased among different age and income groups.

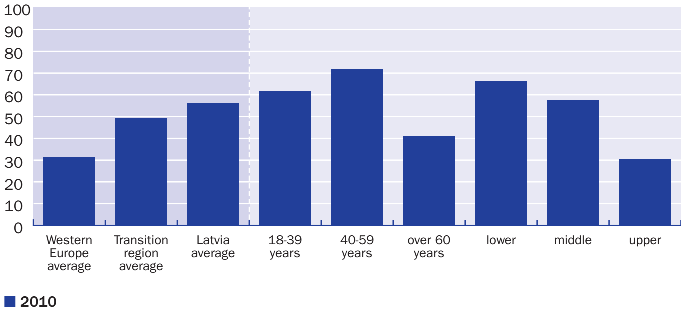
Attitudes towards democracy and market economy

Only about 15 per cent of respondents prefer a combination of democracy and a market economy. The economic crisis has had a negative impact on people's attitudes towards democracy and market economics, with the result that about 20 per cent of respondents think that, under certain circumstances, a combination of authoritarian government and a planned economy would be acceptable. As in most of the transition region, respondents prefer to live in a country with robust economic growth but fewer political liberties. However, they differ in their assessments of their country's socio-economic model: 50 per cent consider that they live in a country with full political liberties and weak economic growth, but almost all of the other half think that there are few liberties and weak growth.

The economic crisis has had an impact on the overall belief in the basic democratic institutions. Almost 90 per cent of Latvians think that they have full freedom to travel. However, most respondents do not believe that their country has got the basic democratic institutions. For example, only 20 per cent consider that there is a strong political opposition or that the court system can protect individual rights against abuse by the state.

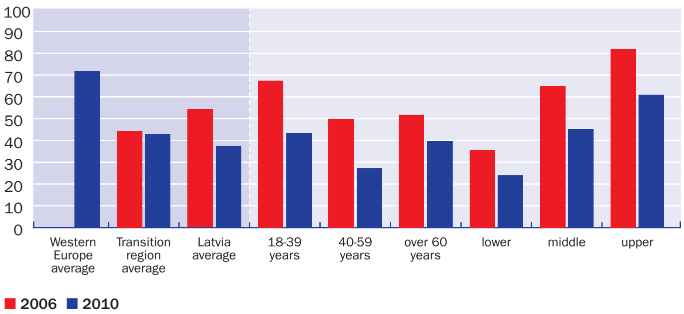
Almost three-fifths of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



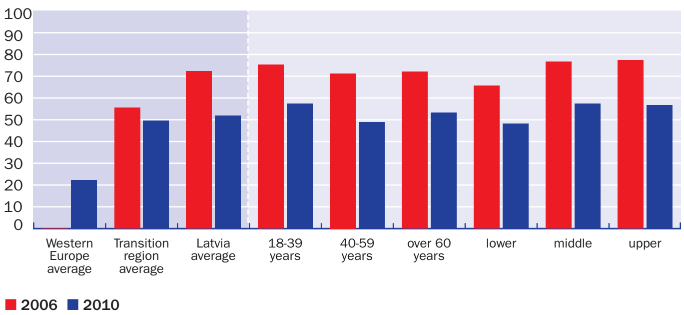
Life satisfaction is down to below transition region average

% of respondents who are satisfied with life, all things considered

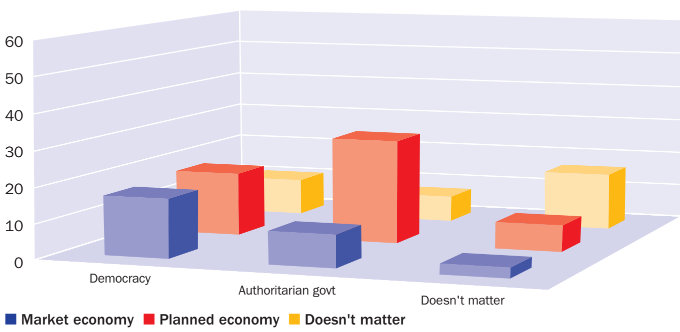


Optimism has dropped across age and income since 2006

% of respondents who are optimistic about the future of the younger generation



Only 13 per cent of respondents prefer democracy and market economy



Generalised and institutional trust

Generalised trust has fallen since 2006 in Latvia. About one-quarter of respondents think that people can be trusted, which is significantly lower than the transition region average. While the level of trust has dropped, especially among the older generation and people in the lower-income bracket, it has increased markedly among people in the upper-income group. The level of trust towards those from different religions and nationalities is moderate, but Latvians tend to be wary of people whom they meet for the first time.

Trust in public institutions is relatively higher than generalised trust, although it varies across institutions. Trust in the presidency, parliament and political parties (which was low to begin with) has fallen further, while trust in banks and financial institutions has fallen by as many as 30 percentage points.

Corruption perception

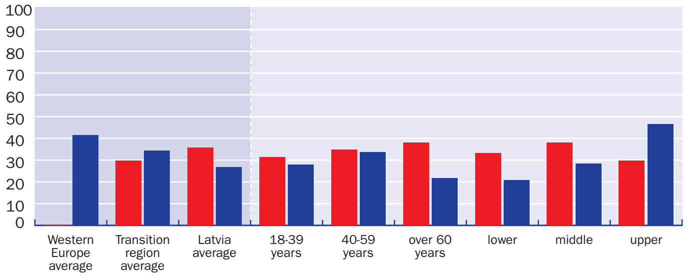
The level of perceived corruption is low and has been falling. Less than 5 per cent of respondents report making unofficial payments when dealing with the traffic police, civil courts, public education authorities or when applying for unemployment benefits. As in the rest of the transition region, corruption in the public health sector is endemic, although the incidence of unofficial payments has decreased since 2006.

Priorities for government spending

Respondents in Latvia put a priority on extra government spending on education and health care. Most would prefer extra government spending on health care well above levels sought in most western European comparators. In addition, spending on education, pensions and helping the poor is also favoured by a significant percentage of the population; 84 per cent of respondents think that the gap between rich and poor should be reduced.

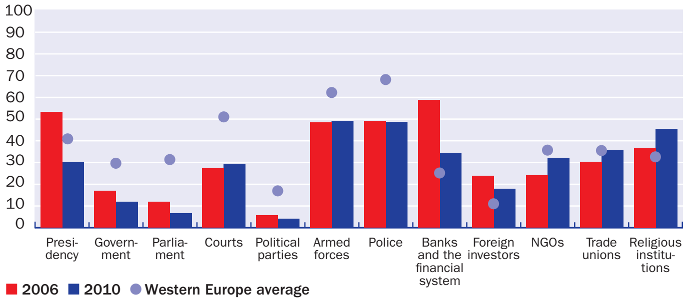
Level of generalised trust has fallen since 2006

% of people who think that, generally, people can be trusted



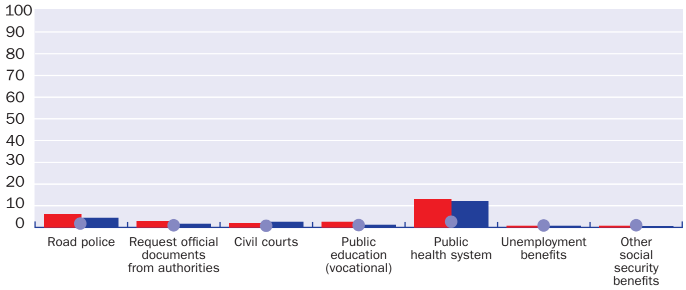
Trust in the presidency and banks down by almost one-half

% of respondents who have trust in institutions, by category



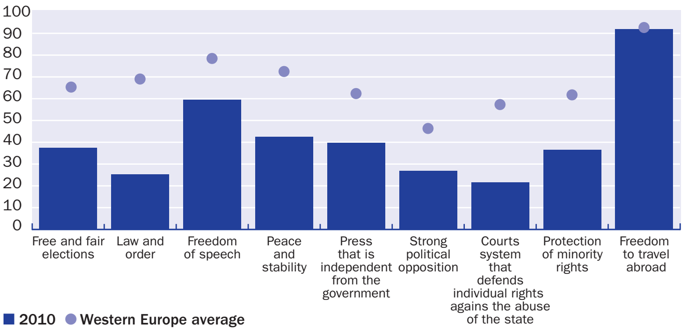
Irregular payments have remained relatively infrequent

% of respondents who believe that irregular payments are used, by category



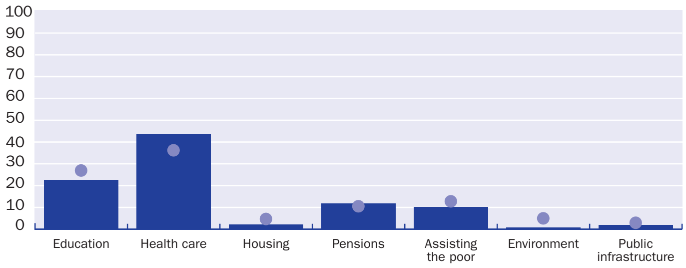
Limited belief in presence of certain basic institutions

% of respondents who think the country has basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the priority of extra government investment



Lithuania

Key findings (%, weighted)

	Lithuania	Average Transition region	Average Western Europe
Satisfied with life	34	43	72
Trust in others	24	34	42
Perceive less corruption than four years ago	7	21	9
Concerned about climate change	60	54	54
Support both market economy and democracy	27	34	42
Households affected by the crisis	52	49	31

Impact of the crisis

The economic crisis has had a significant impact on the livelihoods of many Lithuanians. About one-half of households have been affected adversely, which is comparable to the transition region average. People in the lower-income brackets have been hit much more severely compared to the rest of the population. In addition, the impact has been more pronounced among the middle-aged.

Life satisfaction

Life satisfaction in Lithuania has dropped by 10 percentage points and fallen below the average for the transition region. All age and income brackets have registered a significant decline in satisfaction, especially the younger generation (aged 18-34) and the upper-income bracket of the population. This dissatisfaction may be a result of a deteriorating economic climate in the country. Lithuania is among three transition countries whose people least agree that the political and economic situation has improved over the last four years.

Optimism in a better future for the younger generation has also dropped by 20 percentage points, but remains above the average transition region score. Optimism has fallen almost uniformly across age and income brackets, but most dramatically among middle-aged people and those in the lower-income bracket.

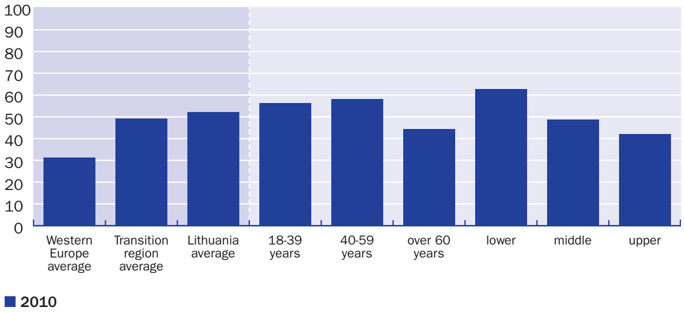
Attitudes towards democracy and market economy

About 27 per cent of respondents prefer a combination of democracy and a market economy over other political and economic systems. This is well above the percentage who prefer a combination of authoritarian government and a planned economy under some circumstances. As in the rest of the transition region, the vast majority of respondents (more than 90 per cent) would forego some political liberties to live in a country with robust economic growth. About one-half think that they live in a country with full political rights but weak growth.

Belief in the existence of basic democratic institutions is moderate, but well below the average in western European comparator countries. About one-half of Lithuanian respondents agree that the country has basic democratic institutions such as freedom of speech, peace and stability and an independent press. Most also think that there is freedom to travel abroad. However, only a small percentage believe that the country has a strong opposition or a court system that defends the right of the individual against abuse by the state.

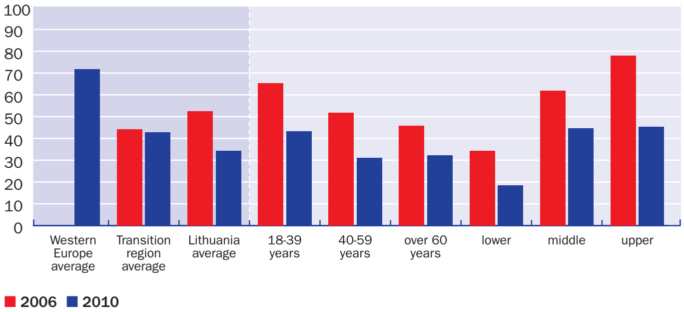
One-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



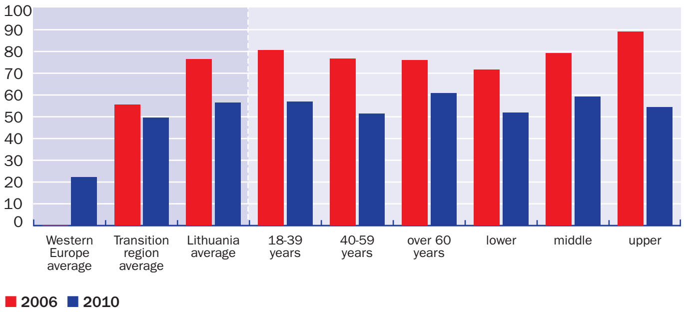
Life satisfaction is down to below transition region average

% of respondents who are satisfied with life, all things considered

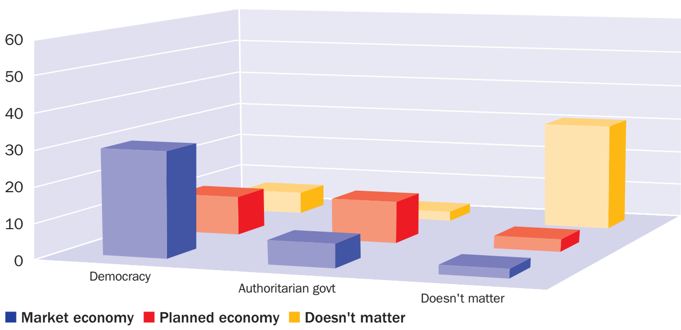


Optimism is significantly lower across age and income

% of respondents who are optimistic about the future of the younger generation



27 per cent of respondents prefer democracy and market economy



Generalised and institutional trust

People are reluctant to trust others. Generalised trust has decreased by more than five percentage points and is much lower than the transition average. Lithuanians are much more distrustful compared to their Baltic neighbours, and especially so towards people who they meet for the first time and those of different religions and nationalities.

Trust in public institutions is also relatively low and has decreased since 2006. While the level of trust in certain institutions – such as the presidency, banks and the financial system and foreign investors – is higher than the average for the western comparators, confidence in the government, parliament and the court system is very low and well below the western European average. The impact of the economic crisis has also led to a significant decline in trust in banks and the financial system.

Corruption perception

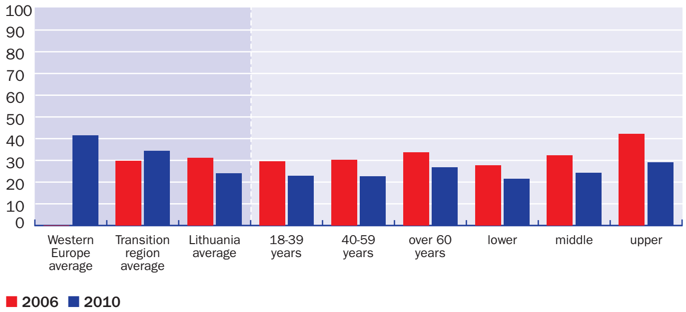
The level of perceived corruption is relatively low, but higher than the average for the western European comparators. Less than five per cent of respondents have reported making irregular payments when dealing with institutions such as the traffic police, civil courts, public education authorities or when applying for social security benefits. As in the rest of the transition region, the level of perceived corruption in much higher in the public health sector.

Priorities for government spending

About 40 per cent of respondents would prefer extra government spending on public health care. This is much higher than the percentage who would prefer more spending on education, pensions or helping the poor. Lithuanians' spending priorities closely match those in western European countries.

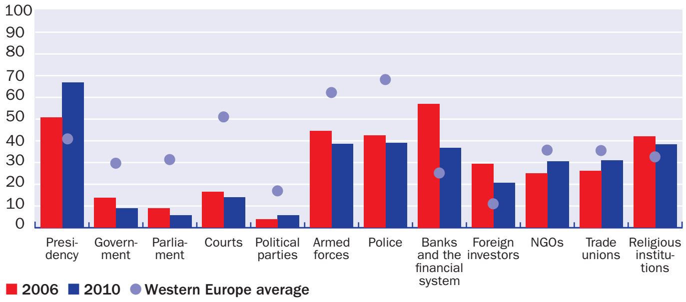
Level of generalised trust has decreased since 2006

% of people who think that, generally, people can be trusted



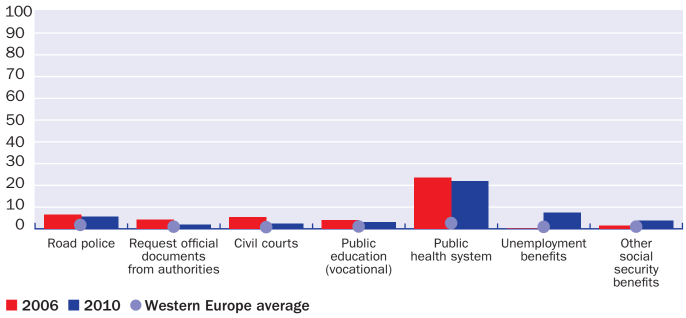
Only trust in the presidency is significantly up since 2006

% of respondents who have trust in institutions, by category



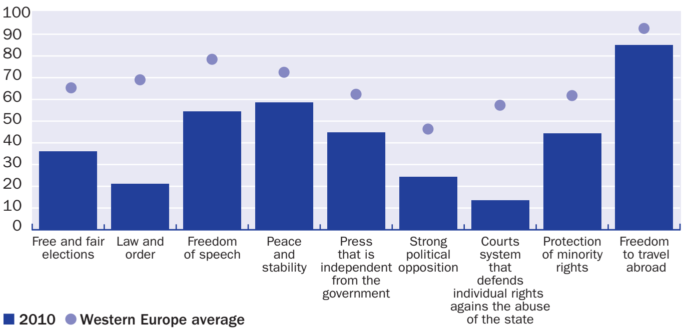
Irregular payments in the health system remain relatively high

% of respondents who believe that irregular payments are used, by category



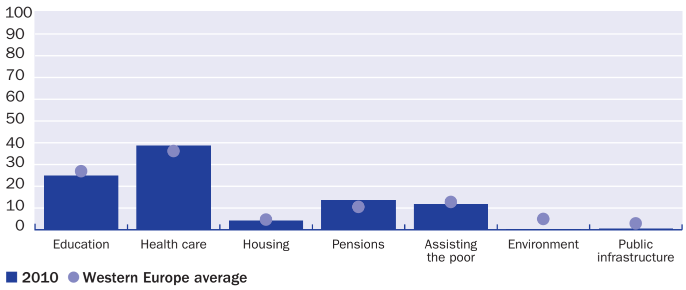
Limited belief in presence of certain basic institutions

% of respondents who think the country has basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the priority of extra government spending



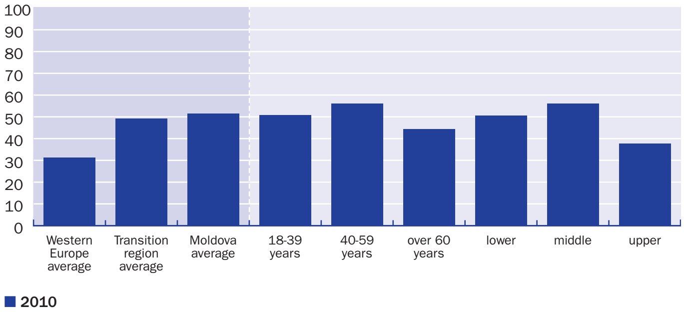
Life in Transition
Moldova

Key findings (%, weighted)

	Moldova	Average Transition region	Average Western Europe
Satisfied with life	30	43	72
Trust in others	41	34	42
Perceive less corruption than four years ago	13	21	9
Concerned about climate change	81	54	54
Support both market economy and democracy	52	34	42
Households affected by the crisis	51	49	31

About one-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount

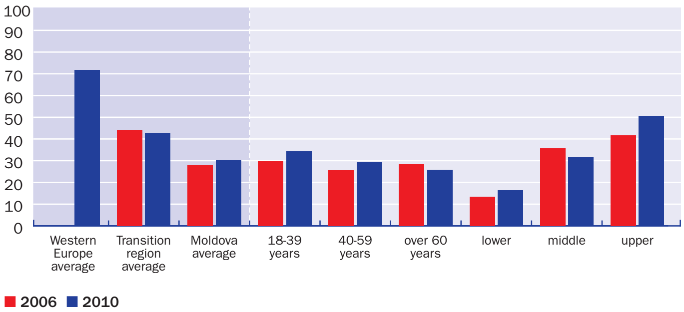


Impact of the crisis

The extent of the impact of the economic crisis on households is comparable to the transition region average. About one-half of respondents report that their households have been hit by the crisis. The crisis impact has been most significant for the middle-aged and middle-income sections of the population. In absolute terms, the impact of the crisis on the poorest households in Moldova has been one of the strongest in the transition region.

