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“Distributive Justice in Armenia”

By

Liana Avetisyan

Supervisor:

Dr. Simon Clarke

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Contents

Introduction	3
Literature Review.....	4
Research Design	7
Chapter I.....	8
Distributive Justice and Public Beliefs: Theoretical Framework.....	8
Chapter II.....	15
Public Beliefs about Distributive Justice in Armenia	15
<i>The Results of the Surveys on Perceptions of Distributive Justice in Armenia.....</i>	<i>15</i>
<i>The Results of the Focus Groups.....</i>	<i>24</i>
<i>Data Analysis</i>	<i>35</i>
Chapter III.....	38
State Distribution Policies in Armenia	38
<i>Tax Policy</i>	<i>38</i>
<i>Public vs. Private Sector.....</i>	<i>39</i>
<i>Social Security</i>	<i>39</i>
<i>Minimum Monthly Income and Minimum Consumer Basket</i>	<i>40</i>
Chapter IV	41
Public Beliefs about Distributive Justice and the Distributive Policies in Armenia	41
Discussion.....	44
Bibliography	48

Introduction

Distributive justice is a set of principles that determine allocation of resources and goods and are supposed to underlie the respective decision-making process of the respective state institutions. Its importance is conditioned by the fact that people face the consequences of these decisions in their everyday life receiving wages at work or paying taxes. Here comes the question: Do our own beliefs about just distribution of the goods and resources really matter? There are two main approaches to that question: the first is that empirical findings on public beliefs are irrelevant for theory of distributive justice. In contrast, the second view implies that theory should be challenged by empirical evidence.

It is already more than fifty years that the empirical research on distributive justice has been conducted. The main methods used by the scholars have been public opinion surveys, experiments and interviews. The topic is relevant for Armenia, as there is no separate research on public beliefs about distributive justice: only the Caucasus Research Resource Center Survey (CRRC) on Tax Perception among households and businesses 2013 and some findings in the World Value Survey (WVS) 2011 and the Caucasus Barometer 2013 (“Tax Perceptions in Armenia: Household and Enterprise Survey 2013” 2013; “Caucasus Barometer 2013 Armenia | Codebook | Online Data Analysis” 2016; “Armenia 2011/WVS Wave 6 (2010-2014)” 2016).

The novelty is that the research will be based on the critical analysis of the link between public beliefs and public policies through the lens of theory of distributive justice. It is replication of the David Miller's research, which has not even got some exact definition, but informally is named normative.

The purpose of this research is to find out not only whether public beliefs really matter, but also whether they should be reflected in the respective state policies on the example of Armenia. By setting theoretical framework in the first chapter, the author then comes up with empirical findings on Armenians' public beliefs about distributive justice and their analysis. Next chapter

describes the existing distributive policies implemented by the Armenian government, which is followed by the analysis of the relationship between these policies and the public beliefs. Having revealed whether the policies match or mismatch public beliefs, conclusion applies theoretical part of the paper to the empirical findings.

Literature Review

David Miller has been the first political philosopher to speak about relevance of public opinion for framing just distribution policy. Public opinion is perceived as an intervening variable in policy decision-making process. Even if there are other factors influencing a particular policy, it impacts the latter through public opinion: peoples are those who are exposed to the influence of that factor, thus are able to give feedback on that. Shapiro claims that government changes its policy only when public opinion on it changes: similarly, policy changes in the US in the period of 1935-1979 took place due to transformation of public opinion. He insists that people judge tax system and tax burden they are subject to not only according to economic calculations and self-interest, but also to some judgments about distributive justice in general. (Miller 1999; Page and Shapiro 1983)

Miller has suggested applying social science and political philosophy simultaneously, i.e. combining empirical evidences of public opinion with critical analysis in the framework of distributive justice theories. Some scholars argue that philosophers should take into account empirical evidences of public beliefs about distributive justice, when they try to define the philosophical validity of theories, whereas policy makers should count it while applying theories of justice (Michelbach et al. 2003; Scott et al. 2001; Scott and Bornstein 2009). Michelbach et al. have supported this argument based on their own research on individual behavior in terms of distributive decision-making (Michelbach et al. 2003).

Application of the principles depends on circumstances and the good that is to be distributed. Accordingly, people choose the most appropriate principle of allocation: merit, need, equality or desert. Scott's research has proved that individuals' allocation behavior has is determined not only by the context and the good, but personal characteristics of people (culture, ideology, and socio-economic status) that have to distribute those particular goods as well. The structure gives an opportunity to predict individuals' choice in terms of allocation principle. It is essential for the state to make the right decision on "who gets what, when, and how" thus the relationship between the context and type of good are of interest for politicians. Thus, empirical evidence is important, as in ordinary life individuals do not apply norms prescribed in theory exactly in the same way: they tend to combine numerous principles. (Scott et al. 2001; Scott and Bornstein 2009)

Other scholars state that both theory of distributive justice and empirical findings help understand peoples' allocation behavior and their beliefs about fairness. It is based on their "perceptions of fact" that's is determined by their "perceptions of justice" (Headey 1991). Based on their research on the social impact of the hurricanes Katrina and Rita in 2005, and flooding in the Midwest, Bornstein and Scott have come to the conclusion that the knowledge of that perception helps understand whether citizens perceive the policies as legitimate or not (Scott and Bornstein 2009). Heady also has done research on the relationship on public beliefs about existing income distribution and just one: he has explored public opinion on actual occupational, perceived and legitimate incomes. Based on the two Australian national surveys, he found that the citizens believed that incomes should be much more equal than they were, i.e. public policy did not match public believes (Headey 1991). The other research has been done on distributional behavior in thirteen Western democracies and post-communist states to check Miller's hypothesis that in the post-communist societies people are more sensitive to equality and need than to desert, as it is common for the Western society. It has revealed that, in contrast to

common perception, the principle of reward is equally supported both in East and West (Marshall et al. 1999).

The most widespread policy domain which has been explored in the framework of the empirical research on public opinion on distributive justice is tax distribution. So far the research done in the countries where citizens have been discontented with tax policy has been aimed to find out public opinion on taxation to improve tax policy, since it is considered that taxpayers' opinion influences their behavior, i.e. compliance or non-compliance (Porcano 1984; Nkwe 2012; Gemmell, Morrissey, and Pinar 2004). The findings of the research in Botswana and South Africa, the US, New Zealand, and Malaysia have proved that citizens' tax perceptions determine their attitude towards the respective policy (Nkwe 2012; Porcano 1984; Saad 2012). Therefore, to have feasible policy government should implement tax policy that will reflect taxpayers' perception of fairness (Gemmell, Morrissey, and Pinar 2004; Fochmann et al. 2010).

The issue of public beliefs about distributive justice and their reflection in public policy is relevant for Armenia as well. As mentioned above, there are only some findings on public beliefs on distributive justice. The government is not popular with its citizens that start to form more active civil society to influence the decision-making process, thus, there are supposed to be issues with legitimacy of public elite and feasibility of the policies it implements.

The tradition of normative reflection has to some extent got forgotten (Green 1984): there is almost no research done on the relationship of public perception of distributive justice that involves analysis based on distributive justice theory. In addition, there is a lack of such kind of research in Armenia. As distributive policies should be based on some principles of justice, they should be observed in the framework of distributive justice theory (Porcano 1984; Green 1984). Therefore, this study is supposed to fill the gap by analyzing Armenians' beliefs about distributive justice and the issue of their reflection in the respective policies through contextual

approach to the theory of distributive justice, as it gives weight to the role of public opinion in shaping public policy.

Research Design

As this study is aimed to find out whether public beliefs about distributive justice matter and should be reflected in public distributive policies both from theoretical and empirical perspective, the variables are public beliefs about distributive justice (in Armenia) and the respective state policies. The first one stands for people's beliefs about what fair distribution of goods and resources is; and the second concept embraces the main distributive policies implemented by the government: tax policy, social security, and regulation of minimum wage.

To measure the first variable primary qualitative and secondary quantitative data has been analyzed. As the majority of scholars have used public opinion surveys or interviews to find out empirical evidence on distributive justice, the author also has used nationwide survey on households' and businesses' perception of tax distribution conducted by CRRC in 2013 with the assistance of the USAID, the Caucasus Barometer nationwide survey 2013, and the WVS 6th wave in 2011, and focus groups recruited based on nomination strategy. The key participants of the focus groups nominated other co-members whom they considered competent for participation and having different social statuses from the perspective of distributive policy in the first group and different income levels in the second group. The income level has been defined in the following way: low-level income is equal to current minimum wage - 55 000 AMD, or USD115, middle income – average wage, near 195 000 AMD or near USD 400, and high income – more than the average wage (“Armenia Minimum Wages 2012-2016” 2016; “Armenia Average Wages 2000-2016” 2016). The questions for the focus groups have been borrowed mostly from the surveys cited by Gillian Brock in the “Egalitarianism, Ideals, and Cosmopolitan Justice” (Brock 2005, 107–111).

The second variable has been measured by the analysis of the respective laws, official documents and web-sites. To answer the question itself, critical analysis of the qualitative secondary data – analysis of the relevant works on distributive justice by well-known political philosophers (Rawls, Miller, Swift, and Walzer) has been applied to.

Chapter I

Distributive Justice and Public Beliefs: Theoretical Framework

Theories of distributive justice are criticized for overlooking public beliefs and the lack of empirical research. Such scholars as David Miller, Michael Walzer, John Rawls, and Adam Swift have come up with some arguments supporting relevance of public beliefs for the theory and the necessity to explore them empirically. The purpose of this chapter is to show that public beliefs really matter in framing the theory of distributive justice. Based on critical analysis of the arguments of the authors mentioned above, three main reasons for applying to public beliefs have been distinguished. The first one is that they contribute to development and improvement of theoretical principles. Second, they make a theory of justice more feasible. Third, as public beliefs rest on public reason, following to which may help gain people's sympathy and support, they can be used to achieve legitimacy.

Universalism and Contextualism

There are two methodological approaches to public beliefs about distributive justice, namely universalism and contextualism. The former is supported by such philosophers as Brian Barry, Peter Singer, Charles Beitz, Harsanyi, etc.; whereas the latter is defended by David Miller, John Rawls, Jillian Brock, and Michael Walzer.

