

Belarus: A Workshop of Dirigism

Konstantin Cheremnykh travelled in March to Minsk, the capital of Belarus, and provides a first-hand picture of the economic situation in the country.

Our correspondent's report is particularly timely, since the new Russian government has vowed to emphasize economic, as well as political ties with Belarus, with Russian Prime Minister Mikhail Kasyanov pronouncing the Moscow-Minsk-Berlin superhighway corridor to be a priority project for the near future. Cheremnykh's many discussions in Belarus included an interview with President Alexander Lukashenka.—ed.

In 1995, I stayed in a new district of Minsk on the edge of a deserted construction site, which looked rather gloomy, with idle cranes and broken-down fences. I could not recognize the same place as I arrived there five years later. I was in the middle of a new city, with only a small construction site in the middle, reserved for a metro station; the line is planned to be opened within the next year, and undoubtedly will be. A kilometer away, a huge church building, rising beside a future garden, apparently will be completed before the metro line is. The design, with huge vertical windows and semi-arches rising from the ground to the roof, resembles the ancient style of Great Novgorod church architecture, typical for Northern Russia in the times before the Tatar-Mongol invasion. No church existed here before.

In the Soviet Union, Belarus had the modest function of an assembly shop, where industrial semi-manufactures were turned into finished machinery, for both defense and civilian, including agro-industrial, use. At the same time, its history was less romantic, but also more quiet than other regions. During the great revolutionary movement of the early 20th century, Belarus supplied eleven times fewer revolutionaries than Latvia, five times fewer than Russia, and eight times fewer than the Jewish community. This says something about the integral character of the nation, in which productive labor has traditionally been regarded as a higher priority than the desire for spiritual and social changes. This conservatism, labelled "peasant thinking," was regarded as a great problem by the radical wing of perestroika-period Soviet politicians and their helpful Thatcher-Bush-oriented partners.

At the same time, due to a historical paradox, the Belarus Republic appeared to be the only post-Soviet state with a parliamentary system of power.

The Belarussians, beyond particular political views, regarded the reforms not as an ideology, but rather as a new

mode of existence, to which it was necessary to adapt, without getting fooled and devastated. In the framework of the parliamentary system of power, the rules of the game were formulated as a collective decision, without a man at the top to dictate that "economic changes" by definition mean the decontrol of prices, and that privatization means issuing anonymous securities that circulate onto a speculative market. With all kind of views represented in its Supreme Soviet, Belarus would never be able to work out a property reform scheme such as the one sold in Russia by "institutionalist" (as in the institutionalization of crime) Vitali Naishul to Anatoli Chubais.

In the parliamentary system of power, the permanent commissions of the Supreme Soviet played the role of think-tanks for ministries which, for a significant time (as there was no Gaidar here), kept functioning as state management structures, rather than being transformed into monopolistic private corporations. In particular, the system of state-run construction was kept in its traditional Soviet form, which once made it possible to implement vast programs of public construction, albeit with a certain low level of state thievery.

The Permanent Commission for Control of Financial Agencies, including three energetic young men, Alexander Lukashenka, Ivan Titenkov, and Victor Sheiman, was less ideological than any other, more practical than any other, and more associated with law enforcement bodies than any other of the commissions. In this unique system of power, this commission was able to monitor financial operations carried out by republican officials, those who identified themselves both with democracy and reforms and, on the contrary, with Marxism-Leninism. For these young men, political coloration did not make any difference, if its subject was a swindler.

'To Get Rid of Those Pensioners in Power'

The first question I was to ask President Alexander Lukashenka, as I was instructed by my colleagues at the papers I write for in Russia, was how he decided to become President. The most banal, rather ceremonial question was followed by a quite unusual answer. "That was not my idea," he said.

"You see, this idea of the Presidency originated from those people, primarily from the old nomenklatura, who wanted to remain in power in a new form [like Yeltsin, Popov, and Sobchak, transforming themselves from head of the Su-



Belarus President Alexander Lukashenko (left) with Russian State Duma president Gennadi Seleznyov, in Moscow on Dec. 8, 1999.

preme Soviet, Mossovet, and Lensovet, respectively, into President and Mayors of Moscow and St. Petersburg — K.C.]

