

Belarus Catching up with Europe



STEFAN **BATORY**
FOUNDATION



Belarus Catching up with Europe



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Introduction

This volume *Belarus Catching up with Europe* features a collection of texts offering an overview of the internal situation in Belarus and proposes political, economic and social reforms that would open prospects for European integration by initiating far-reaching reforms which would lead Belarus towards democracy and a functioning market economy. This volume also presents suggestions for EU policy regarding its relations with Belarus at the time of new neighborhood, based on an analysis of the effectiveness of methods for affecting transformations employed so far in this country.

The most important component of the publication is a summary of the volume *Belarus: Reform scenarios* – result of ‘European Choice for Belarus’ (2002/2003), a project by an interdisciplinary group of Belarusian and foreign experts organized by the Stefan Batory foundation. The publication also includes the project’s results as reviewed by independent experts and a transcript of a discussion ‘Can Belarus be Reformed? – Reform Scenarios’ which took place on 27 October 2003 in Warsaw at the presentation of the book.

European Choice for Belarus

The project

The idea of the project ‘European Choice for Belarus’ came about when it was evident that one could not count on economic liberalization, as promised in Lukashenka’s 2001 presidential campaign. Despite certain economic stabilization, negative trends continued: increased cost of living, widespread pauperization, growing numbers of unprofitable enterprises, etc. The authoritarian regime tightened its policy, while the polls reflected a fall in the president’s popularity. All this was the reason why we revisited the subject of reform.

This project, initiated in the summer of 2002 did not come out of the blue. It would have been impossible had it not been for the independent analytical centers in Belarus which published a number of in-depth studies in 2001–2002. One of these, *Integration of Belarus and Russia. Analytical papers* (Minsk 2002), proved that the union of Belarus and Russia was institutional fiction and prospects for reunification were illusory on the one hand and, on the other, that Belarus stands every chance of preserving its independence, but it must implement comprehensive reforms in the economy, the political system, education and social policy.

This project elicited strong interest among Belarusian economists, political scientists, lawyers, sociologists, experts in education and in a broadly understood social policy field. At the first meeting of experts (September 2002), the initial position toward democratic transformations

necessary for democratic changes in Belarus was agreed. The project's substance was developed in more detail at subsequent meetings in smaller teams working on reform projects for more focused aspects of life in Belarus.

Another important element in our work was to ensure an external perspective. Experts from Central Europe took part in these meetings, and they not only enriched the discussions with the experience from their home countries, but also commented and critically reviewed ideas put forward by Belarusian participants.

A result of this project is the volume *Belarus: Reform Scenarios* published in Belarussian, Russian and English in 2003.

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Belarus: Reform Scenarios **– summary of the volume***

Rationale

The need to reform the Belarusian political, economic and social security system is increasingly the call of the day. Belarusian society is increasingly aware of this, as proven by the eroding popularity of president Alexander Lukashenka. What can one expect if democratic reforms continue to be blocked? One of the greatest dangers of an authoritarian system is the accumulation of social and economic problems which the system fails to resolve. The society therefore loses control over the authorities while the state is appropriated by a group of people. The low efficiency of the administrative apparatus and the lack of institutional decision-making procedures breed corruption and nepotism. The cost of preserving such a system is a burden on the taxpayer that is disproportionate to the results. Although the old, Soviet debts have not yet been paid back, the new ‘Lukashenka debts’ are beginning to accumulate. These problems are a burden upon the society, but the bill will have to be footed by future generations and it will be much higher than today.

* Summary prepared by Bożena Kuzawińska and Wojciech Stanisławski.

There is an alternative to such prospects: the European Union. EU membership entails high living standards, high quality consumer goods, the rule of law, a sense of security, a chance for guaranteed personal immunity and social justice. The idea of a 'European Belarus' is more understandable to Belarusians than the notions of democracy, human rights, freedom of press, which might sound rather obscure for a man in the street. No doubt, certain social groups are interested in reforms which would approximate Belarus to EU membership, and such interest will grow as the economic and social situation deteriorates. The European option might be a compromise platform for different views on democratic reforms. It is an understandable alternative for the 'Lukashenka model' and stands the greatest chance for winning support among Belarusians.

1. Political system reforms

The Belarusian regime can be described as a reactionary dictatorship accustomed to Soviet-style rule, with strong totalitarian tendencies. Its inherent ideological element is not so much in its mere yearning for a bygone era as conscious attempts to stop the process of democratization at all cost, and to restore key elements of the Soviet system in a modified form.

Formally speaking, Belarus is a classical model of constitutional presidential democracy. In practice, it is a super-presidential republic transformed into a dictatorship. Power is concentrated in the hands of the president, while the status of those in state hierarchy depends on his support. The number of factors that have any bearing on national policy has been reduced to minimum. The regime does have certain trappings of an elective democracy, but it prevents fair elections which could lead to a change in power.

The current constitution of 1996 in fact vests the president with unlimited prerogatives. Although – formally – the president is not the head of government, he actually has prime minister's powers. The president can issue regulations and decree-laws, declare any government regulation null and void which means that he performs legislative functions. Not only does

the president exclusively affect the formation, activity and dissolution of the parliament, but he also enjoys unlimited powers in the formation and shaping of other state structures and bodies such as the constitutional court, electoral committee, etc. Furthermore, the impeachment procedure is complicated and effectively precludes the president's deposition. The power of the head of state relies on the presidential vertically integrated 'division' present in municipal, district and regional administration. Atop this structure sits the presidential administration in actual function of a parallel government.

The parliament is therefore practically a piece of window dressing, a body mechanically endorsing presidential decisions. The government is not formed by the prime minister but by the president who also sets the course for domestic and foreign policies. The prime minister and the government are merely administrative, which comes down to following and implementing the president's decisions. Local government is subordinated to the central power, with the administrative division of the state being designed to ensure effective top-down control. Political parties have been ousted from the political system and do not function normally. The majority-based electoral system is still rooted in the Soviet traditions. According to the Organization of Security and Cooperation in Europe and the Council of Europe, the electoral regulations do not guarantee free and democratic elections. The judicature, a carry-over from the Soviet Union, is neither independent nor fair and equitable.

1.1. Standard model of a political system

A new model of a political system in Belarus ought to be based on generally recognized principles of the European law: devolution and decentralization of power, a parliamentary system, checks and balances of power, an independent judiciary, the rule of law and respect for laws and civil liberties.

Negative experience of the presidential system in Belarus strengthened the position of those advocating the western European version of the

parliamentary model. However, the shortcomings of this model – in a situation of major diversification of the Belarusian society in terms of values and political views, combined with a lack of democratic traditions – are bound to breed frequent parliamentary crises. A more realistic approach is seen among the proponents of rebuilding the constitutional presidential system in line with the 1994 model; they stress that only a stable executive power independent of the parliamentary disputes of the day will be capable of carrying out the necessary reforms. The problem is that this system could be precarious in countries with a long tradition of authoritarian rule. In the world at large, mixed systems are gaining popularity which attempt to combine features of both models.

For Belarus, the best solution seems to be one of a parliamentary-presidential republic (as in France, Poland, or Lithuania), which would also take European experiences into account.

This system is based on substantially restricted presidential prerogatives. With complete separation of the executive power and the representative function, the former is exercised by the government headed by the prime minister, while the latter is given to the head of state. The president, however, is not only a symbol of national unity, but also plays the role of a mediator and arbitrator in disputes on the political scene. The government is the central body of political power and is accountable to the parliament. What is necessary, therefore, is an effective system of local self-government independent of the central power.

For Belarus, it would be best to choose a model of the legislative power with a unicameral parliament (proposed name: the 'Sojm') with 260 seats. In the interim period and in order to strengthen political parties and ensure greater stability of the political scene, a mixed, proportional, and majority-based electoral system ought to be introduced. This system, however, should guarantee representation of national and regional interests of major political parties and the broadest possible group of citizens. The president will be elected in universal suffrage for a maximum of two five-year terms.

Courts of law ought to become guarantors of law and of civil liberties; in order to do that, they should have warranted independence. The structure of the judiciary ought to encompass the constitutional tribunal, general jurisdiction and specialized courts including business courts and administrative courts. The militia should be transformed into a police force and thoroughly reformed. The State Security Committee (KGB), having been transformed into a National Security Service (SNB), must be subject to permanent parliamentary control.

1.2. Constitutional reform

Reforms of the legislative, executive and judiciary ought to be carried out within the constitutional framework. The 1996 constitution cannot be considered legitimate. The constitution of 1994 could be the only ground for transformation. Since then, a lot of changes have taken place which necessitates the passing of an interim constitution.

Once drafted, the interim constitution ought to be subject to comprehensive discussions on various levels. Following that, the main political parties should summon the Constitutional Assembly made up of representatives of political parties and organizations in function of then-current political situation in Belarus. The Constitutional Assembly would either be held in Belarus or in one of the neighboring countries. Its agenda would include the passing of the interim constitution and calling presidential, parliamentary and local elections. To prevent rigging, all the elections should be supervised by international observers.

If supported by more than 2/3 of the Assembly, a commission and a popular tribunal may be set up to investigate the abuse of power under Lukashenka. Once the legitimate judiciary system is set up, the evidence collected by the tribunal would be forwarded to the courts.

The swearing in of the president and parliament would be the last act of the Constitutional Assembly. The next stage would be to draft a new constitution on the basis of the interim one, and ratify it in a referendum.

This reform will be considered complete once representational bodies of power are established on the basis of the new constitution.

