

the newspapers depicts the former Soviet territory cut into a hundred pieces by a multitude of State borders. The caption under the picture is a take-off on a Nikolai Gogol story, "How Boris Nikolayevich Quarreled with Mikhail Sergeyeovich," with Yeltsin and Gorbachov standing in for the original title characters (in Gogol's tale the two characters look the same, think the same, and behave the same, and quarrel about something totally irrelevant).

Former Prime Minister Vladislav Kebich had no chance of being elected President in 1994. After he supported the "sovereignization" in 1991, people did not trust his rhetoric of "reintegration" three years later. He failed, despite support from the Russian elite, and also from many influential bodies inside Belorussia, including the Exarch of the Orthodox Church!

Alexander Lukashenko was the only member of the Supreme Soviet of Belarus who voted against signing the Belaya Vezha agreement in 1991, which put an official end to the U.S.S.R. This document, signed by the Presidents of Belarus and Ukraine together with Russian President Yeltsin, was a tool of the latter's game against Soviet President Gorbachov. Belorussians have a good memory and will believe an ordinary person who behaves fairly, preferring his views to career interests, over any "nomenklaturchik" who changes his views like gloves. In 1994, the people made their own choice, ignoring the propaganda of liberal and socialist papers that both supported Kebich. In Lukashenko, they recognized a person who lives by the people's interests, not with clan instincts. This choice well characterizes the Belorussian people.

The secret of the identity

When Yeltsin, Kravchuk, and Shushkevich were choosing a place for carrying out their conspiracy against the Gorbachov elite, the Belaya Vezha national park in Belarus appeared to be a most convenient site. Belarus was considered to be a very quiet country. True, it had been quite for ages—even in 1898, when Minsk was the site of the First Congress of the Revolutionary Social Democrats.

In 1917, Belorussians were more passive in the revolutionary movement than any other people of the Russian Empire. Among Russians, there were 11 times more revolutionaries than among Belorussians; among Jews, 55 times more; and among Latvians, this ratio reached 88. At the same time, during World War II, Belorussia had the strongest partisan (guerrilla resistance) movement, and only here the Nazi *Gauleiter* were murdered.

This people has been always grateful to those who protected them and lived with their interest, and did not tolerate those who were using them for geopolitical ends and other selfish interests. People who speak much and do nothing are not popular here, and this was maybe the main reason of the failure of the BPF. One of the main streets in Minsk is still called after Pyotr Masherov, one-time leader of the Belorus-

sian Communist Party, who was generally (in Moscow too) considered to be the only fair person in Brezhnev's Politburo. If you look at the buildings of factories and living quarters built under his rule, at the neat and comfortable (though not so magnificent as in Moscow) stations of Minsk Metro, you'll understand the words of the Minsk citizens, "This man has done a lot for us." And Belorussians wouldn't be Belorussians if they renamed Masherov Prospect into Lastovsky Prospect, for instance.

In 1960s, it was rather difficult for a fair person to make a party career. Apparently, in Belorussia it was different.

In the period of the liberal reforms, the leadership of the majority of post-Communist states was taken either by the "reformist" nomenklatura, or by dissidents like Poland's Walesa, Armenia's Ter-Petrosian, or Georgia's Gamsakhurdia. The results were more or less similar, for the dissident's dream was usually just to regain power. Again, Belarus became an exception.

The defeated liberal nationalists now accuse their own people of being too tolerant. Belorussians are indeed tolerant, but the examples of the wartime resistance and the 1994 presidential elections show that they can perhaps use their common will better than any other eastern European people.

Interview: Alexander Yegorov

We must turn around production collapse

Alexander Yegorov is an economist, publicist, and commentator with the Teleradiocompany of Belarus. He ran, unsuccessfully, as a candidate for the Parliament of Belarus in the last elections. He is close to the opposition Agrarian Party, the second largest faction in the Belorussian Parliament, but he stressed that in this interview he is expressing his personal views. The interview was conducted for EIR and Neue Solidarität by Gabriele Liebig and Michael Vitt in Minsk on Aug. 8.

EIR: As an economist and TV commentator, you observe closely the current political and economic developments in Belarus and the former Soviet Union at large. Could you give us some information about the current economic situation, particularly in Belarus?

