

Polling Memo

Belarusians Feel Sceptical about Modernization and Tend to Rely on Themselves

SUMMARY

The majority of Belarusians believe the country needs a change and agree with the Government's message on industrial modernization that could bring a growth in the national economy. However, they neither rely on the officials, nor on the top management of the national enterprises, but rather tend to believe in the foreign investments as a key to economic development. The March polling data, provided by the ISEPS, show that the shortage of skilled personnel, engaged in the modernization, is now evident to the majority of Belarusians.

The second emerging trend is the gradual reorientation in the population's economic values. Belarusians would prefer a market economy with little government regulation. Most of them do not expect the government to improve their well-being, but rather need opportunities enabling them to earn a good living.

Finally, as it was predicted by the BISS, Aliaksandr Lukashenka should expect an increase neither in his electoral popularity, nor in the electorate's confidence, and in general, the public opinion on the political issues is not likely to remarkably change in the coming quarters. It is also worth noting that Belarusians adequately assess the situation in the national economy and their own financial well-being: the dynamics of the assessments corresponds to the current situation. Their persistent geopolitical choice in favour of the European integration is probably due to understanding of the need to transit to a market economy. Comparing the recent polling data with March 2012, when the pro-Russian orientation reached its maximum, we can conclude that the population does not perceive any positive dynamics in the relations between Belarus and Russia, while the choice for the European integration meets their economic values.

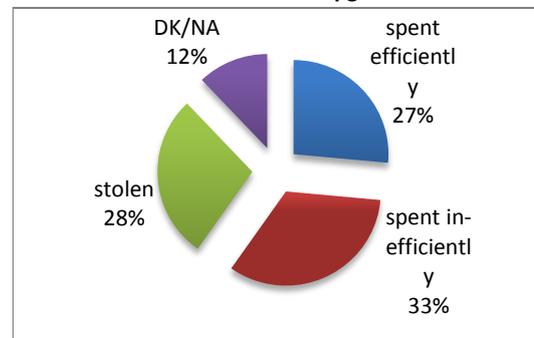
INDUSTRIAL UPGRADE: TODAY'S AGENDA

Belarusians are aware of the need for a change and agree with the President's message on industrial modernization as a key to successful development; however, they question the effectiveness of the industrial upgrade which is currently implemented.

More and more Belarusians keep to the opinion that the country's development is misoriented (51.4% against 46.1% in December 2012); the majority believes that the country needs a change (74.8%). Yet, when it comes to possible ways of solving the problem, the population supports the President's message on industrial modernization. Thus, 50.4% agree (and only 34.2% disagree) with the President's statement that industrial modernization is "a key to strengthening the Belarusian statehood and to wealth growth".

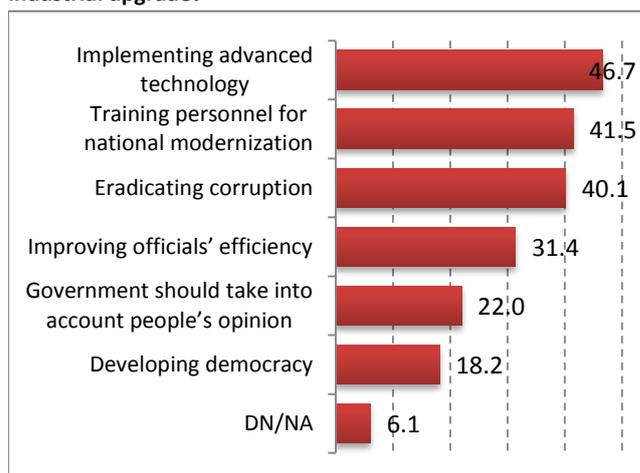
However, Belarusians feel sceptical about the cost effectiveness of the current industrial upgrade: only 26.5% believe that the funds will be spent efficiently. The majority think that these costs will prove ineffective (this answer was chosen by 33.4% of the population). 28.1% assume that the funds allocated for the national industrial modernization might be stolen.

Graph 1. Responses to the question
"Funds allocated for industrial upgrade will be..."



It is noteworthy that Belarusians perceive the Government's efficiency and the officials' competence as a pressing problem.