2. Economic reforms

Since economic reforms were initiated in this region in the early 1990's, Belarus has been an outsider. Fragmented reforms were interrupted once Alexander Lukashenka came to power. Structurally, the Belarusian economy remains a Soviet-type economy (lack of market structures, absence of a job market, centrally controlled prices). Institutionally, it has retained a number of characteristics of the command economy, including the domination of state-owned property and the state's dominant role in redistribution. The entire policy of the authorities which aims at strengthening the state sector dominance can be defined as 'economic populism' ignoring the risk of inflation and budget deficit.

It is quite phenomenal that the failure to carry out any reforms has not led to a collapse in the Belarusian economy. Despite rampant inflation, since 1996 we have seen an increase in the GNP. Despite the authorities' dubious methods, economic growth is a fact nonetheless. It was induced by an expansionist monetary policy and 'financing through issuing' which leads to currency devaluation and erodes its purchasing power. Economic growth was brought about with political means: provisional success was used not to initiate structural reforms but to strengthen the existing model.

The rate of unprofitable enterprises has reached 48% in 2003 while profitability of the remaining ones achieved by failing to invest is so low that they cannot be modernized without external subsidies.

Fixed assets are depreciated by almost 80%. State aid to unprofitable enterprises elicits limited interest in increasing profitability. The current state investment policy is evidently populist: many assets are wasted to protect domestic enterprises from imports. Foreign trade deficit is rising; a temporary increase in exports results from petroleum processing and re-exports of Russian oil. The amounts spent on fuel demonstrate high energy

consumption and extensive nature of the Belarusian economy, as well as prospective reliance on Russia for energy. Ongoing decline in farming is just as evident: profitability is slightly over 2%, while all the state does is continue to impose import restrictions.

Volatility is one of the most important macroeconomic problems (the highest inflation rate among all post-communist countries; price increases are administratively limited by the Ministry of Finance). The authorities constantly interfere with the forex market, among others by imposing the obligation on exporters to sell foreign currencies. Consequently, in a dollarized economy, the US dollar has become parallel legal tender alongside the Belarusian ruble (BYR). Actual budget deficit is constantly rising, but at the same time welfare programs are expanding, as do allowances and benefits, with effectiveness far from being perfect given that 60% of the population is covered by these programs. One result of this policy is extremely high taxation, which stimulates the growth of the shadow economy. Individual business initiatives are stifled; this is exacerbated by the lack of legal safeguards for property, vague laws, the overriding power of presidential ‘edicts’ over legislative acts and a bureaucratized economy. The administration is still opposing all privatization processes.

2.1. Reform programs

One of the basic arguments for reforms is to improve the standards of living and to establish conditions that would lead to general prosperity. The prospect of continuing the current situation seems to be rather frightening, as Belarus might suffer from:

- permanent underdevelopment as compared with developed Western countries and the neighboring countries;
- the final collapse of the welfare system rooted in the socialist period, which will not be replaced by a free market system, as is the case in most counties;
- growth of poverty, gradually assuming proportions of a nationwide disaster.

Several decades of the communist system resulted in popular distrust of the free market, bred egalitarian sentiments and general apathy. Therefore, it is necessary not only to set up new institutions, but also to instill new values, primarily by generating mechanisms that stimulate people's activity. One of these would be to reform the judicial system (which would bring back the confidence in law and institutions that safeguard it) and government administration (to guarantee impartiality and respect of law among civil servants). The 'pro-market' orientation would also have to be promoted by the media and the education system, thus preventing the widespread tendency to link one's success with the state and its operation.

An effective economic reform would call for a simultaneous combination of measures aimed to:

- liberalize economic relations, including the liquidation of centralized management of the economy and its deregulation, freeing up prices and a gradual phasing out of government subsidies for selected sectors (transport), liquidation of state monopolies, radical reduction of customs duties, development of real estate, capital, information, advertising and insurance markets.

- support the privatization process, including denationalization of state property, which would bring about private ownership, unleash privatization forcibly slowed down by the executive; draft privatization legislation, establish a separate institution to supervise the privatization of large enterprises that would be accountable to the parliament, liquidate uncompetitive enterprises, establish the overriding power of the privatization law over acts of the lower order, introduce the mechanism of bankruptcy, safeguard the primacy of privatization through purchase of company assets, eliminate restrictions in the trading of stocks and shares and introduce the notion of the 'golden share', guarantee equal rights for foreign and domestic investors, expand auditing of enterprises in course of privatization.

Privatization proceeds ought to be accumulated on privatization fund accounts which would be used to finance protective and stabilization

measures and social programs. Another part of the privatization process ought to extend into land reform, the basis for returning private property and allowing free trade of land.

- macroeconomic stabilization including: completion of the price reform, which comes down to freeing up the prices which in turn would enable rehabilitation of government expenditure, currency reform and monetary policy stabilization by introducing a currency board, i.e. pegging the Belarusian ruble to a foreign currency of choice (the euro) and guarantee state non-intervention in this area; reform of taxation and government spending cuts.

This in turn will be conducive to developing the bank lending system, a prerequisite for domestic investors' participation in the privatization process on a much greater scale than so far. The tax reform (including simplification of taxes and scrapping most exemptions granted arbitrarily by the executive power) and guarantees of additional proceeds from privatization will allow for financing protective measures for the unemployed given that the unemployment rate in the first year of the reform could reach around 20%. Later, it will be necessary to reduce taxes while maintaining the progressive system: eventually, income tax should be reduced to 10–15%, and VAT to 16–18%.

If these reforms are to succeed, it is necessary that Belarus become a member in the World Trade Organization.

It is also necessary to minimize state aid to enterprises. All policies aimed at supporting or assisting the economy ought to be systemic (as opposed to the 'hand-held' control exercised today), which comes down to setting up appropriate conditions for the functioning of the economy.

Predictably, the institutional issues will be one of the most important problems for restructuring (weak competition and weak institutions of advanced free-market economy, lack of well-developed banking sector or capital markets), followed by financial difficulties (limited resources and loans), and technological obstacles (the need to invest in modernizing technologies that would be efficient in the processing of natural resources).

Some of the sectors in particular need of comprehensive reforms are the:

- financial sector. The aim of its reform (possible only if coupled with political transformation) is primarily to increase the domestic lending capacity. In order to achieve it, it is necessary to institutionalize private property and guarantee independence of the central bank. One of its results could be an increase in bank retail deposits.

In subsequent stages, the development of investment and pension funds is necessary, provided that restrictions on private trading of securities are eliminated along with income tax on capital gains.

- foreign trade. With economic liberalization, Belarus should increase its exports to EU countries to a minimum of 60–65%. A precondition for this is membership in the World Trade Organization.

- heavy industry. Due to the size of the existing enterprises and lack of investors capable of sustaining such a burden, these companies are likely to end up in the hands of foreign investors – with the state's share being guaranteed.

- farming. Nowadays the *sovkhoz* (cooperative) and *kolkhoz* (state-owned) farms perform certain social functions on top of their economic role. Their reform should include transferring these functions to local government. One of the first moves would have to be to denationalize *kolkhoz* property and plant forests on the least profitable land. Most of the taxation burden should be replaced by property tax.

- energy sector. By 2010, Belarus should modernize around 80% of its power plants. It might therefore be necessary to increase energy imports.

2.2. Job market

The main aspect of the job market reform is to minimize state intervention aimed at a full regulation of labor relations. Instead, one would need to guarantee freedom of operation for businesses. Increased efficiency of the economic system can be achieved only if the employees and the employer are able to freely negotiate the terms of their cooperation finalized in the contract.

Below are the most important tasks for such a labor reform, which would guarantee:

- employment for all capable of working and interested in employment;
- employment structure possibly at its most rational;
- boost in employees' initiatives and their ability to seek employment on their own;
- stimulating individual entrepreneurship;

One of the most pressing needs are changes in the labor laws, including legalization of the institution of contract and flexible forms of employment, simplification of hiring and dismissal procedures, and elimination of the state sector tariff system that ties private companies. Adopting legal regulations conducive to developing small and medium-sized business is equally important.

Complete elimination of government intervention in the job market is currently impossible. It should be nonetheless limited to cooperating in reducing the negative consequences of unemployment and supporting educational initiatives in this area including retraining, vocational education, etc. At the same time, one should take into account the fact that the system of unemployment benefits should stimulate job-seeking. It is also necessary to eliminate all the administrative restrictions in the free movement of labor (e.g. 'reserving' the right to be employed only for those registered in a given area).

Tripartite dialogue (between employers, trade unions, and specialized government agencies) is also necessary. At the same time, the role of the tripartite agreement should not be overestimated, as these could hinder the development of a flexible job market. It is nonetheless necessary to promote gender equality in the job market.

It is advisable to maintain minimum wages and restrict unemployment benefits to six months per year.

3. Social policy reform

From the Soviet Union, Belarus has inherited a welfare system based on the principle of full employment; the burden of financing this system was on the employees and state authorities. Eventually, the system increasingly burdened with additional functions turned into a system of patronage of allowances and benefits which did not always target those in real need. Even today, the idea of 'social justice' does remain attractive and its preservation was one of the most popular political claims even in liberal milieus after Belarus regained independence. This was also present in most reform programs put forward after 1991 by political parties, independent experts and presidential candidates.

3.1. Diagnosis of the welfare system

Healthcare

In recent years, Belarus has seen increased mortality, incidence of diseases and a markedly reduced life expectancy. Another problem is the health of those living in areas affected by the Chernobyl fallout in 1986.

The main reason behind the deterioration is the inefficiency of the state healthcare system; the state impedes the development of private healthcare making it nigh on impossible while, at the same time, de nomine free healthcare is actually becoming a service for a fee: an increasing percentage of the cost is to be borne by the people. In 2002, the authorities decided to significantly limit the number of operations and medical interventions administered free of charge by the national health service.

