

Public Administration in Belarus: A Story of Dysfunction

On 29 March, President Alexander Lukashenka held a meeting dedicated to the accession of Belarus to the World Trade Organisation (WTO). Belarus has enjoyed observer status in the organisation since 1993, and every few years proclaims it will speed up the accession process.

However, as Belarus's economic reforms falter, a final deal remains elusive. The March meeting was intended to expedite accession, but it also served as a solemn reminder that Belarus may never join the WTO at all.

WTO accession is just one of many issues that Belarusian authorities have wrestled with for decades, without any clear outcome.

Certainly, Belarus as a country has made some progress. When visiting Minsk today many foreigners discover that the Belarusian capital is not that different from other Eastern European capitals. One can dine at a good restaurant, visit an art gallery, and call an [Uber](#) to return to a comfortable hotel.

The city is suited for a middle-income economy, authoritarianism notwithstanding. Comparisons to increasingly dysfunctional post-Soviet neighbours Russia and Ukraine make Belarus seem like a part of Europe.

And yet when it comes to public administration, Belarus remains in many respects just as dysfunctional. According to the 2014 Indicator of Quality of Governance, public governance in Belarus ranks lower than in Ukraine and only slightly

better than in Russia.

Of zombie enterprises and abandoned school reforms



Belarusian authorities have sustained a litany of unprofitable enterprises when it would be more economical to simply halt their activity. For instance, the state budget has financed JSC [Kamvol](#), a loss-making synthetic fibre producer, for more than 15 years, when the cheaper option would be to shut it down and issue a 10-year salary to its employees.

Process often takes precedence over outcome. If a loss-making company continues to operate, officials can continue drawing funds from the budget.

In another example, the state invested over \$1 billion [into "modernising"](#) cement and woodworking industries, but these businesses continue to generate losses. Recently, a flax factory in the small town of Liakhavichy used public funds to purchase new equipment, only to discover that it did not fit into the factory building.

Many officials refuse to accept the reality that state programmes fail no matter how much public largesse is poured into them. According to Deputy Prime Minister [Uladzimir Siamashka](#), in 2005-2010 alone, Belarus spent \$42 billion on

the revival of Belarusian villages, with little to show for it. Research by the National Academy of Sciences reveals that more than two-thirds of the rural population do not want their children to live in a village.

In Belarus's chaotic system of public administration, it is never entirely clear who makes decisions or how those decisions are implemented. For example, in the area of education reform, the number of school years was briefly raised from 11 to 12 years, but within just one generation was reverted to 11 years.

At the beginning of 2015, the Minister of Education recommended that Belarusian history be taught in the Belarusian language because "talking about our own history in another language is wrong." And yet, his proposal was never implemented, possibly because the idea caused a nervous reaction in the Russian-speaking media.

Who is to blame for dysfunctionality?

Belarus and Its Neighbours in the Corruption Perceptions Index 2015		
Country	Score	Rank
Poland	62	30
Lithuania	61	32
Latvia	55	40
Belarus	32	107
Russia	29	119
Ukraine	27	130

Data: Transparency International

During the 2000s, immense [Russian energy subsidies](#) helped smooth over Belarus's structural flaws. That is not the case anymore – last year Belarus's GDP contracted by 4%, and the

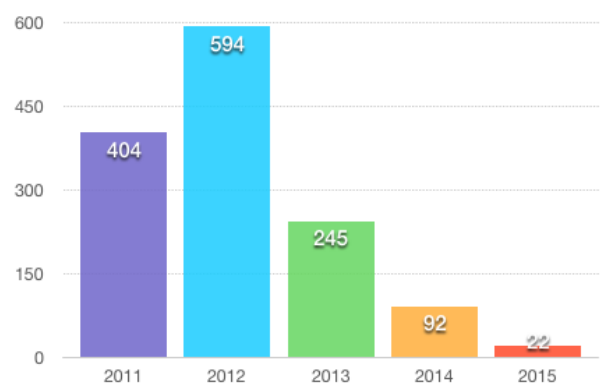
slide has continued into 2016. Now it is becoming clear that few steps were taken in relatively good times to lay a foundation for the future.