“They had a certain idea of the Presidency. It was supposed to be ‘like in Europe’: an aged man, with an experience in public politics, necessarily with a big stomach. . . . At my age of 38, I had no idea of matching these parameters. And [I decided to run] only when a group of my friends, members of the Parliament, rushed into my office and told me that as I am popular, I have an opportunity to run for the supreme post, and I should not miss it, as otherwise the work we are doing will be irreversibly curtailed, and its results eliminated.

“We wrote a program — as far as I remember, it was typewritten on two sheets of paper — and went travelling across the country, to each town, large or small, to the villages, too. I saw that people recognized me, but what was more important, they expressed the hope, that with me as the head of the state, their life and their jobs will be protected. A lot of people, by the way, were unemployed at that time. In general, that pre-election time was the highest peak of chaos in the economy and social life.

“I can’t say that our views were very differentiated and detailed. We just realized very well that we, I mean our people, had to get rid of those pensioners in power. . . .

“You see: that was an open talk with the people. I can’t say definitely why they supported me. Probably the people were very tired with all this hard drinking of the old bosses, and their attempts to sell this or that part of the economy. The people just perfectly understood what I was telling them. And then, I realized I couldn’t betray them. These TV journalists in Russia just don’t understand that the people made a risky decision, deciding to support me, a new and young person,

not generally known. I can’t forget this moment of confidence. Sometimes I am being accused of taking populist decisions — but *populus* means ‘people.’ I try to take decisions in the interests of those who have chosen me.”

His victory shocked the “pensioners in power” — and not only in Minsk. The expected winner, Prime Minister Vyacheslav Kebich, enjoyed powerful support from Moscow ex-Politburo pensioners, such as, in particular, Arkadi Volsky.

While for the West, Lukashenko was an unknown, for some Moscow oligarchic circles, he was regarded as an unwanted element, as an obstacle for some private plans, involving Belarus. The unwanted winner had certainly reasons to fear for his life.

His victory could never have resulted in any productive changes, if he had not continued, from the very first days, to speak to the people in the same way he did during the election campaign. He addressed them through the state TV channel. The “national-democratic” intelligentsia mocked his village type of Belarussian language. He spoke, in both Belarussian and Russian, with a lot of energy and pathos, following each move he made or was going to make with a detailed explanation for the people.

He made perfectly clear for the people what he thought was good, and what bad. For instance, industrial production is good, and doubly good if the products are made in the country, and not imported. The market is good if it benefits the entire people, and state management is good if it organizes both the state-run and market sectors of the economy to benefit the people. Foreign assistance is good when it benefits economic development and, especially, allows the production of domestic goods at a higher technological level. But it is bad,

when this assistance is designed to undermine the country and discredit its leadership for the sole sake of discrediting. All of this sounds very simple. But this ABC of national morality, told to the whole nation in very clear and definite terms, created more than just admiration of the leader on behalf of the majority; it created a unique phenomenon of public optimism.

In 1995, when the Agrarian Party's chairman, Semyon Sharetsky, getting somewhat giddy over the success of his party in the parliamentary elections, and over an excessively warm appraisal of himself from the U.S. Congress, started a power intrigue against him, Lukashenka appealed to the nation. Unlike Yeltsin in Russia, he did not need tanks to convince his political enemies. He had already explained his line to the people, even if he could not have managed yet to pull the economy and governance together.

"It was like a war mobilization," says my friend Nikolai, a member of a party which once criticized Lukashenka for acting too mildly against his West-supported enemies. "It looked powerful. People went to the polls, silent and grim, in thousands and thousands, standing there in queues and patiently waiting for the opportunity to vote and thus to protect *Batka* [the Father]" — as they called a man who was then 39 — against rightist, leftist, and "centrist" foreign-manipulated pensioners.