Universalists say that public beliefs about distributive justice do not matter, since the very existence of principles of justice does not depend on them. While assessing any policy people are

more likely to appeal to the same basic judgments. It is principles of justice that shape individuals' judgments and their behavior in all circumstances, i.e. their application is appropriate despite a context (Miller 2002, 7–9). Therefore, theory of distributive justice does not require empirical evidence. Universalists do not deny that application of principles gets complicated because of some circumstances, which makes an impression as though people appeal to different principles in different cases. Actually those are "secondary principles:" medicines cannot be distributed in accordance with desert, and in such case the principle of need is just an auxiliary one (Miller 2002, 16). It means that basic principles remain intact, and it does not matter how they will be applied.

Contextualism also admits that there are universal principles, but they work differently because of specific circumstances that can be known only with the help of public beliefs. As Miller clarifies, people would follow the principle of desert in allocating jobs, but they would not do the same in the case of the allocation of medical resources (Miller 2002, 10). Medical resources should be distributed on the basis of need, but income depends on personal choice and contribution. The contextualists' argument is that need and desert are completely different principles, not fulfilling each other.

The main distinction between the two approaches is that contextualists claim that public beliefs do matter, since they create the contexts that condition implication of a principle. According to Miller, the main objection to universalists is that people apply different principles to different cases (Miller 2002, 11–13). Thus, universalism faces diversity of the judgments about social justice that people make in reality.

The main points that are valuable for this paper are the following. First, contextualists do not apply principles of justice globally: they take into account peculiarities of every society and their internal context. Second, contextualist has pointed out to weakness of a theory of distributive justice because of lack of empirical basis, namely research on public beliefs.

The Value of Public Beliefs

As any theory, theory of justice is also aimed to show people ideals they should be eager, but are not expected to achieve, as ideals are too demanding, thus difficult to become true (Estlund 2014). Thus, people have to apply the theoretical principles of justice so that it will be as close to an ideal as possible and, at the same time, not demanding unrealistic sacrifices. Consequently, there is dilemma: either we should develop theory only by our own reasoning without taking into account reality, or we can follow public beliefs to make theory reflect real concepts people pursue in their lives, thus work properly.

This paper is aimed to show that public beliefs about distributive justice really matter and should be taken into account both by politicians and philosophers. Thus, contextualist approach will be taken as a background theory. The reasons why public beliefs should be taken into account will be discussed below.

Development of Theory of Distributive Justice

Universal application of even objective principles of distributive justice without looking into a context may bring about unjust outcomes. The context is artificially created by people themselves, hence, they should have their say in establishing framework for justice, and those defining what justice is should listen to that say. Miller states that even following the principle of equality while dealing with distribution of resources one still is not able to choose the right way of doing it, unless gets familiar with the context (Miller 2002, 13). Let's imagine that authorities equalize income of ten citizens by taking away that of the two rich of them. The first rich suffers from cancer and needs medical treatment that he will not be able to pay for without the amount of money taken away and given to the poorer fellow citizens; and the other has spent the whole his life to gain the fortune that is now distributed among other people. The example shows that equal distribution may cause injustice, therefore, to achieve justice in real life, on local ground, one should know peculiarities of every single case.

The universalists would object saying that to know details to apply principles of justice in the right manner public beliefs are not needed. Let's assume there is only one, very small, district in a village that is supplied with the least cubometers of water because of thin tube connecting this part of village with the tubes of others. To solve the issue the local self-government has to dig the ground, widen the tube so that more water will come to this part of the village. Accordingly, the volume of cubometers supplied to the rest of the village will decrease. The local government decides not to intervene being afraid of the negative reaction, whereas the villagers are actually ready to sacrifice some water to provide basic needs of their fellow villagers. If we decide to look into the context only, the negative consequences will be more than in the case of being guided both by the circumstances and public beliefs.

The other objection to a contextualist approach is that people's beliefs are too subjective and even objectionable: before 1865 Southern Americans believed that slavery was moral (Buckley 2012). It meant that people's beliefs were mistaken, whereas the theory told the truth. Yet, it does not imply that we should throw them away: "public beliefs" do not stand for the beliefs of the majority. As any policy change, abolition of slavery also started from minority's demands, and then gradually their arguments reached others' minds. It means that listening to contradicting opinions may give birth to a principle of justice. Apart from this, if one ignores public beliefs, since they are mistaken and too diverse, it will look like rejecting citizens' votes, as they are very different, distorted by self-interest, inaccurate information or lack of knowledge of political life of their country. But they are still counted to have fair elections and legitimate political elite.

The best option is to combine both public beliefs and theory to correct the former in terms of knowledge of facts (Miller 1999). Though Enlightenment movement undertaken by outstanding philosophers promoting protection of human rights and freedoms from autocratic regimes spread its ideas throughout the whole Europe and reached Russia, Decembrists revolt

did not succeed, as long as ordinary people were not prepared for the ideas declared by philosophers. Being offspring of aristocratic families Decembrists absorbed the new ideas easily and tried to promote them among illiterate peasants. Thus, if there are obviously just principles that are expected to be easy to digest and follow, but the public do not get it, it will be very difficult to keep them. It was clear that later on widespread public beliefs made autocrat authorities take them into account to restore justice. It indicates once more that theory and public beliefs fulfill each other.

Feasibility

Speaking about practicability of distributive justice, one should first and foremost think of its political dimension. It underlies political decision-making process that affects citizens whose beliefs have significant influence on their compliance with the outcomes of that process. When people believe that they are governed in accordance with just rules and norms, they will keep order. Otherwise, they will not live up to these laws, state policies will not be feasible any more, and there will be chaos. Two basic principles valuable in all societies, freedom and equality, are the product of people's moral reason, consequently, the same reason is supposed to be applied to justice. It underlies their judgments about their own rights and responsibilities, which is essential to build just society. Cohen's argument is that the answers to survey questions do not necessarily reflect people's real convictions, they just help to come up with principles of regulation that coordinate society, i.e. laws that should be adopted and implemented (Cohen 2003). Rawls also defends practical feasibility of the principles of justice, meaning that they should fit common reason and be applicable in real life. Empirical evidence, in its turn, indicates what the principles are followed by people.

One can say that authorities may come up with feasible policies even without listening to public opinion: in totalitarian states citizens comply, even though they do not approve of the laws; or medieval states where slaves have complied with every rule despite severe injustice underlying it. But there have always been people breaching laws or evading them in case of

dissatisfaction. Moreover, sooner or later people revolted and demanded implementation of just policies.

Public Reason and Legitimacy

If authorities listen to public reason, they will gain public support. In the words of Rawls, public reason includes people's judgment about their rights and responsibilities, as well as basic justice, thus it is one of the basic characteristics of a democratic society. It also provides reasonable pluralism vital for democracy to function (Rawls 1997, 767). There is plurality of conflicting judgments that may prevent people from understanding each other and reaching agreement on important issues (Rawls 1997, 765–766). That is why they should define their beliefs while discussing with each other vital political questions. Miller agrees with Rawls that the theory should be “publicly justifiable and practically feasible” (Miller 1999): people should be able to justify common principles to follow them and to explain them to each other applying only to common reason.

It seems that the Rawlsian public reason is the core of public beliefs. Then they play very important role in maintenance of legitimacy: in contemporary democracies representatives of citizens have to know beliefs of their electorate to be able to adjust their policy and invoke citizens' approval by adoption of just laws. By applying to public reason authorities have more chances to implement feasible policies and, finally, become legitimate. Rawls's ideal of public reason is achieved when public officials make decisions and act in accordance with the idea of public reason and remain accountable to citizens for their course of action (Rawls 1997, 769). In their turn, citizens should put themselves in the shoes of legislators and think of the laws they would adopt and the principles they would follow. In this way citizens fulfill their duties and make government officials to live up to public reason.

The easiest way for authorities to know whether their actions are just and institutions work in a just manner is to get feedback from its citizens to know “how they are likely to

behave” (Miller 1999). Any injustice in existing institutions and procedures may make people want to change them. Though people mostly do nothing, even if they are discontented with institutions or their policies, continuous discontent can really bring about some actions. Hence, public beliefs are valuable from perspectives of political legitimacy.

To sum up, both political science and theory of distributive justice need some empirical support. This chapter has reviewed three main reasons why public beliefs should be explored. First and foremost, people's opinion helps construct and improve theoretical principles of distributive justice; secondly, they contribute to the theory by providing details about application of the principles, thus making it feasible, i.e. less utopian. Next, public beliefs give an idea about public reason that is a key for politicians to maintain legitimacy. From another perspective, they matter, because of feasibility in terms of policy implementation. Next chapter is dedicated to public beliefs about distributive justice in Armenia and their analysis.

Chapter II

Public beliefs about distributive justice in Armenia

As discussed in the previous chapter, public beliefs have importance both from theoretical and political perspectives. The purpose of this chapter is to find out what public beliefs in Armenia are and then critically analyze them in the theoretical framework established above.

The results of the surveys on perceptions of distributive justice in Armenia

Tax distribution

In 2013 the CRRC carried out a research on tax perception among households and businesses, the only large-scale survey in Armenia aimed to find out public opinion on tax distribution. Furthermore, it is considered the main sources of citizens' feedback on tax policy.

Through face to face interviews the Center gathered responses from households from all marzes of the RA and Yerevan. Due to multistage cluster sampling with stratification by administrative marzes and the settlement type and random sampling of the clusters within each stratum 1,600 households have been selected for the interviews.

The same method of data collection was used during the research on tax-paying businesses' and individual entrepreneurs' perception of tax distribution. The latter were selected based on stratification by marzes (including Yerevan) and the volume of annual turnover (below 58 mln dram and 58 mln dram and above). Due to random selection the sample size constituted 400 tax-paying businesses.

The findings of the survey valuable from the perspective of the study are the following. On the whole, the household respondents favor progressive taxation but with lower tax rates than the existing ones: 48% business taxpayers name decrease in the tax rates the first and foremost

priority, and the 46% of the households believe that it is the second priority they would have in case of playing the role of the respective state agency. 80.7 % of households (See Table 1) and 66.3 % of businesses indicated that the government should tax the wealthy more to promote social justice in the society.