Life satisfaction remains well below transition region average

% of respondents who are satisfied with life, all things considered



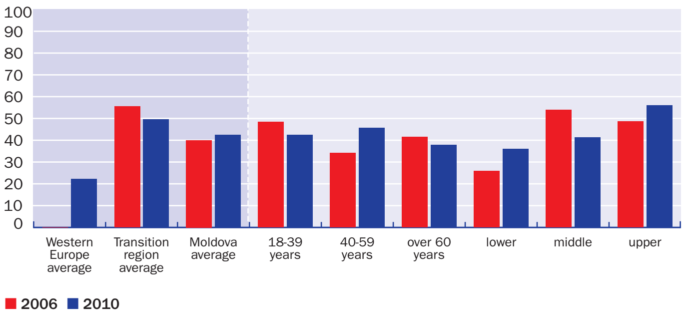
Life satisfaction

Despite a two percentage point rise since 2006, the level of life satisfaction in Moldova is still well below the transition region average. It has increased almost uniformly across age and income brackets, but more so among the younger generation and upper-income sections of the population. Life satisfaction has dropped by about three percentage points among middle-income respondents.

Belief in a better future has risen by two percentage points but is still 10 points below the average for the transition region. Optimism has increased among middle-aged people as well as lower- and upper-income groups, but has dropped among other age and income categories. The current level of optimism about the future is in line with other countries which have a similar level of life satisfaction.

Optimism is now highest among the middle-aged

% of respondents who are optimistic about the future of the younger generation

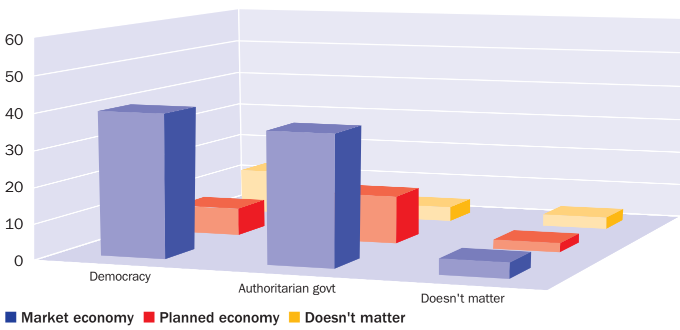


Attitudes towards democracy and market economy

More than one-third of Moldovan respondents favour a combination of democracy and a market economy. This is higher than the reported preference for a combination of a market economy and (under some circumstances) authoritarian government (about 25 per cent) or any other economic and political permutation. Interestingly in Moldova most respondents who prefer an authoritarian government under some circumstances also prefer a market economy to a planned economy, which is the opposite to the transition region as a whole.

About half of respondents believe that their country has basic democratic institutions such as law and order, free and fair elections, peace and stability or a strong political opposition. This level of confidence is significantly lower than the average for the comparator western European countries.

Combination of democracy and market economy preferred to other options



Generalised and institutional trust

Respondents in Moldova are more trusting than the average in transition countries, ranking ninth in the region in that respect. The level of generalised trust has risen by five percentage points since 2006, with about 40 per cent of respondents reporting that people in general can be trusted. The rise has been almost uniform across age and income brackets, although it appears that the lower socio-economic groups have recorded the highest increase.

People have less confidence, however, in public institutions. Less than one-third of respondents report that they trust the presidency, parliament, the courts or political parties, which is much lower than the western comparator average. Trust is highest in the armed forces, foreign investors and religious institutions (despite a slight drop since 2006). Just over 10 per cent of respondents in Moldova believe that their lost wallet will be returned to them, which is the lowest level of real-life trust in the transition region.

Corruption perception

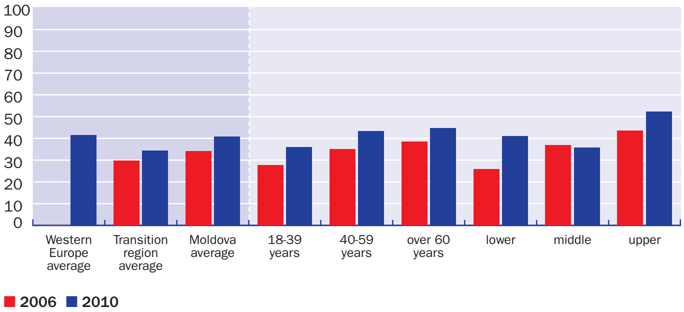
Well over 20 per cent of respondents believe that people make irregular payments to public sector authorities. This suggests that Moldovan public services are some of the most corrupt in the transition region. As in the other transition countries, bribery in the public health system seems to be the most problematic. Satisfaction with public service delivery is average – around 30 per cent of respondents say that they are unsatisfied with the quality and efficiency of service they received. However, it is worth noting a very positive dynamic: Moldova has the fastest rate of increase in satisfaction with public services in the transition region. This is in stark contrast to one of the fastest rates of growth in corruption.

Priorities for government spending

Well over one-third of Moldovan respondents would prefer extra government spending on health care. In addition, a significant percentage of respondents would like to see extra government funding for education, pensions and helping the poor. A relatively high number (12 per cent) of respondents in Moldova are prepared to give up a larger portion of their income in taxation in order to fund public services which they prioritise.

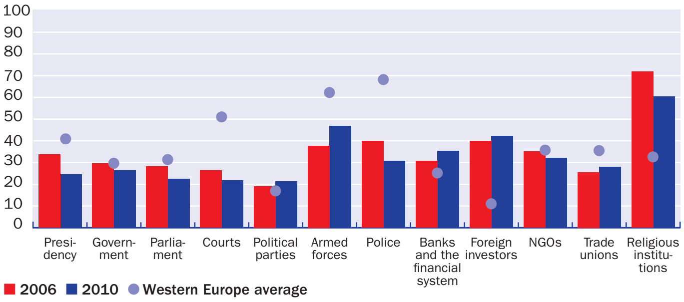
Trust is up the most among the poorest

% of people who think that, generally, people can be trusted



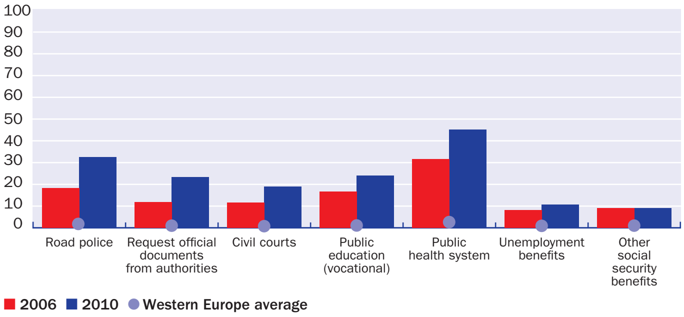
Trust in religious institutions remains especially high

% of respondents who have trust in institutions, by category



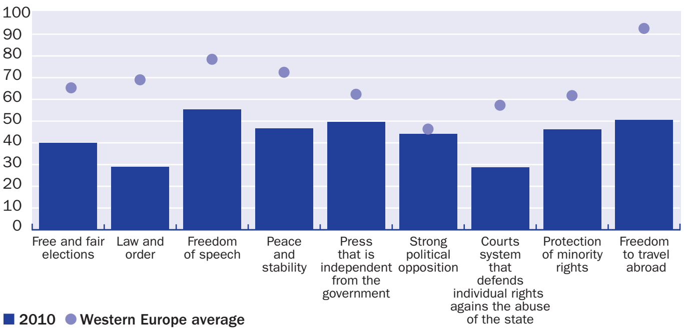
Irregular payments have risen to very high levels

% of respondents who believe that irregular payments are used, by category



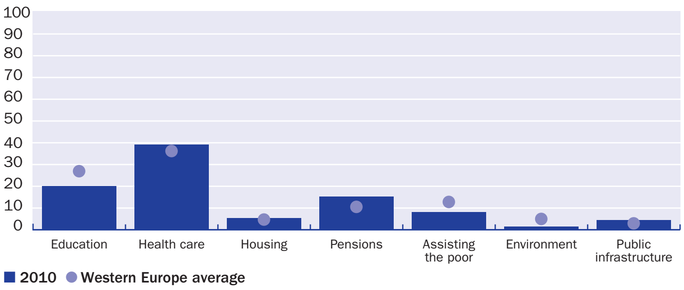
Strong political opposition present according to relatively many

% of respondents who think the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the priority of extra government spending



Key findings (%, weighted)

	Mongolia	Average Transition region	Average Western Europe
Satisfied with life	54	43	72
Trust in others	42	34	42
Perceive less corruption than four years ago	11	21	9
Concerned about climate change	67	54	54
Support both market economy and democracy	48	34	42
Households affected by the crisis	55	49	31

Impact of the crisis

Mongolian households did not emerge unscathed from the economic crisis. Over one-half report that they have been affected adversely in some way. The dominant consequence for one-quarter of all households has been reduced wages. Around 20 per cent say they have been unsuccessful in borrowing money either from banks, relatives, private money lenders or non-governmental organisations (NGOs).

Life satisfaction

Life satisfaction has risen considerably across all age and income groups. About 54 per cent of respondents say that they live better today than they did in 2006. Approximately the same percentage believe that the economic situation has improved in this period. However, only 38 per cent say that they are satisfied with their financial situation.

While the belief in a better future for the younger generation has somewhat decreased compared to 2006, it is still well above the average for the transition region. Older people and middle- and high-income earners are now more sceptical that their children will have a better life than previous generations. Only one-quarter of Mongolians say that they have done better in life than their parents – the second lowest figure in the transition region.

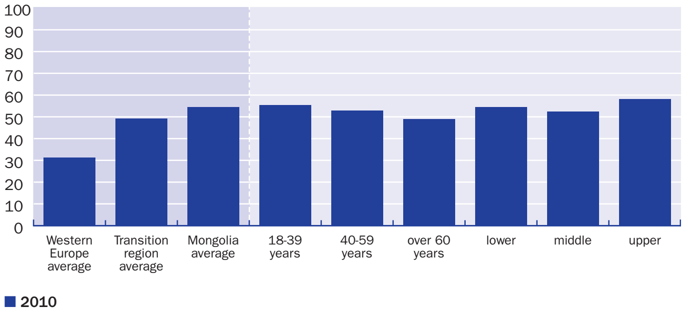
Attitudes towards democracy and market economy

Most Mongolians still prefer democracy and a market economy. However, only 48 per cent now support this combination compared to over 60 per cent in 2006. Only 19 per cent said that they would rather live in a country with full political liberties and low economic growth (which is how most Mongolians perceive their country) than in one with limited freedoms and stronger growth.

Respondents are divided when it comes to their beliefs in the presence of some basic democratic institutions. Just over 20 per cent of respondents agree that there are free and fair election, but around two-thirds believe that there is freedom of speech. Over three-quarters believe that elections are necessary for local and regional administration and a vast majority selects candidates according to their electoral programme or a reputation for honesty.

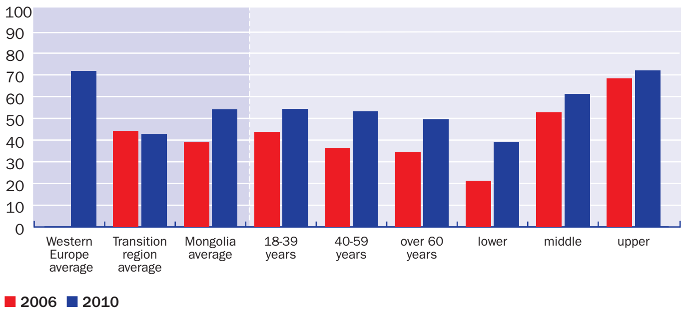
Over-half of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



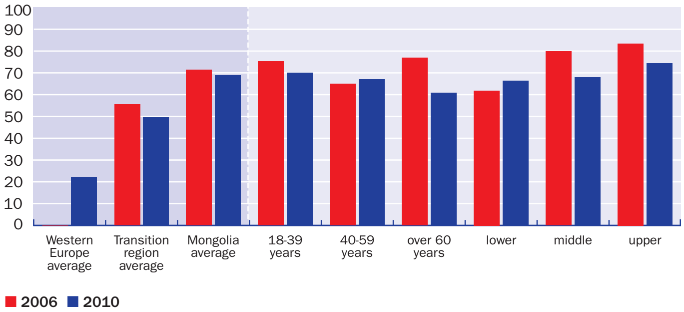
Life satisfaction has risen since 2006

% of respondents who are satisfied with life, all things considered

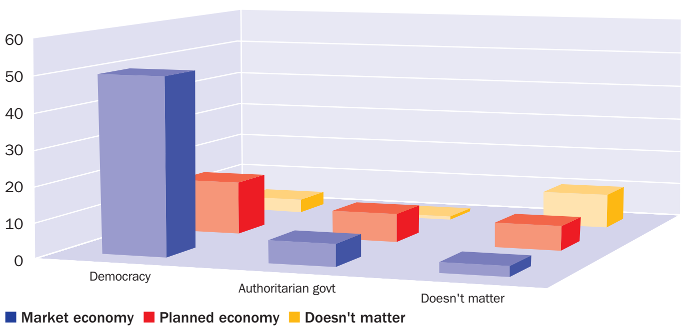


Optimism for the future remains relatively high

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

Levels of generalised trust have risen in line with improved life satisfaction. Trust in people has almost uniformly risen across age and income brackets of the population, although the younger generation as well as people in the lower income brackets seem to have marked the biggest increase in generalised trust.

Levels of trust in governmental institutions have remained stable and in line with western European comparator country averages. Mongolia has the highest levels of trust in banks and financial institutions in the transition region. However, almost one-half of Mongolians distrust people of another nationality or religion.

Corruption perception

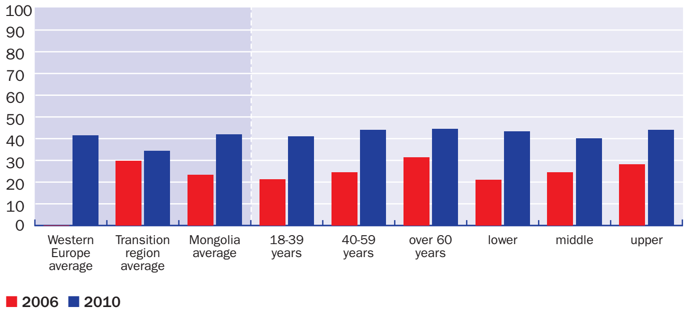
Mongolia still ranks as one of the top 10 most corrupt countries in the transition region for court and bureaucratic bribery. Almost 40 per cent of respondents believe that it is important, or even essential, to know someone influential in order to obtain permits for official papers, such as passports. Fifty per cent of those who made unofficial payments to bureaucrats say that they did so in order to get things done more quickly. In the health care system, where the principal grievance is long hospital waiting times, the level of bribery is still moderate compared to other countries in the transition region, but is increasing.

Priorities for government spending

Education is by far the biggest spending priority for Mongolians. Almost two-thirds of respondents say that they would be happy to give up more of their income if it were spent on education or health care. Ten per cent think that the environment should be the top priority for government spending, which is higher than the western European comparator average. This is also reflected in a relatively high concern for climate change: more than one-half of respondents said they would pay higher taxes if the money were spent on combating climate change. Mongolia has endured an almost two-degree rise in average temperatures since 1940 and the frequency of extreme weather events, such as droughts, has increased.

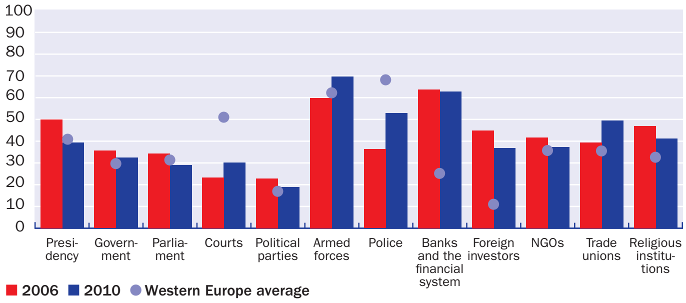
Level of trust has nearly doubled since 2006

% of people who think that, generally, people can be trusted



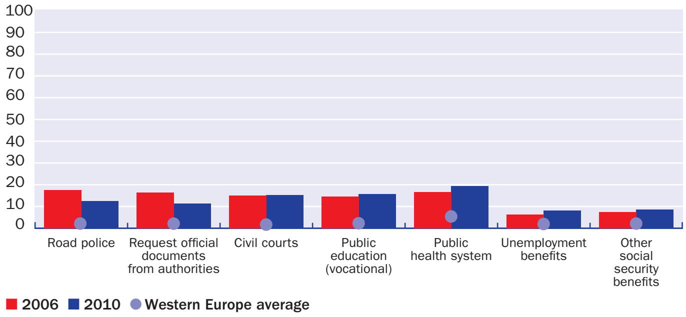
Highest trust is in armed forces and banks

% of respondents who have trust in institutions, by category



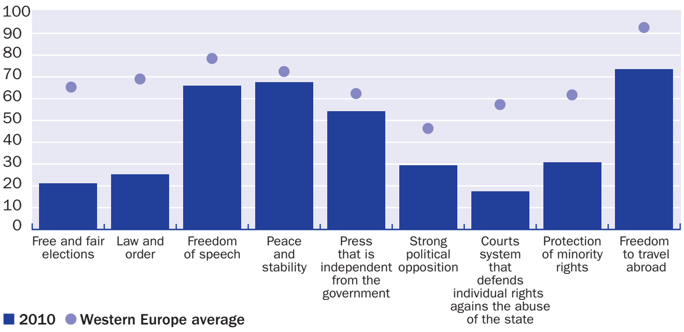
Irregular payments have remained broadly stable since 2006

% of respondents who believe that irregular payments are used, by category



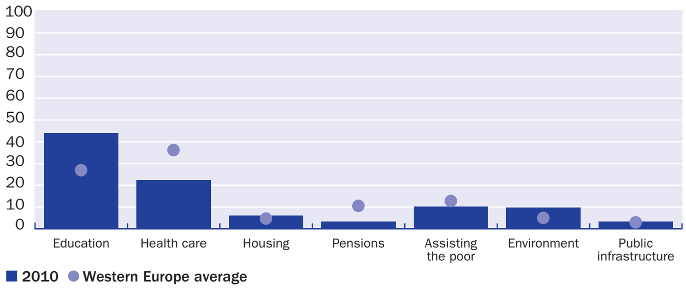
Limited belief in presence of certain basic institutions

% of respondents who think the country has the basic democratic institutions



Government spending on education is biggest priority

% of respondents who think what should be the priority of the extra government spending



Montenegro

Key findings (%, weighted)

	Montenegro	Average Transition region	Average Western Europe
Satisfied with life	42	43	72
Trust in others	40	34	42
Perceive less corruption than four years ago	21	21	9
Concerned about climate change	47	54	54
Support both market economy and democracy	37	34	42
Households affected by the crisis	60	49	31

Impact of the crisis

Around three-fifths of households have been affected by the crisis. This is about 10 percentage points higher than the transition region average and reflects the sharp recession that hit the economy in 2009 after several boom years. Those aged 60 and over and the upper-income groups have been the least affected.

Life satisfaction

Satisfaction with life has risen significantly since 2006. More than 40 per cent of people declare themselves satisfied with life compared with less than 30 per cent in the previous survey, which is now in line with the transition region average. The level of satisfaction is highest among young people and lowest among the over-60s. It also rises sharply according to income level, with nearly 70 per cent of the upper-income group declaring themselves satisfied with life.

Optimism for future generations has dropped slightly. About one-half of respondents think that future generations will have a better life, which is a few percentage points less than the level in 2006. This mainly reflects falling optimism among older people, as there are slight increases in the younger and middle-aged groups. Those on lower incomes are actually more optimistic compared to 2006, but the middle-income group shows a marked decline.

