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NATIONAL REPORT

EXECUTIVE SUMMARY

LITHUANIA

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Introduction

In Autumn 2009, a standard Eurobarometer survey was carried out in all the 27 member states of the European Union. This report aims at reviewing the key results of the study.

The report presents an analysis of Lithuanian population responses to the main questions of the survey, moreover, the said responses are compared to the mean scores of the responses among all the 27 European Union member states. In addition, where relevant, the report presents comparisons with the preceding studies' data and analysis of the survey results in various social and demographic groups of respondents.

During the survey, 1023 respondents were interviewed throughout Lithuania. The respondent (aged 15 and over) sample was carried out by applying a random-probability sampling method and it represents the opinion of population throughout Lithuania. The survey was carried out in the form of personal interviews in respondents' homes by using the CAPI (*Computer Assisted Personal Interviews*) system.

The survey was conducted between October 27 and November 11, 2009.

Lithuania in the European Union

In 2009 Lithuania celebrated two anniversaries of significance to the country: the millennium of Lithuania's name and the fifth anniversary of its European Union membership. Undoubtedly, the significance of the first anniversary is considerably greater, compared to the second, yet this concurrence has a symbolic meaning as well. Having announced itself to Europe already a thousand years ago, Lithuania is celebrating not a large, yet a significant, anniversary of its full membership of the European Union. The five years in the EU were full of expectations, as well as of significant and not very important successes and failures. Even those who had been eurosceptics before the country's EU accession were convinced that EU membership would mean not only greater political security which an ordinary person might find slightly mythical, but also a real financial support. Although Lithuania did not succeed in becoming a member of the Euro zone within the five year period, it did manage to join the Schengen area. Lithuanians had always seen the European Union as a freedom to travel, above all; thus, after achieving this, we became even closer to Europe. Although not everything was achieved during those five years and not all expectations were fulfilled, Lithuanians are still one of the biggest enthusiasts for Europe even in the face of economic crisis.

The last year was a year of extremely hard economic challenges for Lithuania. Even the shocking forecasts of politicians and experts when approving a new budget at the end of 2008 did not foresee such a big economic downturn. A breaking-point did not occur in the spring and the summer of 2009, when the above-mentioned first shock was already fading and Lithuanians were generating new expectations after the election of a new president. Although the population's mood was getting slightly better at that point, then a flow of bad news threw them into a negative direction. Public opinion was unable to withstand such a wave of negative news: an unexpectedly big drop in GDP, an increase in the unemployment rate to over 10 percent, a VAT increase from September and plans to keep on reducing salaries in the public sector as well as retirement benefits and other social benefits. The

country's economic situation and employment situation are evaluated lower than half a year ago and expectations for the next twelve months are even worse.

Unemployment, which, according to the survey, became the society's most important problem half a year ago, is gaining greater significance. Undoubtedly, this issue will be the most important for several years to come. According to forecasts of many experts, the situation in this sphere will not start improving immediately, when the country gets out of the pit of economic recession. A majority of Lithuanian residents agree with the opinion that the impact of the economic crisis on the labour market has not yet reached its top point. The direct income of people and financial situation of their families, as well as the income of the state and social insurance fund budgets all depend on the level of unemployment. A high percent of the unemployed means a part of the society, dependant on the budget benefits, should not expect an increase of their income in the foreseeable future. All these factors would lead one to make a forecast that the population's mood will remain quite negative for some time.

Lithuania expects one more challenge in 2010, after the Ignalina Nuclear Power Plant stops its operation. The new prices of electricity are already known, which will not only directly increase the population's expenditure on electricity, but, moreover, they will most likely have an impact on the prices of many consumer goods. Thus, the problem of inflation, which has been slightly left aside, may re-enter at the top of the list of key problems once again. Lithuania is behind schedule in implementing many important energy projects (electrical connections with Poland and Sweden, modernization of power-plant in Elektrėnai, construction of a new nuclear power plant). Undoubtedly, the delay is the result of inconsistent policy of former governments and a lack of political will. Thus, energy issues will be one of the most urgent problems for Lithuania for the years to come.