As Lukashenka's economic advisor [Kiryl Rudy](#) puts it, "there is always some wishful thinking embedded in the economic plans. An unexpected rise in oil prices or a sudden strengthening of the Russian rouble." Current government programmes that are supposed to deal with the crisis are just iterations of previously ineffectual programmes. And despite the inordinate power concentrated in Lukashenka's hands, the authorities remain inert even in times of crisis.

Indeed, in the absence of free elections, there are few newcomers to the ruling class and unelected officials can afford to make unrealistic promises. The head of the National Academy of Sciences of Belarus, Uladzimir Husakou, recently suggested that the Belarusian economy will expand by 8-8.5% this year, although the general consensus is that the recession will continue unabated. The poor quality of government elites is a key reason why Belarus in its current state stands little chance of a brighter future.

Where will the current system lead?

Manufacture of television apparatus, thous. units



Due to the government's paralysis, its response to the recession has been slow and inadequate. There is [a widening gap](#) between Minsk, the relatively prosperous capital, and the rest of the country.

Some manufacturing enterprises, such as television monitor production plants, recently disappeared after years of wasted government funding, while many of the industries that remain, such as [machine building](#), are unprofitable.

Trust in the government is also low. According to a recent poll by the Independent Institute of Socio-Economic and Political Studies, only 20.6% of respondents said they prefer to deposit their savings in Belarusian roubles, and a majority said they mistrusted the main state institutions.

Without reform, Belarus risks wasting its economic potential as the young generation grows older. It will become a country of despair, where low-paid people do not see any future and emigrate. In fact, that process is already underway.

Is Time on the Side of the Belarusian Regime?

Last week Alexander Lukashenka declared his interest in good relations with Western countries.

His statement came against the backdrop of active contacts between Belarusian officials and their European counterparts in the past two months. Involved in these meetings were a director of a department of the EU External Action Service, a delegation of the Council of Europe, representatives of the Lithuanian foreign ministry, a delegation from the Swedish

foreign ministry, and a Czech foreign minister.

Two weeks ago, Lukashenka said at a meeting with US experts that Belarus seeks “normal” relations with Washington, as well. Though all these developments are far from a breakthrough in relations with the West – frozen after 2010 – they demonstrate that the Belarusian government is aware that it cannot just stick to Moscow. At the same time it does not display any haste in improving its relations with the West. It hopes that the time is on its side in the international arena.

No Democracy for a Nickel

Sure, the prospects for a genuine rapprochement between Belarus and the West currently look bleak. The interests of all parties apparently do not require the urgent mending of fences. The Belarusian regime feels secure with its Russian protection and assistance. The European politicians who tried to strike a deal with Lukashenka in 2008-2010 are not likely to risk it again. The European Union has more important problems to sort out and is quite happy to just demonstratively punish the ugly, yet rather harmless (for Europeans), dictatorship in Belarus.

Having tried to democratise Belarus and bring it closer to Europe in 2008-2010, the EU never offered Minsk a [serious deal](#) capable of changing the situation in the country. After all, Belarus needs to compensate for the possible loss of enormous Russian subsidies in the potential aftermath of eliminating the existing model of relations with Moscow which has been so fundamental to the existing regime.

European politicians failed because they ignored basic the political economy of Belarusian state

To change this reality, extensive and expensive modernisation is needed. Yet European politicians wanted to do it on the

cheap. Of course they ,because they ignored the basic political economy of Belarusian state.

So, the EU began to fight against the Belarusian regime using isolation, threats and restrictive measures. Cutting links with Minsk, the West played into the hands of Moscow and Lukashenka. The isolation brought the regime closer to Russia and did not threaten its existence. On the contrary, it drastically diminished opportunities for political alternatives to Lukashenka to emerge among the Belarusian [nomenclatura](#) and business community allied with the state.

