



What do Russians think about transition?



How do Russians assess the past 16 years since the collapse of the Soviet Union and what is their outlook for the future?

According to new research commissioned by the EBRD to assess public attitudes toward transition, Russians most prize the economic and political stability the country currently enjoys. What worries them the most: low living standards, corruption and the decline in health care and education.

This spring the EBRD commissioned the Moscow-based Institute for Comparative Social Research to conduct 34 focus groups in nine cities, from Vladivostok to St Petersburg to Rostov-on-Don, to converse with everyday Russians about their attitudes and aspirations regarding their recent past, their present and their future. These results, published as the *Russian Attitudes and Aspirations* study, were inspired by data from the Life in Transition survey (LiTs) undertaken by the EBRD and the World Bank in 2006. The LiTs is a quantitative survey of public attitudes, well-being and the impact of economic and political change in Russia, where 1000 people were polled, and in other countries in the transition region.

LiTs data shows that half of those surveyed think they enjoy better lives than did their parents, while one-fifth of respondents disagreed with that statement. Younger and better-off people are the most positive group in terms of their attitudes toward life in Russia today. They are more satisfied with their lives and more optimistic about their

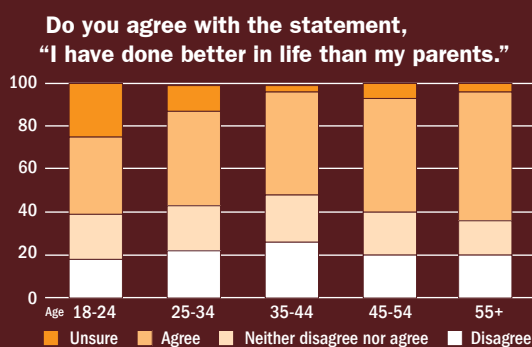
children's futures than poorer, older people. But, according to the focus group results, even the latter agreed that the new Russia offers greater opportunities for hard-working, talented, educated people than did Soviet Russia. Regardless of age or income, the ideal in Russia today is to achieve a middle-class, western European standard of living, with a steady income (perhaps owning a business), a car and a home of one's own with a computer, TV, etc. Overall, most respondents prize the current political and economic stability in their country.

After almost two decades of reform, many Russians remain nostalgic about the social welfare programmes and macro-economic stability of the Soviet Union. However they do not miss Soviet ideology, military power or its standing on the international stage.

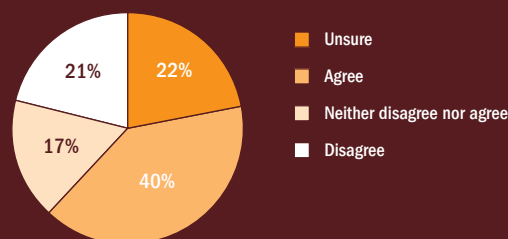
Where focus groups were held



What the numbers say...



"Children who are born now will have a better life than my generation."





The economy: Glass half full, half empty

The LiTs data show that Russians are evenly split between those who believe the country's economic situation is better today than around 1989 (when the Berlin Wall fell, signalling the end of communism), and those who disagree with that statement. Those under age 45 are the most positive in this regard.

In the focus groups it was clear that urban Russians are able, at a minimum, to access the basics of life, although many said they could not afford even simple luxuries such as cinema or theatre tickets. Participants said that, compared to the Soviet past, they now enjoy wider consumer choice, better quality and variety of food and other products and services, access to information, and opportunities to earn money either through wage labour or by starting their own businesses.

Those who feel the economic situation is more negative now than in 1989 talked about current low domestic production, manufacturing in decline, low salaries and wages, less stable labour market, growing social inequality and a decline in state-supported social programmes, from health care to sports facilities. Interestingly, among those who spoke favourably of the Soviet economic system were many who were too young to have actually known it.

There is relief that Russia's economy, particularly its currency, has stabilised and while they still worry about a banking sector collapse similar to that of 1998, trust in financial institutions is improving, in part because so many 'ordinary' Russians are now accessing bank loans to improve their quality of life (by upgrading their flats, buying cars, paying for better medical care) or to start or build businesses.

What the people say...

If you opened the refrigerator 15 years ago, the variety of products back then was much more limited... I remember we kept green bananas in a dark shelf and waited until they got yellow, matured. I looked at the shelf every day to check whether they were ready to eat.

When inflation was very high, one could not save any money at all because the rouble increased or decreased all the time. Now it is more or less stable. It is possible to put money in the bank and be sure they will save it, that it will not fall five times.

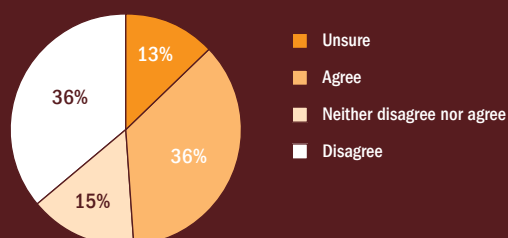
My parents got an apartment from the state. They had a guaranteed salary in line with prices in the store. They got free medical care, they studied for free, the job was guaranteed... Nobody could kick them out of their apartment... I do not have any of these hopes.

I am afraid of reaching my pension age... I am not hoping to get something from my children, they have their own problems. Therefore I think my future will be difficult and I am afraid.