Yegorov: First of all, the decrease in industrial and agricultural production has not been stopped, as the government officials try to suggest. I have the most important statistical data for the first half year of 1995. The GNP [Gross National

Product] in comparison to the same period in 1994 is 88%, industrial production 92%, the production of consumer goods 76%, agricultural production 91%, capital investments 80%, construction of new houses 50%.

But an adviser to our prime minister said on TV that, despite the constant decrease, we have positive tendencies. Referring to the same statistics that I have, he referred to an increase in GNP of 10% in June compared to May, a 76% growth in agriculture, while housing construction even multiplied 10 times between May and June. That seems to be real progress. But last year there had also been an increase in June compared to May, industrial production doubled, consumer goods were up 55% compared to the previous month. I wrote in the newspaper *Belorussia*, that "apparently every June we make a great leap." But this year this great leap is somehow much lower than last year. That means, actually we do not have any progress, but production continues to decline.

Take the figures about construction of new flats: In June 1994, the total volume of new flats was 606,000 square meters. In June this year, only 218,000 square meters were built, three times less than in June 1994. And if in June ten times more houses were built than in May, this only means that in May we built almost nothing. I can't see any positive development here.

EIR: How do you explain this production collapse?

Yegorov: The problem is twofold. The first aspect is the disintegration of the Soviet Union. None of the republics of the former Soviet Union, with the exception of the Baltic states, sees any economic progress. Therefore, the government of Belarus can't really be blamed for that, because the situation in the other republics is no better.

The former Soviet Union had an economic system that was not very effective but still somehow organized. With the disintegration of the Soviet State into several States, also the economy disintegrated, the economic organism broke down. A simple example is the Minsk Tractor Plant. This plant had about 100 economic partners all over Russia. Many parts were brought here from other locations. When Belarus became independent, the tractor plant was declared State property. The Russian government likewise considers the plants located in Russia as Russian property. The result is that the entire economy has been ruined.

Something like that was already proposed in the Gorbachov era, when Academician [Stanislav] Shatalin proposed his "500 Days Program." It included the idea, that for a just economic development, it is necessary that the collective of each plant must own its production. I wrote at the time, ironically, that an enterprise which produces tanks thus only possesses tanks, and an enterprise which produces condoms just owns condoms. So, in order to get an exchange, you must calculate how many condoms you have to produce to get a tank. In 1989, when the economies of the States were

divided, we faced the realization of this crazy idea in practice. It is well-known, that many companies now can't pay out salaries, and often have to pay in goods. Even before the famous agreement in December 1991, that ended the Soviet Union, I wrote that you can divide States politically, but you should not divide the economy.

However, people who are talking about the restoration of the Soviet Union, as if you could reintroduce the economic relations as they were before, are not serious. They don't take into consideration the eastern European economies, the economic relations in the Comecon, that certainly can't be restored.

EIR: Did the International Monetary Fund (IMF) and those many economic experts entering the country since 1991 help in the process of economic development of Belarus?

Yegorov: This question should rather be addressed to the Council of Ministers. The IMF demanded that we fulfill its conditionalities for receiving its credits up to Aug. 15, 1995. The most important condition was to liberalize the costs of living, such as rents and common services. This is an example, how the IMF, in my opinion, not only influences the economy, but also creates social pressures. The political consequences of that will be seen only later.

EIR: What were the direct effects of liberalizing the costs of living as demanded by the IMF?

Yegorov: Take, for example, the changes in the rent for my own flat. I must mention, that my family is in a somewhat privileged position, as I pay only 50% of the official rent, because in 1986 I was mobilized as an officer to take part in cleaning up the Chernobyl disaster. After that I lost all my teeth. My seven-year-old grandson, who was born two years after the catastrophe, in 1988, will be hospitalized tomorrow in order to undergo a thyroid operation, and it may be an oncological problem. So, you see how my privileges are paid for.

In January this year, we had to pay 38,750 Belorussian rubles for our flat, and the official rent is twice that amount. In July, I already had to pay 60,000, the official sum being 120,000. This is already very expensive. According to the Council of Ministers, the rent for a flat like this will be 305,150 rubles per month by September this year. What will that mean for the life of our citizens?

EIR: What is the average income in Belarus?

Yegorov: The average salary in May was 702,000 rubles, but it is slowly rising, and by August it will be about 900,000. But average salary is different from income. The real income can be less or more than the salary. It is more, if people have some income in addition to the salary. And it is less, for example, in the agricultural sector, where the income is only 400,000 rubles. Most members of collective farms didn't receive their salary for two months.