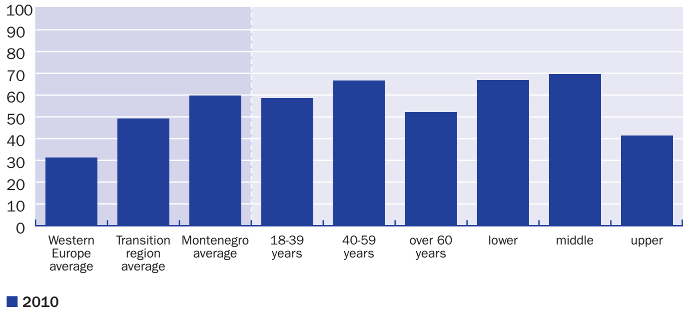
Attitudes towards democracy and market economy

Support for democracy and a market economy remains firm. More than 35 per cent of people favour a combination of the two over any other option. However, nearly one-quarter of respondents feel that it does not matter what type of economic and political system prevails. There is little support for a planned economy and authoritarianism.

Perceptions of the existence of basic democratic institutions vary. Most people believe that the country has peace and stability, freedom to travel abroad and the protection of minority rights. However, only 20 per cent of respondents believe that there is a strong political opposition, while about 35 per cent think that the court system defends individual rights against abuse by the state.

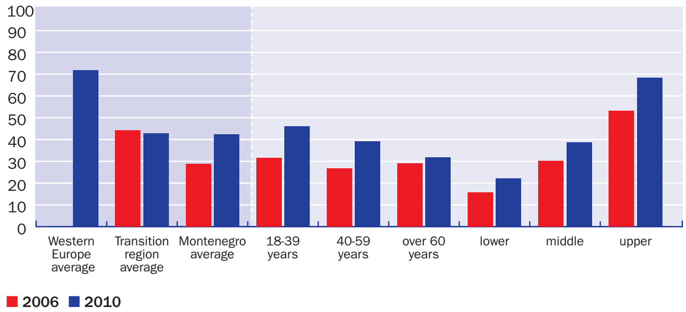
About three-fifths of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



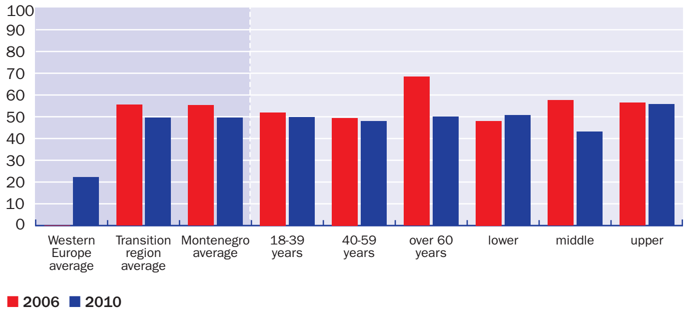
Life satisfaction is up by over one-third since 2006

% of respondents who are satisfied with life, all things considered

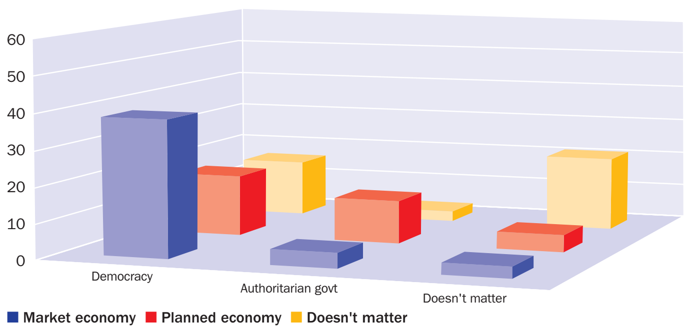


Optimism is down in the middle-income group

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of general trust in people has risen sharply since 2006. At around 40 per cent of respondents, it compares favourably with the transition region as a whole, and is close to the level prevailing in the western European comparator countries. There is little variation by age, but trust is quite low among the lower-income group.

Trust in institutions is quite strong. In a number of cases, it compares favourably with the western comparators. The highest level of trust is in religious institutions, followed by banks and the financial system. Political parties and trade unions attract a relatively low level of confidence. The performance of the Montenegrin national government is ranked favourably by over two-fifths of the respondents and around one-fifth says that its performance has improved in the past three years.

Corruption perception

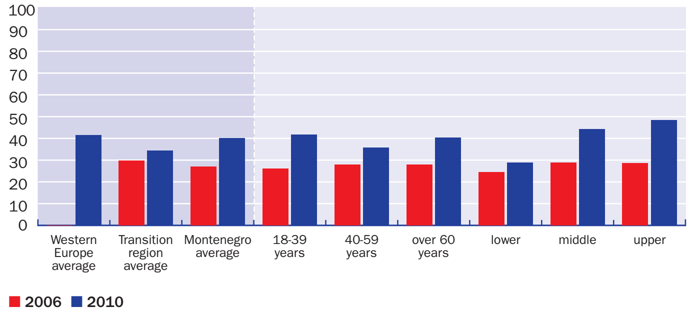
Perceptions of petty corruption are generally low. Actual corruption rates are, in fact, some of the lowest in the region. The percentage of respondents who make irregular payments when dealing with public institutions is typically less than five per cent. Montenegro in this respect is comparable to the western European comparator countries. The exceptions relate to the traffic police, where around seven per cent of respondents report making such payments (up slightly from 2006), and the health care system at around 15 per cent (down from nearly 20 per cent). This is not surprising as the level of satisfaction with public services has generally increased since the previous survey: in public health care 60 per cent of respondents said they were satisfied with the quality and efficiency of service compared to 49 per cent in 2006.

Priorities for government spending

Health care is the main priority for extra government spending for about 30 per cent of respondents. This is followed by education at around 27 per cent and helping the poor at about 20 per cent.

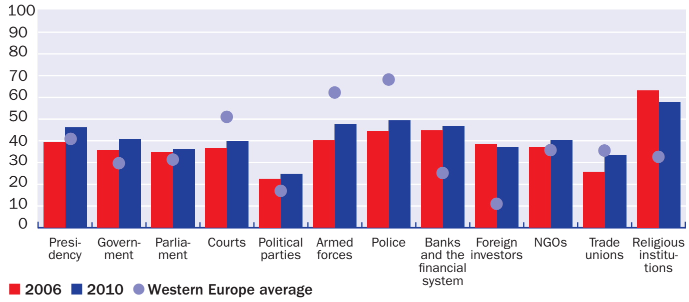
Trust has increased to above transition region average

% of people who think that, generally, people can be trusted



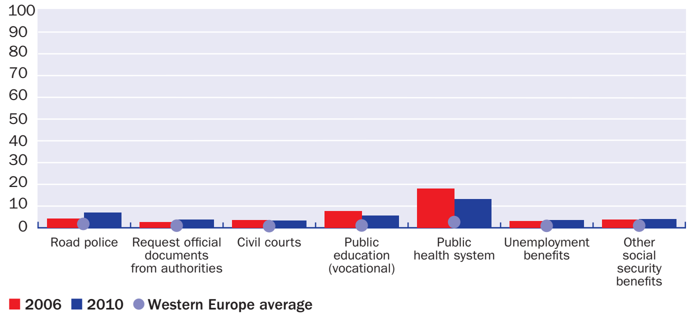
Trust in institutions is mostly up since 2006

% of respondents who have trust in institutions, by category



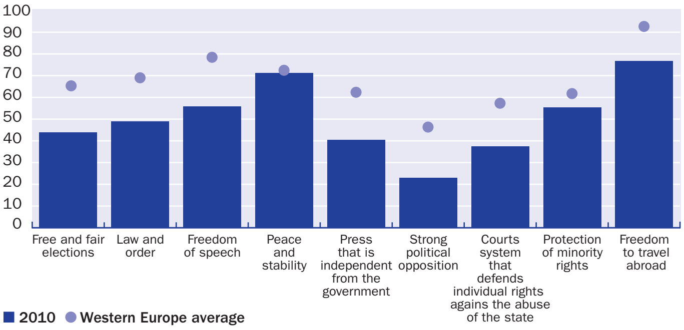
Irregular payments in health care down since 2006

% of respondents who believe that irregular payments are used, by category



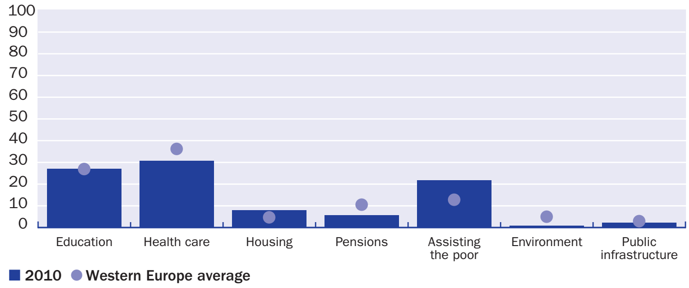
Limited belief in presence of strong political opposition

% of respondents who think the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the priority of extra government spending



Poland

Key findings (%, weighted)

	Poland	Average Transition region	Average Western Europe
Satisfied with life	56	43	72
Trust in others	39	34	42
Perceive less corruption than four years ago	28	21	9
Concerned about climate change	38	54	54
Support both market economy and democracy	26	34	42
Households affected by the crisis	30	49	31

Impact of the crisis

Less than one-third of Polish households have been affected by the economic crisis. The impact is clearly wealth-related, as over one-third of the lower-income population bracket has been affected adversely compared to only about 13 per cent of the higher-income section. Among the age ranges, the crisis has hit the middle-aged group of respondents the hardest.

Life satisfaction

Poles are among the most satisfied people in the transition region. Well over one-half are happy with their lives. This percentage has risen by over five points since 2006. The level of satisfaction nevertheless varies considerably according to income. Only one-third of the poorest people are happy, compared to three-quarters of the wealthiest.

Over one-half of respondents believe that their children will fare better in their lives than themselves, which is a five per cent increase since 2006. Whereas the richest third of the population has the same outlook about the future as before, 8 percentage points more people in the lowest income bracket are optimistic now than four years ago.

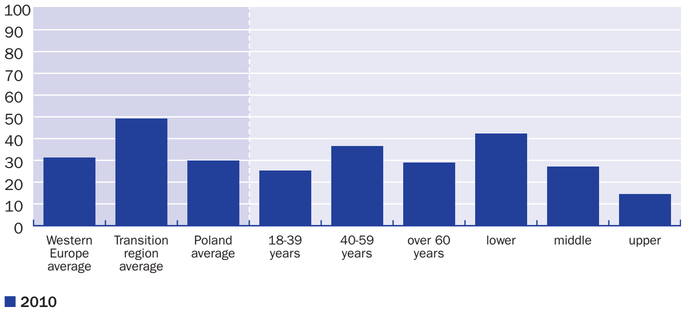
Attitudes towards democracy and market economy

Support for a market economy is rather low compared with the transition region average. Preference for a market economy over any other economic system has fallen from 40 per cent to 30 per cent over the past four years. The proportion of people with a positive attitude towards democracy has also dropped, with fewer than half of respondents claiming that it is their unequivocally favoured political system. Nevertheless, as is the case in the transition region overall, more people choose the combination of a market economy and democracy than any other.

Poles are confident that most of the basic democratic institutions exist in their country. The percentage of the population believing this is within 15 points of the average in the western comparators in most instances. The exception is law and order, which is perceived not to exist by over half of respondents (20 percentage points cent less than in the western comparators). Also, less than one-half believe in the presence of a strong political opposition, protection of minority rights, or a court system that protects individuals from abuse by the state.

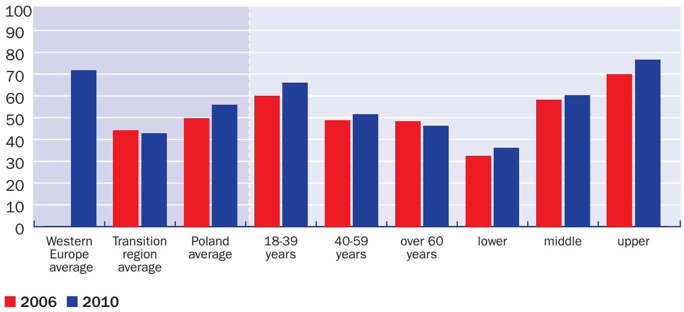
Less than one-third of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



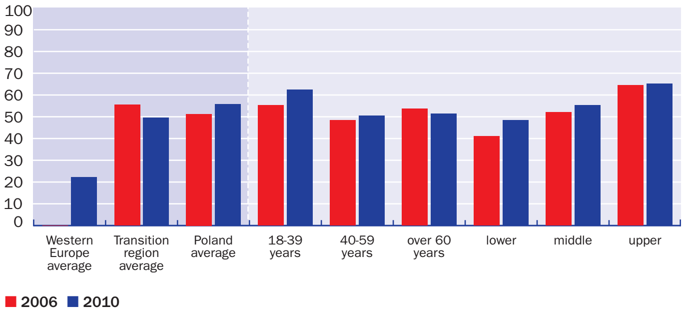
Life satisfaction dependence on income particularly pronounced

% of respondents who are satisfied with life, all things considered

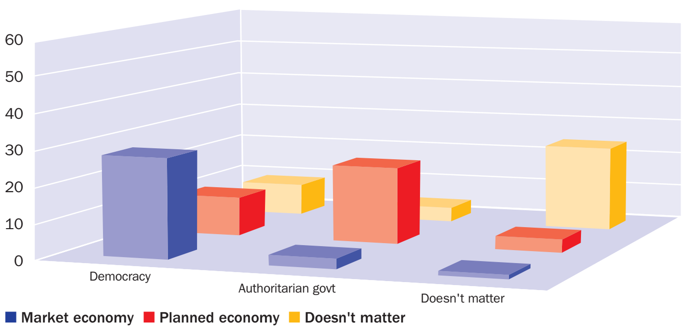


Optimism about the future rising in the lower-income group

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of generalised trust has significantly increased to almost 40 per cent since 2006, exceeding the transition region average by five percentage points. Trust has risen across all age and income groups within the population and particularly the richest one-third, implying a positive correlation between the level of trust and wealth in the country.

Trust in most public institutions has increased since 2006, and in some cases dramatically so. Politicians especially seem to be earning people's trust more than before. The proportion of respondents who trust the presidency, the government, parliament and political parties have all more than doubled and narrowed the gap with western European comparator levels. The armed forces and the police remain the most trusted institutions for over half of respondents. In addition, banks and foreign investors both merit more confidence than is common in western Europe.

Corruption perception

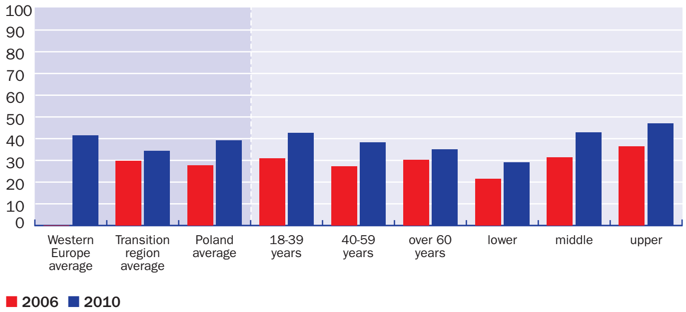
Irregular payments to various institutions are relatively low and there is a decreasing trend. Just over eight per cent of respondents believe that the health care sector most commonly attracts such payments, but this figure has halved since 2006. In the case of the traffic police, 3.5 per cent of respondents believe that irregular payments are an issue, as opposed to the western European comparator average of 0.5 per cent. For all other public services, however, figures for Poland are less than one percentage point higher than in the western countries.

Priorities for government spending

Health care is the primary government spending priority for over 40 per cent of respondents. Almost 18 per cent believe that the government should provide additional finances for pensions, while only 10 per cent think that education deserves priority attention (which is well below the western European comparator average of 25 per cent).

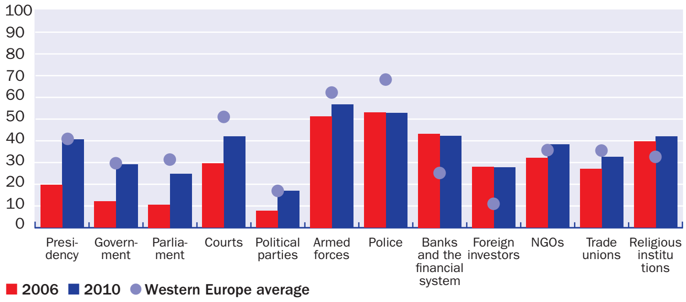
Level of generalised trust has risen across age and income groups

% of people who think that, generally, people can be trusted



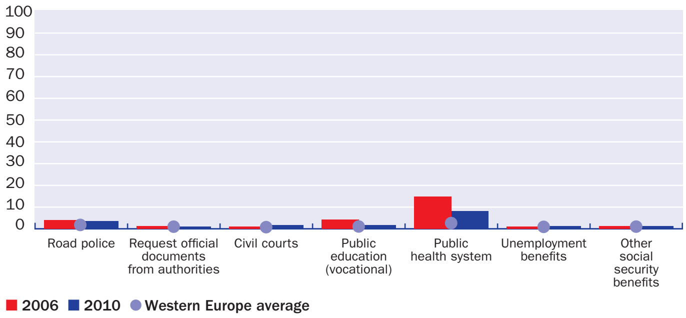
Trust in most public institutions is up since 2006

% of respondents who have trust in institutions, by category



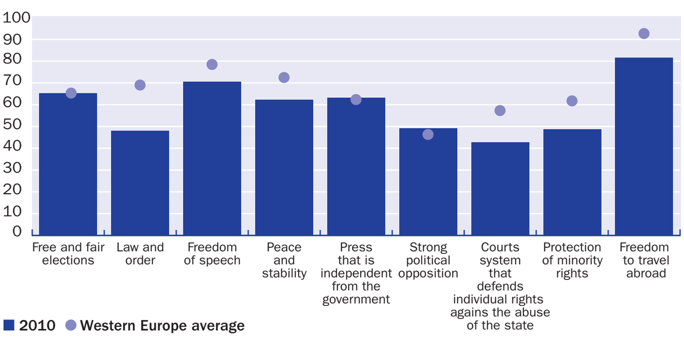
Irregular payments are low and mostly down since 2006

% of respondents who believe that irregular payments are used, by category



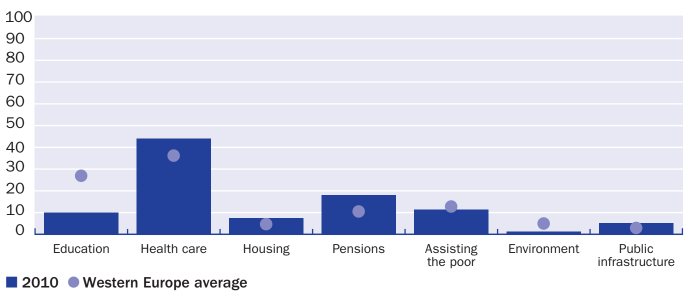
Strong belief in presence of many basic institutions

% of respondents who think the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the priority of extra government spending



Romania

Key findings (%, weighted)

	Romania	Average Transition region	Average Western Europe
Satisfied with life	18	43	72
Trust in others	27	34	42
Perceive less corruption than four years ago	10	21	9
Concerned about climate change	54	54	54
Support both market economy and democracy	28	34	42
Households affected by the crisis	62	49	31

Impact of the crisis

Almost two-thirds of households have been impacted by the economic crisis, one of the highest proportions among transition countries. The crisis has hurt over 70 per cent of the middle-aged population, and also affected over two-thirds of the lower-income group. On the other hand, the over-60s have felt the impact the least, with less than one-half reporting an effect.

Life satisfaction

Life satisfaction in Romania is the lowest in the entire transition region, according to this survey. Romanians were already unhappy relative to the transition region average in 2006. Since then their life satisfaction has decreased by a further 15 percentage points. The youngest age group used to be about twice as happy as their older countrymen. However, this group's life satisfaction has fallen by 25 percentage points and the population is now roughly equally unhappy across all age ranges. Satisfaction with life in the lower-income group has declined the least.

At the same time, optimism for the future has more than halved since 2006. Only about one-fifth of Romanians believe that their children will do better than their own generation, despite their significant unhappiness with their own lives. This proportion is now comparable to the average proportion of western European comparator countries who think that their children will have better lives than they themselves have had.

Attitudes towards democracy and market economy

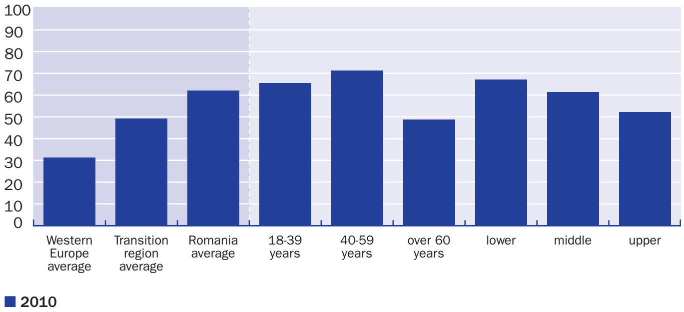
Support for a market economy is at the lower end of the transition region scale. Just over one-third of respondents claim to prefer a market economy to any other economic system. That percentage has fallen by almost 10 points since 2006. Attitudes towards democracy have fared better, as the percentage of people who unequivocally support it has only declined by seven points since 2006 to 43 per cent. The combination of democracy and a market economy is still the most popular economic and political option.