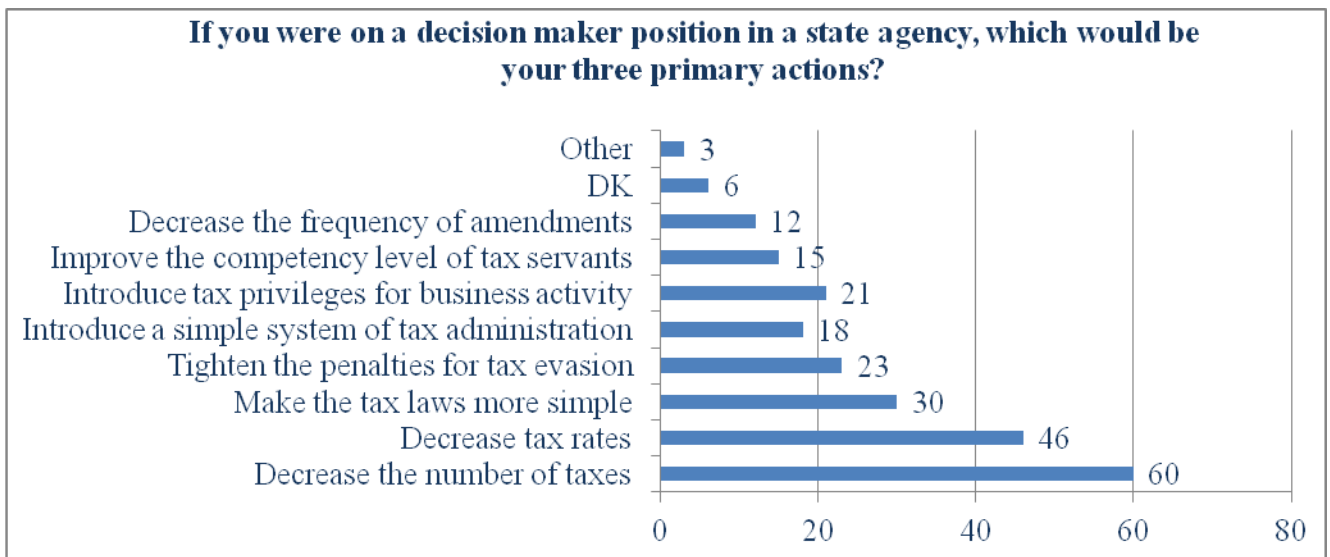
Table 1. Households' Views on Taxation.

	RA	DK	Completely disagree	Disagree	Agree	Completely Agree
The government should raise tax rates for the rich, to promote social justice	0.6	2.4	3.0	13.3	37.0	43.7

In terms of the primary function of tax authority, business taxpayers give the third place to taxation of businesses in accordance with their capacity to pay. Among the households the ranking is almost the same.

According to the most popular answers among all the respondents, the primary actions in tax law enforcement that they would undertake if they were engaged in a state agency would be decreasing the number of taxes and decreasing tax rates (See the Chart 1).

Chart 1. Three Primary Actions of Tax Authority.



Among business taxpayers the income tax has been perceived as the heaviest burden (92.8%) followed by turnover tax (79.3%), only then by profit (77.3%) and value added taxes (67.3).

Table 2. Perception of Tax burden

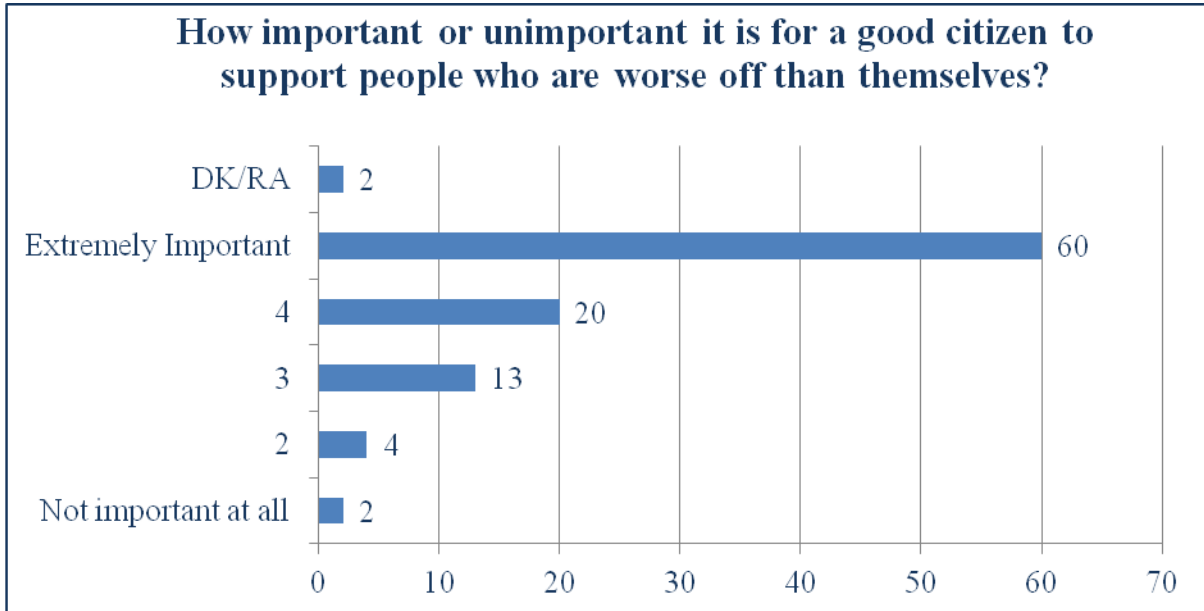
<i>How would you characterize today's tax burden, according to the following types of taxes? (%)</i>						
	DK	Very light	Light	Somewhat heavy	Heavy	Very heavy
Profit tax	19.0	0.3	3.3	36.3	26.0	15.0
Turnover tax	16.0	0.5	4.3	36.3	27.0	16.0
Income tax	1.8	0.3	5.3	34.8	37.5	20.5
VAT	28.3	0.0	3.5	25.8	26.0	16.5

The findings of the WVS.

In 2011 the survey of 1100 people by CRRC along with the Eurasia Partnership Foundation has revealed some patterns in the Armenians' beliefs about distributive justice. One of the most valuable results is that 60% of the respondents think that it is extremely important for a good citizen to support the worse off (See the Chart 2). If one also takes into account that the

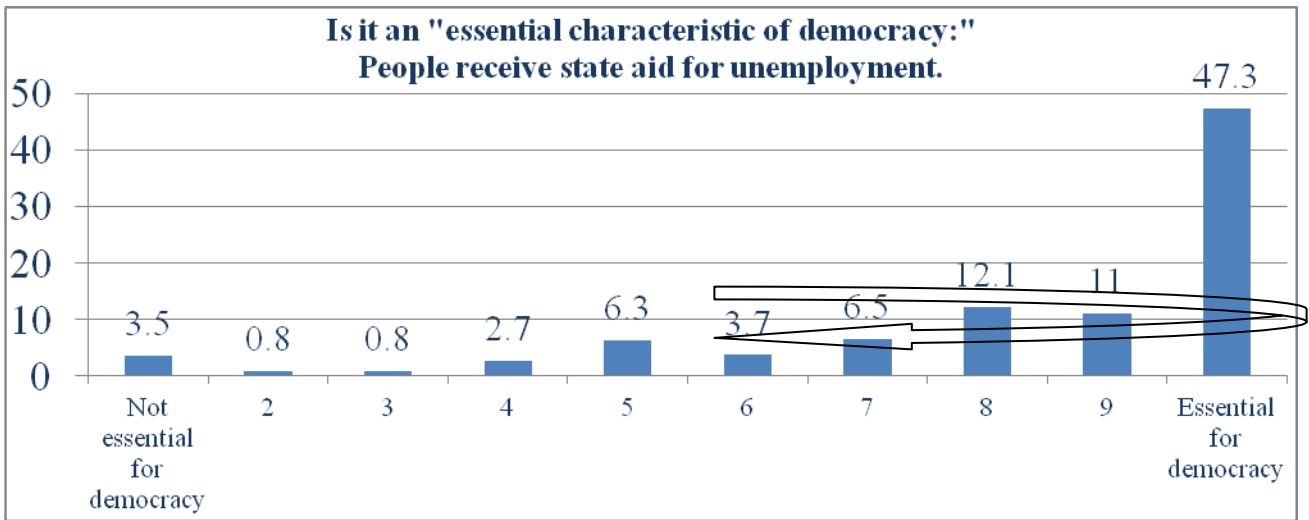
value of 4 on the scale stands for considering support for the worst off important, though not as much, it turns out that not even 60, but around 80% of the respondents support that view.

Chart 2. A Good Citizen and The Worst Off.