The Continuity of Industrialism

The revival of Orthodoxy peacefully and quite functionally coincides with the profile of Lenin at the entrance of the Minsk Tractor Plant, a state-owned enterprise which, by itself, is fundamental evidence that the argument of Harvard Prof. Jeffrey Sachs and Russian liberal Yegor Gaidar for how property must be organized, is a lie. The privatized Kirov Works in St. Petersburg, which was divided into ten smaller private companies, is not competitive: No wonder Leningrad Province has invited Caterpillar to build its own plant there. The Minsk plant produces only half the number of tractors it did in the Soviet period, but the range of models and the technological level of production can't be compared with that of the Soviet era. The appearance of the plant, with neat and clean workshops and a low level of noise, are also strikingly different from what I used to see ten years ago in St. Petersburg.

The directors of the plant told us that actually, if the plant were to stop working now, the enterprise would still be able to survive for three years, with regularly paid wages and allocations for the huge "social sphere," which includes 26 kindergartens, a vocational school, a seven-story emergency care facility with all kinds of medical assistance, and, finally, the largest stadium in the city, which also belongs to the plant and was completely renovated at its expense during the last two years. There are adequate financial reserves, and most of them are derived from sale of machinery for hard currency.

"Some Western companies tried to eliminate us from competition with European industry, but soon found it is impossible," says the Minsk Tractor Plant's financial director,

Alexander Boiko. "Now, they realize that it makes more sense to cooperate on mutually favorable terms."

Alexander Kartsev, the plant's director for social programs, followed us to his eparchy. The head of the clinic, a surgeon, said he was dissatisfied with the fact, that right now, he can't treat oncological patients. "But I think we'll be able to soon. We have possibilities to buy equipment at our own expense, as we are allowed by the plant's directorate to run our own commercial medicine business, and make use of our own income," he said. Certainly, the commercial services are for the population of the city, while the 9,000 plant workers, along with the veterans of tractor construction, receive medical treatment for free.

We felt even more envious of the children than of the retirees. The kindergarten, looking quite modest from outside, is decorated with fancy lamps, each of which could be bought in an average Moscow shop for 600,000 Russian rubles. In St. Petersburg, some of the local banks would envy the room where the children of Belarussian tractor-builders play, not to mention their health facilities (a swimming pool and even a sauna) and small computer center.

There were no books about a little boy Volodya Ulyanov, the future Lenin, on the bookshelves of this kindergarten. The education on the example of a father and grandfather who had devoted themselves to the same labor, and associated their life with this production process, does not need ideological brainwashing procedures.

The Economy Somehow Works

"We have to manage industry in various ways," the President told us, as we arrived at his office, full of impressions of a functioning machine-building industry — something we have already forgotten about in the once-powerful industrial city of St. Petersburg, which has been turned, by the collective efforts of "teachers of democracy" and practitioners of thievery, into a transit stop for global organized crime.

"We don't have oligarchs. The fact is, that we did not allow privatization according to the Russian pattern. From a very simple standpoint: If a private person gets a gigantic enterprise for nothing, why should we expect him to become a capable master (*khozyain*) of this property, and use it in the interests of the nation and the people?"

"Therefore, the large industrial enterprises are run by the state, and the strategy of their development is also determined by the state. This is not ideological instructions, but just state management. Yes, we compose plans for concrete amounts of production, but they concern not just the quantity of machines, for instance. Last year, with the surplus of industrial output reaching 10%, energy savings reached 6%. This is really a great result.

"Therefore, we have to introduce certain indices, and sometimes to act with administrative means. But the laws of economics are also functioning. If the director does not manage to decrease his energy costs, he will fail in competition with a lot of Western rivals, who will destroy him with

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lower prices for their products. So, the director of a company knows that he is obliged to reduce production costs, in order to be competitive.

“Competition is one of the crucial levers, forcing enterprises to reduce expenses and costs. This is classical economics. But we direct this mechanism on the state level. In Russia, this is done in the energy sector. And if you suspend control, the real economy will collapse.

“We realize very well that we are not an advanced economy. This means for us that we have to think even more about the reduction of costs, and energy-saving technologies. This is our approach, which we find to be the only possible one in our situation, with a lack of cash inflow and the necessity to save and develop our real economy, inherited from the U.S.S.R. This approach is maybe not the best, but it is better than the absence of an approach,” concluded the President.