Romanians do not believe that certain basic democratic characteristics exist in their country. Only 27 per cent of respondents think they have free and fair elections and only 23 per cent believe the country has law and order. Less than one-fifth consider that the court system protects individuals against abuse by the state. Collectively these percentages are 40 points or more below western European comparator averages.

Generalised and institutional trust

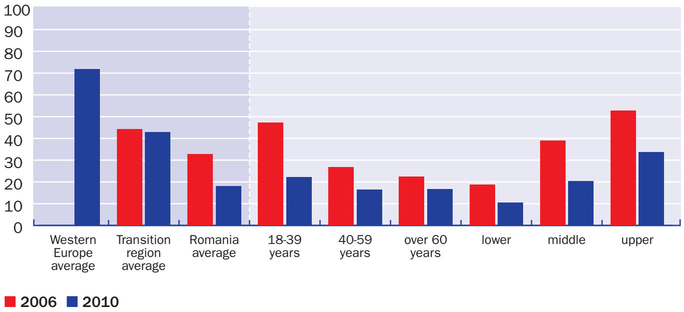
Almost two-thirds of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



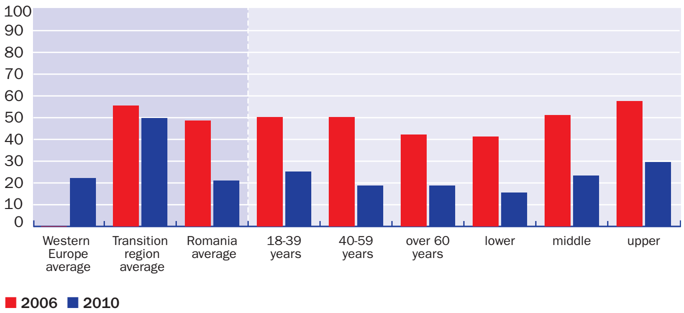
Life satisfaction down by one-half from an already low starting point

% of respondents who are satisfied with life, all things considered

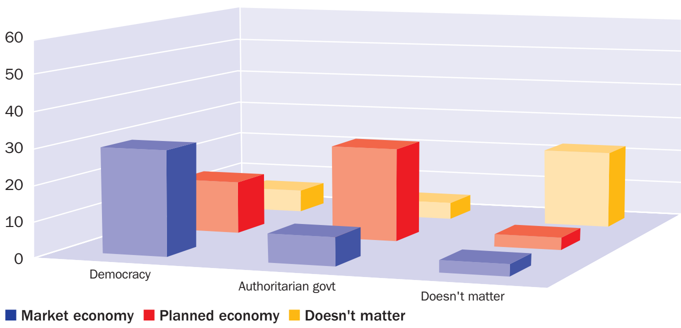


Optimism about the future has more than halved since 2006

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



The level of trust in other people remains well below the transition region average, despite an increase since 2006. Trust fell slightly among the lower- and middle-income groups, but rose among upper-income respondents by 13 percentage points. This implies a much stronger positive correlation between trust and income level than before.

Trust in public institutions has decreased variably across the board. Trust among respondents in the presidency has fallen markedly to only 14 per cent. The proportion of people trusting other political offices also recorded decreases (of around two-thirds) from their already low 2006 levels – only seven per cent have confidence in the government or parliament and less than five per cent trust political parties. Religious institutions have retained the greatest level of trust by a wide margin, despite a 20 percentage point fall since 2006. Trust in foreign investors and non-governmental organisations (NGOs) has been the most stable.

Corruption perception

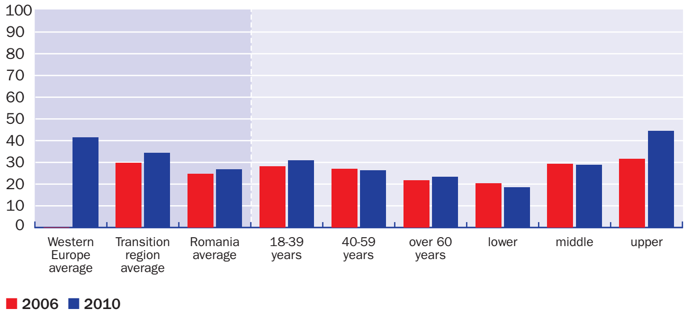
Irregular payments in the health care sector are particularly high. Over 43 per cent of respondents believe that such payments are common, a rise of 13 percentage points since 2006. The traffic police are the second most problematic sector, with almost 12 per cent of the population believing irregular payments are an issue. Some other public services have seen slight decreases in corruption since 2006, but levels remain well above western European comparator averages.

Priorities for government spending

Half of respondents want the government to prioritise additional spending on health care. One-quarter would have their government focus on education and 12 per cent want increased pensions.

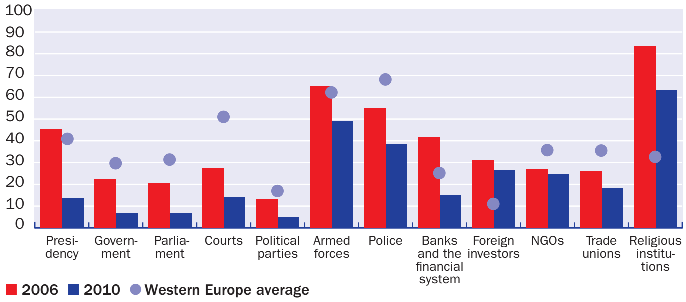
Generalised trust is now more correlated with income

% of people who think that, generally, people can be trusted



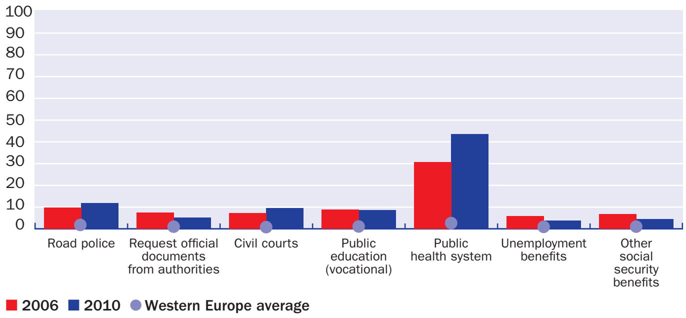
Trust in political institutions is now very low

% of respondents who have trust in institutions, by category



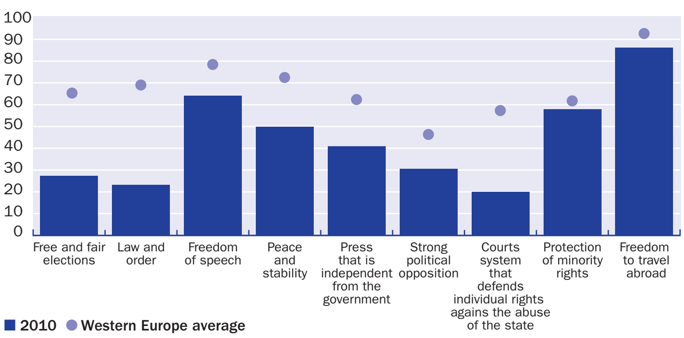
Irregular payments in health care high and up since 2006

% of respondents who believe that irregular payments should be used, by category



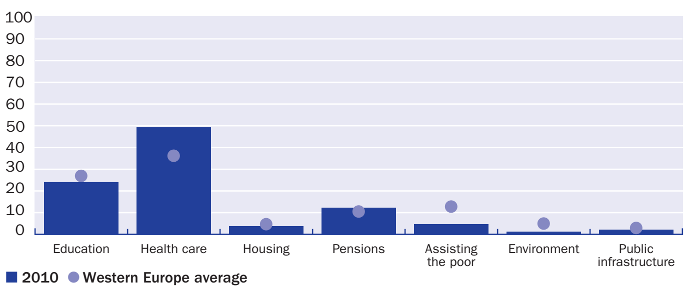
Limited belief in the presence of free elections, law and order

% of respondents who agree that the country has the basic democratic institutions



One-half consider health care a priority for government spending

% of respondents who think what should be the direction of extra government spending



Russia

Key findings (%, weighted)

	Russia	Average Transition region	Average Western Europe
Satisfied with life	43	43	72
Trust in others	50	34	42
Perceive less corruption than four years ago	10	21	9
Concerned about climate change	48	54	54
Support both market economy and democracy	21	34	42
Households affected by the crisis	33	49	31

Impact of the crisis

The impact of the global recession on Russian households has been mild. About one-third of respondents report that they have been adversely affected, which is 16 percentage points lower than the transition average. Middle-aged people and lower-income groups have been hit harder compared to other sections of the population.

Life satisfaction

Russian satisfaction with life is virtually unchanged since 2006 and, at 43 per cent of respondents, is comparable to the average for the transition region. The younger generation is less content, but the level of satisfaction has improved significantly among the over-60s age range. All income brackets have registered a slight decrease in life satisfaction.

The belief that future generations will have a better life has also remained almost unchanged at just over 50 per cent, and is similarly comparable to the transition average. The level of optimism has stayed about the same across the different income brackets of the population, but increased among the over-60s age group who have suffered the most during the transition period.

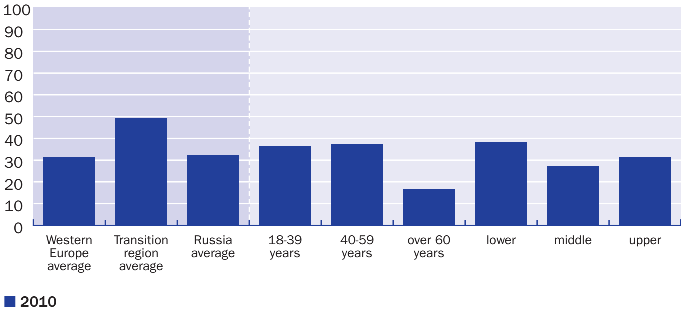
Attitudes towards democracy and market economy

Only 21 per cent of respondents prefer a combination of market economy and democracy, which is considerably lower than the transition average. This is a comparable percentage to those who favour the combination of a planned economy and authoritarianism under some circumstances. As in the rest of the transition region, the majority of respondents would trade strong economic growth for fewer few political liberties. More than one-half of respondents believe that they live in a country with few political liberties and weak economic growth.

Only about one-third of respondents think that Russia has some of the basic institutions of democracy, such as free and fair elections or peace and stability. Fewer than one-quarter of Russian respondents believe that their country has law and order, a strong political opposition, a courts system that defends individual rights against abuse by the state, or protection of minority rights. However, 85 per cent think that there is full freedom to travel abroad.

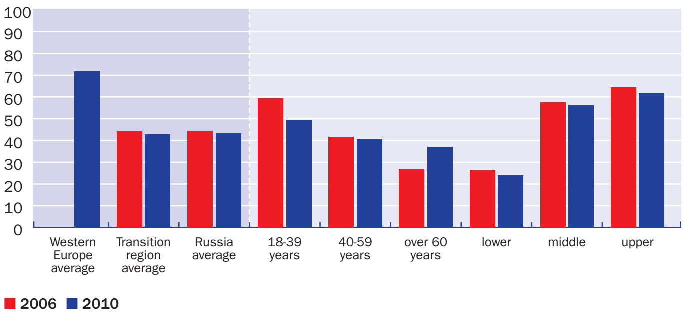
One-third of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



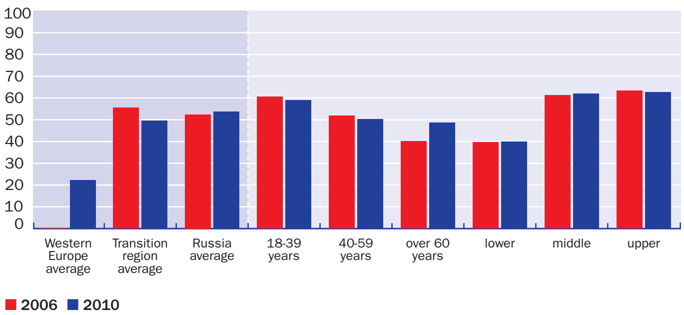
Life satisfaction is very low in the lower-income group

% of respondents who are satisfied with life, all things considered

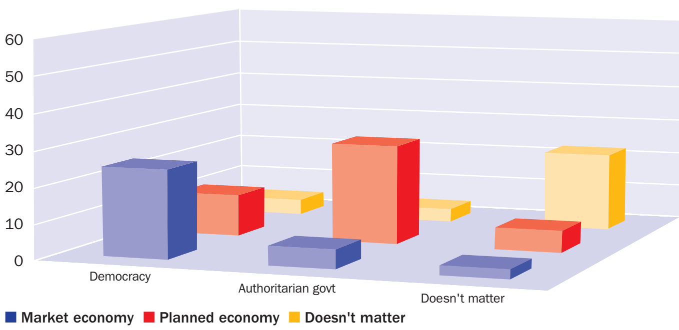


Optimism remains slightly above transition region average

% of respondents who are optimistic about the future of the younger generation



About one-fifth of respondents prefer democracy and market economy



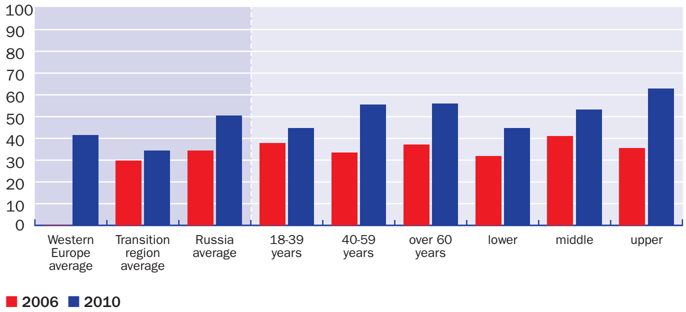
Generalised and institutional trust

The level of generalised trust has increased since 2006. One-half of respondents think that people can be trusted, a rise of 16 percentage points since 2006. While the level of trust has risen across different age and income brackets, it has most noticeably increased among the middle-aged, older and upper-income groups.

Confidence in public institutions is relatively low, although it has increased since 2006. The presidency, the government and the armed forces enjoy the greatest trust among respondents. While relatively low, trust in banks and financial institutions has increased since 2006.

Trust level up by one-half since 2006

% of people who think that, generally, people can be trusted

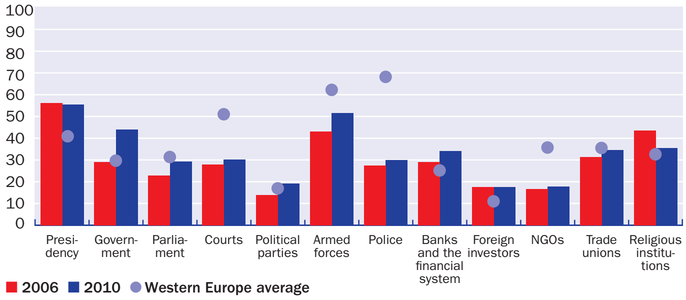


Corruption perception

The level of perceived corruption has been falling since 2006. However, it is still higher than the average for the western European comparator countries. In certain areas of the public sector, corruption is still considered a problem – more than 10 per cent of respondents believe that the use of irregular payments is the norm when dealing with the traffic police, civil courts, public education authorities or public health system. Nevertheless, the majority of Russians disapprove of corruption, as only 15 per cent think that there is nothing seriously wrong with public officials asking for payment in return for services.

Trust in the presidency and armed forces remains the highest

% of respondents who have trust in institutions, by category

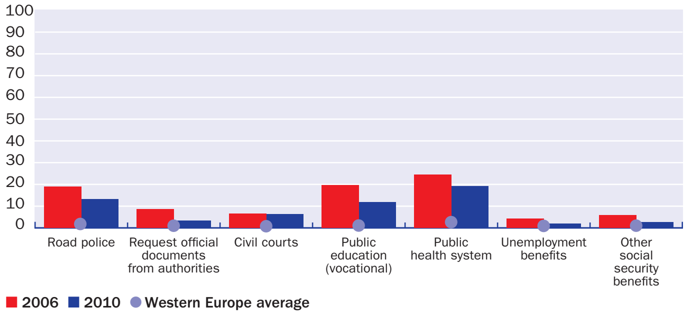


Priorities for government spending

Health care is perceived as the biggest priority for extra expenditure. Almost one-third of respondents think that there should be additional investment in the public health system. Education – and, to a lesser extent, housing, pensions and helping the poor – are also seen as important spending target areas. The sympathetic attitude towards the poor could reflect generally egalitarian values in Russia – almost 50 per cent of respondents think that incomes should be more equitable.

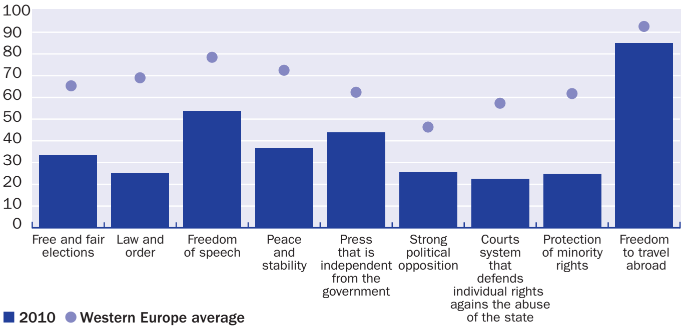
Irregular payments are mostly down since 2006

% of respondents who believe that irregular payments are used, by category



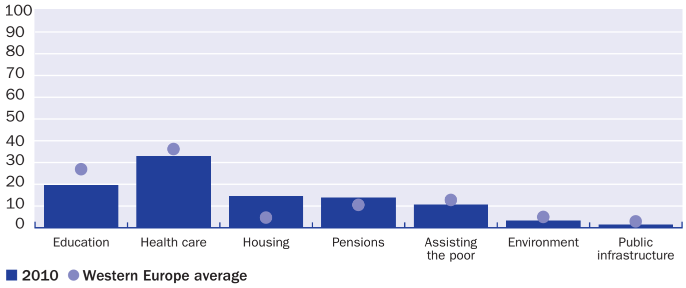
Limited belief in presence of various basic institutions

% of respondents who agree that the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the direction of extra government spending



Life in Transition
Serbia

Key findings (%, weighted)

	Serbia	Average Transition region	Average Western Europe
Satisfied with life	30	43	72
Trust in others	37	34	42
Perceive less corruption than four years ago	10	21	9
Concerned about climate change	57	54	54
Support both market economy and democracy	20	34	42
Households affected by the crisis	72	49	31

Impact of the crisis

The economic crisis has had a strong impact on Serbian households. More than 70 per cent of respondents say that they have been affected adversely, despite the fact that the crisis was more moderate than in most transition countries. There is little variation in its effects on age or income levels, although older people and upper-income groups appear to have been slightly more insulated.

Life satisfaction

Around 30 per cent of Serbian respondents are satisfied with life, up from 27 per cent in 2006. However, the overall degree of satisfaction is still well below the transition region average, ranking Serbia among the least satisfied countries. Life satisfaction is lowest among middle-aged people (40-59) and those on lower incomes.

Optimism for future generations is limited. Only 30 per cent of respondents think that the next generation will have a better life, which is well below the transition region average of 50 per cent. Middle-aged people are generally the least optimistic, as are the lower-income group.

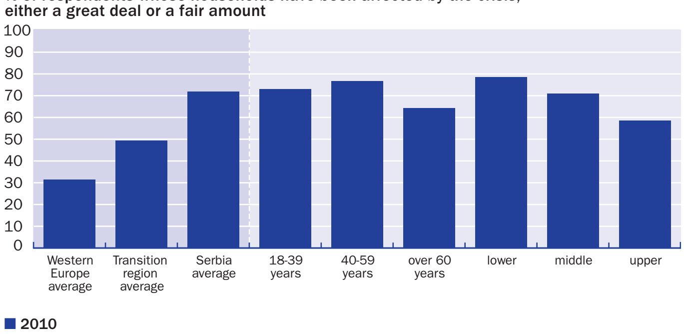
Attitudes towards democracy and market economy

Support for democracy and a market economy has weakened significantly. Less than 20 per cent of respondents favour a combination of the two over other alternatives. In contrast, close to 30 per cent of respondents express indifference to what type of socio-economic system exists. However, less than 10 per cent would, under some circumstances, favour a return to authoritarianism and a planned economy.