This Government had to make a plenty of hard decisions relating to tax increase and reductions in social benefits and salaries in the public sector. Naturally, the government accepting such, although indispensable, decisions cannot expect great popularity among the population. The indices of trust both in the government and in the Seimas are among the lowest in all the history of Eurobarometer surveys in Lithuania. Since the survey was conducted before the approval of the national budget for 2010, it is likely that the new decisions made will not improve the level of trust in the state institutions.

Moreover, the first year of the new Seimas's activities was accompanied by scandals, negative and acrimonious news about the Seimas members' parliamentary activities and particularly about financing of those activities. Yet, a decrease in the trust in the legal system, which has fallen by almost ten percentage points down to 15 percent, is probably the most serious message to the state institutions. The figure is almost 3 times lower than the EU average. The decline is most likely related to the paedophilia scandal which broke in October. Obviously, the vast majority of Lithuanian society distrusts the state's ability to ensure equal justice for everybody.

Notwithstanding all the problems incurred by Lithuania, the population's attitude towards the European Union remains favourable. A majority of Lithuanian residents are convinced that EU membership is beneficial for their country, and perspectives for the EU's future are optimistic. It is probable that the Lisbon Treaty setting forth reforms of the European Union government, finally ratified by Ireland and the Czech Republic, has contributed to the above optimism towards the EU. Although the favourable disposition towards the European Union has dropped slightly over the last

half a year, trust in its institutions and the trust in its competence are still very high throughout the country. It may be concluded that Lithuanians have not been disappointed by the country's EU membership over the past five years.

Satisfaction with life

Compared to the spring of 2009, the share of the Lithuanian poll satisfied with their current lives has decreased, and, currently, 55 percent of Lithuanians are satisfied with their current situation. The biggest decline in life satisfaction occurred before the year (compared with 2007, satisfaction dropped by 10 percent points), at the beginning of the economic crisis. Satisfaction with life across the EU remained almost unchanged, but it is more than 20 percentage points higher than in Lithuania. On the EU level, this figure has remained steady over the year, so it can be assumed that the average EU citizen's mood is stable and unlikely to deteriorate, although it is still not showing a clear improvement trend.

Assessment of the current situation in various areas

Although the Lithuanian poll in the last decade has never been satisfied with the way democracy works in their country, over the past two years, this figure has continued to decrease from 24 to 18 percent. Lithuanians' opinion of their country's economic situation continues to deteriorate. Over the past 6 months, the percentage of those thinking that the situation is good declined by nearly half and reached a low of 5 percent. The number of citizens feeling that the employment situation in the country is good decreased by a factor of 7 within the year, i.e. from 21 to 3 percent, and over the past half a year - by one percentage point more.

It is worth noting that, despite problems with the country's economic and the labour market situation, judgements on households' financial situation has not changed drastically and is still good enough. Slightly less than half of all respondents in Lithuania say their household's financial situation is good. This is only 4 percentage points less than half a year ago. Across the EU, as well as in Lithuania, there is a growing number of people who claim that they regularly have difficulties in paying all their bills at the end of the month. In Lithuania, this figure has already reached one-fifth of the population. More than half of those polled in Lithuania say that their current situation does not allow them to make any plans for the future and that they live day by day.

Expectations for the coming year

In Spring 2009, 18 percent of Lithuanians thought that next year would be better. After six months, only 14 percent believe the same. The feeling that the economic situation will be worse increased from 47 percent to 55 percent. Lithuanians, over the last six months, have become the greatest pessimists in the European Union both in terms of their national economy and on their households' financial perspectives.

Key problems

Unemployment has become the most important problem for both Lithuanians and Europeans in recent years. The economic situation and inflation are two other major challenges in Lithuania, as well as in the entire EU, according to this Eurobarometer survey.