Unpaid medical care on this scale is unsustainable due to lack of adequate state funds. Parallel to reductions of state benefits, a (largely 'shadow') market for medical services emerges. Most Belarusians are entitled to national healthcare services while being forced to incur double expenses: regardless of paying taxes, patients have to pay for certain services. In the existing environment, both the state and the private sectors are incapable of offering healthcare at an appropriate standard. State monopoly for the

services does not lower prices, but the existence of two parallel medical services sectors can be an additional burden for those in need. Failure to develop the health insurance industry leads to chaotic development of the 'shadow' healthcare sector, frequently offering the same services as the national health service. Lack of comprehensive healthcare will augment the mortality rate.

Welfare and pension system

Belarus is exceptional in its range of welfare benefits offered: it covers between 40–50% of the entire population. The benefits are also highly fragmented, with average monthly welfare benefit not exceeding USD 3, and 'diffused': they cover both the system of allowances and exemptions (ca. 300 different kinds for different occupational and social categories), plus subsidies to certain commodities and services. They are awarded at the expense of the poorest whose needs are not satisfied. The scheme devised for victims of the Chernobyl disaster is yet another inefficient system failing to stimulate people into seeking employment.

Within the pension system, based on the principle of distribution of means and referring to the notion of 'social solidarity', pensions and retirement money are paid to 26% of the population. Despite a flattening in the pension structure, they consume nearly 8% of the GDP; they are also a burden on the budget of enterprises and personal income (altogether 36% of remuneration), and are conducive to fostering the 'shadow' economy which, combined with the growing number of unprofitable companies results, in an even greater debt of welfare funds. The aging of society and low retirement age (60 for men and 55 for women) will lead to increasing the debt.

The growth of the 'poverty area' testifies to the welfare system's inefficiency despite 14% of the GDP being allocated to that end. Its greatest shortcoming is in the wastefulness of resources and their transfer in the form of impersonal subsidies to goods and services; of equal importance is corruption and the overburdened system of subsidies and benefits. Most are perceived as part of a legitimate bonus system or compensation for low living standards. The state aims to preserve this system (thus undermining

the ability of most of its people to earn their own living in a market economy) and, at the same, out of necessity shrinks the benefits, which must inevitably lead to greater popular discontent.

A pressing need is to liquidate state monopoly in the pension market (even if triggering prospective funds shortage due to the aging of the society), set up a system for accumulating assets allocated for pensions and liquidate an extensive system of early retirements. In the meantime, the state has no developed reform strategy. The system's collapse is particularly likely in the event of a fundamental market reform and the resultant liquidation of hidden unemployment and temporary fall in government revenue. Further subsidies to the pension fund will up labor costs, thus reducing the competitiveness of the economy.

To maintain the status quo will mean to spur growing social injustice, lower living standards for pensioners and, in the long run, if attempts are made to manage the crisis by raising the retirement age, they might lead to social unrest.

Public services

Most residents (91.3%) live in buildings erected after World War 2. Only a small percentage are owner-occupiers; nearly 10% live in multi-family buildings or barracks. Most buildings have been built in the quickly aging prefab concrete technology.

Administration and management of these buildings is in the hands of the so-called 'division' (ZKCH), a national administrative structure; public services are subsidized by the government. The market for services is practically nonexistent, which prevents it from being consumer-driven. There is no body to control the rates randomly set by each government agency. In 2001, a program was initiated to achieve profitability of public and housing services, but has been ineffective as yet.

This system is predominantly burdened by municipal buildings and housing estates; their depreciation period will be up within the next dozen years or so, which in turn might result in snowballing construction disasters. But, at the same time, resources collected from the tenants for

reconstruction and renovation disappear in common coffers. A system of housing loans is still non-existent.

3.2. Basic assumptions for the reform program

The main instrument to increase efficiency and performance of welfare services is far-reaching re-privatization of institutions that administer these services, cost cuts and constant monitoring of the system beneficiaries' needs. The following steps are necessary in each constituent area:

Healthcare

- All healthcare institutions (except for a few clinics and research institutes) ought to be taken over by employees with the buyout option and fee-paying provision of medical services.
- The network of primary care physicians ought to be transformed into a network of primary care family doctors/GPs (and they will be encouraged to self-employment) to be chosen by individual patients; specialist services will be available upon production of referral.
- Physicians' work and the quality of their services will be evaluated by dedicated commissions at the local government level. These will also exercise price control and decide on the allocation of funds.
- Local governments will set up healthcare funds that would cover the costs of hospital treatment; initially, these funds will be financed by the state budget. At the same time, insurance funds will be set up from contributions paid by adults. Every person will be issued with an insurance policy. The healthcare funds will also finance medical care of children and the elderly.
- It is necessary to reduce the number of free-of-charge medical services, with the remaining expenses refunded by medical insurance funds.

Pensions and retirement money

Another important element of the pension system reform are personalized accounts, where monies for retirement funds will be collected. The retirement funds would concentrate on generating a profit and function as public limited/ joint stock companies, with guaranteed participation of local authorities. By then, pension funds would have to be set up from

public funds, employer and employee contributions; full implementation of the new system could last about 40–50 years.

- it is necessary to introduce separate solutions for the system of social preventive measures for the unemployed and orphans; this aspect of welfare ought to be in the hands of local government.

- All special pensions awarded by the state on the grounds of specific merits should be abolished; possible gratification ought to be limited to a raise in the remuneration during one's active employment.

Welfare system

- The most urgent need and task is to introduce a 'personalized' welfare system. This aim will be served by eliminating all budget subsidies to prices of goods and services which, by definition, are impersonal.

- A number of welfare services can be offered on a non-cash basis (guaranteed hospital treatment, boarding house stays, etc.)

- Welfare should be offered primarily to families with many children, pensioners and disabled persons (in this case it is advisable to use the non-cash forms) and the victims of failure of state institutions and bodies (e.g. victims of crime).

- Given the special character of welfare services, appropriate institutions ought to be subject to rigorous scrutiny.

- It would be advisable to integrate structures providing welfare services and paying pensions.

- It is necessary to verify the number of those entitled to welfare, and have it financed by public/budget funds only.

Utility services

- A long-term aim of this reform is to separate utilities from welfare and the social sector, and their full commercialization. This should be done in light of the restitution of private property and ownership of land and tenement houses.

- Within 2–3 years, the share of those in need of state assistance, given the commercialization of public services, will be on the rise.

- Current public utilities' property ought to be divided into private and municipal as quickly as possible. At the same time, public limited/ joint stock companies ought to be set up which would be entitled to offer utility services on a commercial basis and to divide the existing enterprises by service type (power supply, water supply, gas supply, etc).
- Prices and tariffs for utility services ought to remain the prerogative of local authorities.
- All form of transport subsidies ought to be promptly abolished.

4. Prospects for European integration

A European Belarus is not only a dream of a group of intellectuals; it is an aim to guide the logic of further democratic transformations. In Central and Eastern Europe, political and economic reforms and European integration were interrelated processes, which also defined the meaning of post-communist transformation. Accession to the European Union was not only a goal that would justify the painful and hard reforms, but also a guarantee of the irreversible split from the totalitarian past. 'Europe' is a variable, which allows us to show and explain the differences in the transformation process between those post-communist countries where reforms were pursued within and without the context of European integration. This is an important lesson for Belarus, the only Eastern European country to set its course of democratic and market reform.

On its way to European integration, Belarus faces obstacles which seem to be insurmountable. The first such obstacle lies within Belarus itself. To what extent do its nationals feel part of the European civilization, the cultural and political traditions? 'Return to Europe' is a dream of only a part of the Belarusian society and (counter)elites which, however significant, are not yet dominant and have no bearing on strategic decisions.

For the rest of Belarusians, Europe is a terra incognita, uncharted land to be discovered only if they would wish to do so. Another obstacle lies in the European Union, where Belarus is not considered part of the European space

lacking the elementary awareness of there being such a state and nation. Nevertheless, when Belarus and EU countries are to meet as members, new rules and mechanisms of mutual relations must be devised.

4.1. European future of the new neighbors – the EU position

The prospects for a European Belarus largely depend on the openness of EU itself which sets the rules of the game. Its strategy of relations with new neighbors is formulated in: *Wider European Neighborhood: a New Framework for Relations with Our Eastern and Southern Partners*. The document stresses that the integration of new neighbors can happen only on the basis of similar values and a similar institutional basis that would ensure their realization. In other words, it proposes quite a reasonable alternative: become ‘European’ on home ground before talks of European integration begin, or part with any hopes of integration. However, what is worrying in this strategy is a uniform treatment of European and non-European neighbors of the EU, which casts a shadow of pessimism on the European future of Belarus. All the more so that, despite positive signs and overtones in the rhetoric of official documents, some EU leaders signal that – to Europe – anything east of the river Bug is an unrealizable and absurd idea. Evidently, we have a contradiction between policy aims of new relations between neighbors and the instruments offered to make them happen. The internal choice in favor of Europe among the new neighbors will not be possible if they are refused the target of EU membership, and the prospect of an unequivocal ‘no’ at this stage might have detrimental consequences for their development.

That is why it is important for the democratic future of western CIS countries including Belarus that the terms of rapprochement with the European Union take into consideration their European affiliation. The best form of the ‘new partnership’ would be to develop the eastern dimension in the EU foreign policy.