Belief in the presence of some basic democratic institutions is lacking. Around 80 per cent of respondents believe that there is freedom to travel abroad (the high figure reflecting the recent granting of visa-free access to the EU's Schengen zone). More than one-half also believe there is freedom of speech and protection of minority rights. However, belief in law and order and a court system that defends individual rights is low.

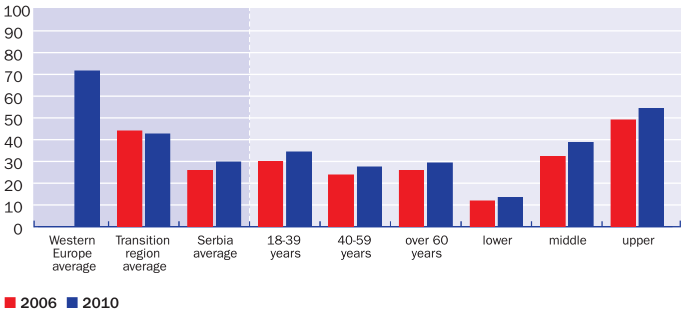
Almost three-quarters of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



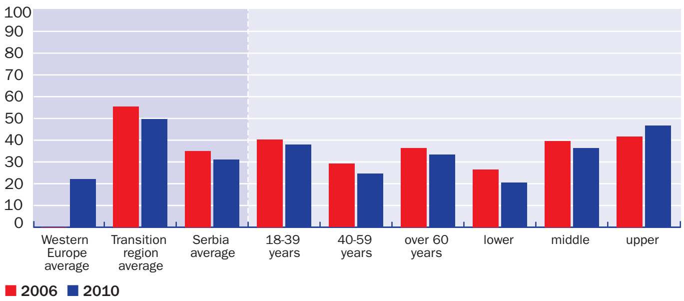
Life satisfaction remains well below transition region average

% of respondents who are satisfied with life, all things considered

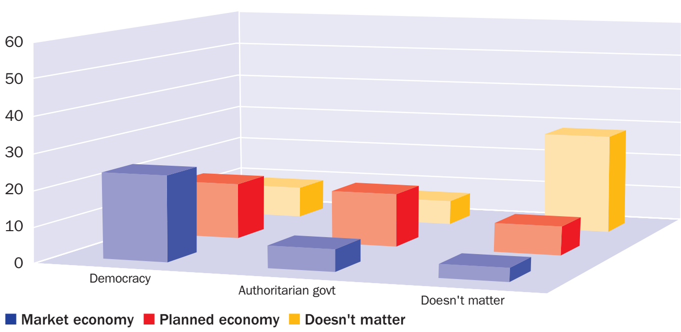


Low optimism has decreased further since 2006

% of respondents who are optimistic about the future of the younger generation



About one-fifth of respondents prefer democracy and market economy



Generalised and institutional trust

The overall level of trust has risen since 2006. About 37 per cent of respondents think that people in general can be trusted, which is slightly higher than the transition region average of 34 per cent but lower than the western European comparator average of 42 per cent. The level of trust is fairly constant across age groups and highest among those on higher incomes.

Trust in institutions has dropped since 2006. The highest level of trust is in religious institutions, followed by the armed forces and the police. Trust in banks and the financial system has gone down but is comparable to western European levels, which may reflect Serbia's strong supervisory regime and good management by local banks, many of which have received assistance from parent banks abroad and international financial institutions. Political parties, parliament and the courts generally attract low levels of trust.

Corruption perception

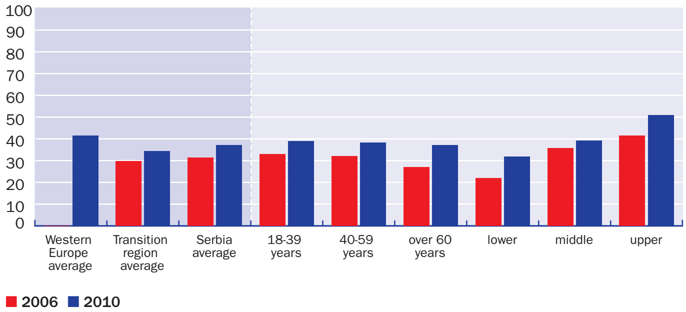
Perceived levels of corruption are relatively low and stable. In most instances, few respondents report having made irregular payments to public officials in return for services. As in most other transition countries, the exception is the health care sector where about 25 per cent of respondents say that they had to make such payments (compared with 20 per cent in 2006). Overall, less than 10 per cent of respondents believe that corruption has fallen since 2006.

Priorities for government spending

Helping the poor is considered the main priority for extra government spending. Serbia stands out in this respect as only one of two countries (along with Azerbaijan) where more people favour directing additional focus on the poor rather than health care or education. More than 10 per cent of respondents would also like to see extra expenditure on pensions as the top priority.

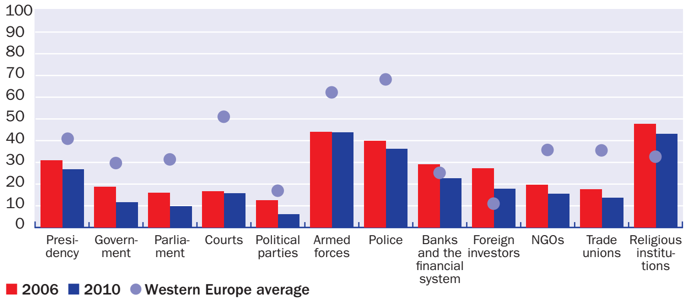
Trust level is up across age and income groups

% of people who think that, generally, people can be trusted



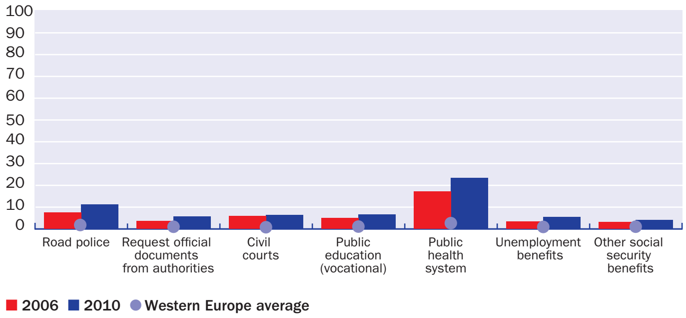
Trust in armed forces and religious institutions remains highest

% of respondents who have trust in institutions, by category



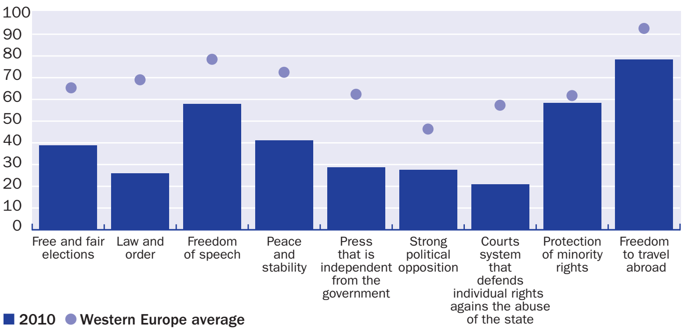
Irregular payments are slightly up since 2006

% of respondents who believe that irregular payments should be used, by category



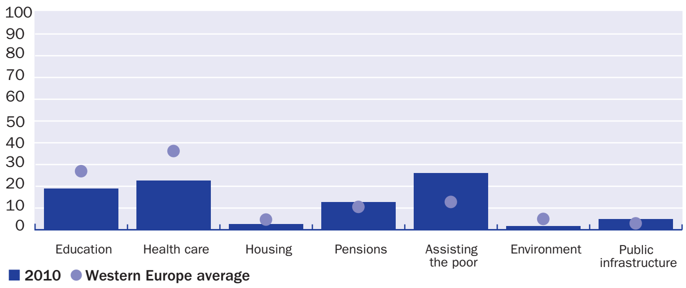
Strong belief that minority rights are protected

% of respondents who agree that the country has the basic democratic institutions



Government spending on helping the poor is biggest priority

% of respondents who think what should be the direction of extra government spending



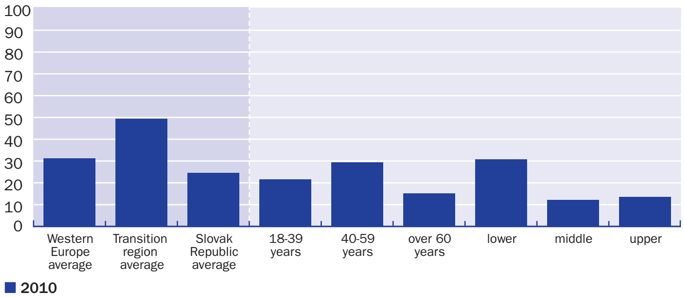
Life in Transition
Slovak Republic

Key findings (%, weighted)

	Slovak Republic	Average Transition region	Average Western Europe
Satisfied with life	52	43	72
Trust in others	23	34	42
Perceive less corruption than four years ago	15	21	9
Concerned about climate change	61	54	54
Support both market economy and democracy	29	34	42
Households affected by the crisis	24	49	31

Less than one-quarter of households has been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



Impact of the crisis

One-half as many people in the Slovak Republic have been affected by the economic crisis as in transition countries on average. In fact, a smaller proportion of the population have been impacted than in the western European comparator countries, although the Slovak Republic did experience a significant economic contraction in 2009. The crisis was felt least by the richer section of the population and the older age range.

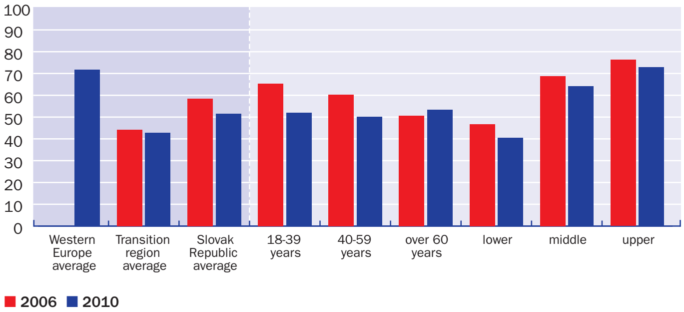
Life satisfaction

Satisfaction with life remains well above the transition region average. The percentage of satisfied people has dropped by about seven percentage points since 2006, yet remains among the highest in the transition region. Happiness has decreased most among the 18-39 age group. On the other hand, the older generation has become more content.

There has been a large fall in optimism for the future. The proportion of people who feel that their children will fare better than themselves has dropped by 18 per cent. The decrease is more than twice that seen in the transition region as a whole. As a result, the level of pessimism about prospects for future generations is now higher than the transition region average. Unlike in 2006, optimism for the future is now correlated with wealth, with the richest one-third of the population being the most optimistic.

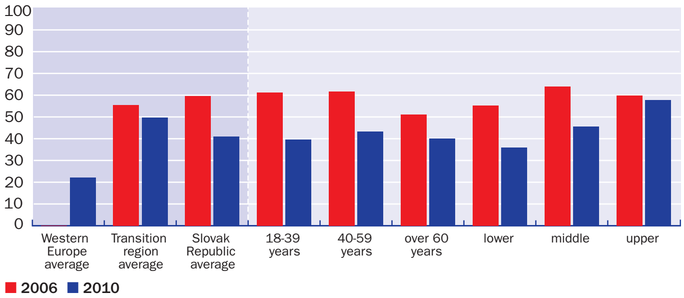
Older people are the only ones happier since 2006

% of respondents who are satisfied with life, all things considered



Significant drop in optimism about the future

% of respondents who are optimistic about the future of the younger generation

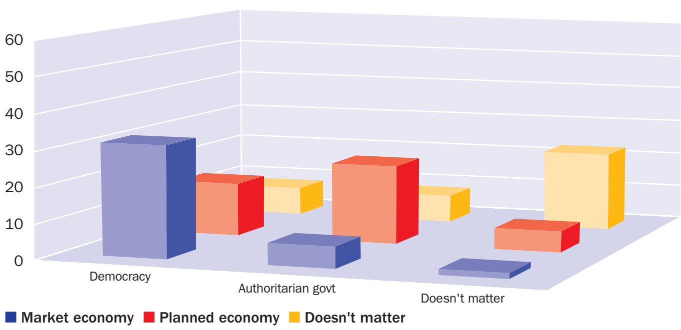


Attitudes towards democracy and market economy

Support for a market economy and democracy has declined dramatically since 2006. The market economy and democracy combination still attracts the highest percentage of support among Slovak respondents. However, the proportion of people who unequivocally choose a market economy over any other economic system has dropped by 13 percentage points since 2006 (from almost half to only slightly over one-third). In addition, the proportion of unequivocal supporters of democracy has fallen from over two-thirds in 2006 to below one-half by 2010, representing a decline of 20 percentage points.

Respondents believe that the elements of a well-functioning democracy are weaker across the board than in western Europe. They are particularly concerned about law and order and the ability of the court system to defend individual rights against abuse by the state.

Combination of democracy and market economy preferred to other options



Generalised and institutional trust

Trust in people has decreased by over one-third to below the transition region average (which has actually risen since 2006). The fall has been greatest, by about one-half, among the youngest age group and least among the over-60s. Whereas in 2006 people below the age of 40 were the most trusting, their trust level is now over one-third lower than that of the oldest age group. In addition, a significant decrease in trust among the richer section of the population indicates that trust is almost equal across wealth levels.

Trust in institutions has dropped across the board, particularly in the police force. Trust in the police is down to about one-half the level in the western European comparator countries. On the other hand, trust in banks and foreign investors has declined only slightly and remains at about twice the level reported in the western countries.

Corruption perception

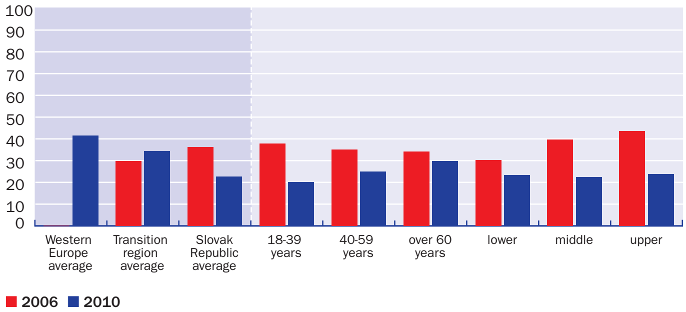
More respondents than in 2006 believe that irregular payments are made. Perceived levels of bribery have worsened in relation to public education and applying for social security benefits. On the other hand, marginally fewer people think that irregular payments are common when interacting with the traffic police. Only 15 per cent of respondents believe that there is less corruption in the Slovak Republic than in 2006.

Priorities for government spending

Nearly one-half of respondents believe that health care should be the priority area for additional government spending. This is a far greater proportion than in the western comparators. A further 25 per cent would have their government provide extra funding for education. Only five per cent of people, or less, think that support for the poor or raising pensions warrant priority attention.

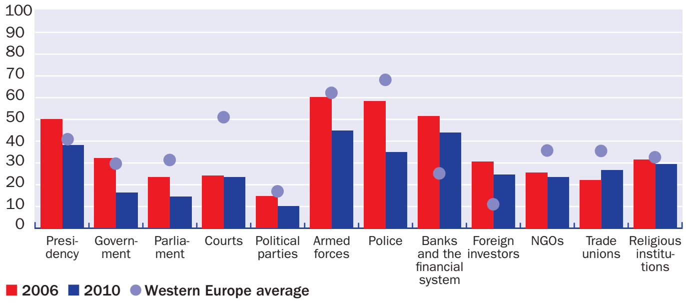
Young people's overall trust level is lower by one-half since 2006

% of people who think that, generally, people can be trusted



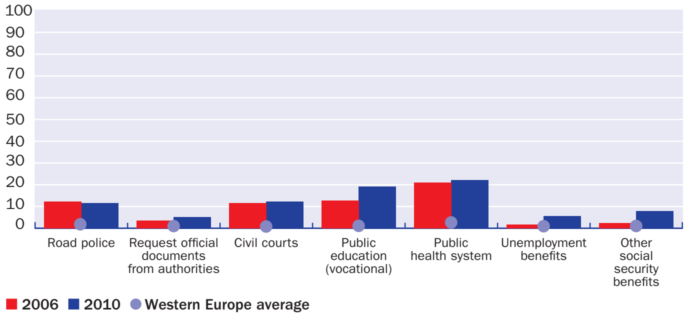
Trust in the police has suffered in the past four years

% of respondents who have trust in institutions, by category



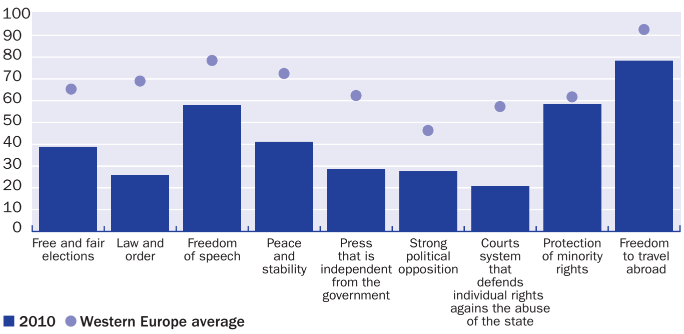
Irregular payment have slightly increased since 2006

% of respondents who believe that irregular payments are used, by category



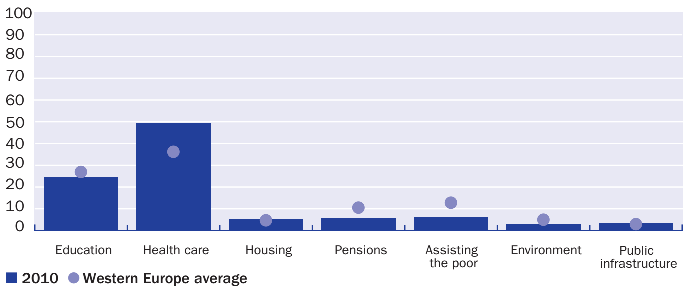
People believe law and order, and court system lacking

% of respondents who agree that the country has the basic democratic instituions



Government spending on health care is biggest priority

% of respondents who think what should be the direction of extra government spending



Slovenia

Key findings (%, weighted)

	Slovenia	Average Transition region	Average Western Europe
Satisfied with life	60	43	72
Trust in others	30	34	42
Perceive less corruption than four years ago	11	21	9
Concerned about climate change	69	54	54
Support both market economy and democracy	32	34	42
Households affected by the crisis	44	49	31

Impact of the crisis

Over two-fifths of surveyed Slovenian households have been impacted by the economic crisis. Lower-income households have been hit the hardest, while only about 30 per cent of the richest one-third of the population and one-third of the oldest age range claim to have been affected.

Life satisfaction

Life satisfaction has decreased by over 10 percentage points since 2006, but remains well above the transition average and one of the highest levels in the region. The lowest-income bracket of the population saw the largest drop in satisfaction at almost 20 percentage points while the middle-income group saw only a five per cent decline, reinforcing the perceived dependence of satisfaction on income level.

Optimism about the future has dropped significantly since 2006. Despite their overall satisfaction with life, Slovenians' optimism about the prospects for future generations is not only well below one-half that of the transition region average and decreasing, but also lower than the western comparator country average.

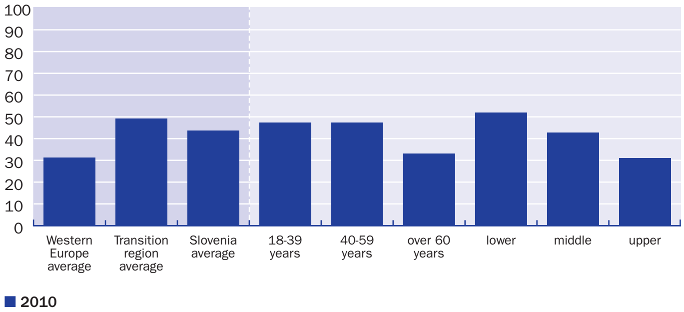
Attitudes towards democracy and market economy

Support for a market economy and democracy has seen a significant decline since 2006. A combination of the two still attracts most support as the preferred socio-economic system, as in the transition region as a whole. Nevertheless, the percentage of respondents who unequivocally prefer a market economy has fallen by nine points, while the percentage who choose democracy over all other political systems has dropped by 12 points.

Slovenians believe that their country has many basic democratic attributes, ranging from free and fair elections to freedom of travel. However, fewer than 50 per cent of respondents think that there is law and order, an independent press or a strong political opposition. In addition, only one-quarter consider that the court system defends individual rights against abuse by the state, which is well below the 57 per cent average in western European comparator countries.