One Kilometer from NATO

In Brest, the westernmost city of Belarus, the newly built cathedral looks more Greek Orthodox than the churches in Minsk, and the brand new houses at the outskirts, with decorative elements and unusual geometric forms, are similar to the “architecture for new Russians,” which one can see in some districts of St. Petersburg. I was amazed to find out that this was also public construction, designed for common Belarusians, not the *nouveaux riches*. In particular, for the workers of the Gazoapparat Plant, producing gas stoves for Belarus and at least half of Russia.

A renovated church, though an old one, attracted our attention in the Brest Fortress, the legendary site of resistance to the Nazi troops in 1941. The two-story building where the 1918 Brest Peace was signed, contains the museum of the fortress. The first thing you see is the portrait of the engineer who designed this glorious bastion of the Russian Empire — Andrei (Johann) Tothleben, the architect of the citadels of Sevastopol and the forts of Kronstadt, and hero of Sevastopol’s defense in the Crimean War.

We were standing on the bank of the Bug, near the tomb of commissar Yefim Fomin, an ethnic Jew with a Russian surname, who was the last person surviving in the garrison, continuing to resist till the Nazis killed him. “Look, here is NATO, across the river,” our guide said, half ironically.

The expansion of NATO is hated by local businessmen as well as by schoolboys. But geopolitics is geopolitics, and the economy is the economy. Belarussian business hopes for a better future. Alexander Moshensky, head of Santa-Impex, a Belarussian-German joint venture engaged in food production, is opening a new workshop in the so-called free trade zone (actually, a zone of development, enjoying temporary tax exemption) on the outskirts of Brest. I talked to the chief technician of his fish-processing workshop, a nice girl, who answered me in good Russian. Suddenly, I discovered that she was a Polish citizen. Anya came to Brest four years ago, and permanently works here, as does her husband. She is quite pleased with the job, with the salary, and with the community, in which every third citizen is a Catholic. “Are there many unemployed people in Bialystok?” I asked about her native city. Anya’s face became sad. “Over 15%.” “Like in Lithuania?” “About that.”

A Bank that Works as a Ministry

In Belarus, the new non-partisan National Assembly is running the national household in accord with the government and President: priority number one, two, three. Quality and, once again, quality. Measures of economy, based on energy-saving technologies. One of the key government agencies is the Standards and Measurement Committee, commonly called Gosstandart. Another key structure is the State Control Committee, or Goskontrol. The third key institution, supervising the force ministries and the control structures, is the Security Council. Ministers change, even rather frequently, including the heads of defense, intelligence, and foreign relations. The Security Council’s chairman is Victor Sheiman, Lukashenka’s colleague from the Supreme Soviet’s Permanent Commission for Control of Financial Agencies.

Instead of investing in options and futures, related to the mythical energy independence, and various kinds of securities which are anything but secure, Belarus invests in its surviving assembling industry and in real estate. The reserves of wealth of the citizens are concentrated in their new apartments, 55,000 of which were distributed for free.

How was that possible, without support from the Commu-

nist Party of the Soviet Union Central Committee, the U.S.S.R. Construction Ministry, without oil and gas reserves of the country's own, without support from the International Monetary Fund, without assistance from shady operators who promise to sell a ton of diamonds or uranium and then are found somewhere in Greece, and only with assistance from Interpol?

There is one place in Minsk where you can receive detailed information on this subject. It is neither a ministry nor a tax police service, nor an intelligence body. It is a bank.

Five years ago, it was a private bank which collapsed in the first wave of the Russian banking crisis. It could have been either closed or taken under state control. Lukashenka's leadership decided to transform it into a specialized state bank. One of the six . . . no, now already seven state-run banks: In 1998, the President signed a decree founding a Development Bank, a special institution for long-term investments.

But we are speaking of Belarusbank, the one responsible for the state construction program—though this is not written with golden letters on its office door, which looks much less luxurious than the kindergarten of the Minsk Tractor Plant.