Why then should the European Union pursue closer integration with the new European neighbors, particularly with Belarus? Because, it is in

the interest of the EU itself. Stability and dynamic economic development in a neighboring country adds to strengthening the united Europe. These aims cannot be achieved without active efforts on both sides. Without appropriate investments and involvement of the European Union, it is hard to believe that the state across the new European border will be particularly interested in building a ‘friendly belt’. That is why inaction is no alternative for the new neighbors across the new borders. The questions remains, however, of whether we be investing in their democratic and European future or in constructing a *cordon sanitaire*.

In the case of Belarus, an important link in the new network of neighbors, lack of EU interest in closer relations might be justified only on the assumption that this country will always remain what it is – an unpleasant but hardly troublesome neighbor. It would however be naive to believe that Lukashenka’s regime will guarantee a lasting peace and order on the eastern border of the EU. Belarus will have to change, and it is at least in the Community’s interest that these changes are for the better. Also, historical, economic and cultural relations of Belarus with new EU members are the reason why Poland, Lithuania and Latvia are interested in keeping close relations with this country. It should be reminded here that a rapprochement with the new neighbors of the EU is no philanthropy; there is no reason to doubt that, as reforms progress, Belarus will become a market for European companies.

4.2. Belarus: negative and positive factors of European integration

A change of the political system and a move towards democracy are necessary conditions for rebuilding and normalizing relations between Belarus and Europe, and only in such a case would it be possible to speak of any prospects for European integration. Prospects of democratization in the nearest future should not be deemed impossible regardless of how unlikely they might seem. A development of a mutual relations policy must take this prospect into account without considering the current reality as something permanent.

Besides political trends that separate Belarus from the West, one could observe social processes there which might turn into an important ground for transformations in a short time. Factors which make such evolution not only possible but also credible include: transformation of the political culture and social structure of the Belarusian society, gradual exhaustion of the current economic system's capabilities and changes in foreign policy trends. One should emphasize the elimination of remnants of the cold war, which gave Lukashenka's regime the status of the 'last bastion' for NATO eastward expansion.

One of the main obstacles that question the European integration of Belarus is its inability to create an efficient model of market economy. Only once these have been implemented which, let us reiterate, Belarus has no choice but to introduce, can one talk about a model more or less resembling a European economy. The inevitability of these reforms results both from non-viability of the current economic system and a change in external conditions, especially in the context of Belarusian-Russian relations. Belarus is going to face a choice of a market economy: a 'liberal' western model or a compromised 'Byzantine' one. This choice will determine not only the political but also the civilization future of this country.

A necessary condition for European development is to democratize the people's mindset and the political culture in Belarus. The failure of initial attempts in the early 1990's was not due to Belarusians rejecting the very idea of transformation, but the reluctance to change the existing lifestyle and relations between the state and the people and between people themselves. Although the last decade has seen profound evolution and a painful revision of the old, Soviet dogmas in this sphere, these processes have not yet reached a critical point. The social basis of the totalitarian regime, however shrinking, covers a substantial part of the society (20–30% according to independent sociologists). Also, declarations of support for the free market and democracy are rather expressions of admiration of the attractive European lifestyle than of the willingness to embrace objective values or the readiness to pay a price for them.

This evolution of social attitudes was possible largely due to the fact that Belarus was not completely closed and isolated in the last few years: at least 1/3 of Belarusians go abroad every year. Drawing a 'paper curtain' with the new visa regime introduced by new EU members might hinder such important processes.

The Belarusians' choice to join the EU is tightly linked with another, even more important decision: be an independent separate nation with its statehood or choose vanishing through integration with Russia. A 1999 poll revealed that the people opt for either nearly in two equal parts (49 % and 42 %, respectively). Meanwhile, 60 % Belarusians would support EU membership. This is not a contradiction, as the slogan 'with Russia to the EU' is gaining popularity. The Belarusian-Russian integration has not gone so far as to preclude any discussions about the European future of this country.

4.3. Europe and Belarus – from the past to the future

The EU policy towards Belarus in 1997–1999 did not differ much from the strategy of 'selective contacts' conducted by the USA. This involved isolation of the Minsk authorities and establishing contacts with organized civil society. Not only has this policy failed but rather helped to strengthen the position of the authoritarian regime. This was a result of the attitude of the Belarusian authorities, which deliberately broke off contacts with the outside world, as it was considered potentially dangerous for the existing political system. Such a policy is well exemplified by the 1998 affair with diplomatic missions, or the subsequent pressure put on the OCSE mission. Therefore, refusal by the Belarusian authorities to grant a tax exemption to the TACIS program, which resulted in a complete suspension of this program in Belarus in 2002, appears to be equally deliberate.

In the political vacuum in relations between Belarus and the European Union, one may see a clear lack of concepts as to how to improve these relations. The EU employed the strategy of 'reactive cooperation' which means that contacts with Belarus were widened in response to the action of Belarusian authorities aimed at liberalizing the political life and

improvements in human rights compliance. This strategy is slightly different from the strategy of ‘selective contacts’, as the latter saw the independent sector as its partner; the former was directed at cooperating with the authorities. Both are equally ineffective, as they are based on a wrong assumption: that Lukashenka’s regime is interested in goods and privileges which it is refused. While the Minsk authorities are not only capable of reducing EU’s impact on internal Belarusian processes to a minimum, they could destabilize the political climate prompting the EU to reduce its presence there, thus doing in fact what Minsk wants it to do. Therefore, the closure of the TACIS program did not yield any negative results for the authorities as it rather hurt the change-oriented and reform-minded milieus in Belarus.

No strategy will ever be effective without active and genuine participation and interest of the society at large. Best results will be achieved by working on establishing conditions for political, economic and social changes. Such a strategy is based on simple logic: to help change the horizons and models of life of Belarusians, to have them discover Europe for themselves, offer assistance in anything leading to social demand for change. An important element of this approach would be to intensify the non-politicized economic, social, educational, and cultural programs carried out in cooperation with partners that do not subscribe to the ‘authorities vs. opposition’ axis, which everybody is accustomed to already. The point is to help Belarusians help themselves (also in closer relations with Europe). This strategy may take the form of a whole set of capacity-building programs – a development of the professional, intellectual and business potential, international contacts of future decision- and opinion makers who would be the driving force behind the democratic changes in this country.

4.4. Strategy of rapprochement and integration

Can the European Union help Belarus in becoming a democratic and European country? And if so, how? A conservatively optimistic scenario

foresees that political transformations in Belarus will take place within this decade. By the time democratic institutions are established, the EU can aid and support the development of positive social trends visible even today but which, possibly, may make the democratic transformation inevitable in the future. The European Union ought to maintain cultural, academic, educational and interpersonal contacts which have already been established but could be endangered by EU expansion. Cooperation with Minsk authorities should be pragmatic and avoid stirring internal conflicts and isolationism of Belarus. Benefits of such a policy may turn out to be so big as to warrant certain concessions and, in the event of strict limitations on the part of the regime, use the European space and adjacent countries as a platform for contacts. Non-governmental organizations from Poland, Czech Republic and the countries of Eastern Europe are already actively involved, and their support has proven to be an important element of the Belarusian policy of the EU.

A democratic transformation in Belarus will open possibilities for a new quality in relations with the EU. The country will therefore face a choice – the model of a market and democracy. The EU might then offer invaluable help in forming institutions capable of ensuring the quality and stability in the democratic system and market economy, and bringing the political and economic system closer to European standards.

With the previous two stages achieved, the third would be Belarus' membership in the EU. At present, it is hard to predict whether Belarus will achieve this goal. Let us remember that the integration of Central and Eastern European countries seemed equally impossible in 1989. Today, these countries are EU members. There is no reason to think that Belarus could not tread the same path.

Reviews

Catching up with Europe

Wojciech Stanisławski

As for the generic character of this term, Belarus may be said to be a country ridden with bad luck. For centuries, the lands on the Central European Plain without clear geographic borders between the Bug and Desna Rivers have been described as situated ‘east of Poland’ or ‘west of Russia’; for centuries, they were part of Russia’s or Commonwealth of Gentry’s¹ spheres of influence, the latter eventually reduced to Poland. Warsaw, Vilnius or Moscow were the centers of gravity for the best and the brightest who, under different circumstances, would have formed local elites.

It was not until the turn of the 20th century that Belarus saw the first generation of educated Belarusians with sufficient critical mass to identify themselves with their country and be willing to assume responsibility for it. For the better part of the 20th century, Belarus did not gain independence. It was nonetheless afflicted by exceptional misfortunes: armies of both world wars rolled back and forth through its lands, with belligerents resolving to the scorched earth policy (in World War 2, Belarus suffered the greatest

¹ Direct translation of „Rzeczpospolita szlachecka” (Pl), denoting the Commonwealth of the Kingdom of Poland and the Grand Duchy of Lithuania, commonly understood to mean Poland before the 1795 partitions [ed.].

human losses of all the Soviet republics). For most of the 20th century (1917–1991), Belarus was part of the Soviet Union, and its inhabitants suffered cultural russification, sovietization, terror and violence, as symbolized by the Kuropaty cemetery near the capital city of Minsk, where thousands of victims were secretly buried. Belarus was not spared the ‘modern’ calamity of reckless use of new technologies: due to the nuclear reactor explosion at Chernobyl in 1986, a dangerous and deserted zone of radioactive fallout stretches between Belarus and Ukraine, and the country has the highest cancer incidence in Europe.