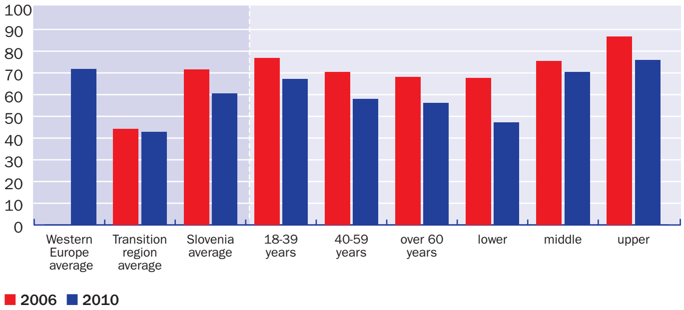
Over two-fifths of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



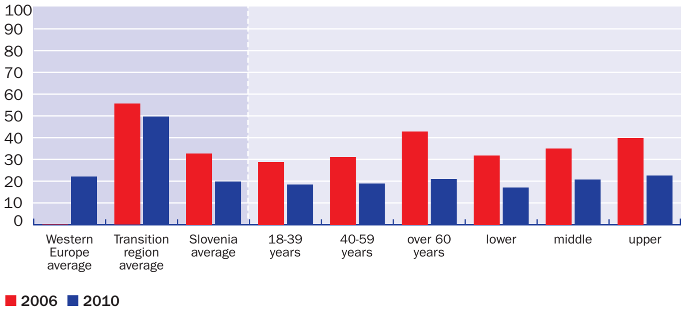
Life satisfaction has fallen the most since 2006 for the poor

% of respondents who are satisfied with life, all things considered

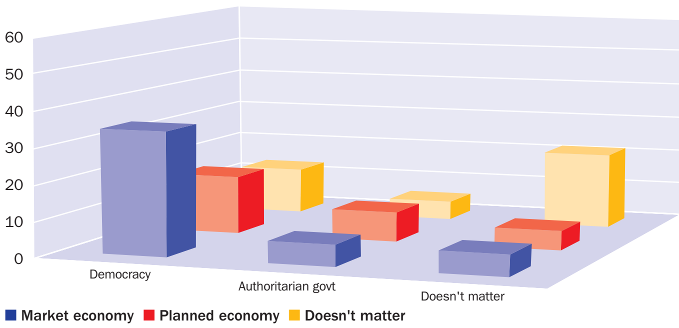


Optimism about future has dropped across age and income groups

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of generalised trust remains slightly below the transition region average, despite a small increase since 2006. While the lowest-income group trusts people rather less than in 2006 and while middle-income attitudes remain about the same, the richest one-third of the population has increased its level of trust by 15 percentage points. At the same time, trust among those aged 40-59 has dropped, but increased among people over 60.

Trust in most institutions has fallen since 2006 and, for many of them, remains well below the western European comparator average. The exceptions are banks and foreign investors which, despite experiencing a large fall in the wake of the economic crisis, record trust levels above those experienced by their western European counterparts. The government, the presidency and political parties merit the lowest levels of trust among respondents, at between 10 and 15 per cent.

Corruption perception

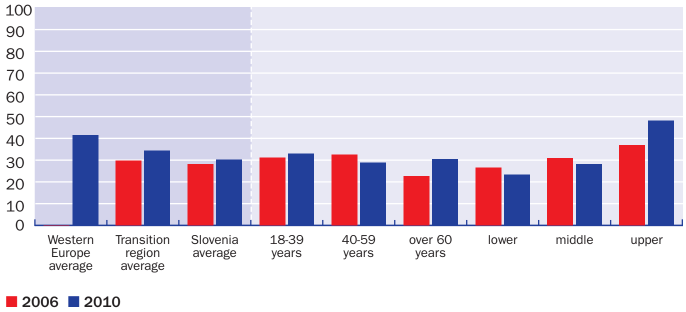
Relatively few people think irregular payments are made to public institutions. Perceived corruption rates for most types of institution are above the western European comparator averages by a few percentage points and of the same order of magnitude. The exceptions are the public health system and the courts, which stand out with rates of about four-five percentage points higher than the western comparators.

Priorities for government spending

Health care should be a government spending priority according to almost one-third of Slovenians. According to one-fifth of respondents, education also deserves additional government attention. Raising pensions and helping the poor are each championed by around 15 per cent of the population. Only a small proportion of respondents would have the government prioritise spending on housing, public infrastructure or the environment.

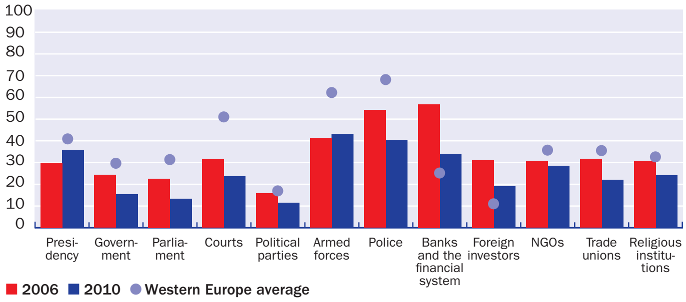
Trust by the richer and the older has risen significantly

% of people who think that, generally, people can be trusted



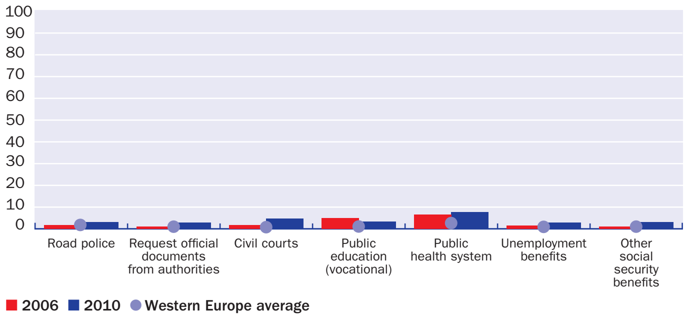
The Presidency and the army are the only institutions with increased trust

% of respondents who have trust in institutions, by category



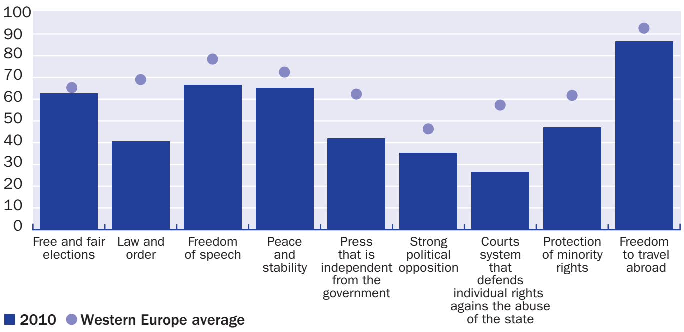
Frequency of irregular payments is almost as low as in the west

% of respondents who believe that irregular payments are used, by category



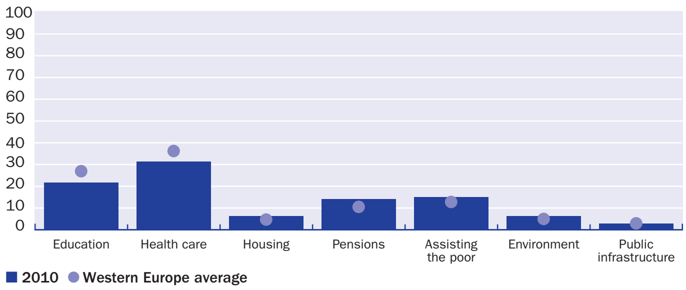
People believe court system lacking among basic institutions

% of respondents who think that the country has basic democratic institutions



Government spending on education and health care is a priority

% of respondents who think what should be the priority of extra government spending



Tajikistan

Key findings (%, weighted)

	Tajikistan	Average Transition region	Average Western Europe
Satisfied with life	73	43	72
Trust in others	49	34	42
Perceive less corruption than four years ago	36	21	9
Concerned about climate change	45	54	54
Support both market economy and democracy	51	34	42
Households affected by the crisis	58	49	31

Impact of the crisis

About 58 per cent of households say that they have been affected adversely. One-third say that the crisis has resulted in a reduced flow of remittances and in household members having to return home from work abroad. This reflects a slump in demand for migrant labour in Russia during the downturn. One-quarter report that a household member has lost a job.

Life satisfaction

Tajikistan leads the transition region in life satisfaction. Over 75 per cent of respondents say that the economic situation has improved since 2006 and 64 per cent say that the political climate has also become better. Tajikistan also leads the transition region in two other respects: almost 70 per cent of households say they live better today than in 2006 and almost 60 per cent are satisfied with their financial situation. There is widespread optimism for future generations across all age and income groups, despite the fact that Tajikistan remains among the poorest countries in the region with high levels of poverty and relatively low levels of growth.

Belief in a better future for the younger generation is high and has risen since 2006. This belief is much higher among the older age groups and among middle- and upper-income classes – even though for the latter two it has dropped slightly since 2006.

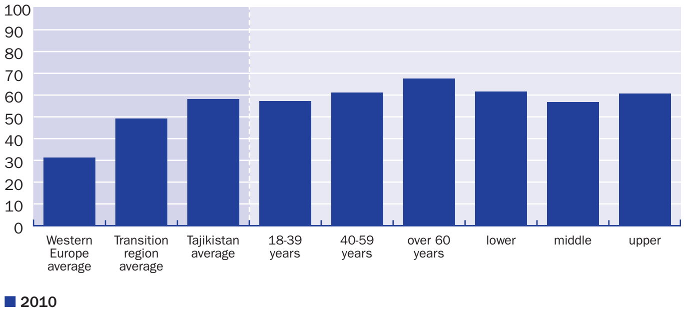
Attitudes towards democracy and market economy

Over one-half of respondents unequivocally prefer democracy and a free market over authoritarianism and a planned economy. However, two-thirds would prefer to live in a country with fewer political liberties and higher economic growth to one with full liberties and lower growth – the third lowest ranking in the transition region.

There is a strong belief in the existence of basic democratic institutions in Tajikistan, on a par with the western European comparators in many important dimensions. Only one-sixth of respondents say that leaders of local and regional administrations should be appointed. However, less than one-third of respondents believe that Tajikistan has a strong political opposition. Almost 41 per cent consider that the country has both limited political liberties and low economic growth.

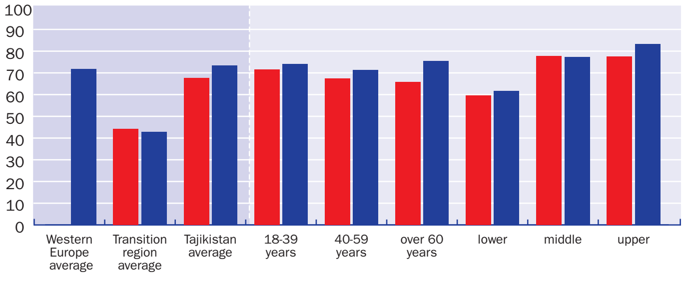
Almost three-fifths of households have been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



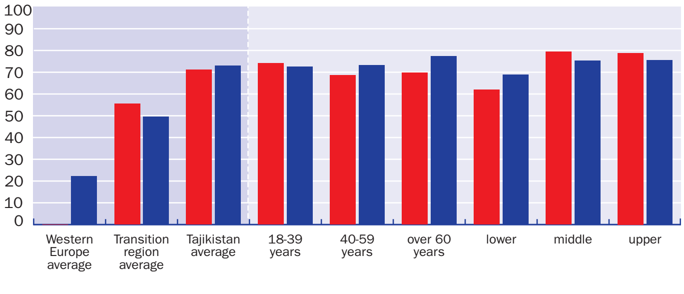
Life satisfaction remains far above transition region average

% of respondents who are satisfied with life, all things considered

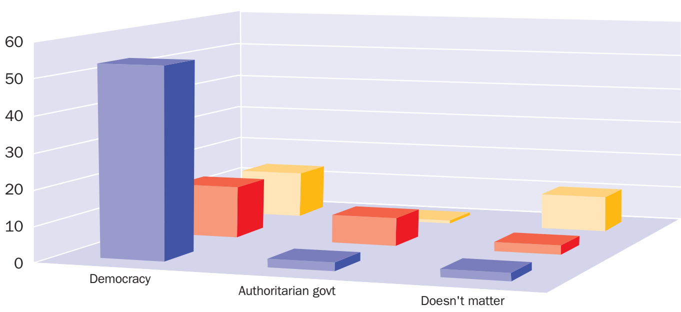


Optimism is more than one-third above transition region average

% of respondents who are optimistic about the future of the younger generation



Over one-half of respondents prefer democracy and market economy



Generalised and institutional trust

Trust has increased significantly since 2006 and it is currently higher than the average for the transition region. Levels of generalised trust have particularly risen among the middle-aged groups as well as among middle- and upper-income segments of the population.

Unlike generalised trust, trust in institutions is high in Tajikistan. Over 90 per cent of respondents have either some or complete trust in the presidency – the highest level in the countries included in the survey. This level of confidence in the presidency is in line with the finding that over 50 per cent say that there is no strong political opposition in the country (although almost 70 per cent believe that there are free and fair elections). Tajik respondents also have the highest levels of trust in the transition region in their central, regional and local government, parliament, courts, political parties, armed forces, banks, foreign investors, non-governmental organisations (NGOs) and family.

Corruption perception

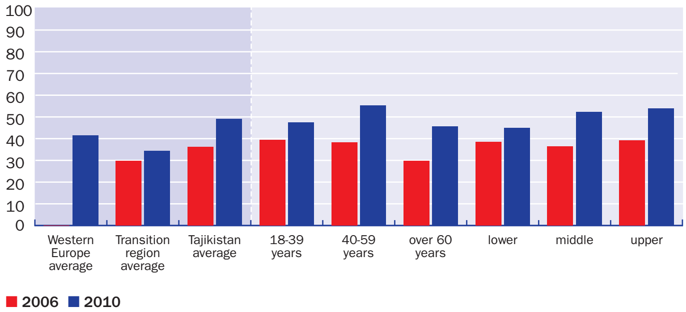
Corruption has increased since 2006. There has been a doubling in reported bribery of traffic police. Only 36 per cent of Tajik respondents say that they never have to bribe the police and 57 per cent say that either they, or another household member, have done so in the past year. Over 70 per cent say that they have been asked to, or expected to, bribe traffic police, bureaucrats and administrators in public education and health care, and there is deep dissatisfaction with the quality and efficiency of these services.

Priorities for government spending

Almost one-half of respondents say that education is the top spending priority. Three-quarters would be willing to pay more taxes if the extra money was used to improve education. Compared with other Central Asian countries, more respondents in Tajikistan believe that government support should be given to the working poor (13 per cent) rather than to families with children (nine per cent).

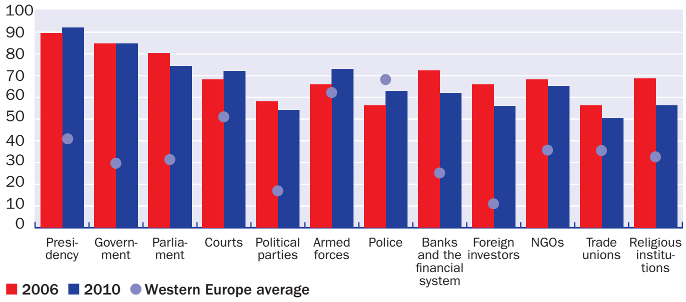
Trust level has increased significantly since 2006

% of people who think that, generally, people can be trusted



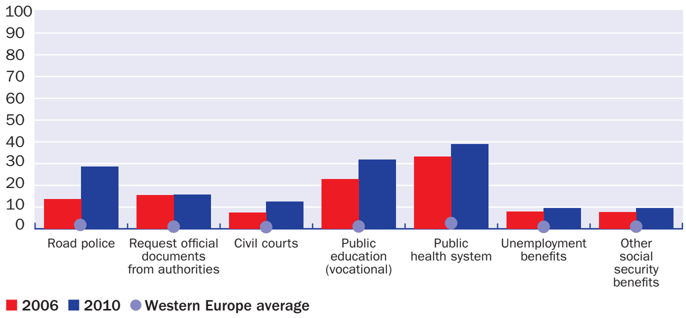
Trust in institutions remains very high

% of respondents who have trust in institutions, by category



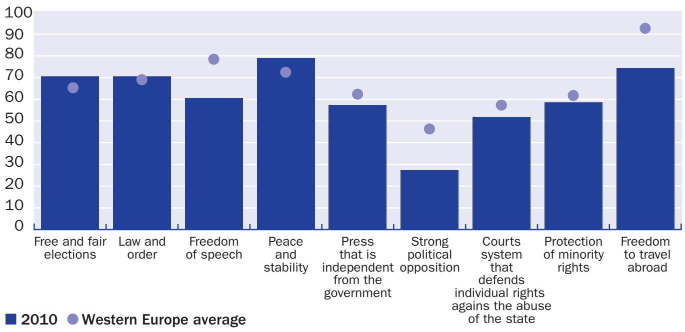
Relatively frequent irregular payments further up since 2006

% of respondents who believe that irregular payments are used, by category



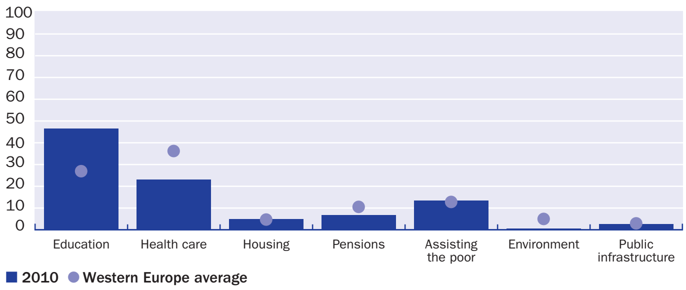
Strong belief in presence of most basic institutions

% of respondents who think the country has the basic democratic institutions



Government spending on education is biggest priority

% of respondents who think what should be the priority of extra government spending



Key findings (%, weighted)

	Turkey	Average Transition region	Average Western Europe
Satisfied with life	50	43	72
Trust in others	17	34	42
Perceive less corruption than four years ago	41	21	9
Concerned about climate change	60	54	54
Support both market economy and democracy	35	34	42
Households affected by the crisis	47	49	31

Impact of the crisis

Nearly one-half of households in Turkey have been hurt by the economic crisis. This is comparable to the transition region average and slightly higher than the average for the western European comparators. The crisis has had a much bigger impact on people in the lower socio-economic categories.

Life satisfaction

Life satisfaction has increased in Turkey and is slightly higher than the average for the transition region. While satisfaction has almost uniformly increased among most age and income brackets, it has fallen by a few percentage points among people in the upper-income range. It has increased most among the over-60s and those in the lower-income bracket. There seems to be a strong correlation between life satisfaction and the reported improvement by more than one-half of respondents in the socio-economic situation in the country since 2006.

The percentage of respondents who think that children born today will have a better life is slightly lower than the transition region average and is falling. Levels of reported optimism have decreased almost uniformly across different age and income categories. However, it appears that they have fallen most among the younger generation and people in the upper-income bracket.

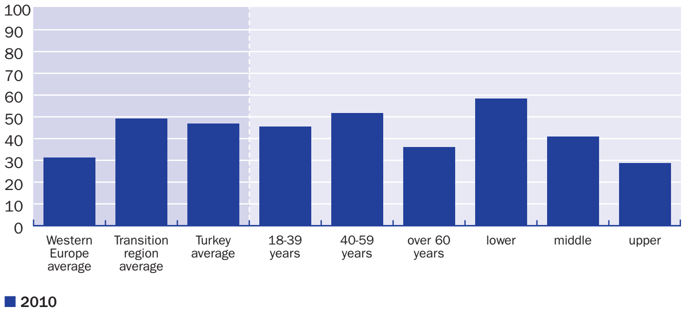
Attitudes towards democracy and market economy

Almost 35 per cent of respondents prefer a combination of democracy and a market economy over other socio-economic systems. However, proportion of respondents who favour a combination of democracy and a planned economy (under some circumstances) is also relatively high, at 20 per cent. As in the rest of the transition region, most people would be willing to forego some political liberties to live in a country with robust growth.

Turks have a strong belief in the democratic nature of their basic institutions. Almost two-thirds of respondents think that the country has freedom of speech, free and fair elections, law and order and a strong political opposition. This confidence in Turkey's democratic institutions compares well with western European comparator countries.