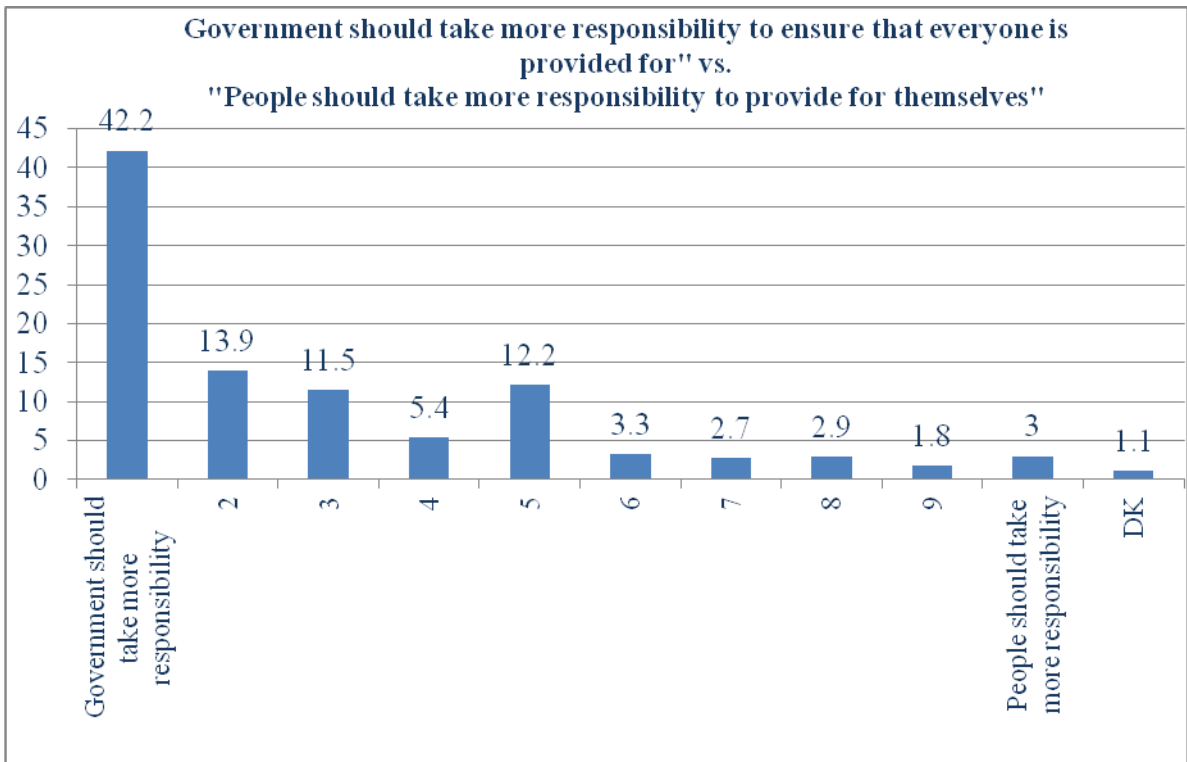
The same logic is seen in the respondents' perception of their government. The arrow in the Chart 3 shows the percentage of the respondents who either to some extent agree that state aid of unemployment is important for democracy, or perceive it as an essential characteristic of it. In total, 81% of the respondents think that state aid for unemployment is important for democracy.

Chart 3. Democracy and Unemployment Benefit.



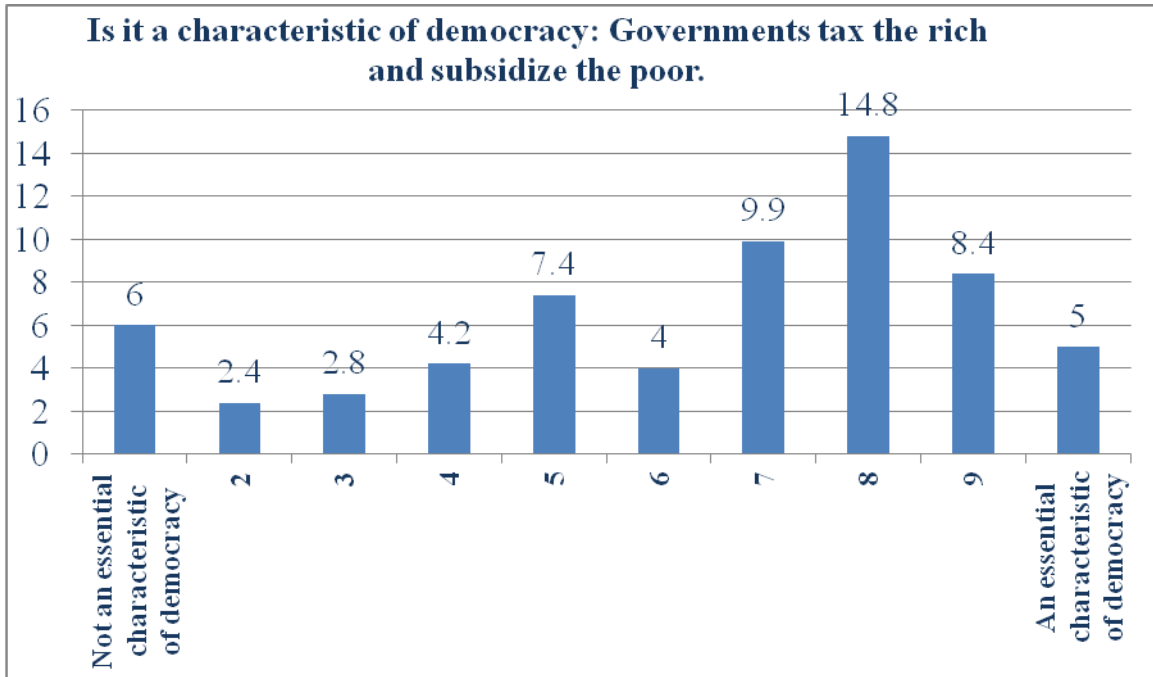
In this regard, it should be mentioned that around 70% of the respondents argue that government is more responsible for well-being of the citizens, than they themselves (See Chart 4).

Chart 4. Government's/People's Responsibility.



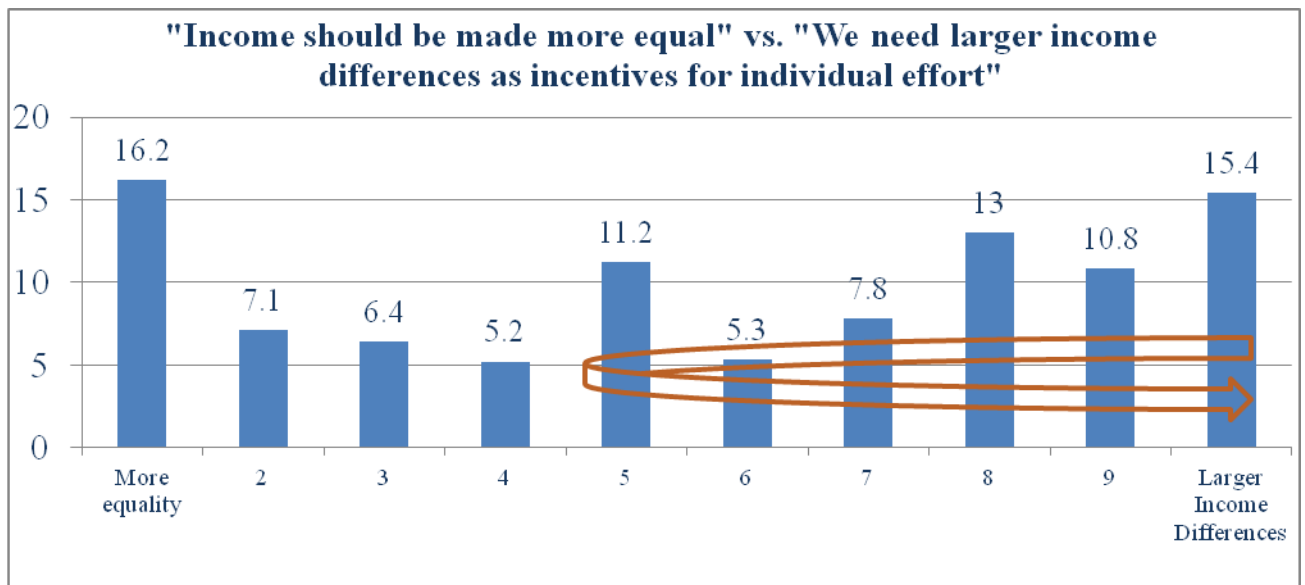
A bit more than half of the respondents consider equal distribution of income one of the features of democracy. Near 70% think that one of the features of a democratic state is when government taxes the rich and subsidizes the poor (See the Chart 5).

Chart 5. Democracy and Taxation of the Rich.



Over half of those surveyed reported that wealth can grow and be enough for everyone, and nearly the same number of the respondents is convinced that larger income differences create incentives for individual effort. The arrow in the Chart 6 indicates the percentages of the respondents who favored larger income differences to distinct extents according to the scale.

Chart 6. Income Equality or Larger Income Differences.

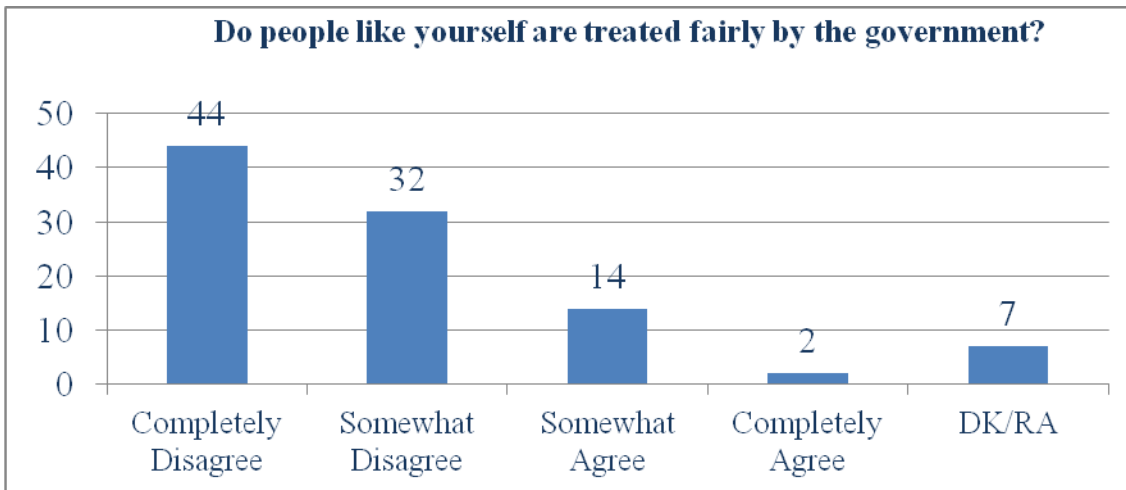


Caucasus Barometer Findings

Annual household nationwide survey about social economic and political attitudes conducted by the **CRRC** in 2013 in Armenia has also provided some findings that shed light on the Armenians' beliefs about distributive justice.