Removal of the current regime cannot be achieved without changing the political economy of the nation. Currently there is very little hope for such changes. Yury Drakakhrust of Radio Liberty quoted an anonymous Western diplomat who said while “your modernisation costs big money, the defence of democratic values costs nothing.”

The EU continues to condemn Minsk and demand the release of political prisoners yet is not ready to seriously invest in changes. Thus, last year the Polish-based Belsat TV – the only TV [project](#) supporting the opponents of Lukashenka – had to suspend its operations for weeks as much of its 2012 annual budget for broadcasting had been spent before the year ended.

Lukashenka's Dream

Of course, two EU members – Lithuania and Poland – will always have interests in neighbouring Belarus, yet they are by far not the most relevant actors in the EU's foreign policy. Other EU countries, and all major EU members, have no interest in a small post-Soviet country lacking any major assets like oil or gas, a country that is not threatening anyone in its own neighbourhood.

However, a country which is not important today may become important tomorrow. In better times for Russian-Western relations, the West could neglect Belarus by dealing just with

Russia. Worsening relations with Russia will increase the geopolitical significance of the region and of Belarus. The deterioration of these relations has been evident in recent years and this tendency will likely continue given the increasingly authoritarian methods of the Kremlin.

It was Russian aggression in the Caucasus in 2008 which brought Western politicians round to the idea of negotiating with the Belarusian strongman. He knows it, and anticipates a new change in the current geopolitical reality. Moreover, if this time the confrontation between Russia and the West lasts longer, Lukashenka could become for the West something like Ceausescu of Communist Romania in the time of the Cold War, i.e., a man with dubious views and background, yet who is indispensable for geopolitical reasons.

Putin's efforts to establish the [Eurasian Union](#) in the post-Soviet world by 2015 are just adding to a series of collisions between Moscow and the West in the Middle East and on ever recurring questions of human rights and democracy in Russia itself. Actually, Western countries may have to accept not just Lukashenka. The EU has also to deal with the increasingly authoritarian Ukraine run by Viktor Yanukovich who may join Lukashenka in his defiance of democracy.

Dangerous Russian Ally

The hopes of the Belarusian ruler for a new confrontation between Russia and the West make him seek contacts with the EU without giving in to European demands concerning liberalisation and release of political prisoners. At the moment he is using contacts with the EU merely as leverage in negotiations with Russia. For the Belarusian ruling elite is clear that, though Russia is their main sponsor, they shall [beware](#) of the Kremlin.

Foreign Minister [Uladzimir Makey](#) once said that there is a brutal "jungle law" in the international environment

surrounding Belarus. Some commentators were quick to interpret it as a reference to the Western pressure on the regime, yet there are signs that Belarusian officials consider relations with Russia in similar terms.

At a meeting with experts representing the Jamestown Foundation, an American think tank, Lukashenka emphasised the contradictions in Russian-Belarusian relations. He stated that Russia had changed its imperial thinking, yet Belarusians were vigilant and constantly defended their independence. He brought up an example of a “forceful attempt [by Russia] to introduce a common currency” which had been defeated.

This understanding is a positive development which created a precondition for a new age in Belarusian relations with the West. Just a dozen years ago, the Belarusian ruling establishment did not see the country outside the Russian realm at all. Yet no government in Minsk – neither authoritarian nor democratic – can introduce significant changes in foreign alignment of the country without changes in its political economy, i.e., freeing the economy from its total dependence on [Russian energy subsidies](#).

Only when this strong dependence on Moscow has been overcome can Belarusians change their country and build a functioning democracy. Belarusian independence and democracy require serious investments and risky deals. And these investments and risk-taking initiatives by the West can materialise when Belarus becomes more important due to changes in its geopolitical situation.

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