The collapse of the Soviet Union and the fall of the communist system in the late 1980s and early 1990s raised hopes for a change of the status quo. Democratic Belarusian elites, relatively weak due to the repression and russification, attempted to expand the country’s independence, initially using the opportunities offered by perestorika and liberalization triggered by Gorbachev out of his own initiative. They started at the time of Gorbachev’s concurrent declarations and revelations of the truth about the Stalinist terror, until then symbolized by the “killing fields” at Kuropaty. Yet, when the communist system of governance collapsed and Boris Yeltsin took power in the summer of 1991, Belarusian democrats decided to follow the other ‘emancipating’ republics of neighboring Lithuania and Latvia and declared independence. Cooperation with the communist nomenklatura proved necessary; some were genuinely reform-minded while others, as it turned out later, counted on these changes as a potential chance to stay in power. In the autumn of 1991, Belarus lived its democratic ‘honeymoon’: on 25 August 1991, the Supreme Council, soon to transform into the Parliament, declared independence. A few weeks later, the state was renamed the ‘Republic of Belarus’, a name still valid, despite the country being dependent on Moscow and the formation of the ‘Union of Russia and Belarus’.

Hopes for rapid modernization and democratization were not to come true particularly due to the fact that, out of all other post-Soviet republics except Moldavia perhaps, Belarus proved to be the most sovietized, backward and dependent on the USSR in terms of energy supplies and the economy.

The first two years saw conflicts between relatively independent democratic milieus and the former *nomenklatura* gradually regaining influence. Having quickly latched on to the rhetoric of democracy and independence, they remained Moscow-oriented and reluctant to hand actual control of the country over to the people. As it turned out, of equal importance was the energy and economic dependence of Belarus; the backward heavy industry, until then working to serve the needs of the Soviet economy (largely the defense sector), was rather like a ball and chain to the economy than a foundation for dynamic economic growth. If we couple this with lack of natural resources, ineffective farming dominated by state-owned farms (*sovkhos*), reluctant attitudes of USSR-bred elites towards the free market and lack of entrepreneurship dampened by three generations of people living in an inefficient yet omnipotent welfare state, it becomes evident that the first two years of democratization and privatization in Belarus could not have been successful. Disenchanted with the transformations and the political and media conflicts which spawned feelings of perceived chaos in comparison with the stagnant Soviet times, a large part of the society started to turn their back on what was incomprehensible 'modernization' or 'independence', and seek safe havens of stability and social security. This chance was seized in 1993 by Alexander Lukashenka, a low-ranking member of the *nomenklatura* and member of the Supreme Council.

Alexander Lukashenka is usually referred to as the 'dictator' responsible for all the misfortunes Belarus is experiencing. This is an oversimplification: Lukashenka ought to be considered a dictator for his disregard for democratic standards, readiness to resort to violence (since he took power in mid-1990's, many democratic activists, journalists and publishers died in Belarus), brutal repressions (mass-scale clubbing of demonstrators by riot police in the spring of 1996), and for his megalomania and attempts to assume an image of a paternalist leader. At the same time, one ought to remember that Lukashenka came to power via democratic procedures, with his campaign based on fears and hopes of a society tired with the ongoing transformation. He gained prominence in 1993, when he indiscriminately

attacked the ruling elites, accusing them of corruption. Nearly a year later, on 10 July 1994, he was elected president of Belarus. Since then, Lukashenka has frequently manipulated democratic procedures, misled the public opinion and – much to his favor – did not hesitate to introduce amendments to the constitution in the autumn of 1996, and extended his term which *de iure* was to have ended on 20 July 1999. For this reason, many in the democratic opposition consider his rule illegitimate, which view is supported by the Council of Europe. It should be remembered that he still enjoys considerable support: in the constitutional referendum in the autumn of 1996, he was supported by 70% of all voters, with a similar number of votes cast for him in the presidential election of 9 September 2001. Even if this support waned somewhat due to economic stagnation or greater democratic awareness since then, it should be borne in mind that Lukashenka is still capable of mobilizing support. This is possible for a number of reasons. During the ten years of his rule, the ‘nation’s father’ has marginalized the parliament, and subordinated all structures of power to the president’s office. On most levels [of government], election was replaced by nomination. Lukashenka has also developed a security apparatus (or, arguably, reconstructed its Soviet structures), whose victims include representatives of organized opposition and, primarily, the independent media. Nearly all the media in Belarus are subordinated to the president, which opens more opportunities for manipulation and propaganda influence. Also, Lukashenka-controlled media are very clever at vilifying or ridiculing the democrats by appealing to fears of the open market, the West and the reforms and fondness for the welfare state and stability/stagnation (‘stagbidity’) of the Soviet era. These fears and sentiments proved to be more widespread in Belarus than in Russia itself.

Despite the weakness of the Belarusian society, Lukashenka could not have stayed in power if it had not been for its mighty protector. Russia is invariably interested in keeping Belarus within its sphere of influence, particularly given the complete reorientation of the former Baltic republics which became NATO members 2 years ago and joined the EU in May 2004,

or given that Ukraine is still independent. With rampant recession and the political collapse in mid-1990's, Moscow saw Belarus as the perfect candidate for a satellite state, a transit corridor and also a low-cost foreground for various kinds of diplomatic and national security games.

Lukashenka's interests do not necessarily converge with those of Moscow: one after another, Russian presidents offered him their support, at its most spectacular when provided by Boris Yeltsin, who supported Lukashenka despite protests of the Belarusian Parliament, Constitutional Tribunal and public opinion. But, they are still interested mainly in seeing a continuing existence of Belarusian 'dependence structures', while the ruler himself is incidental for them. Lukashenka was useful in the past when he fought the opposition and, by the same token, opposed efforts to build a truly independent Belarus or to reorient it westward. Possibly, Moscow might choose another favorite in the future, perhaps a representative of the opposition, which should rather be considered as an anti-Lukashenka rather than a genuinely democratic move.

The process of (re)integration of Russia and Belarus started as soon as the Moscow clique was past the peak of the *smuta* (chaos), the state's collapse. As early as in 1993, prime ministers of both countries signed agreements establishing an economic union, coordinated budgetary policies and unifying currency systems. Since 1996, rapprochement efforts have continued which, if only due to the disproportions, are bound to lead to actual incorporation of Belarus by its more powerful neighbor, or at least its complete subordination to Moscow. Due to changes in the legal and national formulae (in 1996), the 'Association of Belarus and Russia' was established, modified into the 'Union of Belarus and Russia' a year later. Since December 1991, a 'Federal State of Russia and Belarus' has existed, but is of secondary importance given that Moscow intends to maintain Belarus as a dependent state.

Russia is effective in the pursuit of its goals: for Minsk, close cooperation is a condition *sine qua non* of national stability, as proven by the sheer occurrence of the 'energy blackmail' in February 2004. For Alexander

Lukashenka, Moscow's support and recognition of the debatable legitimacy of his regime is the only chance for keeping his presidency and to force recognition in the international arena. At the same time, while controlling the Belarusian political scene (including a substantial part of the anti-Lukashenka opposition), the energy sector (monopoly in energy supply), the economy (with most companies dependent on Russian capital), the armed forces (common defense space, monopoly for equipment modernization) and intelligence services at a relatively low cost, Russia keeps a bridgehead on the EU border where it can pursue its goals in matters of defense, security, intelligence and diplomatic affairs.

Lukashenka's authoritarian rule has sidelined Belarus vis-à-vis the rest of Europe. This is the only European non-member of the Council of Europe. Since 1997, EU relations with Minsk have been practically frozen. The EU did sign the Partnership and Cooperation Agreement with Belarus in 1995, but in view of Lukashenka's violation of democratic rules, the agreement has never taken effect. Pressure from the likes of OSCE, Council of Europe and the EU, and appeals to the Belarusian president to change the political course have been fruitless.

Thus treated, Belarus is threatened with becoming a 'vanishing point'. A marginalized country, a terrorized and apathetic society will be less and less important for the rest of Europe and will be gradually and effectively isolated. On 26 May 1999, president Lukashenka, who takes delight in symbolic gestures, removed the barriers at the border between Belarus and Russia, while barriers at the western borders are piling up, to which travelers and observers may bear witness on a daily basis. Democratic elites which declared independence back in 1991 and restored the Vytis, an old-time national historical emblem, cherished hopes for a Belarus that catches up with Europe and overcomes the undeserved underdevelopment. In June 1995, Alexander Lukashenka restored the Soviet emblem and the dependence structures. The Vytis was 'shelved' again whence the opposition tries to dust it, in vain. The country stooped the pursuit; the elites have no choice but to watch Europe vanish in the distance.

Yet, Belarus does have an alternative. In the current conditions in Eastern Europe, a country may not be marginalized and subordinated in defiance of the people. Belarusian citizens can and should be persuaded that there is a clear and credible alternative to stagnation, that cooperation with the EU, a reasoned modernization of the economy and social structures do not have to stand for chaos in the public sphere, or ‘thievery-privatization’ (*prichwztizacija*). Given the propaganda-induced reluctance toward the ‘West’ and obstacles to communication across state borders, it is advisable that such proposals be drawn up by independent, democratic Belarusian elites. These studies prove that they can do it.

Wojciech Stanisławski – historian, analyst at Eastern Studies Center, collaborator of the East European College of Warsaw University.

Locked-in Collapse

Dariusz Filar

In the first presidential elections in Belarus in 1994, Alexander Lukashenka ran under the banner of: 'Saving the Nation from Falling in the Precipice'. Its main points: management of the economy through direct control of state-owned enterprises, preservation of the *sovkhoz* (state-owned) and *kolkhoz* (cooperative) farming system, drastic currency market restrictions, price and interest rate control, initiation of state investment programs (particularly in the construction industry) proved that, according to this document, the 'fall in the precipice' was to be engendered by any bolder step towards a market economy, while 'salvation' meant preserving the substantial part of Soviet systemic solutions. 'Belarus: Reform Scenarios' written by independent Belarusian intellectuals and published owing to the efforts of the Stefan Batory Foundation, has one paramount advantage: it offers a concise summary of the economic achievements of nearly ten years of Lukashenka's presidency. Throughout this period, the Belarusian economy was characterized by a peculiar combination of macroeconomic factors, which perfectly reflects the internal contradictions and tensions of the path chosen. Thus, we can also see that this course has been constrained from the outset, and the chances for extending it are diminishing.