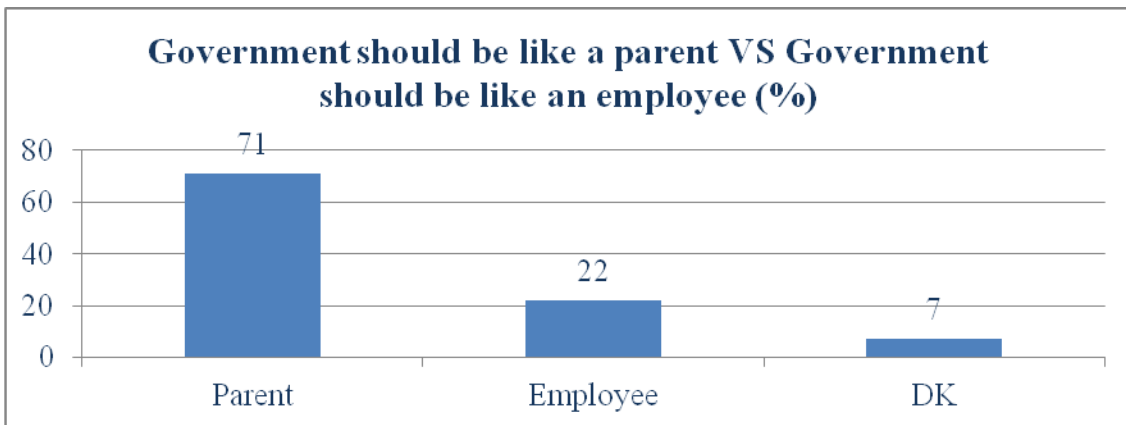
State-citizens relationship. As illustrated in the Chart 7, 76% of the respondents disagree that the present government treats people fairly.

Chart 7. Government's Attitude Towards its Citizens.



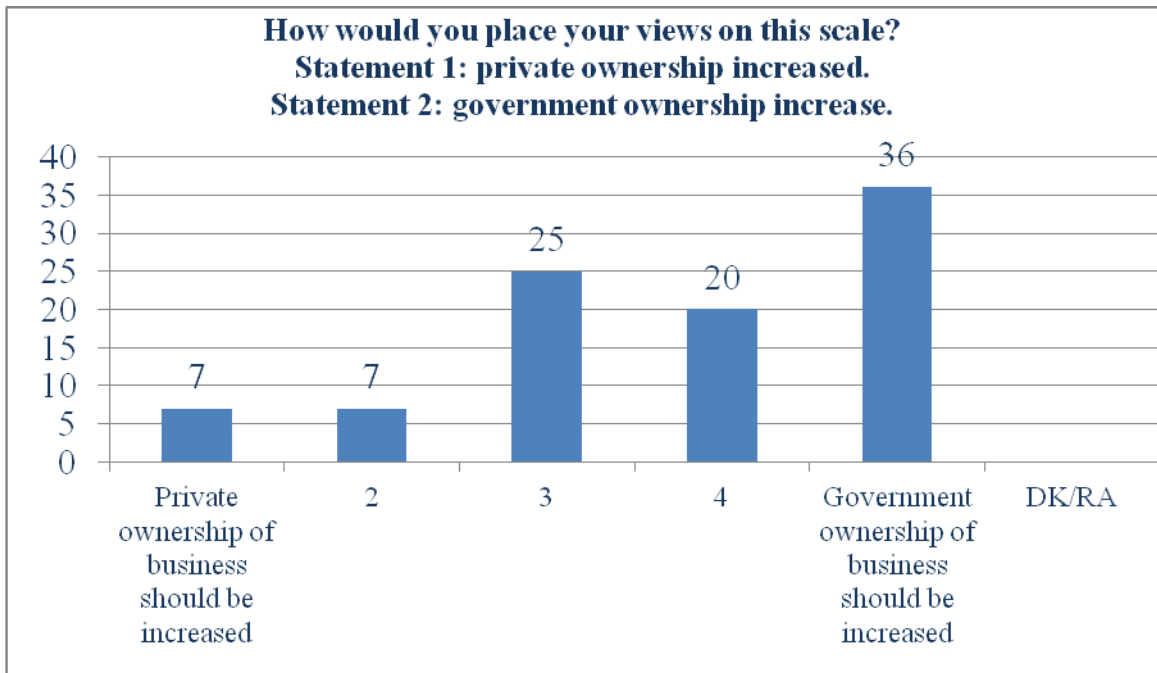
According to the next chart, the majority (71 %) believe that government should be like a parent, and only 22% view it as an employee.

Chart 8. Government: Employee or Parent?



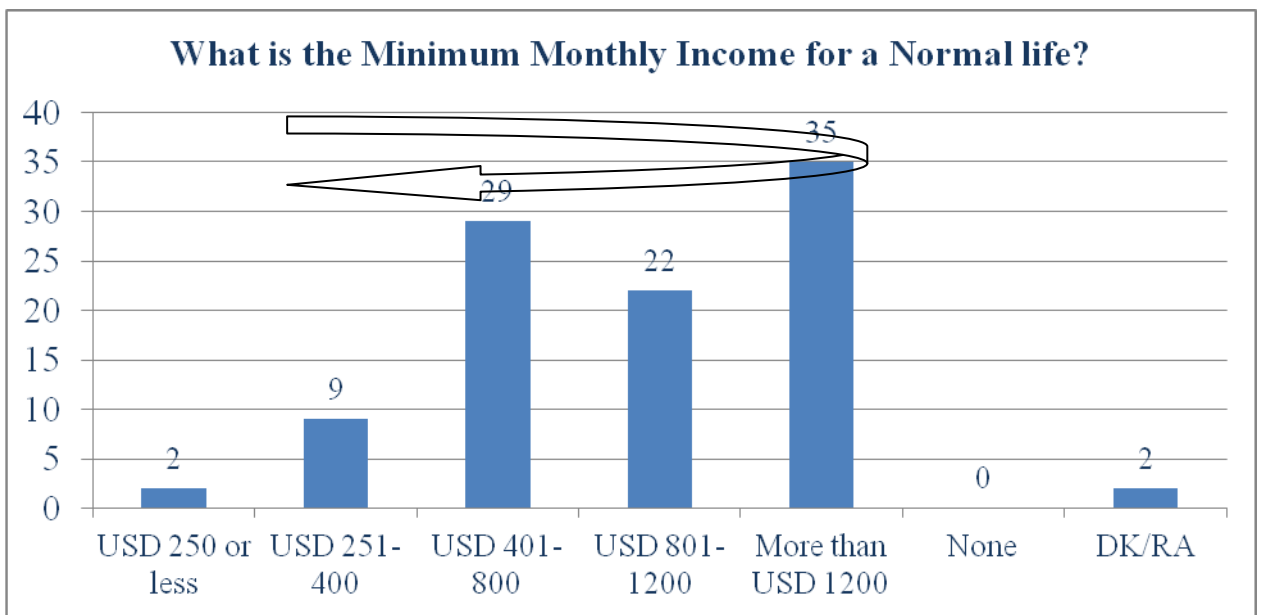
Though no single response to the question whether government or private ownership should be increased absolutely prevails in terms of percentage, the most popular answer (36%) was that government ownership should be increased.

Chart 9. Private Ownership vs. Government Ownership.



Income distribution. In regard to the findings on income distribution, only 4% believe that USD 250 monthly or even less is enough for a normal life (See the Chart 10). The arrow on the Chart 10 shows that the majority of the respondents, 95%, need much more than USD 250.

Chart 10. Minimum Monthly Income.



The Results of the Focus Groups

Since focus groups are considered to be subjective research instruments, and in the framework of this research only two have been carried out, the findings cannot be generalized. However, they provide some more insight for the theoretical and empirical perspectives of the research.

Focus groups 1

The participants in the first focus group have been selected so that they represent as much diverse social positions as possible. Given time constraints, five people have been selected following nomination strategy. They have been chosen based on their social position in society: the sample consists of a student, an office worker, a parent, and a pensioner. During one hour the participants were discussing the questions about the principles of justice they think it is right to follow and their perception of public policies.

Equality. The first question is about having equality in society and equality of what: resources, welfare or capabilities. Resources entail the means to make money, for instance, wages. Welfare stands for the wealth already accumulated within society due to those resources: the fortunes of the rich, the state budget, etc. In regard to capabilities, they embrace conditions that enable people to do something, or determine their abilities, namely ability to work, to rest, to get education, to participate in the community life. Therefore, usually, capabilities imply access to good nutrition, health and bodily integrity, abilities to think, reason, form attachments to others, opportunities to interact with others, etc. The categories have been chosen based on their coherence with theoretical framework, and the intensity scale is determined by the level of importance given by the participants.

Question 1. Is it worth having equality in society? What should be distributed equally: resources, welfare or capabilities?

Intensity	Coding Categories
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3	A	Ability
2	B	Basic living conditions
1	C	Social life

	Intensity Scale
1	Mentioned, but not given much emphasis
2	Mentioned as one of the main metrics
3	The main argument

The participants favor equality when our basic abilities, or “basic living conditions” are at stake namely. They claimed that all people should be equally provided with education, healthcare, nutrition, clothes, freedom of expression and equal opportunity of entertainment. Besides, quite often the participants argued that everybody should have equal access to social life, be able to participate in arrangements of community, to be its full member, etc.

Here are the most interesting comments done by the participants:

<i>1.3. "Equality matters when people's life is at stake, but as far as money distribution is concerned, it is all about work. The more you work, the more you paid. It is not fair to divide money equally among all people."</i>
<i>1. 2. "Equality is important as far as our abilities are in question. Everyone should be able to have minimum basic living conditions."</i>
<i>1.4. "Perhaps, people should be equally able to participate in social life, should have their nutrition and health needs provided, should have the same opportunity to have a rest, etc."</i>

Desert. Desert is perceived as the main criteria for income distribution. While analyzing the data gathered on the question “Should be citizens paid according to their contribution in society?” the following categories have been distinguished so that they can be analyzed from theoretical perspective of the study: “contribution” – some activity that results in some benefit to society, “respect,” i.e. consideration of someone’s efforts or the results’ of his job, and “motivation” – encouragement for further achievements, work or efforts. The intensity scale has been defined according to the level of importance given by the participants to each of the categories:

Intensity		Coding Categories
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Question 2. Should be citizens paid their contribution in society?