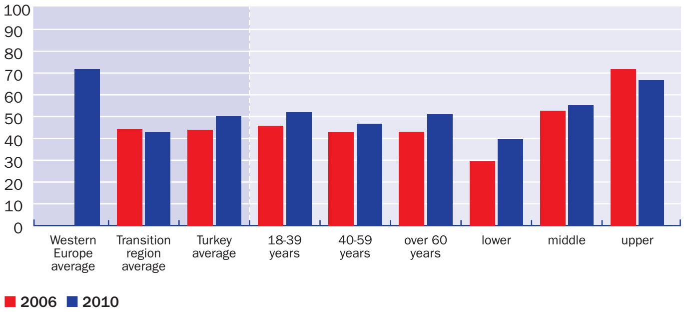
Less than one-half of households has been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



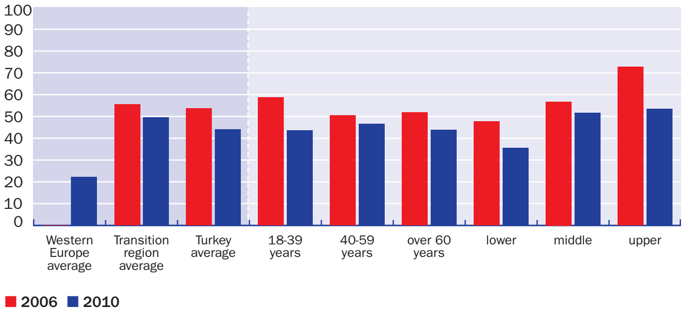
Life satisfaction has risen since 2006

% of respondents who are satisfied with life, all things considered

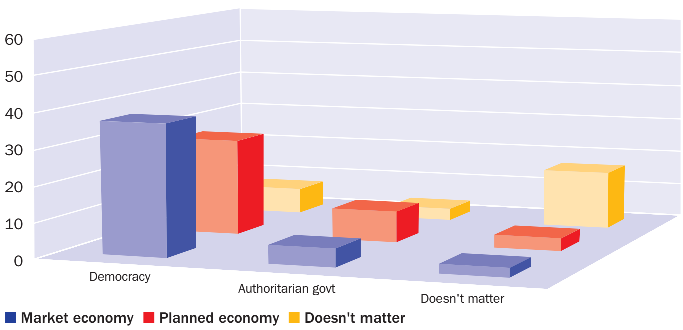


Optimism for the future has dropped since 2006

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

Turkish respondents have very low levels of trust in others. Generalised trust has fallen since 2006, remaining very low and well below the average for the transition region. It has fallen among all age and income categories, but more markedly among lower- and middle-income groups.

Although the level of generalised trust is low, more than one-half of respondents have strong confidence in most of their public institutions. This level of trust has remained high, especially for the armed forces, the police and the religious institutions, and is well above the western European comparator average.

Corruption perception

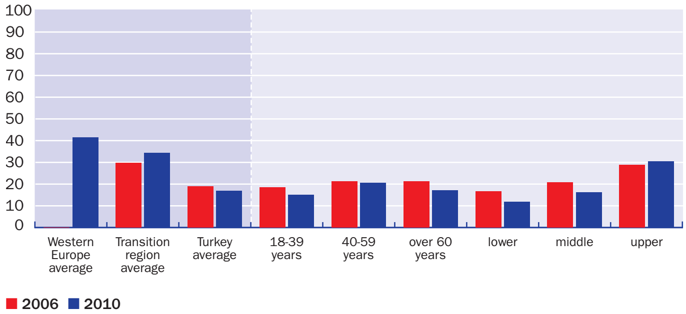
The level of perceived corruption in Turkey is significant and higher than levels in many of the other transition countries. Perceived corruption has uniformly increased among most of the public sector. Almost 15 per cent of respondents report making irregular and unofficial payments when dealing with traffic police, civil courts, public health facilities or when applying for unemployment benefits. Despite these findings, about 41 per cent of respondents believe that levels of corruption have decreased since 2006.

Priorities for government spending

More than 40 per cent of respondents would prefer extra government expenditure on education. Further spending on health care, pensions and helping the poor are also high priorities.

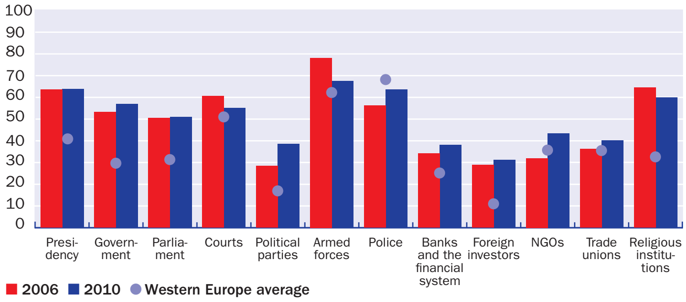
Trust is down to a mere one-half of transition region average

% of people who think that, generally, people can be trusted



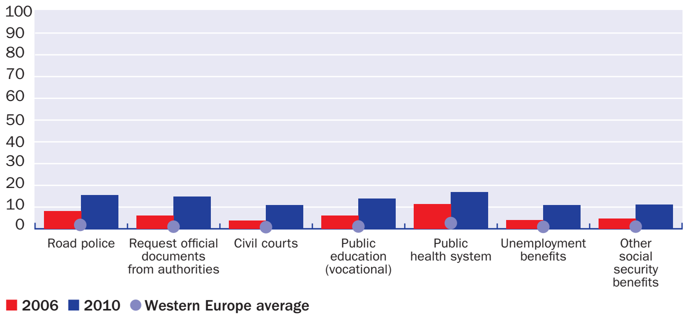
Trust in institutions has remained fairly high

% of respondents who have trust in institutions, by category



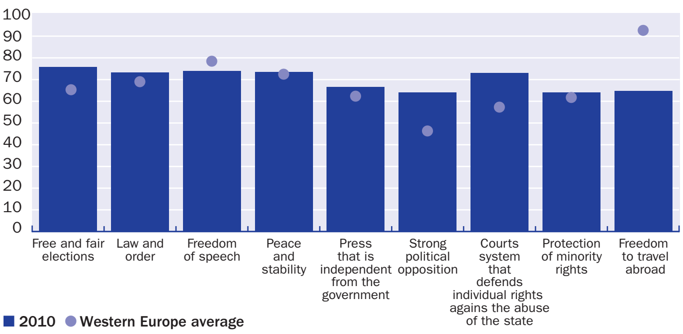
Irregular payments are mostly up since 2006

% of respondents who believe that irregular payments are used, by category



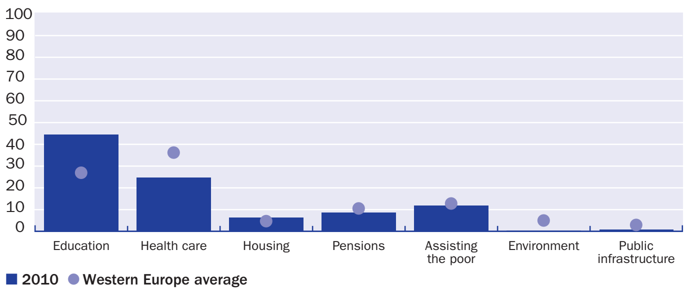
Strong belief in presence of most basic institutions

% of respondents who think the country has basic democratic institutions



Government spending on education is biggest priority

% of respondents who think what should be the priority of extra government spending



Ukraine

Key findings (%, weighted)

	Ukraine	Average Transition region	Average Western Europe
Satisfied with life	30	43	72
Trust in others	49	34	42
Perceive less corruption than four years ago	10	21	9
Concerned about climate change	62	54	54
Support both market economy and democracy	26	34	42
Households affected by the crisis	46	49	31

Impact of the crisis

Forty-six per cent of respondents think that their households have been affected adversely by the crisis, which is slightly below the transition region average. The impact has been much greater among middle-aged people and those in the lower- and middle-income groups.

Life satisfaction

Life satisfaction has dropped since 2006 and is considerably below the transition average. Only about 30 per cent of respondents are satisfied with life, which represents a drop of around eight percentage points since 2006. Younger people (aged 18-39) and the middle classes have recorded the biggest decrease in satisfaction, while those over 60 seem to be happier than in 2006.

Confidence in a better future for the younger generation has slightly increased since 2006, to 49 per cent of respondents, and is comparable to the transition average. This level of optimism has remained unchanged among the lower-income groups, but has increased among older people and the upper-income bracket of the population.

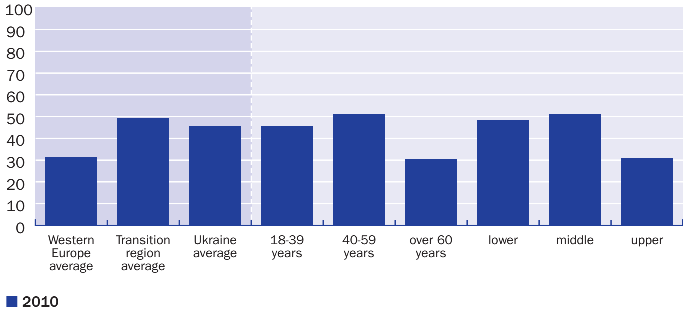
Attitudes towards democracy and market economy

Just over 25 per cent of respondents support a combination of democracy and a market economy as their preferred economic and political system. While this percentage is relatively high, another one-fifth feel that the type of political and economic does not matter. More importantly, about 15 per cent favour a planned economy and authoritarianism under some circumstances. Respondents would also exchange some political liberties for robust economic growth, although one-half believe that they already live in a country with few liberties and weak growth.

There is limited belief in the existence of some of the basic democratic institutions. About two-thirds of respondents think that they are free to travel abroad, but a much lower proportion think that Ukraine has law and order (16 per cent), a strong political opposition (19 per cent) or a court system that protects the rights of individuals against abuse by the state (11 per cent).

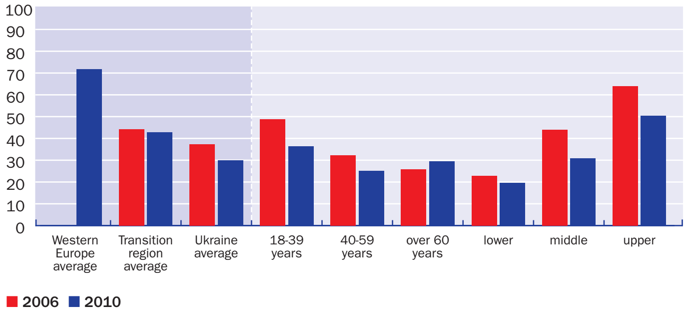
Almost one-half of households has been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



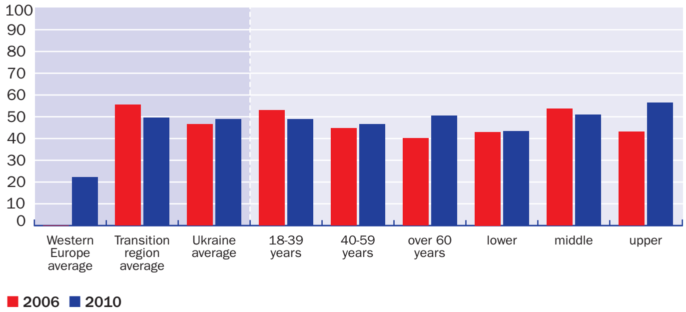
Less than one-third of people are now satisfied with their lives

% of respondents who are satisfied with life, all things considered

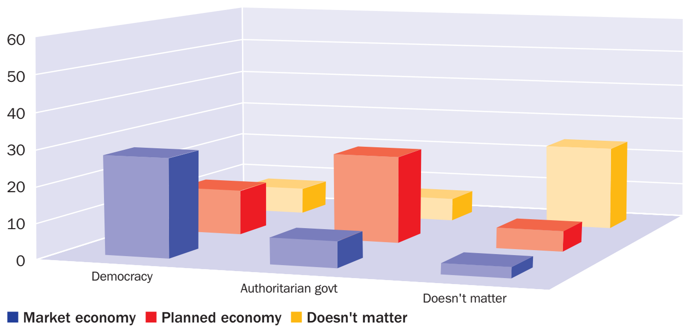


Optimism for the future is slightly up since 2006

% of respondents who are optimistic about the future of the younger generation



Combination of democracy and market economy preferred to other options



Generalised and institutional trust

The level of trust has increased since 2006 and is considerably higher than the transition average. Almost one-half of respondents think that people can be trusted, which represents about a 10 percentage point rise since 2006. Trust has particularly increased among the middle-aged and higher-income population groups.

Ukrainians have very low trust in their national institutions. While trust in some institutions has increased since 2006, well below 30 per cent of respondents think that institutions overall can be trusted. The armed forces are the most highly rated and have merited the biggest increase in trust since 2006. Unsurprisingly, trust in banks and financial institutions has fallen significantly given the broad impact of the financial crisis on life in Ukraine.

Corruption perception

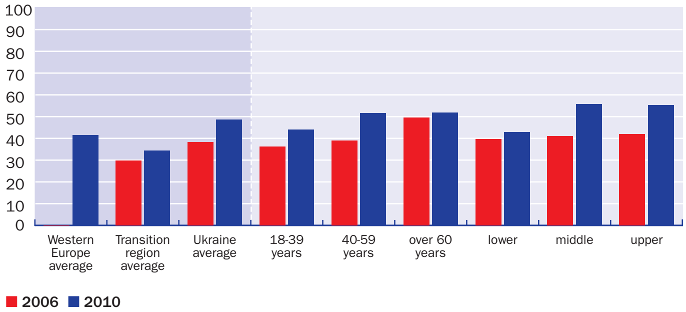
The level of perceived corruption in Ukraine is much higher than in most of the transition region, and has increased in certain public sector areas. Bribery is high across the public sector – 28 per cent of respondents think that irregular payments are used when dealing with the traffic police, 26 per cent with the public education system and 17 per cent with the civil courts. Perceived corruption remains most prevalent in the public health system according to 43 per cent of respondents (a rise of three percentage points since 2006). Most respondents disapprove of the need for bribery – less than 10 per cent think that a public official asking for a gift or favour in return for a service is wrong.

Priorities for government spending

About two-fifths of respondents think that there should be additional spending on the public health system, much higher than the percentage favouring extra expenditure on education, housing, pensions and helping the poor. Almost 50 per cent of respondents think that incomes should be made more equitable.

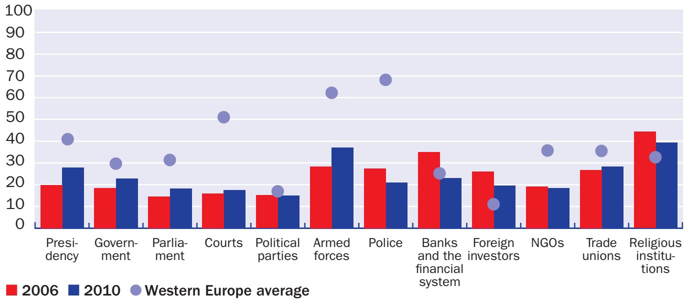
Trust level is up to well above transition region average

% of people who think that, generally, people can be trusted



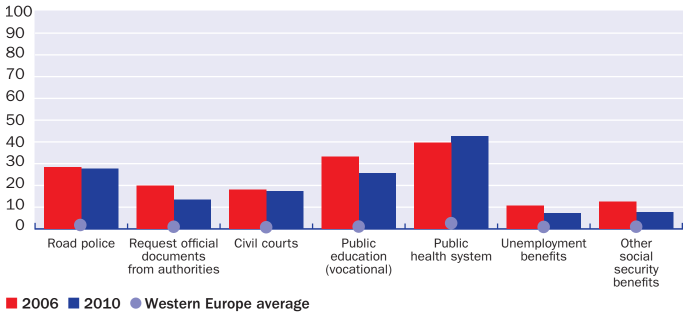
Trust in most institutions is low

% of respondents who have trust in institutions, by category



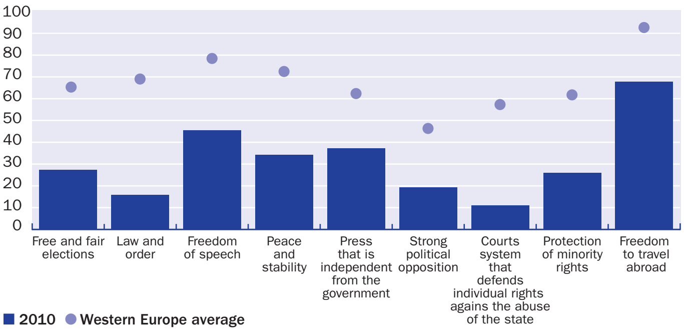
Irregular payments are high despite some decreases

% of respondents who believe that irregular payments are used, by category



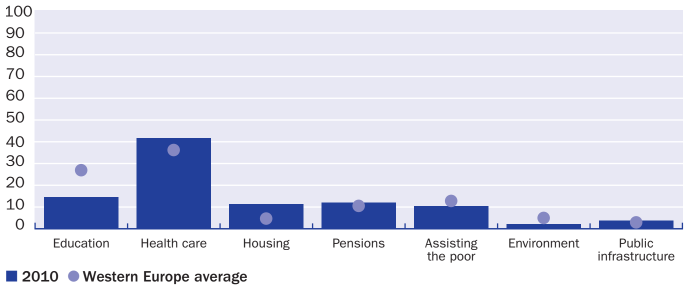
People believe court system is severely lacking

% of respondents who agree that the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the direction of extra government spending



Uzbekistan

Key findings (%, weighted)

	Uzbekistan	Average Transition region	Average Western Europe
Satisfied with life	66	43	72
Trust in others	49	34	42
Perceive less corruption than four years ago	59	21	9
Concerned about climate change	50	54	54
Support both market economy and democracy	57	34	42
Households affected by the crisis	20	49	31

Impact of the crisis

The economic crisis has left its mark on Uzbek citizens. However, the perceived impact is the lowest in the transition region. Only about one-fifth of respondents report that their household has been either severely or moderately affected, although this percentage is much higher among the lower socio-economic groups in the population. However, only 18 per cent of affected households received any government benefits and very few of those who lost their jobs received unemployment benefits.

Life satisfaction

Life satisfaction has decreased slightly in Uzbekistan since 2006 but remains well above the average for the transition region. Over 70 per cent of respondents are satisfied with life, particularly among the younger generation and the middle and upper classes.

There is confidence that children born today will have a better life than the preceding generation. The level of optimism is slightly higher than that recorded in 2006 and is now the highest level in the transition region. There has been an increase in optimism mainly among middle-aged and older people and among the lower and middle classes.

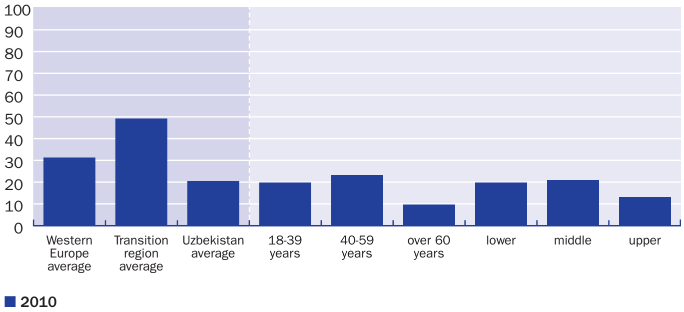
Attitudes towards democracy and market economy

More than one-half of Uzbek respondents say that a combination of democracy and a market economy is their preferred economic and political system. Only a very small percentage favour, under some circumstances, an authoritarian regime with a planned economy, while about 10 per cent do not have an explicit preference. The level of support for a market economy has risen dramatically in the past four years and Uzbekistan now has the highest support for a market economy in the transition region, at 62 per cent. Encouragingly, it also has some of the highest support for democratic political system.

There is a strong belief in the existence of basic democratic institutions. More than 80 per cent of respondents believe that Uzbekistan has free and fair elections and freedom to travel abroad and almost all think that their country enjoys peace and stability. However, the survey was unable to ask about the perceived existence of freedom of speech, an independent press and a strong political opposition due to local sensitivities on these questions.