One of the economic priorities set in 1994 was to boost economic growth. This failed in 1995 (with GDP rapidly falling), or in 1996 when it just hovered above the 0% mark; yet, 1997 and 1998 spawned a GDP growth of nearly 10%. Still, in the five years of 1999–2003, the growth rate failed to reach the record-breaking levels of 1997–1998 and remained at 3–5%. Although some independent Belarusian analysts tend to challenge the reliability of official statistics, they do admit that the Belarusian economy was growing from 1997. This picture turns a little bleak when the nature of the recorded growth is examined. It occurred in a setting characterized by dynamic monetary expansion and accompanying inflation. The rapid growth of 1997–1998 drove the inflation index up to 64% and 73%, respectively. Attempts to curb prices through administrative control – the launch of what is known as ‘goods of fundamental social import’ with price freeze – resulted in constant disruptions of supplies and practical disappearance of these goods from the market. Since 2001, inflation has largely been restrained, but continues at a two-digit level.

Another characteristic of the Belarusian economic growth of the last few years, apart from high inflation rates, was that it was driven by consumption while investments were halted. 1998 was the last year that saw a relatively high investment-to-GNP rate of 22.6%. Since then, the index has been systematically falling to around 16% in 2003. Such a low scale of investments is even more dramatic for Belarus where over 60% of enterprise assets are said to be completely depreciated (before Lukashenka took power the index was close to 40%). Foreign investments are unlikely to pour in given the macroeconomic situation and the political climate in Belarus, a country with the lowest FDI-per-capita index of all post-communist countries. Moreover, a substantial part of capex efforts comes from just one source – Gazprom’s expenditure on its pipelines running across Belarus.

The growth of Belarusian GDP is particularly affected by its foreign trade profile. Over 5% of its exports and nearly 70% of imports are attributable to countries of the Commonwealth of Independent States, primarily

Russia. Some exports to alternative markets (primarily to the European Union) are driven by the sale of potassium salts, lumber and petroleum products; advanced technology accounts for less than 4% of the total exports volume.

Certainly, more examples are available to illustrate the peculiar character of the Belarusian economy that all lead to the same conclusion, however: Lukashenka has succeeded in prolonging the functioning of a Soviet-type economy for a few years and in restraining symptoms of its collapse, at least the external ones. The price paid for 'locking in' the economic growth is high, accompanied by moments of treading a fine line between inflation and hyperinflation, increasing depreciation of fixed assets, heavy reliance on the Russian economy and reckless exploitation of natural resources. A 'locked-in', suspended or delayed collapse does not obviously mean that problems of the Belarusian economy have been solved. What we see today is a continuous postponement of the ultimate disaster, perhaps partly alleviated by delusions of extending the time still ahead.

What about the attitude of independent Belarusian intellectuals toward Lukashenka's experiment? Are they prepared to undertake alternative measures when they become feasible? Analyses published in this volume by the Stefan Batory Foundation amply demonstrate the complexity of the Belarusian situation. On the one hand, economists and sociologists explicitly state that each consecutive month and year spent in the current set-up widens the gap between Belarus and the rest of the world, particularly in terms of technology and know-how. They also point to the final depletion of this system's reserves, which must lead to suspending welfare payments and, consequently, to rapid impoverishment. The longer the Belarusian economy functions 'as is' the higher the cost of future transformation. On the other hand, the analysts are aware that many Belarusians see the market economy as a potential source of even greater economic difficulties that might aggravate their struggle for survival. Driven by a certain egalitarianism of 'we are all in the same boat', they are ready to opt for preserving the familiar and understandable status quo than take up the challenge of

market reforms. Creating and promoting a vision of higher living standards among the nation, a vision which may surface once the market economy is embraced, is a vital stimulus without which reform efforts may prove futile. Still, the desire to change the present living standards, largely due to last decade's heavy propaganda, is not at all taken for granted or popular in Belarus. Finding the motivation and stimuli to make the market economy appeal to the Belarusian society is in fact a reform prerequisite. That this was underscored in this publication is, in my opinion, one of its most significant achievements. Proponents of reforms are often convinced that their ideas are unreservedly shared by fellow citizens. Belarusian intellectuals are aware that they are not in the majority, and to win support of a better part of the Belarusian society for their project is a task in itself.

To the reader aware of the economic transformation processes in Central and Eastern Europe, the survey of an 'ideal economic model for Belarus' presented herein comes as no surprise. A combination of economic liberalization with institutional reforms that lay the foundations for the market economy, the restructuring of enterprises and macroeconomic stability perfectly corresponds with the achievements – or attempts – seen to date in countries such as Estonia or Croatia. But, this is the essence of ambitions of Belarusian intellectuals; they would like to see their country follow the same path. They perceive today's 'exceptional character' of Belarus as a preamble to a more lasting underdevelopment and isolation.

Dariusz Filar – economist member of the Monetary Policy Council. Since 1993 professor at the Faculty of Economics of Gdańsk University.

Discussion

The panelists:

Anatol Labeledka – politician, chairman of the United Civic Party, the most important Belarusian liberal party

Zhanna Litvina – chairwoman of the Belarusian Journalists Association, activist for independent media and freedom of speech in Belarus

Alyaksandr Milinkievich – active third sector activist in Belarus, chairman a Grodno-based NGO 'Ratusha' dissolved by the authorities, head of election committee of Siameon Domash, opposition candidate in the recent presidential election

Vital Silitski – economist, political scientist, former lecturer of the private European Humanist University in Minsk, dismissed on political grounds

Aleksander Smolar – columnist, political scientist, since 1990 chairman of the Board of Stefan Batory Foundation

Vincuk Viachorka – politician, chairman of Belarusian People's Front, the main opposition party in Belarus

Tomasz Żukowski – Ph.D. in human studies, sociologist, political scientist lecturer at Warsaw University

Can Belarus be reformed?*

Aleksander Smolar

The project entitled the 'European Choice for Belarus' was initiated by the Stefan Batory Foundation and was in part the result of Polish transformations which, despite their radical character, were often rather impromptu and intellectually unprepared. So, we thought that – together with our Belarusian friends and other people from our region – it would be a good idea to consider the future of a European country, our neighbor with which we have numerous historical bonds, a country which is 'reinforced concrete' politically speaking; and, it is hard to believe that this could go on for a longer stretch of time in 21st century Europe. So, it is worthwhile analyzing the situation of Belarus, the changes that are taking place there, and think about its future shape as a democratic free market economy connected with Europe. I believe that this book, a result of a series of meetings and discussions is pioneering work. Our discussion should focus on what can and should be done, and reflect on the material included in this book.

Tomasz Żukowski

I'd like to present impressions of a Pole visiting Belarus. First of all, let me stress that the media picture of our neighbors is heavily one-sided.

* Transcript of a discussion 'Can Belarus be Reformed? – Reform Scenarios' which took place on 27 October 2003 in Warsaw.

Belarus is closer to Poland and more central European than it might appear on the basis of what we hear about it. The Polish stereotype has it as a negative example: if we fail to do this or that, we will be another Belarus. But, the picture is far more complex. I was surprised to find out that Belarus has the best educated population of all the former Soviet republics. This is important information as in the future knowledge and the skill capital will be of primary importance, and this is something Belarus already has. Another surprise: several years ago, the Belarusian economy was the most technologically advanced in the entire post-Soviet Union area. We usually associate it with frontier trade and the Polesie marshes, while it has the best educated society of the former USSR and used to be the most advanced economy. This is the other side of the coin that is worth bearing in mind. It is a serious mistake that opinion-makers have such a scant and one-sided idea of Belarus. The longer Poland is part of integrating Europe, the better it should know this country. Belarus is our strategic neighbor and from this we have to draw conclusions, and cooperate with it.

This book proves that our Belarusian friends are better prepared for reforms than we were in Poland in the mid 1980's. Belarusians are more knowledgeable, more pragmatic and enjoy the privilege of 'late entry into reforms'. This gives them a chance to learn from others, from their success and mistakes. It is definitely a good thing that Belarusian experts and politicians are aware of the great cost of social reforms. One matter ought to be more thoroughly analyzed, which is a source of heated controversies in Poland i.e. the choice of the model of capitalism, particularly when it comes to the relations between domestic and foreign capital. And, another dilemma: to what extent is this model South Korean or European? Given the current economic situation and structure of Belarus, this is how one could determine the future place of the big non-market firms which up till now have driven the economic momentum, exports in particular. As a political scientist, I am aware that those who identify themselves with these huge lobbies can either block reforms or render them impossible.

Dariusz Filar

Belarusian problems, as a matter of fact, resemble those of Poland of over a dozen years ago, but appear more difficult when seen from our perspective. This country has appealing industries like, for example, machine engineering and electronics which ceased to develop and are highly decapitalized. There are educated people who cannot find appropriate jobs. There is a great difference between the potential of the industry and of farming. The currency is another problem as more important deals are dollar-based which in turn means that the economy is actually operating in two currencies. Additionally, there is the question of privatization, already initiated, but later halted for want of political determination. When speaking with Belarusian colleagues, a feeling of *dejà vu* appears: of Poland having the same sort of problems, with some past us and some yet to be solved.