3	A	Contribution
1	B	Respect
2	C	Motivation

according to

	Intensity Scale
1	Frequently mentioned, but given less importance
2	Mentioned as one of the criteria
3	The main criteria

The synthesis of the findings has shown that common opinion is that people should get money proportional to their input in society, or to the volume of their work. Paying according to contribution is expression of respect towards one's work and, also, it serves as a motivation for further work. The best quotes of the participants that illustrate the arguments mentioned above are the following:

2.3. <i>"Of course, there should be compensation for one's work."</i>
2.4 <i>"There are few people that dedicate themselves to work, thus they should be paid more than others."</i>
2.1. <i>"Obviously, one has to make a contribution to our society to have any reward. For instance, people who have worked for the state for many years should be paid more than young employees."</i>
2.2. <i>"Government should respect citizens' contribution to common welfare. I am sure, it has to pay them according to how much they have contributed."</i>

Question 3. Should income earned due to one's own talents be distributed among others?

The Questions 3 reveals the participants' beliefs about whether it is just that some people are talented more than others and make more money due to their talents. Accordingly, the answers provide some data on their perception about taxation of the talented people because of their talents.

Intensity Scale

Intensity		Coding Categories
2	A	Not fair
1	B	Taxation

1	Frequently mentioned, but not given much importance
2	The main argument

The coding categories are the words that provide answer to the question. Intensity scale has been formed based on the level of importance the participants have given to the categories. The synthesis has shown that common perception is that no one has right to make a talented person give his earnings to others. Talented people earn a lot of money, thus pay more taxes, it is enough. The table below shows the participants' comments that reflect the argument best.

3.1. "If person is talented enough and succeeds in getting paid for that, there is nothing unjust."
3.2. "It is not fair to make talented people give their money to others. They earn them in a just way."
3.3. "Talent does not matter, it is about income. As they earn more than others, they should be taxed more."
3.4. "No one has right to claim the money one earns due to his own natural talent."

Question 4: Should disabled be compensated for their natural disadvantages?

The coding categories of the fourth question aimed to find out the participants beliefs on compensation for disabled people are the words indicating the main arguments of the participants and containing answer to the question. Intensity scale, as before, has been shaped taking into account the emphasis the participants have put on the categories.

Intensity		Coding Categories
2	A	State
1	B	Taxation
3	C	Help

	Intensity Scale
1	Frequently mentioned, but given less importance
2	Mentioned as one of the options
3	The main argument

The synthesis shows that there are two opinions: as disabled have less opportunities and abilities than others, either people standing by should help to make their life better or the government should spend taxes on providing them with all the necessary conditions. Here are the most significant points made by the participants.

4.1. <i>“All human beings should live normal life. If there are some who cannot, others should help them.”</i>
4.3. <i>“Others are not to be blamed for the natural disadvantages of disabled, but they are responsible for making their life better so that they live as human beings should.”</i>
4.2. <i>“It is apparent that people with disabilities have limited spheres they can work in, i.e. cannot earn as much as others. We pay taxes for vulnerable classes to be compensated, which means that the disabled also get compensation.”</i>

Question 5: Should children be entitled to inherit assets from their parents? Or the money should be taken away to help others?

Next question provides data on the participants’ beliefs about people’s right to inherit the fortune left by their parents. Its second part is aimed to find out what the participants think about distribution of inherited assets among other, less wealthy people. The choice of the coding categories has been conditioned by their importance for the study; intensity scale reflects the level of importance given by the participants to their arguments and points supporting or logically flowing from the argument.

Intensity		Coding Categories
2	A	Fair
3	B	Their own
1	C	No taxation

	Intensity Scale
1	Frequently mentioned as logically following from the previous category
2	Mentioned as logically following from the main argument
3	The main argument

The synthesis of the participants’ views on the first part of the question indicates that the majority believe that children are entitled to inherit assets from their parents, as it is their own and does not worsen others' life.

5.3. *“It is fair when children inherit what they parents have earned, it does not matter in which way. One does not worsen other's living conditions by inheriting assets from his own parents.”*

5.4. *“If one gets an inheritance from his parents, it does not harm anyone, does not make others starve.”*

5.2. *“If one does not get inheritance, others are not to be blamed for that.”*

The overall view on the second part of the question is that inheritance is people's own money that should not be taxed and taken away by others.

5.2. *“It is their own money; they do not have to give it to others.”*

5.1. *“As I know, many countries impose taxes on inheritance...In my opinion, it is unfair: taxes should be imposed on what people earn, but not gifted.”*

Question 6: Should people be compensated for their low social economic background?

The last question provides insight related to the beliefs on compensation for people with “low social economic background,” i.e. born in poor families. The choice of the coding categories has been determined by their value from the research perspective, and intensity scale has been formed taking into account the levels of argumentation.

Intensity		Coding Categories
3	A	Government
2	B	Opportunities
1	C	Education
1	D	Healthcare
1	E	Basic needs

	Intensity Scale
1	Frequently mentioned as clarifications for the supporting argument
2	Mentioned as a supporting argument
3	The main argument

The results of the synthesis are the following: people are considered to be not responsible for their low social economic background, and, as others do not have an obligation to help them, government should take care of them by providing education, healthcare, basic needs in general. Yet, an opposite opinion has been mentioned quite often: it is easy today to improve one’s living conditions; there are a lot of opportunities to do so, thus no one should pay for such people.

6.1, 6.2, 6.3. *Most frequent answer: government should take care of them, as other people are not responsible for their conditions.*

6.4, 6.2. *Next most frequent answer: they should not be paid, as it is up to them to improve their living conditions*

6.1, 6.3. *Next most frequent answer: At least, their basic needs should be provided, namely*

Focus group 2

The nomination strategy has been applied to recruitment of the participants of the second focus group as well. Yet, the main criterion has been the level of income: the group is comprised of an unemployed, a person receiving social benefits, a low-income household member, a middle-income household member, and a high-income household member. During 80 minutes they were responding the questions concerning justice in income distribution.

Question 1: How should income be distributed within a firm or across a society?

- a) So that the worst off will be better off**
- b) Equally**
- c) According to desert**

The first question reveals the participants' thoughts on how to distribute income either in business or in society. The suggested answer options offer three main principles of distributive justice: the Rawlsian Difference Principle (distribution that will benefit even those ended up in poor social economic conditions), equality (paying equal amount of wages or taking from the high-level income households and giving to the low-level income ones), and Desert (in accordance with the efforts, contribution, etc.). The coding categories and the intensity scale have been chosen following the same logic as in the case of the first focus group questions. The only exception is that the first category is not explicitly mentioned by the participants: they have used another wording while speaking about it. For instance, they have said that who works more should receive more money, or that the rewards should be estimated based on the volume of work done by a person.

	Intensity Scale
1	Frequently mentioned as a justification for the main argument

Intensity		Coding Categories
3	A	Desert
2	B	Contribution
1	C	Benefits

2	Mentioned as a supporting argument
3	The main criterion

All the participants have claimed that people should be paid in accordance with the work they have done. The supportive argument is that contribution is also perceived as a criterion for rewarding people: the more one person contributes by his job to well-being of society, the better he should be paid. Some people think that the Difference principle may apply to social benefits, but not to wages.

<i>1.5. "Different people fulfill different functions, which are not commensurate, thus cannot be paid for equally."</i>
<i>1.3. "The worst off are already better off receiving benefits from the state, thus the level of income should reflect only the volume and importance of work."</i>

Question 2: What should be the optimal income tax rate?

The answers to the second question shed the light on the participants' views of the optimal income tax rate. The categories and the intensity scale have been chosen based on the criteria applied to the first question. The first category embraces two synonyms in the framework of taxation topic: some participants have not known the term "progressive," thus have been using the word "higher."

Intensity		Coding Categories
2	A	Higher, progressive
1	B	15-20%

	Intensity Scale
1	Mentioned as an additional comment
2	Mentioned as the main argument

Overall conclusion is that the government is expected to raise taxes for the rich, make income tax more progressive. There is also an opinion that the lower bound of the tax should be decreased from today's 24.4% to 15-20%.

2.1. <i>“Income tax should be higher for the rich and lower for the poor, than it is now.”</i>
2.5. <i>“It should be lowered to at least to 20%.”</i>
2.4. <i>“I cannot say for sure the percentage, but the income tax should not take away 1/4 of the wage. The government has to reduce it, so that the tax will constitute 15-20%.”</i>

Questions 3: Should government establish minimum income?

Next question captures the participants’ beliefs about fixed minimum income. The choice of the coding categories and the intensity scale has been determined by the same factors as in the previous cases.

Intensity		Coding Categories
2	A	Duty, obligation
1	B	Subsistence
2	C	Basic Needs

	Intensity Scale
1	Frequently mentioned with less emphasis
2	The main arguments

On the whole the participants think that minimum income should be fixed by the government, so that it will cover all the expenses related to basic needs. In other words, it is government's obligation to maintain its citizens' subsistence level.

3.1. <i>“Minimum income should be fixed by the government. As for me, it is the primary function of the government to calculate all the expenditures one has to pay for basic needs and provide people with at least the respective amount of money.”</i>
3.5. <i>“It is government's duty, as it has to make sure that at least citizens' subsistence is guaranteed.”</i>

Question 4. What is the optimal level of minimum income per person/household? What is the fair share?

The principle of the categories selection and the intensity scale design is the same.

Intensity		Coding Categories
3	A	More than just a consumer basket
1	B	healthcare
3	C	Basic needs
2	D	Communal expenses

	Intensity Scale
1	Frequently mentioned, but not given much importance
2	Frequently mentioned as one of the important components
3	The main argument

The overall conclusion is that the fair share of a person is one that covers basic needs, namely healthcare, education, and nutrition. The same emphasis is put on the consumer basket: the participants insist that the fair share of an individual should be more than merely consumer basket. The problem is that sometimes they perceive the very meaning of consumer basket wrongly: they are not aware of the components the consumer basket consists of, that it covers basic expenses on clothes, nutrition, education, health, etc. It is confirmed by the fact that the participants also appeal to communal expenses and healthcare as the items that should be covered by the fair share. Here are the phrases that reflect the participants' opinion best:

4.5. "What does the fair share consists of exactly? As I think, of all the components of consumer basket."

4.3. "The fair share should be enough to pay for basic needs, which, today, are healthcare, education, internet, and communal expenses."

Question 5. Are the poor to be blamed for their poor living conditions? Should others help them, or they do not have such an obligation?