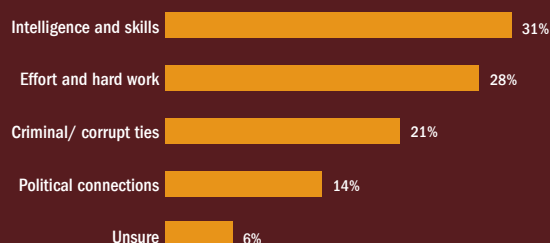
Russia is the wealthiest state even now, a super-rich country. We are moving very fast now. I think we have very good prospects.

What the numbers say...

Is the economic situation in the country better today than around 1989?



Which is the most important factor to succeed in life in Russia now?





Market versus planned economy

Unequivocal support for the market economy is low in Russia; over 41 per cent of LiTs respondents reacted favourably to the statement ‘under some circumstances, a planned economy may be preferable to a market economy’. Asked to reflect on this, focus group participants said the planned economy meant long-term planning and investment and fair treatment of employees, and profits from the sale of natural resource accrued to all Russians via the state rather than to a few individuals. They advocated a mixed economy in which major industries and natural resources belong to the state while consumer products and services are provided by private companies.

Entrepreneurship was a new concept in Russia in the early 1990s, and viewed with suspicion until fairly recently. A change of heart became obvious in the 2007 focus groups. Self-employment and business ownership were viewed positively by participants of all ages, not just as a means of survival as was often the case after the planned economy collapsed, but also as a means of self-fulfillment and asserting independence. According to the LiTs data, two-thirds of Russians believe that personal talents or hard work can lead to an individual’s success, more so than connections, corruption or good luck. However many respondents said corruption undermines small business, sometimes to the point of extinguishing it.

If you work for yourself, you can put the goal in front of you and you know that it depends only on you to reach it. It depends only on you and on nobody else.

The share of state-run companies in the Russian economy should be higher than in other capitalist countries. Our people are not ready to accept private businesses fully.

I do not have any wish to return to the (Soviet) past. No way. Even if a person had a job, he could have only one additional job and I remember when my husband secretly worked somewhere else and could not talk about it. Now there are so many possibilities.

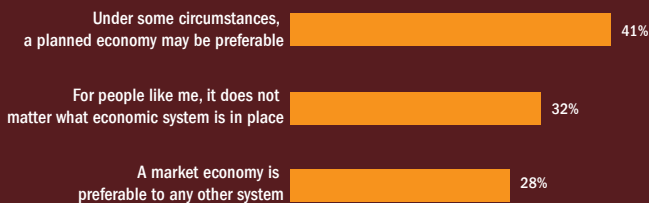
The state should not allow the use of our natural resources by private companies. All natural resources, forests, water resources, should belong to the state.

The main problem is in state companies, everything belongs to the state. It is not mine, it belongs to nobody. There is less stimulus to work well there.

We are approaching the time when hard-working people will have the highest value. At least I hope that there will be such a time.

We borrowed some money... I bought one machine and rented a space of 100 meters. Then we hired some workers. In two months we managed to buy a second machine and now (after two years) we have seven machines and eight workers.

Which economic system is preferable to you?





Present fears, future hopes

While many Russians are proud of their country's natural resources, they do not like their economic dependence on those resources and yearn for a national plan to diversify the economy as part of an overall need for a sense of direction in the country. They want their government to use natural resource revenues to invest in health care and education, and to re-build Russian heavy industry which is seen as vital for the future success of Russia's economy and in need of direct state intervention and leadership.

Corruption and a decline in social services are of top concern, along with poverty (whether through unemployment, retirement or maternity) and an inability to fend for oneself in a society in which people increasingly distrust one another and don't feel they can ask their neighbours for help. Overall there is fear of being deserted by society, whether it is 'official' society (ie declining government services and income supports) or through social isolation. The need for better-quality and larger housing is particularly acute.

I am frightened to get ill. Because it is cheaper to die than to be ill here.

Who are the prisoners in Russian prisons? People who have stolen a bunch of potatoes or a bicycle. Those who have stolen the whole trailer or wagon of potatoes are not in jail. No real criminals or corrupt people have been prosecuted... only ordinary people.

I wish we would stop only selling our energy resources and start developing our domestic economy, manufacturing.

I wish new companies would open. We should not only buy things abroad but produce them ourselves.

In Russia a person needs to be very flexible, to be able to address any circumstances, quickly react to changes, because everything is unstable and we cannot know what will happen in 10 years.

I would like to believe that the future of our children will be better than ours. I do not like to be pessimistic or have a negative outlook. I want to believe and hope.

The gap between rich and poor is very big.

We should invest in transportation system and communication. It would be useful for the country and also profitable.

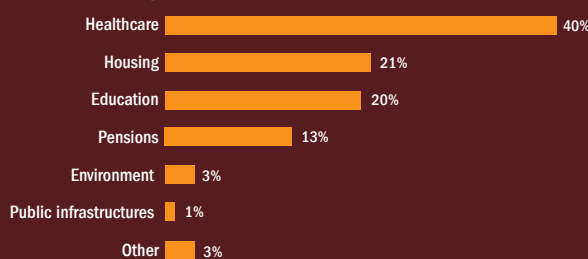
* Interpretation of the LiTs data differs in the *Russian Attitudes and Aspirations* study and the *Life in Transition* publication due to inclusion in the former of 'don't know' responses which were excluded from computations in the latter.

To access *Russian Attitudes and Aspirations*, please visit www.ebrd.com/am This focus group research and analysis was conducted by the Institute for Comparative Social Research (CESSI).

To access the *Life In Transition* report, see www.ebrd.com/pubs/index.htm

What the numbers say...

Which of these fields should be the first priority for extra government investment?



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