Graph 2. Responses to the question
"What measures, in your opinion, could ensure a successful industrial upgrade?"



Along with advanced technology implementation (46.7% agree that it is necessary for modernization), a key to a successful upgrade is eradicating of corruption (40.1%), training of personnel for the national modernization (41.5%) and improving the officials' efficiency (31.4%). In addition, "We Need Competent Authorities" was chosen as the most popular slogan for a hypothetical presidential campaign – it would be preferred by 22.7% of Belarusians.

Belarusians expect the national industrial upgrade to face problems that will make the economy rely primarily on the foreign investment: responding to the question "What makes you hope for the national economy development?" 53.3% chose 'foreign capital engagement', while only 27.3% and 23.1%, respectively, rely on the Government's and the top managers' efforts.

ECONOMIC VALUES: SELF-RELIANCE

As regards changes in Belarus, the opinion poll revealed that Belarusians would prefer a market economy model and economy liberalization; they also need opportunities enabling them to improve their living standards.

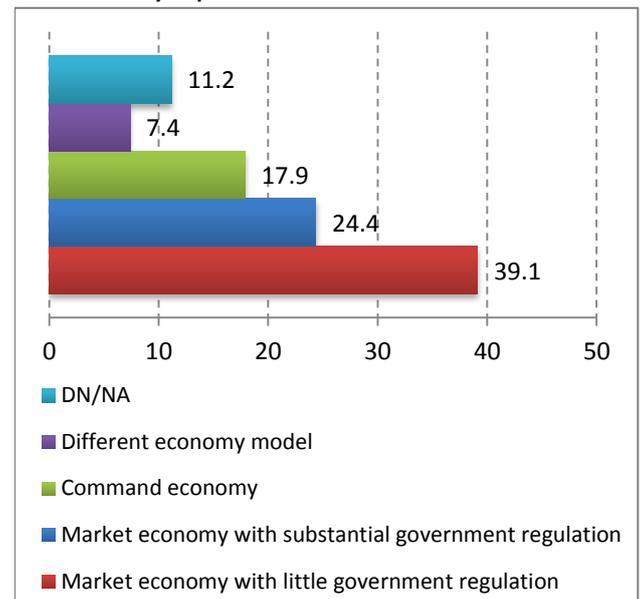
Thus, the most popular economic model is a market economy with little government regulation – it was chosen by 39.1% of the respondents (24.4% of the population would prefer a market economy with substantial government regulation; 17.9% voted in favour of a command economy).

As for the government’s role, most respondents preferred the following answer:

“The Government should ensure a certain minimum to all people and those who want more should obtain it themselves” (43.6%). “People can be successful and earn good money” was the most popular answer to the question about ‘a perfect country’ (42.1%).

The fact that, when it comes to welfare issues, Belarusians rely primarily on themselves, is indirectly confirmed by their greatest fears in life. The fear of loss of employment and the fear of poverty are much lower than the fear of loss of health (27.6%, 30.6%, and 59.9%, respectively). However, we see that, despite the general trend towards economic independence, there is a certain social group in the population, still interested in a stable employment and a minimum living standard ensured by the government.