The categories and the intensity scale selection strategy has been the same. The results of the synthesis are the following: the poor are lazy people who have not made enough efforts to earn something. Consequently, they do not worth being assisted by others. Simultaneously, despite being emphasized by less number of the participants and with less emphasis, there is an opinion

that the worst off are the victims of “certain circumstances,” thus are not to be blamed for their poor conditions. One of the help options offered by the group members is the government assistance: the government is considered to be responsible for its citizens.

Intensity		Coding Categories		Intensity Scale
2	A	government	1	Frequently mentioned, but not given much importance
1	B	responsibility	2	Frequently mentioned as one of the important factors
1	C	circumstances	3	The main point
3	D	efforts		
3	E	lazy		

The most impressive comments of the participants are:

<i>5.4. "In the majority of cases people become poor because of a set of circumstances. But it does not mean that other people have to help them. Rather they have to make some efforts to improve their financial conditions."</i>
<i>5.3. "If a person has ended up being poor, it means that he has not made enough efforts to earn some amount of money."</i>
<i>5.1. "It is silly to blame people for their poor living conditions, as they are not responsible for them. It is an obligation of government to care of the poor."</i>

Overall, the findings of the focus groups are the following. First, the participants believe that distribution of basic living conditions, or abilities needs equality. When it comes to income distribution, they favor desert and contribution. Also, talents seem to be criteria for reward: in the participants’ opinion, money earned due to one’s talent should not be taken away from him just for being the outcome of his natural abilities. The participants perceive taxation or taking away someone’s inheritance to help the poor unfair, as it is their own money they have right to use as they wish.

In contrast, people with natural disabilities should receive help both from people and the state to live a normal life. In the first group almost the same is about compensating the people born in the poor conditions: it is believed that the government should take care of them guaranteeing free access to education, healthcare, nutrition, etc. The second focus group

participants perceive the poor as lazy people who have not made enough effort to improve their social economic conditions, thus are not worth helping. Perhaps, it should be done through establishing even more progressive taxation than the current on. The last interesting finding is that in the participants' opinion, fair share should not cover basic needs only.

Data Analysis

The results of the survey on tax perception of Armenians reveal that tax system is viewed as unfair, and current tax rates should be lowered. As mentioned in the CRRC Survey, the respondents more clearly assessed the income and profit tax burden than that of other taxes, thus discontent with taxes refers to these types. The findings of the second focus group give some idea about the possible income tax rates, which are in the range between 15-20%. Though the current income tax is progressive, both survey and focus group findings show that people want it to be even more progressive. It means that Armenians are inclined towards egalitarianism: they favor policy that will equalize the levels of income throughout society by taking money from the rich and giving it to the worst off. The WVS findings also confirm that Armenians approve of policies aimed to benefit the worst off: they believe that the government should tax the rich to subsidize the poor.

According to the Caucasus Barometer, 47% of Armenians believe that democracy is preferable to any other kind of government. As the majority of the respondents also claim that unemployment benefit is one of the essential characteristics of democracy; it means that Armenians want the government to care of unemployed. As there is no more unemployment benefit in Armenia, it turns out that Armenians do not perceive current regime as democratic, which is supposed to impact their perceptions of the government's legitimacy. Besides, focus groups participants consider the government responsible for protection of disabled and those living in the poor families as well. In addition, Armenians expect the government to treat themselves as its children, i.e. to provide them with basic needs, to help overcome difficulties, and to punish when it is necessary.

Armenians admit that they should not demand more than they are entitled to. It implies that Armenians realize that they have not only rights, but also responsibilities. Yet, the government also has to fulfill its main functions, among those, provision of equal abilities in terms of education, healthcare, freedom of expression and entertainment, as mentioned by the first focus group participants. Moreover, the findings of the Caucasus Barometer show that people consider the government as treating citizens unfair, while it has to fulfill its parental responsibilities. Supposedly, those are provision of benefits to the unemployed, taxing the rich and subsidizing the poor, as well as setting the minimum wage and keeping eye on its maintenance mentioned above. In addition, the argument that the state ownership should be increased implies that Armenians give more weight to state intervention, which means that they favor socialist approach to the state-citizen relationship.

The finding that the majority of the WVS respondents perceives equal income distribution as one of the main characteristics of democracy can be interpreted as Armenians' commitment to equality. However, since Armenians approve of larger income differences so that individuals will have motivation to work, means that they encourage people to work to receive respective reward. The focus groups participants also favor rewarding in accordance with the volume and importance of work of people. Yet, these arguments along with the one that wealth can be accumulated and be enough for everyone (from the WVS) support Armenians' commitment to Rawlsian approach to justice: there should be equality, but some inequality (due to rewarding hard-workers, or talented people) are permissible, if it improves positions of the worst off.

The fact that only 5% of the Caucasus Barometer respondents agree that minimum income in the size of USD 250 or even less is enough for a normal life means that only 5% to some extent perceive the current minimum wage, USD 115, as sufficient, which means that 95% do not consider their life normal. The second focus group participants somehow confirm and provide a bit more information on this finding, as they mention that the fair share of an

individual should be more than just a consumer basket. Though they have confused the consumer basket and basic needs, the overall opinion has been the same: they also think that current minimum income is not fair. If people do not see themselves as living normal life, they are supposed not to support policies implemented by the government that is not able to provide its citizens with decent life.

Armenians' beliefs are diverse: they fit four different theoretical approaches - the theory of justice by Rawls, the principle of Desert, capabilities approach and socialism. Firstly, Armenians acknowledge that there should equality both the state and citizens have rights and responsibilities. Second, they realize that justice bares reciprocal character: one side should fulfill its own part in order to receive just treatment on behalf of the other. Third, they obviously favor the Rawlsian principles of justice – equal distribution of basic rights and the Difference principle. The main finding is that Armenians approve of the principle of desert as a merit for income distribution, which somehow fits David Miller's approach to justice.

Having found Armenians' public beliefs about distributive justice and defined their theoretical framework, next chapter examines actual state distribution policies in Armenia. Afterwards, in the Chapter IV it will be found whether the distributive policies implementing by the current Armenian authorities match the citizens' beliefs about distributive justice.

Chapter III

State distribution policies in Armenia

Tax Policy

In Armenia there are 5 main types of taxes according to the Law of the Republic of Armenia (RA) on Taxes: the citizens indirectly pay value added tax as consumers, directly pay property tax, income tax from salaries, profit tax, turnover tax, and excise tax as well (National Assembly, n.d., chap. II).

The Value added tax (VAT) is imposed on the imported goods and services, and those sold by companies or individuals within the national borders. The rates are 20% for the goods and service produced within the country and 0% for the exported ones. (“Taxes, Tax Administration” 2016)

Based on the new RA law “On **Income Tax**” enacted since January 01, 2013, income tax is progressive and the rates are: 24.4% for those earning up to 120.000 AMD, 26% for those whose wages are in the range 120.000-2.000.000 AMD; and 36% for those whose earning exceeds 2.000.000 AMD (“Taxes, Tax Administration” 2016).

Turnover tax in Armenia has been gathered since January 1, 2013. It unifies VAT and/or Profit tax and is paid by private entrepreneurs and Small and Middle Enterprises (SMEs) in case their revenue for the previous year is less than 115 million AMD (excluding VAT). Since October 1, 2014, the tax rate for businesses in the country has dropped from 3.5 percent to one, but the businesses will have to submit documents on their commodity circulation, otherwise they will be fined. The initiative is aimed to prevent tax evasion by Armenia’s large businesses. (“Taxes, Tax Administration” 2016; “RA-LAW-ON-TURNOVER-TAX.pdf” 2016; National Assembly, n.d.)

Public vs. Private Sector

After independence private sector in Armenia has grown rapidly. All 21 commercial banks operating in Armenia (now they are 20) as of early 2013 had foreign private shareholders. The private sector mostly consists of SMEs, which have been a major driving force of economic growth and employment in recent years. In 2009, SMEs comprised 98% of the total number of registered commercial legal entities and sole proprietors, and their share in total employment was 42.2%. The private sector constituted 86% of GDP and provided 78% of total employment in 2013. (Asian Development Bank, n.d.)

Social Security

Armenian government formally provides the whole range of **social benefits** (“ԿԵՆՍԱԹՈՇ ԱԿԻ Հ ԱՇ ՎԻՉ | State Social Security Service” 2016), namely:

- Disability benefits
- Pensions
- Loss-of-breadwinner benefit
- Old-age benefits
- Maternity benefits
- Breadwinner allowance
- Benefits for surgically implanted prostheses
- Health benefit

Besides, there is the Law on Government Benefits adopted on November 27, 2013 that regulates the government policy towards socially unsecured families.

Now the disability policy in Armenia is based on the Law on the Social Protection of disabled people in the RA, 1993, and the draft of more inclusive Law on Protection of the Rights of Persons with Disabilities and their Social Inclusion is already at the agenda of the parliament (“Legislation,” n.d.). If the existing Law puts emphasis mostly on social protection of disabled,

the new Law will be directed more towards their social inclusion and participation in public life. In accordance with that draft, the government has to ensure that disabled are able to undertake “living activities: combination of the person’s abilities (capacity) to do work, to care for oneself, to communicate, to control one’s own behavior and to learn” and are provided with "accessibility within all aspects of public life, of social security, ensuring participation in public life, cooperation between the state bodies and non-governmental organizations in the field of protection of rights and social inclusion of persons with disabilities, and civil society engagement in and support to the process of protection of rights and social inclusion of persons with disabilities" (National Assembly of the Republic of Armenia 1993; Human Rights Council and Working Group on the Universal Periodic Review 2014).

The only missing social payment is unemployment benefit that has been abandoned since 2014 based on the new Law on Employment. The removal of employment benefits was aimed at directing that money on employment promotion. After the adoption of the law 87 % of the money envisaged in the budget for labor market previously envisaged for unemployment benefits were spent on employment regulation: 2 billion 370 million AMD have been spent on the 13 employment programmes on creation of vacancies and improvement of qualification of unemployed (“New Employment Policy” 2016).