Nadezhda Yermakova, the bank's CEO, has nothing in common with a typical Russian banker. No big stomach. No armed bodyguards. No armored Mercedes-600. The bank has armored cars, but they are designed to carry the money, not the bank officers.

"We launched the program of credits for public construction in 1996," she says. "It does not depend on just one single financial source. As Lukashenka likes to say—and I have been acquainted with him since the Supreme Soviet—each house has four corners. So, there are four sources: the reserves of the construction company; the resources of the enterprise where the person works; the state allowances, paid to the person depending on how long he has worked in industry; and, finally, the state loan. The program is based on several Presidential bills concerning categories of citizens needing apartments, in particular: young families, under 31 years old; military servicemen and war veterans; and construction in the rural areas. The principle is the same in each case: first, the real need for better housing, according to legislative regulations, and secondly, the person's income. Originally, the loans were issued by the National Bank at 5% interest on a scale of 90% of the costs of construction, repayable over 40 years.

"In a certain way, the program served as an impetus for the development of a number of national industries: construction materials, wallpaper, bathroom equipment, heating and gas-supplying devices, etc. So, this program pulled up the whole industrial complex of the republic. Beginning this year, in order to prevent a further rise in inflation, the finances are allocated not by means of special emissions by the Central Bank, but from the articles of the budget.

"In the process of work, we have developed a system of stimulation and control of the program's implementation. The

lists of the citizens are prepared by municipal bodies, which also define one of the two major forms of ownership, and distributes the orders among construction sites. After that, we receive the corresponding volume of finances from the National Bank, and beginning this year—from the Finance Ministry. So, the money passes through our bank in transit. But our bank was made responsible for control of the appropriate use of the loans, and for the correspondence between the lists we receive and the criteria of need.

"We have 168 branches throughout the republic, and each of them is engaged in issuing credit for public construction. The orders are sometimes signed by the capital construction departments, sometimes by home management offices directly. The clients don't even handle cash, as it is transferred from the special housing accounts to the accounts of the contractor for certain work which is accomplished. The home management offices are also obliged to monitor this process. So, there is a triple system of control, which makes it possible to avoid mismanagement and embezzlement."

Beyond its specialization, Belarusbank offers a wide range of traditional banking services to its clients. In this sphere, its relations with other state-run and privately owned banks follow the usual competitive principle: The better you serve a client, the more and better clients you have. The competition of banks for clients, a natural feature of the Western economy, appears to be functioning in Belarus in the same way as anywhere else. But the decision of what is useful and stimulates improved quality, belongs to the state, and the Belarussian leadership is not ashamed of saying this openly and officially.

The 'Teachers of Democracy'

If Western media report about Belarus, they mostly focus on some demonstration or other media event, around certain opposition groups in that country. But, there is scarcely any significant opposition figure in Belarus who has not undergone training either at the Soros Foundation, the Euroatlantic Association, the Friedrich Ebert Foundation, or the Organization for Security and Cooperation in Europe's Consultative Observing Group. On the other hand, the major demands of the opposition refer not to the real needs of people, but to a limited number of allegedly unsatisfied rights, of significance to a narrow layer of the intelligentsia, but not more. I say "allegedly," because opposition papers are freely sold everywhere, including at hotel desks and bus stops, while all the above-mentioned Western institutions quite legally function in Minsk, excepting the Soros Foundation, which has also been kicked out of a number of other East European countries.

A peculiar discussion took part at a seminar of the Ebert Foundation, convened exactly one day before the recent "march of freedom." One of the foreign teachers of democracy declared that mass media should not be supported by the state. A state official objected that in this case, the paper

designed for Belarussian national writers, *Litaratura i Mistactva*, would die the next day.

Beyond their official subject, the helpful tutors were promoting free elections, based on party principles. Ironically, in Russia their colleagues demanded the opposite—in order to reduce the influence of the Communist Party of the Russian Federation and its allies.