One more serious problem remains: out of ten new members of the European Union, most were once Comecon members including – indirectly – Belarus. Their reciprocal trade relations in 1989 accounted for 15% of the trade volume. In the early 1990's, the figure fell to 4%. At present, on the eve of European integration, gradually we are back to the late 1980's level of trade between Poland, the Czech Republic and Hungary. This proves that, in a market economy environment, these countries turned out to be equally important for one another as they used to be in the former imposed Comecon structures. How does that trade relate to Belarus? Formally speaking, the country has a high foreign trade index, but this is largely due to its traditional contacts with Russia in the first place. Thus, Belarus did not free itself from the old bonds and did not return to cooperation on new terms. Belarus is still bound by the same trade ties, and still has the same problems with its eastern partner.

All these problems are familiar to Poland, and they can be overcome. It seems only a matter of time before Belarus is drawn towards Western Europe on the one hand and, on the other, keeps rebuilding its relations based on different principles. In order for such a process to take place, an opportune political climate is needed. I hope that it will come about.

Zhanna Litvina

As regards freedom of speech in Belarus, let me repeat that the situation is getting worse. Access to information and the media seems to be of paramount importance; one can hardly count on any changes in the society or electoral victories when people have no access to information they could themselves judge and thus be able to make a conscious choice. The authorities, in their turn, attempt to control all the spheres of life and, at the same time, refuse to relinquish control where it would be otherwise advisable. For example, a presidential decree of last July allows government offices to classify various documents as secret. As a result, all the agencies and offices, even the smallest ones, have their top secret information. It is hard to understand why this is being done.

The main reason, I think, is to concentrate power. This is a method for ensuring political survival for the current head of state. This situation changed and relations between Russia and Belarus deteriorated, so what remains is to control the minds of ten million Belarusians. This is simply a totalitarian system. In April, conferences of heads of the presidential sector of administration were held at all levels. Those in charge were given the task of setting up a new ideological system. The head of state made a public statement: 'One would wish to achieve what the Soviet Union had achieved in the sphere of propaganda but, unfortunately, we cannot do this. Yet, we need to set up a new ideological system'. What does it mean in practice? Firstly, it entails the launch of 'Aspects of State Ideology', a new subject in the syllabuses of higher education institutions. Moreover, it [would result in] managers of all enterprises making ideological speeches and taking part in continual propaganda campaigns. To put it in grand terms, the nation's media will be the main instrument of this policy. The very existence of this propaganda machinery is pernicious, whereby stereotypes are being imposed on the minds of the people to the tune of: 'Who else if not him?', 'the West is the enemy', or 'the West does not want us'. These stereotypes take root in people's minds, and it is hard to build anything in such a situation.

This year, we have seen a head-on confrontation as the authorities are trying to disempower the independent/non-government-controlled media, not to mention those in outright opposition, as the authorities are trying to control the entire information space. In the spring, we have lost eight out of thirty periodicals published in Belarus. Some are closed by court injunction; others go bankrupt for want of any outside support. We do not have the funds, we have no oligarchs to finance the press as is the case in Russia or Ukraine. The president is right when he says that in Belarus the press is free. Indeed, it is free from anyone, and its 'freedom' means that it is simply disappearing crushed by the policy of eliminating independent media and by economic discrimination. We are dying for help. Recently, for example, a five-thousand dollar fine was administered to the 'Narodna Wola' newspaper because the head of the government-controlled TV and radio company recalled a publication of several years before which he found offensive, so the newspaper was sued for libel. We face, then, the prospect of losing the last independent Belarusian daily as it cannot afford to pay such a high fine.

New processes are also taking place in the Belarusian information space. Until quite recently, I'd thought that Belarus allowed for excessive expansion of the Russian media, and that it is unacceptable to let them shape the views and mentality of our people and that it is some kind of meddling in our internal affairs. Yet, as it turned out, when compared with the new Belarusian media, the Russian [ones] provided quite reasonable information. Our authorities decided that the Russian media are dangerous and initiated a policy of expelling them from our information space. Instead, as of the beginning of this year, three new channels opened in Belarus and they are completely controlled by the authorities. They don't have financial problems because the authorities spare no money on this purpose. It is important to arouse interest in the Belarusian situation. I know that my Polish colleagues are interested in our country. So, I can't understand why a few months ago 'Gazeta Wyborcza' and PAP (Polish Press Agency) closed their Minsk offices. Their correspondents' reports were an independent

source of information about what was going on Belarus. Unfortunately, we have lost this source.

Anatol Labedka

I am a political optimist, as a matter of principle. But I am pessimistic about the chances of successful reforms if pursued in cooperation with Alexander Lukashenka. This view is justifiable given the character of the Belarusian regime and Lukashenka's traits of character. If I may venture a political diagnosis: Alexander Lukashenka is incurably obsessed with power. He wants it all, come hell or high water. Not long ago, he dissolved the Supreme Council (of the 12th term), our parliament, with most of its members being his supporters. He aggravated relations with the international community as there was a group of people in this parliament that he did not tolerate because they might not be willing to agree with him. The Belarusian regime is oligarchic in character. Yet, unlike in Russia or Ukraine, there is only one oligarch who, unfortunately, has another full-time job: that of the head of state.

In Belarus, there is oligarchy and monopoly of power. What can we propose in this situation? Reforms. Why? Because reforms mean death to the monopoly. These two do not go together. Lukashenka cannot agree to reform, because that would impair the system which is the foundation of his power. Let us consider the following: when was he politically prepared to negotiate? Answer: only in moments of crisis of his rule. But, when the West showed sign of weakness and was less tough in negotiations, Lukashenka ran out of good will immediately. 'Five Plus', our joint civic party, the coalition of five opposition groups tries to do away with the myth that the opposition is capable only of waving banners at demonstrations in the streets of Minsk and cannot offer anything more constructive. We are keen on offering constructive proposals for economic reforms. In the last three years, we have submitted a number of methodically drafted documents to the government and Lukashenka's administration. We have proposed two alternative budgets and plans for tax and social security system reforms.

We have had no official reply. What we did find out is that the economic reform draft went missing about three times in the government offices. Is any communication with the nomenklatura possible? The question is: what is Belarusian nomenklatura, anyway? This is the president's people, mostly [veterans] of his Mogilev days, or members of the Supreme Council of the thirteenth term. I think that one may effectively communicate with them, but one ought to understand that Lukashenka plays by the rules of the Russian roulette. Those in highest ministerial positions and their deputies live in constant fear. One of the deputy ministers confessed: 'I go to work as if to war. I kiss my wife and children for the last time and go off'. It so happens because the wheel of fortune is spinning and there is no way of knowing where it will stop. Lukashenka also thrives on the popular need of finding the scapegoat. Every now and then, someone is singled out, shown to the public on television, his/her voice is heard on the radio and the crowd cheers that even those 'up there' get a beating. In this situation, a large part of the nomenklatura wishes that power be taken over by democrats who would introduce the rule of law. I think that the Belarusian nomenklatura will behave like the Georgian one in the recent 'Revolution of the Roses' in Tbilisi. One should mention one factor absent two or three years ago: popular discontent. Within two years of the presidential campaign, Lukashenka lost one half of his electorate. Fifty per cent of Belarusians admit that although they voted for him in the [last] election, they wouldn't today. In June 2003, one fourth of the population declared readiness to vote for a coalition of five opposition parties even though it hasn't achieved anything yet. All told, its members have 28% of [popular] support. Only 25% can vote for Lukashenka. About half of the people are undecided. All this depends on who would claim the remaining half. Most importantly, Belarus has seen disappointment with the authorities and genuine opposition emerge. In the 'Five Plus' coalition, we have managed to combine various entities of socio-political life: non-governmental organizations, trade unions, associations of deputies of various levels. For the first time, long before the actual election campaign of autumn 2004, we have political determination to fight effectively. On

top of that, we have the conflict between the official Red House in Belarus and the Kremlin where there is still room for maneuver. Of course, I rule out in advance the possibility of importing democracy from Russia, but the conflict between Lukashenka and Putin is a fact which should be used to serve our aims.

Vincuk Viachorka

The main question of this discussion is: 'can Belarus be reformed'? Of course it can and should be. The sooner the better. This process has already begun; one by one, stereotypes fall apart, and the first one to change is the people's mentality. The latest surveys by Belarusian and foreign sociologists (to quote Prof. Oleg Manaev and the Lithuanian 'Baltic Service') demonstrate that about 66% of Belarusians would vote against Lukashenka and against extending his presidency onto his third term. This index has remained stable for the last twelve months, so we are in a position to say that this majority is unaware of its own existence. There is no mirror in which the changed society could look at itself such as the independent media, but their situation has already been discussed. All other possibilities are also subject to government control. It is no accident that a new law on assemblies and demonstrations has been passed this year which renders them virtually impossible.

The propositions to this discussion fail to mention one question: 'is it necessary to preserve independence in order to carry out reforms in Belarus'? As I understand, this question has not been taken into consideration because independence was considered a *conditio sine qua non* for reforms. But, this issue keeps coming up in all discussions about Belarus. At the end of 1991, in the opposition milieu, the Belarusian National Front discussed whether to initiate a referendum on independence modeled after a similar one already carried out in Ukraine. Some claimed that it would have been risky given the people's mindset; there was no way of knowing what results such a referendum would bring. What about the latest survey? Between 84% and 89% of Belarusians are unconditionally in favor of independence,

with only 7% against¹. We can therefore speak of an overwhelming majority supporting an independent Belarus, which in part explains why, in his propaganda language, Lukashenka changed the paradigm and began using the word ‘independence’. So, is it necessary to depose Lukashenka in order to carry out reforms in Belarus? Hasn’t Lukashenka now turned into a defender of Belarusian independence? The answer to this question is obvious: no, because it is not enough to talk of independence and, at the same time, run a campaign of repressions against the Belarusian culture, language and schools. One example is the closure of the Belarusian Jakub Kolas high school of humanities in Minsk, which did not result in its final liquidation. Students still attend classes, more or less like in the Nazi-occupied Warsaw, in private homes, in the face of the militia who are after them.