**Graph 3. Responses to the question
“What would you prefer for Belarus?”**



KEY TRENDS: POLITICS, ECONOMY, GEOPOLITICAL ORIENTATIONS

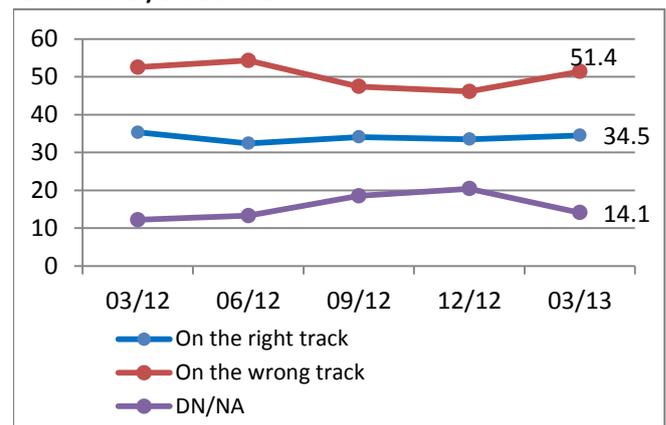
Politics

In March 2013, the forecast made by the BISS came true: the President's approval rating stabilized at around 30%, and there are no reasons for its growth so far. Responding to the question "Who would you vote for, if presidential elections were held tomorrow?" 33.4% named Alyaksandr Lukashenka. Meanwhile, when an alternative question was asked and A. Lukashenka was named along with his rival, only 30% responded that they would support the current president. However, (probably, due to perceived stabilization in the economy), the credibility of the President has slightly increased: in December 2012, the number of those who did not trust the President exceeded the number of those who find him credible by 10% (49.1% and 39.1%, respectively), and according to the recent data, the both numbers have equalized at 43%. 48.3% of the population think the Government is not credible, and 35.6% think it is.

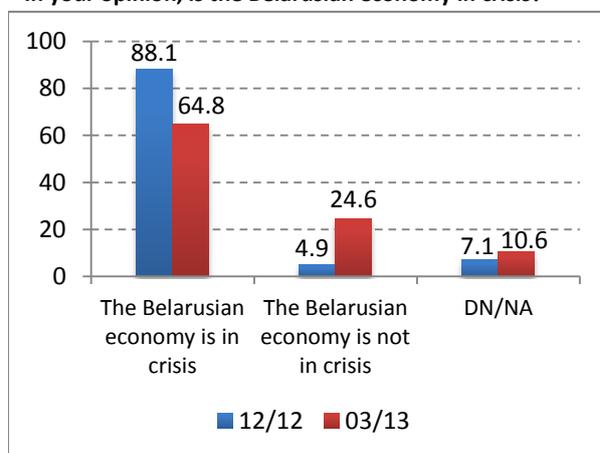
Economy

The steady electoral rate, as we previously concluded, is linked to a stable group of people (about 35%) who support the current government's policy. As the polling data dynamics shows, the proportion of the respondents who believe that Belarus is on the right track remains unchanged, and only the proportions of those who either think that Belarus is on the wrong track or find it difficult to respond to this question are slightly varying.

Graph 4. Responses to the question "Economically Belarus is..."



Graph 5. Responses to the question "In your opinion, is the Belarusian economy in crisis?"



The level of assessment of the respondents' personal economic situation has declined. The proportion of those whose economic situation improved within the last 3 months, dropped down from 17.4% to 13.3%. The proportion of those, whose situation deteriorated, increased from 26.7% to 28.7%. This is easily explained by a steady growth in wages in late 2012 (the December level was the highest, reaching USD 546), and a reduction in wages in early 2013 (the average monthly salary in January made USD 506, in February – USD 522).

However, despite the objective assessment of their own financial situation as deteriorating, Belarusians feel more positive when they assess the national economy as a whole. The proportion of those who believe that the Belarusian economy is in crisis has lowered, if compared to December 2012. This dramatic shift confirms our previous assumption that the perception of the national economy as an economy in crisis was due to the high devaluation expectations in the population. Late in the year, even with the high wage growth rate (which made one fear of the 2010-2011 scenario), the Belarusian rouble did not collapse, so the assessment of the economic situation stabilized.

Geopolitics

Belarusians' choice for liberal values in economic issues was reconfirmed by their steady pro-European geopolitical choice, which remained the same as in December 2012. This is an indication of the fact that, after the Russian Federation helped Belarus to eliminate the crisis (which resulted in a sharp rise in the Belarus-Russia Union's popularity in March 2012), Belarusians saw no more positive changes in the relations between the two countries. In a hypothetical

referendum on integration of Belarus with Russia, the majority would vote against the integration (51.4%), and only 28.1% would vote for it. The answers to the question about the referendum on the accession to the EU remain the same, although in March the number of the opponents (39.2%) was slightly higher than the number of the supporters (37.9%), and in December 2012 the situation was the opposite: the proportion of the opponents made 37.6%, against 38.9% of the supporters.

**Graph 6. Responses to the question
"What would you choose?"**