But actually, the “teachers of democracy” are struggling not just for free trade, but for complete freedom of election funding, which is regarded as equal to “freedom of opinion.” Practically, the objective is freedom for the financiers—and precisely for that reason, Russia’s TV channels, owned by oligarchical interests, often follow the same line of coverage of Belarus as the “teachers of democracy.” From both the West and Russia, the Belarussian leadership is labelled “fascist.” For a people that lost every fourth citizen in World War II, this sounds offensive.

In his dialogue with journalists from St. Petersburg, President Lukashenka explained the reasons for heavy participation of Western figures, including once prominent intelligence operatives, in the opposition movement, and for the desperate hypocrisy of the “human rights” propaganda:

“There are two reasons for the Western strategists’ dissatisfaction. In case we followed the example of Ukraine in our military policy, Russia would be completely stripped of its Western flank. During the Soviet rule, three strategic defense groups were formed—in Ukraine, Belarus, and in the Baltic area. In the present world situation, wars are not conducted in the same way as before—Northern Front, Southern Front, etc. The key role is played by missile strikes. Belarus has the most reliable system of anti-missile defense. Actually, we are able to protect the whole space from Kiev to Riga. Certainly, the NATO leadership is aware of this. It is also aware of the fact that our army is well trained. This is one reason, but not the only one. We represent also a rival in civilian industrial production. We produce our own goods, which are often quite competitive. This is not appreciated by Western, and not only Western large interests. They don’t like our behavior, not for political, but to a very significant extent, for economic reasons.”

As for basic human rights, the Western audience could easily find them in the Bible, if it were read more often than detective thrillers and bodice-rippers. The right to live, and to live in conditions which a human being deserves, is more important from the standpoint of Christianity than the right to insult the head of the country, or the right to speculate with the wealth created by the previous generations of your people. The very fact that infant mortality and morbidity in Belarus is lower than in any other post-Soviet state and in some ostensibly advanced countries, as well as the fact of a practical absence of child poverty and trading in human beings, suggest that the method of management chosen by Belarus’s leadership, is more Christian than what the population of the Western industrial countries faces, in the process of becoming post-industrial.

New Geopolitical Offensive To Be Launched at Oxford

by Our Special Correspondent

EIR has learned from U.S. Republican Party-linked sources, that on June 30, a newly created Mackinder Forum is having its inaugural meeting at Christ Church, Oxford, England. The forum is named after the late Sir Halford Mackinder, the founder of the mysticism-ridden imperial theory of “geopolitics.”

The gathering is being sponsored by the Strategic and Combat Studies Institute of the British Sandhurst Military Academy, based in Camberley, Surrey. It will be addressed by British Gen. Sir Rupert Smith, NATO Deputy Supreme Allied Commander-Europe, on “Geopolitics: A Tool for Strategic Analysis.” Attendance at the by-invitation-only event will bring together the All Souls, Oxford Foreign Policy Studies Program, and leading British and American strategists. Certain of the latter have had, or continue to have close relationships with the George Bush apparatus in the United States.

The Orchestration of World War I

Mackinder codified what has become known as “classical geopolitical theory,” in a number of books and articles spanning the period of the late 1880s through the mid-1940s. The theory grounded the notion of strategy, in the geographical factors of a nation or region, and treated the activities and operations of the human mind as, at most, an epiphenomenon of these factors. Ultimately, “geopolitics” is of the same order as the “blood and soil” belief-structures that motivated the Nazis. It is hardly an accident, that Adolf Hitler’s pet geopolitician, Karl Haushofer, borrowed many of his ideas from Mackinder.

Mackinder’s ideas of the importance of the struggle to control the “Eurasian Landmass,” or “Eurasian Heartland,” and of the necessity for the “Anglo-American rim powers” to prevent the dominance of any one single or group of powers in Eurasia, provided an important ideological and conceptual basis for British King Edward VII’s orchestration of the events leading into World War I. Already in 1904, Mackinder was warning that the development of rail networks on the European continent represented an emerging mortal threat to the British Empire.

For the Oxford gathering, Mackinder’s core concepts have been assembled in a new book, *Geopolitics, Geography, and Strategy*, edited by two of the leading British geopoliticians today, Geoffrey Sloan of the Britannia Naval War College in Dartmouth, and Colin S. Gray of the University of