Imagine, that 40,000 people in Belarus this year got a salary lower than the official minimum salary of 60,000 Belorussian rubles.

EIR: Some people have very high incomes. What about the problem of capital flight?

Yegorov: In the state sector the salaries are low, but government officials have very high incomes. Of course, many businessmen have large incomes. Some buy and sell currency and often gain \$7,000 per month. Some even receive interest of \$7,000 per month. These are the people who are building those new houses you see in the town or in the suburbs. The price for building a house is \$100,000 and more. But in Germany such a house would cost much more. So there is a layer of such rich people, and their psychology and their attitude to the West is very interesting. They say, we live better here, because in the U.S. we would have to work to gain so much money. Of course, there are also some who work hard for their money.

As for capital flight: Like any nation, Belarus is interested in exporting goods and also capital, but the question is how? Now, money goes out of the country, but without any perspective and without yielding anything for the country. I know many businessmen who export capital abroad and say, that if the State could guarantee a stable situation, if they could be sure not to be killed tomorrow or mistreated in some other way, they would gladly use the money for investment within the country.

There is a similar problem concerning emigration. Recently President Alexander Lukashenko spoke at a conference in the Ministry of Foreign Affairs. He said that several million Belorussian nationals are living abroad. He put the task before the Council of Ministers to attract those people and their resources toward the development of the Belorussian economy. But the emigrés won't come back, they demand, first, real democratic changes and the transition to a market economy.

EIR: You ran for Parliament. What are your proposals to solve the economic crisis?

Yegorov: First of all, the system of taxes has to be changed. There is a lot of money in the State, in the population, of course not distributed evenly, but this money has to be used productively. With the present tax rate of 95% of income, no honest enterprise has a chance. And people are driven into criminality by hiding their income.

Another measure I proposed to the administration was to cancel the limit on profitability, i.e., the ratio between income and cost, which has now a legal upper limit. When the State was imposing the limit, it was motivated by the objective to stop price inflation—apparently without success, because we had massive inflation. When I proposed to eliminate the limit, I didn't mean to raise the ratio by increasing prices, but by reducing costs, by measures of

rationalization. This limit on profitability should be lifted in order to make owners of capital interested in the investment of money in productive enterprises instead of fictitious investments: speculation.

EIR: What about the role of technological innovations in reducing costs?

Yegorov: The applied results of science should increase the productivity of labor. If the productivity of labor is increased, the costs of production will be decreased. As a result, the income-cost ratio of profitability will grow. Under the present law of the state, all additional income will not go into reinvestment, but into the State budget. So, why should a businessman invest in scientific innovations? That's why I hope to change the limit of profitability ratio, so that it will make sense for a businessman to reduce the additional costs, including by technological innovations. I also think it is very important for Belarus to find its new niche, its specialization in world industry, and restructure its exports. It is the task of the State. In agriculture, it is high time to end the old system of "leveler-ism." I know a farm where fields are always green, despite drought. Its leadership is using progressive technologies. And its neighbors don't hurry with innovations because they still have a guarantee that the State will support them, in any case. The situation has to be changed.

EIR: Lyndon LaRouche has proposed to go back to physical economy, and he proposed a Eurasian infrastructure program: railroads, energy—the real development of infrastructure. Belarus is in the middle of it: Minsk is situated at the crossroads between the Baltic Sea and the Black Sea, and on the main rail line from Paris to Vladivostok. If LaRouche's program were implemented, what role would Belarus have?

Yegorov: We would be rather narrow-minded, if we were not to use this advantage given to Belarus due to its geographical position. We have great potentials. The road though Belarus is a trade link between Russia and the East on one side, and eastern and western Europe on the other. The road from Paris to Vladivostok is not only the shortest way, Belarus is also the crossing between the Baltic States and Ukraine and Moldova. But in order to do this, we must make Belarus attractive for investments.

But the Belorussian market is still a high-risk market, because of the inconsistent way in which the leadership is conducting the economic reform. Today we allow something, tomorrow we forbid the same thing. Thus, the State closed a joint venture, where investments already reaching \$2 million had been made, without any explanation. Belarus has prospects, but they must be based on the real practice of today. I feel pity to see the present limitations, and I fear we will understand our mistakes only after the collapse of our economy. Our statistics just show, that we didn't reach the bottom yet.