The ideological evolution – not revolution – that the regime is undergoing stems from economic disaster. There is a clear and marked shortage of funds to pay pensions and wages. We are witnessing a gradual and inevitable increase of public service provision, practically on the same level as in Lithuania, but the earnings are of the communist times. This means that utilities rates are already at market level, with household income still in the past era. Such a situation must lead to popular unrest. Everyday problems must be compensated for by means of, say, ideological demagoguery. In this ideology, the word ‘independence’ means Lukashenka’s attempts to break free from Putin’s pressure who tries to subjugate him. Let us recall what Lukashenka said about Belarusians: to him they are Russians with a quality mark. A note to the outsider: in Soviet times, this ‘quality mark’ was a stamp that certified the high quality of a given commodity.

What is most important then, when it comes to our nation’s prospects? In various opinion polls, about 65% Belarusians say that if a European referendum was held today, they would vote for joining the EU. We are not so naive as to believe that this is a conscious choice based on the understanding of how much sacrifice EU membership involves. We are

¹ International Republican Institute and Gallup Baltic Survey (Lithuania), 2003.

aware that it is an instinctive choice of a geopolitical orientation made in spite of the many years, a century almost, of anti-Western propaganda. And, if as many as 65% Belarusians would vote for the western option, this shows how deeply it is rooted in their collective mind. An obvious objection would be that more or less the same number of Belarusians supports alliance with Russia. There is nothing unusual about it; this is also a result of many years of propaganda, this time pro-Eastern. This also shows certain naïveté to the tune of ‘what if we got hold of some subsidies from Brussels and have Russian gas at reduced rates at the same time’? This is also a message for our friends and supporters in neighboring countries: Belarus belongs to Europe and formally it will become its member, but only after the necessary democratic changes have taken place.

Alyaksandr Milinkievich

When we speak about what is referred to as the third sector in Belarus, we must admit that, despite the hard working conditions, non-governmental organizations in our country are growing, especially until 2001. We have around three thousand registered organizations and over three thousand non-registered. The number of the non-registered ones will be growing as these organizations themselves do not want to obtain legal status in order to avoid control and aggression of the authorities. This does not mean that they will stop operating. I’ll demonstrate it with the example of the Grodno-based ‘Ratusha’ organization I have run since its foundation. It has recently been officially dissolved, but you can visit our office in Grodno and find that nothing has really changed: same people, same programs. As of now, we are working, but a bit differently. Frankly speaking, even before only about 20% of our operations were legal; now we are facing 100% of illegal activity. Such are the circumstances and the peculiar character of Belarus. One should bear that in mind when speaking about cooperating with our country.

The Belarusian third sector is very dynamic, capable of responding quickly to new requirements. The authorities, for example, introduce Soviet history

textbooks and, in response, hundreds of organizations devoted to tourism, local history, etc. emerge. There are human rights problems, but we have a big network of non-governmental organizations dealing with these issues. We have an information problem – three hundred local papers and bulletins appear. This means that one part of the society is very dynamic. Importantly, in the last five years the third sector has filtered into the regions and is now present all over the country, with non-governmental initiatives in ninety seven out of one hundred seventeen administrative areas. Those who are aware of the Ukrainian and Russian settings know that these countries don't have such widespread regional presence of NGOs.

The third sector faces some serious problems as well. Primarily, it comprises only a tiny fraction of the society. Sometimes, the active groups work as if for their own sake and cannot reach out to the masses. I have just been to Brussels, where the European Commission debated on how to deal with Belarus. When Belarusian NGOs were being assessed, we heard that the only successful ones are those capable of cooperating with the authorities in the current situation. We do understand that such cooperation is important, and sometimes we do so at the local level, but it won't succeed on a bigger scale because the authorities do not want an active society; they are interested in its passivity. Belarusian organizations shouldn't be assessed for their ability to cooperate with the authorities. Let us take human rights organizations, for example; for obvious reasons they, will never initiate contact with the authorities. For me, the criterion for assessing the third sector in Belarus is the fact that even in such hard conditions it pursues the process of de-communization, de-sovietization, Europeanization and democratization. It is in these NGOs that we find people who are the future democratic European elite of Belarus.

For us, cooperation with Europe, and now also with Poland as a new member of a united Europe, is of particular importance not only due to possible financial aid. It is also about big moral support. Despite overwhelming pro-Russian propaganda, there are strong pro-European sentiments in Belarus thanks to the work of the third sector and independent

media. It is in these two areas that Poland and probably Lithuania – these two countries primarily – would be particularly useful in the process of ‘europeanizing’ Belarus. At the abovementioned meeting in Brussels, there was also talk of isolating Minsk. We argued that it wouldn’t mean isolation, but only supporting self-isolation of Belarus, which makes all the difference. If Minsk is unwilling to cooperate with Europe, it should not be aided in its policy. Help should be offered to those willing to cooperate, namely the democratic third-sector forces.

Vital Silitski

As I ponder the historical point Belarus has found itself in, I recall an old view that our country is completing a full circle, going through a mild version of Soviet communism: when Lukashenka came, the kulaks were being removed, then came the New Economic Policy, the partial reforms, then repressions, talk of liberalization, and now we are back again in the stagnation stage redolent of the Brezhnev era. The society is fairly stable, the standard of living is down, but people make ends meet so the slump doesn’t lead to political crises. The society’s mood has changed and it is different from what it was ten years ago. Soviet cynicism is back and people sympathize with the opposition only in the privacy of their own homes. An atmosphere of indifference and fear prevails.

In this debate, we heard the question whether reforms are possible with Lukashenka [still in power]. Lukashenka, as Mr. Viachorka put it, is like concrete slowly penetrated by roots of grass, as reforms in Belarus are carried out by the people not by the authorities. I do agree that it is rather transformation than reform. We are not witnessing a change of system, but a change in people’s behavior because the human being will always be a homo economicus: where there are people there is market, also in Belarus. The current economic crisis should not be seen as a disaster because it stimulates market-style behavior. People are looking for various opportunities in order to survive, to pay the tuition for private schools that are beginning to appear; there are fewer free-of-charge medical services,

utilities must be paid for, etc. This means that capitalism is beginning to set in, albeit in an environment characterized by decline and lethargy. Perhaps this is no longer the lethargy of the Soviet society, but that of Czechoslovakia or Hungary of the Brezhnev era. Perhaps to some extent, the Belarusians have been influenced by what happened in the neighboring countries. This gives reasons for moderate optimism about the future.

Selected publications in the series On the Future of Europe

O przyszłości Europy. Głosy polityków [On the Future of Europe. The Voices of Politicians] (2000), a selection of articles by European politicians expressing their opinion in the public debate in the EU about the future of the continent. Available in Polish.

Policy Paper 1: Overcoming Alienation; Kaliningrad as a Russian Enclave Inside the European Union (January 2001); edited by Grzegorz Gromadzki and Andrzej Wilk; published in association with the “Borussia” Culture Society and the Center for International Relations. Available in Polish and English.

Policy Paper 2: The Half-Open Door; the Eastern Border of the Enlarged European Union (March 2001); edited by Jakub Boratyński and Grzegorz Gromadzki; published in association with the Institute of Public Affairs. Available in Polish, English and Russian.

Policy Paper 3: Pro-European Atlantists. Poland and Other Countries of Central and Eastern Europe after Accession to the European Union (June 2001); edited by Grzegorz Gromadzki and Olaf Osica; published in association with the Center for International Relations. Available in Polish and English.

Policy Paper 4: The Forgotten Neighbour – Belarus in the Context of EU Eastern Enlargement (September 2001); edited by Anna Naumczuk, Eugeniusz Mironowicz, Grzegorz Gromadzki and Paweł Kazanecki; published in association with the East-European Democratic Center – IDEE. Available in Polish, English, Russian and Belarusian.

Policy Paper 5: The Common Challenge. Members and Candidates Facing the Future EU Migration Policy (December 2001); edited by Krystyna Iglicka, Sławomir Łodziński, Dariusz Stola, Jakub Boratyński and Grzegorz Gromadzki; published in association with the Institute of Public Affairs and the Institute of Social Studies - Warsaw University. Available in Polish and English.

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Policy Paper 7: An Overview of European (In)Security (June 2002); edited by Olaf Osica and Grzegorz Gromadzki; published in association with the Center for International Relations. Available in Polish and English.

Policy Paper 8: Between Need and Dependency. Russian Gas in the Energy Balance of the Enlarged EU (December 2002); edited by Grzegorz Gromadzki. Available in Polish, English and Russian.

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The EU Enlargement and Neighbourhood Policy (2003); the proceedings of a conference organised by the Foundation in co-operation with the Polish Foreign Ministry; the publication includes the keynote addresses by Polish President Aleksander Kwaśniewski and Foreign Minister Włodzimierz Cimoszewicz, a summary of all sessions, and the Polish non-paper with proposals on the future policy of the enlarged EU towards its new Eastern neighbours. Available in Polish and English.

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More than a Neighbour – proposals for the EU's future policy towards Ukraine (2003), edited by Grzegorz Gromadzki, Olexander Sushko, Marius Vahl, Kataryna Wolczuk. Available in English and Ukrainian.

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