Benefit of the European Union membership

Ireland, Slovakia, Estonia and Denmark societies see the greatest benefits of EU membership: more than three-quarters of their polls believe that EU membership is beneficial for their country. Support for the European Union dropped slightly (5 percent points to 66 percent) in Lithuania over the last half-year, but increased by one percentage point throughout the European Union (up to 57 percent). Lithuanian citizens associate the European Union, above all, with the freedom to travel, study and work in other EU countries. The European Union is also associated with economic prosperity, democracy, cultural diversity and a stronger say in the world. And, for Europeans in general, the EU is also the freedom to travel, study and work, but also the euro, peace, democracy and a greater say in the world. For Europeans in general, far more than for Lithuanians, the EU is associated with bureaucracy, waste of money and a lack of external border protection.

The future of European Union

70 percent of Lithuanian citizens and 66 percent of all EU citizens are optimistic regarding the future of the EU. The majority of both EU and Lithuanian respondents believes that economic recovery must be the coming year's priority for the European Union. When talking about the measures of economic recovery, the majority of the EU poll said that a stronger European system of supervision of financial markets and financial institutions should be put in place. This is also supported by the Lithuanian poll.

Trust in national and EU institutions

The trend of recent years to mistrust the majority of state institutions remains the same. Only 15 percent of Lithuanians tend to trust their national government (19 percent in the spring of 2009), and only 7 percent trust their Parliament (10 percent in the spring, 2009). But perhaps the most important difference compared with the European Union average is the lack of trust in the justice and law enforcement system. Almost three times fewer citizens trust these institutions in Lithuania (15 percent) than in the EU on average (43 percent). The credibility of all the EU institutions remains quite high: about half of both Lithuanian and EU citizens trust in these institutions.

Economic crisis

The majority of Lithuanian and EU citizens believe that the worst in terms of the labour market still lies ahead. 74 percent of Lithuanians and 54 percent of all Europeans believe that the situation in the labour market will become worse. Lithuania, in this respect, is most pessimistic country in the whole European Union. Both the Lithuanian and the EU27 poll are very similar in understanding what measures are the most appropriate to help people cope with the crisis: these are support for small and medium-sized enterprises. Another priority, according to Lithuanian citizens, should be to help the unemployed.

When asked how to improve the EU's economic activity, the majority of Lithuanian citizens cite the simplification of business start-ups and education and vocational

training. The average European Union citizen cites education as well as the research and investment into innovation.

The majority of Lithuanian (51 percent) and other EU27 citizens (71 percent) agree that their country needs more reforms, and most agree that reforms that benefit future generations should be pursued even if that means some sacrifices for the present generation.

Many of the world's experts agree that one of the major reasons for the global financial and economic crisis was the excessively risky and opaque financial institutions' activities and the lack of control of these deficiencies. Accordingly, experts have not stopped talking about the need to reform the financial sector its surveillance. In this Eurobarometer survey, respondents were asked to express their views on what reforms are needed to the financial system. Many Lithuanians (over 30 percent) advocate a stronger European system of supervision of financial markets and financial institutions, as well as more transparency of benefits and costs and risks on financial markets.

EU and other countries

Respondents were asked to compare the European Union and other largest world economies. The survey shows that both Lithuanian and the EU respondents consider the European Union to be behind the U.S. and Japan, but ahead of India, Russia and Brazil. Lithuanian residents think the Chinese economy is ahead of the EU; however, according to the average European citizen, it is behind the EU economy.

Lithuanian and the average EU citizen's opinion on the European Union and the U.S. comparison in various areas overlaps only in some respects: both Lithuanians and Europeans perceive the United States to be far ahead of Europe on research, innovative technology and entrepreneurship. Lithuanians have a very positive image of the U.S.: they think the U.S. is second to the European Union only in terms of education, but this disadvantage is also small. The average European thinks that the EU is well ahead of the U.S. in every aspect: education, social security, the fight against unemployment, health care, climate protection and the fight against discrimination.