Minimum Monthly Income and Minimum Consumer Basket

Minimum monthly income is fixed in accordance with the Law on the Minimum Monthly Wage. It is supposed to cover minimum **consumer basket** of an individual, but it still does not, despite its gradual increase from year to year. On July 2013 the minimum monthly wage was 35 000 AMD, whereas the consumer basket constituted 56.200 AMD; in 2014 the former was 45 000 AMD, while the consumer basket constituted 58.404 AMD (“Does Your Wage Cover Your Minimum Consumer Basket?” 2015; “List of the Products and Services Included in the Minimum Consumer Basket in Armenia Will Be Expanded” 2014; Isahakyan 2013). Since July 1, 2015, the minimum wage has constituted 55.000 AMD, and the minimum

consumer basket has been 60.397 AMD, or (Abrahamyan 2015; “Does Your Wage Cover Your Minimum Consumer Basket?” 2015). Though the gap between the two indicators is not so big, the survival of citizens is still not guaranteed.

Based on the Law on the Minimum Consumer Basket and the Minimum Consumer Budget 2003, the National Statistical Service of Armenia foresees the following components of the consumer basket: food products (including meat, dairy products, fruits, sweets, etc.), non-food products (clothes, dishes, hygiene items, and stationery), and services (transport, education, communal expenses, and entertainment) (Economic club/“Mkhitar Sebastatsi” Educational Complex 2015).

Chapter IV

Public Beliefs about Distributive Justice and the Distributive Policies

in Armenia

As in the previous chapter the current distributive policies implemented in Armenia have been already discussed, this part of the work introduces analysis of the relationship between these policies and public beliefs about distributive justice presented in the Chapter II. It will help to come up with another discussion that, eventually, will provide answer to the research question.

Tax policy and Public beliefs

Based on the findings, it is obvious that tax policy does not match public beliefs about just tax distribution. The CRRC Survey on tax perception has been conducted already after the introduction of all the changes in the taxes mentioned in the previous chapter, at the end of 2013, which means that the respondents had already been aware of and paying new tax rates. The majority of all the respondents perceive current income tax unfair and heavy, thus want exactly that tax to be decreased. The findings of the focus groups provided some information that instead

of current 24.4% the participants prefer something in between 15 and 20%. It implies that current tax policy does not match public perceptions of it.

As far as turnover tax is concerned (the heaviest one for the business taxpayers after the income tax in 2013, as reported by the CRRRC survey on tax perception), though there is no survey done on public perception of the new tax rate introduced in 2014, there have been continuous protests against it covered by the press. Since October 1, 2014, the tax rate has been lowered from 3.5 percent to one under condition that businesses submit reports on their turnover, otherwise they will have to pay fine. The SMEs claim that their large partners are often reluctant to provide the respective reports, consequently, it turns out that when the turnover exceeds the threshold, they have to pay fines instead of the real evaders (“Yerevan Entrepreneurs Will Protest Everyday Against Turnover Tax Law: Gyumri Also Joins In” 2015; Shoghikian 2014) and they themselves have to pay fines. As the number of SMEs is always larger (though the exact number of large businesses is not mentioned anywhere); it seems that fight against tax evasion is just a tool in the hands of government to take as much money from SMEs as possible.

Large-scale protests against this amendment have been organized starting from the very discussion of the draft: in September 2014 representatives of the SMEs rallied in front of the Prime Minister’s office and demanded that he does not enforce the bill. Nevertheless, though the government did not nullify the law, it increased the threshold of taxable transactions in January 2016. However, complaints are still there. From this it can be concluded that there has been an attempt to somehow consider public opinion while shaping the new policy, yet, on the whole, as there has not been any evidence that large businesses have started to pay their turnover tax properly, the policy does not match public beliefs about just turnover taxation.

Social Security and Public Beliefs

Regarding to the government care of its citizens, the findings on the state polices have shown that Armenia is on the track of developing its social security system: the government has adopted and is going to adopt laws that envisage the whole range of benefits to almost all vulnerable groups; furthermore, it has raised the amount of money allocated for social benefits. As the Law on government benefits prescribes care of unsecured families and the Law on the Social Protection of the disabled and the new draft guarantees their rights and access to normal public life, the overall policy could be considered as one matching public beliefs. However, as unemployment benefits are no more in the list of social benefits, it completely contradicts public beliefs that favor state aid to unemployed perceiving it as a typical feature of a democratic state. It follows that may be the state itself is automatically considered non-democratic, which makes it less legitimate in the eyes of the citizens.

State Intervention and Public beliefs

The other policy domain that has been tackled in the surveys is promotion of private sector. The findings have shown that private sector is indeed fluent in the country: in 2013 it provided almost 90% of GDP and has been considered the driving force of economic growth. Perhaps, the fact that some spheres of private sector is dominated by foreign shareholders, such as banking system, also influences public beliefs about the role of government. In a word, though there is no more specific data neither on private nor on public ownership, so far one can conclude that the policy does not really fit public beliefs.

Minimum monthly income and Consumer Basket

The last point, probably, the most illustrative one, is that the government regulation of the minimum monthly wage does not really come up to the citizens expectations and beliefs about normal life. It is worth reminding that the finding of the Caucasus Barometer dating back to 2011 has revealed that an individual needs more than USD 1200 monthly to live normal life. It should be mentioned that in 2013 the minimum monthly wage was 35 000 AMD, which,

according to then exchange rate, constituted near USD 86 (Central Bank of the RA 2016). Even now, 4 years later after the survey, when both wages and the living conditions have relatively improved, it does not even approximately achieve that amount being equal to around USD 115. Based on the same finding, it means that up to now 98% believe that their life is not normal. It is confirmed by the findings of the second focus group regarding to minimum income that should be enough not only to cover basic needs, or consumer basket, and the findings on the respective state policy: at least during the last three years minimum wage did not cover the consumer basket, the components of which, mentioned in the previous chapter, are to satisfy citizens' basic needs. It entails, that the minimum wage was not sufficient even to pay for expenses on basic needs.

The overall conclusion is that there are four basic domains where the state policy does not match public beliefs, namely regulation of minimum monthly income, unemployment benefits, tax policy and state involvement in social economic life of the country. Having analyzed the link between the actual public beliefs about distributive justice and the corresponding state policies, next, normative, chapter will connect the results of this analysis with the findings of the theoretical part of the work. Finally, the author will come up with a summarizing conclusion that is supposed to find the answer to the main question of the research.

Discussion

The last chapter has shown that there are several policies that do not match the citizens' public beliefs about distributive justice, which means that the government has problems with its legitimacy and feasibility of the policies it implements. The second chapter has shown that Armenians' beliefs about distributive justice are quite diverse: in the context of basic abilities the preferable principle is equality, in income distribution it is desert and equality (in case of taxation), in the framework of social security it is Rawlsian Difference principle, and in terms of state intervention, the preference is given to socialist approach. From theoretical perspective of

distributive justice, Armenians' beliefs about it fit communitarianism, which is an umbrella approach for Miller's and Rawls's views. Communitarianism embraces all these elements: the principles of need, complex equality, meaning allowing some inequality if it benefits the worst off, desert, as well as more government in distributive policy, and prescribes their application in different spheres of life, i.e. in a specific context.

The negative perception of current tax policy is likely to provoke tax evasion. The minimum wage is not even enough to cover basic needs completely, and it even does not correspond to the theory of minimum wage which entails that to provide minimum subsistence level, the wage should be multiplied by 1.5, as it is supposed that an individual is a potential breadwinner: a parent, a husband, etc. In such case, it is sensible to increase the minimum wage to both guarantee subsistence level and reduce people's frustration with taxes. The government either should raise the minimum wage so that the taxable amount will not be perceived so high, or decrease the income and profit tax rates. Turnover tax policy will lead to SMEs contraction, which will worsen economic situation in the country. In this regard, it will not be easier to promote employment programmes, as there will be less job places. It will result in increase in number of unemployed without any assistance.

The issue related to dominance of private ownership is likely to be caused by large-scale presence of foreign companies. Even natural monopolies are controlled by private companies, which leads to dependence on the countries these companies belong to. Discontent with the state policy in terms of public sector control may bring about more social economic protests like "Electric Yerevan." Thus, the government should nationalize some enterprises having vital strategic importance for Armenia.

Now it is time to return back to the conclusion of the very first, theoretical, chapter. Given all the arguments mentioned above, empirical findings of the research confirm the theory. Based on the findings on the public beliefs, the theory of distributive justice is enriched, as it is

confirmed that people follow different principles at the same time, and their judgments are conditioned by the context of good's distribution. Thus, contextual approach is to some extent supported. As there is partial mismatch between public policies and beliefs, one can claim that legitimacy and feasibility level also will be low. Yet, since one cannot reject that there can be other factors causing low level of political legitimacy and policy feasibility by distorting public opinion, other scholars should widen the scope of the research.

The recommendations for other researchers are 1) to conduct nationwide survey in Armenia on public beliefs about distributive justice *only*; 2) to combine research instruments make the research robust: experiments and interviews may be added to create holistic picture; 3) to ask respondents both questions of their own perception of justice and opinion on state policies, as Miller claims that only one of them does not give an objective result; 4) to look deeper in the experience of other countries: whether such research has been helpful in improvement of legitimacy and feasibility; and, finally, and 5) publish the results so that they will be available for the respective institutions. In other words, the new research may be a policy paper that will tackle political dimension of distributive justice in more details, taking into account that communitarianism can be taken as the most appropriate framework.

Appendix

Focus session 1, Focus Group 1

Participants

- 1- a student
- 2- an office worker
- 3- a parent
- 4- a pensioner

Questions

- 1) Is it worth having equality in society? What should be distributed equally: resources, welfare or capabilities?
- 2) Should be citizens paid according to their contribution in society?
- 3) Should income earned due to one's own talents be distributed among others?
- 4) Should disabled be compensated for their natural disadvantages?
- 5) Should children be entitled to inherit assets from their parents? Or the money should be taken away to help others?
- 6) Should people be compensated for their low social economic background?

Focus session 2, Focus group 2

Participants

- 1- an unemployed
- 2- a person receiving social benefits from the state
- 3- a low-income household member
- 4- a middle-income household member
- 5- a high-level income household member

Questions

- 1) How should income be distributed within a firm or across a society?
 - a) So that the worst off will be better off
 - b) Equally
 - c) According to desert
- 2) What should be the optimal income tax rate?
- 3) Should government establish minimum income?
- 4) What is the optimal level of minimum income per person/household? What is the fair share?
- 5) Are the poor to be blamed for their living conditions? Should others help them, or they do not have such an obligation?

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