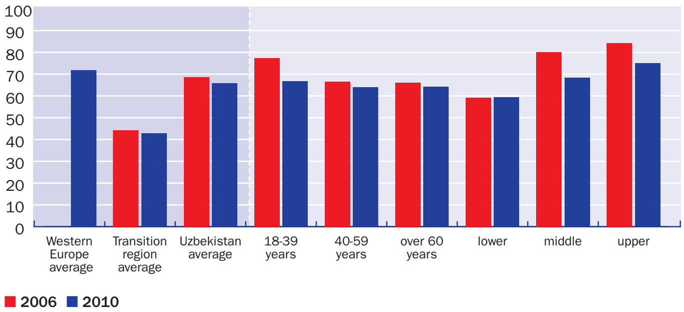
A mere one-fifth of households has been affected by the crisis

% of respondents whose households have been affected by the crisis, either a great deal or a fair amount



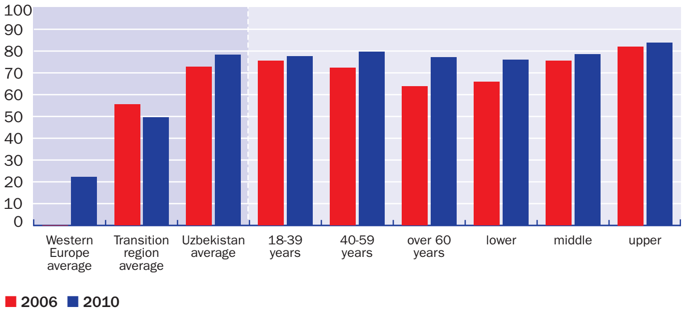
Life satisfaction remains well above transition region average

% of respondents who are satisfied with life, all things considered

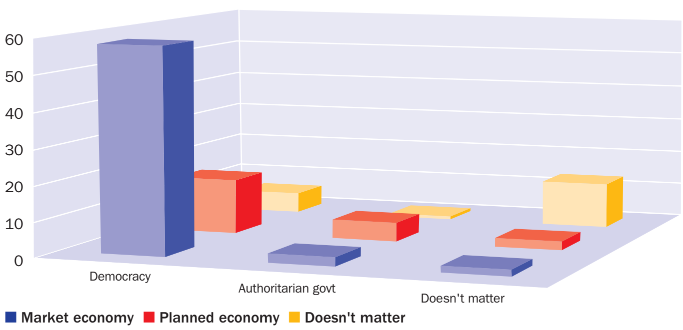


Already high optimism is further up since 2006

% of respondents who are optimistic about the future of the younger generation



Over one-half of respondents prefer a combination of democracy and market economy to other options



Generalised and institutional trust

The level of generalised trust has increased in Uzbekistan and stands well above the average for the transition region. It has risen almost uniformly across different age and income categories, but has been most marked among the younger and middle-aged sections of the population and the lower and middle classes. However, there is a markedly low level of trust in real-life situations: just over one-fifth of respondents believed that, if their wallet was lost in their neighbourhood, it would be returned to them.

Trust has increased in all public institutions and is among the highest in the transition region. Respondents particularly trust their government, parliament and the armed forces. Around one-third of respondents in Uzbekistan said the performance of the national government has improved in the past three years, which is also observed in other countries where economic growth has remained high during the economic crisis.

Corruption perception

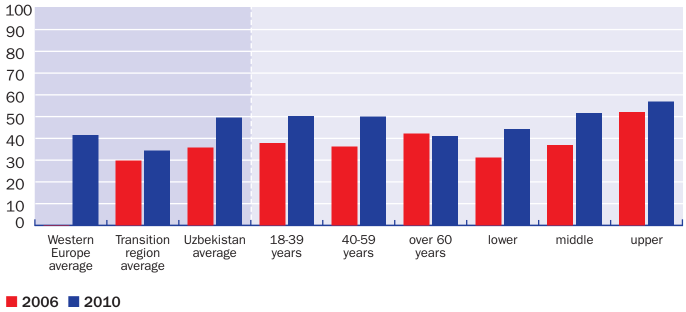
Corruption is still perceived to be a problem in the Uzbek public sector. However, 58 per cent of respondents agreed that corruption is lower that it was four years ago. About one-fifth of respondents claim to have made irregular payments when dealing with public sector authorities and bureaucracy, such as when requesting official documents, accessing the civil courts or public education, or applying for unemployment or other types of social security benefits. As in the rest of the transition region, corruption seems to be most endemic in the public health system, although it has decreased to some extent since 2006. Satisfaction with public service delivery remains average, but it has increased significantly in health care from 48 per cent to 64 per cent as corruption there has fallen most dramatically.

Priorities for government spending

About one-quarter of respondents would like extra government spending on public health care. A significant proportion also favour more investment in education, pensions and helping the poor.

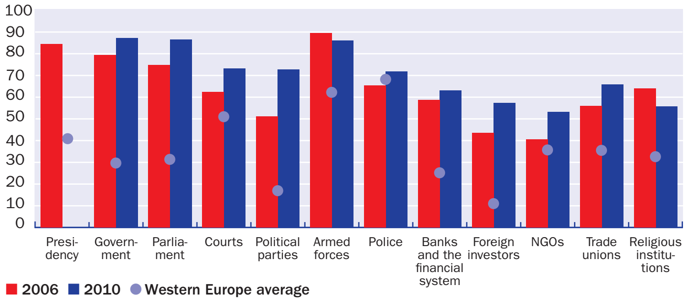
Trust is up to well above transition region average

% of people who think that, generally, people can be trusted



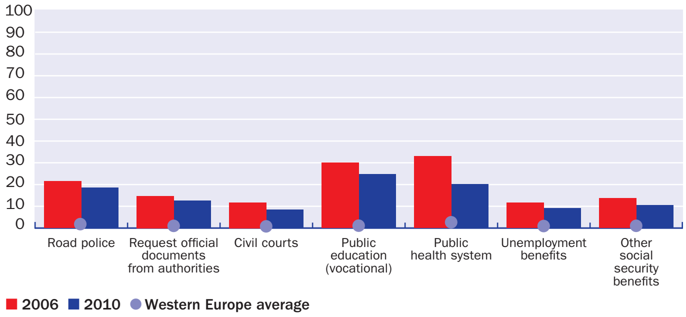
Very high trust in most institutions

% of respondents who have trust in institutions, by category



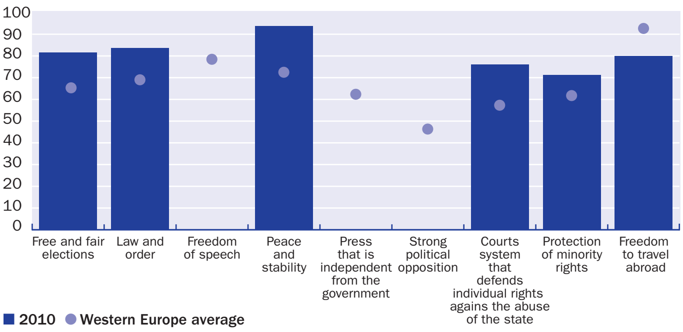
Irregular payments are slightly down since 2006

% of respondents who believe that irregular payments to public sector institutions are used, by category



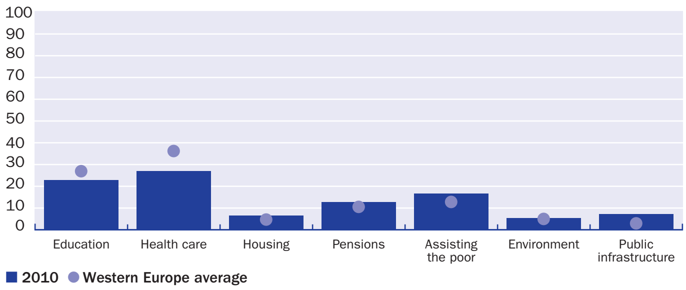
Strong belief in presence of certain basic institutions

% of respondents who think the country has the basic democratic institutions



Government spending on health care is biggest priority

% of respondents who think what should be the priority of extra government spending



Annex: Sampling methodology

This annex outlines the sampling methodology employed for the survey. This methodology was designed to make the sample nationally representative. In order to achieve this, a two-stage clustered stratified sampling procedure was used to select the households to be included in the sample. In 25 transition countries, France, Germany, Italy and Sweden, the survey was conducted face-to-face in 1,000 randomly chosen households. In Russia, Ukraine, Uzbekistan, Serbia, Poland and the United Kingdom there were 1,500 household interviews in order to allow for a reasonably large sample for a follow-up telephone survey, which will be based on a shortened version of the current questionnaire and which will be conducted one year after the face-to-face survey, i.e., in autumn 2011.

First stage: establishing sample frame of Primary Sampling Units

In all countries, the most recent available sample frame of Primary Sampling Units (PSUs) was selected as the starting point. Local electoral territorial units were used as PSUs wherever it was possible, as they tend to carry the most up-to-date information about household addresses. The following sampling frames were used:

Electoral districts: Bulgaria, Hungary, Poland, Romania, Serbia.

Polling station territories: Albania, Armenia, Belarus, Bosnia and Herzegovina, Moldova, Montenegro.

Census Enumeration Districts: Slovak Republic, Sweden, Tajikistan, Turkey.

Geo-administrative divisions: the remaining countries.

The total number of PSU sample frames per country varied from 182 in the case of Mongolia to over 48,000 in the case of Turkey. In order to ensure an even distribution across regions and type of settlement, PSUs were ordered by geographical region and levels of urbanity or rurality.[1] Then, 50 PSUs in most countries and 75 PSUs in Russia, Ukraine, Uzbekistan, Serbia, Poland and the UK were selected from these lists, with probability of selection proportional to PSU size. The size was measured as the number of households in the PSU. If that information was not available, size was taken as the adult population or total population.

Second stage: selection of households

The second stage in sampling consisted of selecting households within each PSU. The aim was to make sure that each household was selected with an equal probability within any given PSU and hence all households in the country had the same probability of being selected. Two sampling procedures were used. In the majority of countries, a random walk fieldwork procedure was used: the fieldwork coordinator selected the first address to be sampled, and the interviewer was given clear instructions on how to select remaining addresses within the PSUs. For a small number of countries – Hungary, Lithuania, Slovenia and Sweden and the United Kingdom – the sample was pre-selected to ensure that the probability of any household's inclusion was always equivalent to the probability generated by random selection.

If more than one household was resident at a particular address, interviewers were instructed to produce a list of all households in the contact sheet and randomly select one household. In order to select a household randomly, they were asked to use the same instructions as for the selection of a respondent in a household.

Selection of respondents within households

Interviewers were instructed to explain the purpose of their visit when first making contact with the household, and to attempt to make contact with the head of the household.[2] Interviewers then completed a household roster. All people living under the same roof in the household and sharing their meals together were included in the roster.[3]

In order to select a respondent from a household randomly interviewers used a selection grid.[4] These grids used sets of randomly ordered numbers 1 to 12, which were generated by the central coordinating office. Interviewers were provided with a random grid for each address which they visited. Using these selection grids, interviewers made a random selection of individuals to be interviewed. The interviewer read the numbers from left to right until they found the ID code of a household member 18 years old or older. This person was selected to be the respondent for sections 3-7 of the questionnaire. If the selected respondent was also the head

[1]Some PSUs were excluded in Mongolia, Russia and Turkey because they were too geographically remote. Eight PSUs were replaced with similar PSUs in Italy as a result of incomplete geographical coverage. Additional PSUs were selected in the UK due to lower than expected response rates.

[2]In Sweden interview subjects were recruited over the phone and the interviews were then conducted face-to-face.

[3]Household members who were away for a period of one month or longer on work or study in another geographical location or country were excluded from the selection.

[4]In LiTS I the "last birthday" method and Kish grids were used.

Table 1
Profile of principal respondents in LiTS 2010

	Gender		Age			Location		OECD equivalised household expenditure (USD)		
	Male	Female	18-39	40-59	60+	Urban/Metro	Rural	<4000	4000-6000	>6000
Albania	44.7	55.3	45.3	39.7	15.0	61.8	38.2	33.8	23.8	42.4
Armenia	34.6	65.4	41.1	35.4	23.4	71.7	28.3	62.0	21.9	16.1
Azerbaijan	35.5	64.5	54.3	35.3	10.4	66.1	33.9	34.0	29.0	37.0
Belarus	38.0	62.0	56.6	30.1	13.3	72.8	27.2	17.1	28.4	54.4
Bosnia and Herzegovina	43.3	56.7	46.5	30.7	22.8	53.9	46.1	23.6	27.8	48.6
Bulgaria	36.7	63.3	27.9	36.3	35.8	68.5	31.5	26.9	27.2	45.9
Croatia	43.9	56.1	31.5	34.9	33.6	62.1	37.9	9.5	15.6	75.0
Czech Republic	39.3	60.7	41.0	38.1	20.9	76.9	23.1	2.4	19.2	78.4
Estonia	28.8	71.2	32.2	26.7	41.1	59.0	41.0	9.3	33.4	57.2
France	47.8	52.2	27.4	40.5	32.1	71.2	28.8	2.5	9.3	88.2
Georgia	30.8	69.2	35.5	34.3	30.2	50.0	50.0	70.3	16.3	13.4
Germany	43.5	56.5	29.6	43.4	27.1	71.9	28.1	3.6	8.5	87.9
United Kingdom	43.7	56.3	30.6	31.2	38.2	77.3	22.7	9.0	16.0	75.0
Hungary	40.4	59.6	27.0	33.9	39.1	70.5	29.5	20.5	33.6	45.9
Italy	33.9	66.1	33.3	42.7	24.0	40.0	60.0	2.4	10.7	86.9
Kazakhstan	31.9	68.1	49.2	37.2	13.6	56.0	44.0	48.0	29.9	22.1
Kyrgyz Republic	40.9	59.1	51.7	34.5	13.8	40.1	59.9	72.3	21.1	6.6
Latvia	40.6	59.4	33.6	30.5	35.9	73.6	26.4	19.7	31.7	48.6
Lithuania	32.8	67.2	27.2	34.3	38.5	62.2	37.8	14.2	31.3	54.5
FYR Macedonia	44.5	55.5	43.5	36.3	20.2	62.8	37.2	19.3	25.1	55.6
Moldova	35.8	64.2	30.2	36.7	33.1	40.1	59.9	55.2	22.3	22.5
Mongolia	44.7	55.3	61.1	27.4	11.5	48.6	51.4	61.4	18.1	20.5
Poland	47.5	52.5	36.6	33.4	30.0	46.8	53.2	17.8	29.0	53.3
Romania	42.9	57.1	32.4	33.0	34.6	57.9	42.1	45.8	27.8	26.4
Russia	30.4	69.6	41.2	31.9	26.9	72.9	27.1	11.4	28.2	60.4
Serbia	43.9	56.1	31.6	38.6	29.8	55.9	44.1	15.6	24.0	60.5
Slovak Republic	38.4	61.6	48.2	41.3	10.5	66.4	33.6	5.3	22.4	72.2
Slovenia	44.2	55.8	39.2	37.8	23.0	58.5	41.5	1.9	7.9	90.2
Sweden	53.8	46.2	23.8	42.7	33.6	90.2	9.8	3.6	10.1	86.3
Tajikistan	40.5	59.5	55.6	34.3	10.0	15.9	84.1	74.6	14.3	11.1
Turkey	34.3	65.7	54.5	33.0	12.5	76.6	23.4	33.6	31.8	34.6
Ukraine	30.0	70.0	40.3	31.2	28.5	65.2	34.8	39.3	24.5	36.2
Uzbekistan	39.7	60.3	55.3	34.1	10.7	41.3	58.7	73.4	19.4	7.2
Kosovo	42.6	57.4	64.9	25.3	9.8	44.1	55.9	88.0	9.0	3.0
Montenegro	44.9	55.1	52.4	30.7	16.9	56.4	43.6	6.9	17.8	75.4

of household or knowledgeable member they completed all sections (including section 1 – contact sheet and section 2 – housing and expenses).

The standard interview method called for each selected household to be visited at least three times before being replaced. In the majority of cases (79 per cent), however, the interviews were completed on the first visit. In 61 per cent of cases, the head of the household and the principal respondent were the same person; in the remaining 39 per cent, two different interviews were required to be carried out in the same household. The profile of the principal respondents is depicted in Table 1.

In all countries, except for France, Poland and Sweden, there is a significant majority of females and relatively older people in the sample. This is likely to have resulted from the fact that household members who were away from home on a permanent basis, either for work or studies, were excluded from the sample.

In order to correct this problem, a weighting scheme was introduced. In the first step, the weighting scheme identifies target populations in each country, disaggregated by age and gender. In the second step, weights are assigned in order for the sample to reproduce the gender and age breakdown within the country's population. All the figures presented in this report are weighted using this scheme.

Chapters 1 and 3 calculate regional averages on a 'democratic' basis, i.e., all countries are weighted by their population, whereas chapters 2, 4, 5 and the country pages calculate averages on a 'federal' basis, i.e., all countries are weighted equally.

Acknowledgements

This report on the Life in Transition Survey (LiTS) was prepared by the Office of the Chief Economist and the Department for Stakeholder Relations at the EBRD with contributions from World Bank staff.

The report was edited by Franklin Steves (EBRD) under the general direction of Erik Berglöf, Chief Economist, and Jeromin Zettelmeyer, Deputy Chief Economist and Director of Research at the EBRD.

Franto Ricka (EBRD) and Peter Sanfey (EBRD) provided valuable editorial input into the report. Zlatko Nikoloski (EBRD, UCL) and Alexander Teytelboym (EBRD, University of Oxford) provided excellent research assistance and project management support for the entire report.

The writing teams for the chapters and boxes comprised:

Chapter 1
Benu Bidani, Mame Fatou Diagne and Salman Zaidi of the World Bank.

Chapter 2
Franto Ricka and Peter Sanfey of the EBRD. Zlatko Nikoloski (EBRD, UCL) provided excellent analytical support.

Chapter 3
Mame Fatou Diagne, Dena Ringold, and Salman Zaidi of the World Bank. Martin Cumpa and Santhosh Srinivasan provided invaluable research assistance.

Chapter 4
Franklin Steves (EBRD) and Alexander Teytelboym (EBRD, University of Oxford).

Chapter 5
Eva Fodor of the Department of Gender Studies, Central European University, with inputs from Cecile Divino of the EBRD's Gender Team.

The authors are grateful to the following for comments and suggestions on parts of the Report: Ihsan Ajwad, Asad Alam, Paolo Belli, Erik Berglöf, Zeljko Bogetic, Willem van Eeghen, Indermit Gill, Pauline Grosjean, Rekha Menon, Michal Myck, John Newman, Svenja Petersen, Biljana Radonjic Ker-Lindsay, Martin Raiser, Claudia Senik, Lars Sondergaard, Yvonne Tsikata and Jeromin Zettelmeyer.

Editorial, design, and production guidance was provided by Jane Ross and Dan Kelly from EBRD's Communications Department.

Editorial support was provided by Richard German.

The report was designed by Andy Ritchie from BN1 Creative. Artwork was provided by Alexander Chmelev.

It was printed by Fulmar Colour Printing Company Limited.

The Life in Transition Survey II
The second Life in Transition Survey (LiTS II) was designed by the EBRD's Office of the Chief Economist and the World Bank's Europe and Central Asia (ECA) Region (Office of the Chief Economist and Poverty Reduction and Economic Management Unit), under the general direction of Erik Berglöf (Chief Economist, EBRD) and Indermit Gill (Chief Economist, ECA Region, World Bank).

The EBRD and the World Bank worked in close collaboration with Juan Muñoz (Sistemas Integrales) on the design of the survey and the fieldwork implementation. Pauline Grosjean (University of San Francisco) provided extensive comments and suggestions for the design of the questionnaire.

The design and implementation of the survey fieldwork was undertaken by a team at the global market research firm Ipsos MORI, which was chosen by a competitive tender. The team was led by Andrew Johnson, Sara Grant-Vest and Hayk Gyuzalyan, under the overall supervision of Brian Gosschalk.

LiTS II was funded by the Canadian International Development Agency (CIDA), the Central European Initiative (CEI), the UK Department for International Development (DFID), the World Bank and the EBRD Shareholder Special Fund (SSF).

The EBRD and World Bank are extremely grateful to CIDA, CEI and DFID for their continuing support for the Life in Transition Survey.

Printed in England by Fulmar which operates an environmental waste and paper recycling programme.

The Life in Transition Survey 2011 is printed on an environmentally responsible, sustainable source paper manufactured by paper mills which are FSC and ISO14001 certified.

Photography: Simon Crofts (Front cover bottom right); Arnhel de Serra (36); Mike Ellis (Front cover top, 6 bottom left and right, 18 bottom right and left, 48 top and bottom right, back cover top left; back cover middle left); MBFA (26 bottom left); Vladimir Pirogov (Front cover bottom left, 18 top, 26 top, 48 bottom left, back cover bottom); Bryan Whitford (6 top, 26 bottom right, back cover middle right).

7779 Life in Transition Survey 2011 (E/3,000)

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC® C016486

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Switchboard/central contact
Tel: +44 20 7338 6000
Fax: +44 20 7338 6100
SWIFT: EBRDGB2L

Information requests
For information requests and general enquiries,
please use the information request form at
www.ebrd.com/inforequest

Project enquiries
Tel: +44 20 7338 7168
Fax: +44 20 7338 7380
Email: projectenquiries@ebrd.com

EBRD publications
Tel: +44 20 7338 7553
Fax: +44 20 7338 6102
Email: pubsdesk@ebrd.com

Web site
www.ebrd.com
www.ebrd.com/lifeintransition