



**Anti-crisis platform
of the United Democratic Forces
"About Ways to Overcome Financial-Economic Crisis and Most
Important Directions of New Economic Policy of the Republic of
Belarus".**

I. Evaluation of the situation.

Economic crisis stroke the Belarusian economy long before the beginning of the world financial crisis. Weakness of the economy was revealed in the form of unprofitableness and low profitableness of the majority of enterprises, loss of circulating capital, debt load on the real sector, growth of stockpiles, increase of receivables and payables, and high inflation.

The economy was losing its competitiveness more and more. Already in 2006 the debt of the enterprises to banks grew 157 per cent. The crisis took an open form in 2007, while we still had special privileges in gas prices.

In 2007 the deficit of the current accounts doubled as compared to 2006, while the negative external balance of exceeded 10% of the GDP. The adverse balance with Russia doubled, i.e. it reached 8.3 billion dollars. The size of the cumulative foreign debt grew 5.7 billion dollars, or 1.8 times this year, the size of the internal debt grew 1.5 times.

In 2008 the situation became even worse. The external and internal debt grew at fast pace. In-stock balance of unsold goods grew up to 5 trillion BYR, past-due debt grew more than 5 trillion BYR. As a result, the ruble has devaluated, leading to decrease of life standards of the population.

Because of the erroneous model of development, which has been chosen, the country stands on the edge of the economic collapse. The problem is aggravated by the world recession, falling prices, decrease of the demand on export goods and growing competition.

In the conditions of the world crisis the main resource which should be used for recovery of the economy is the human capital. First of all we are talking about heads of enterprises, which need to be freed from the administrative shackles of tasks, bans and instructions.

Fundamental de-bureaucratization of the economy is needed. We need not to improve the administrative procedures of interference in the economy (i.e. what the government is doing), but to cancel them without any conditions.

II. Top-Priority, Immediate Steps (3 months period)

- 1.** To free market participants from objectives of production, sales and investment, set by the government; from directive interference into pricing and break-even level, except for the monopolies and the structures sponsored from the state budget; from licensing of the services which do not bear direct threat to health of people and security of the country; from imposing procedures of settlements; from planned amount of collected fines, etc.; to simplify bureaucratic procedures of sale and rent of property. To abolish restrictions which hamper the development of financial market. To exclude the clauses which envisage extrajudicial confiscation of property from all legislative acts and regulations.
- 2.** To reduce the size of means withdrawn from the economy to the state budget, by no less than 20 per cent. The cumulative amount of taxes, duties and payments withdrawn from the real sector should not exceed 30 per cent of the GDP. As a result the real sector will get additional 6 billion dollars for innovation, and technical and technological re-equipment.
- 3.** Knowing that cutting down taxes and payments by 6 billion dollars is well covered with government's loans and direct external investment in the process of the planned privatization, not to decrease the cumulative volume of budget expenses during the crisis period, but to cardinaly change their structure. Only the social part of the expenses should remain unchanged.
- 4.** To create a Fund for Anti-crisis Response as part of the budget. To determine the volume of additional capitalization of state banks. If unemployment grows, to provide means for financing regional programs of employment. To introduce the austerity policy. To reduce the size of means allotted for maintenance of the government bodies of all levels, by no less than 30%. (among others, at the expense of: optimization of the structure of governance and control and reduction of the staff). To set up legal limits in the quantity of state officials and staff of defense and law-enforcement agencies.
- 5.** To set up the limits on salaries and bonuses for heads and top-managers of the enterprises and organizations that are financed from the state budget or receive state grants.
- 6.** To revise the plans of construction of projects done at the expense of the state budget. To refuse from unprofitable projects, such as construction of the nuclear power station, "agrotowns", sports, culture and other similar objects. To introduce moratorium for buying motor transport and office equipment. To cardinaly cut on the size of budget grants and subsidies for support of ineffective manufactures.
- 7.** To allow the state-owned enterprises to sell non-liquid remains of the finished commodity at free negotiated prices, to write off doubtful receivables. To raise

accountability of the management of the state-run enterprises and organizations for spendthrift and mismanagement.

8. In the conditions of growing unemployment, to refuse from administrative regulation of the quantity of hired personnel by individual entrepreneurs. To replace the directive rent rates with the economically-grounded ones. To stop pegging payment of rent, the single tax, patents, and for services of the monopolists to Euro. To introduce a three-year moratorium on checking the activity of small and middle-size businesses and individual entrepreneurs from the time of their registration.

9. To establish the size of unemployment benefit no less than the minimum subsistence level. For the period of crisis, if workers are fired with the end of their contract, to guarantee payment of the dismissal wage by the employer, just as during job displacement.

To increase effectiveness of the system of retraining of staff and specialists for new jobs and manufactures, for re-qualification of the unemployed.

10. To secure social justice in provision of pensions, to remove flagrant disproportions between different categories of workers.

11. To demonopolize the market of medicine and medical equipment, to cancel customs duties on imported medicine so that they remain affordable during the period of severe budget restrictions.

12. The government should base its everyday activities on the objectives of consistent implementation of the market development model and securing social justice. For that, it is necessary to establish legal guidelines of assessing the effectiveness of the actions of the Council of Ministry and local government bodies (economic growth rates, inflation, income of the population, budget deficit, balance of trade, unemployment rates, jobs) and mechanisms of their dismissal in case they don't meet the guidelines.

III. Most Important Directions of the New Economic Policy (for the period of 3-5 years).

1. To provide for the legal, administrative, tax, budgetary, and credit support of the balanced development of the economy and for rapid introduction of information technologies in the management sphere.

2. To put all market participants, despite the type of ownership, in equal conditions. To establish a strict system of financial responsibility in case the contract or other commitments are not met. To make changes in the procedures of bankruptcy and readjustment with the goal to make them faster, to defend the rights of creditors, and to activate transparent and predictable schemes of recovery

payments.

- 3.** To carry out reorganization and readjustment, as well as leasing, privatization and sale of the unprofitable state-run enterprises.
- 4.** To implement the “National Platform of Business -- 2009”, worked out by the unions of entrepreneurs, which will allow increasing the share of the small and middle-sized business in the GDP to 50 per cent.
- 5.** To implement the government’s plan of corporization and privatization only after adoption of a detailed law securing, among other things, appropriate social protection of the workers. Privatization of big enterprises, as a rule, should be done only with the purpose to attract resources for modernization and enhancement of efficiency.

During privatization, to secure first-priority selling of shares of the country’s strategic enterprises to Belarusian citizens. To sell enterprises that employ up to 200 people predominantly to Belarusian legal and natural persons.

- 6.** To create legal framework for drawing land into full commercial circulation and creation of the necessary infrastructure.
- 7.** To simplify the tax system. To lift all restrictions on usage of yearly patents for small and middle-size business. To exempt small and middle-size companies and individual entrepreneurs from taxation during the first three years of their work.
- 8.** At the cost of simplifying and automation of the accounting and tax procedures, using the Internet, sampling methods of statistics, to solve the task of dismissing from the economy several hundred thousand book-keepers and supervising and tax officials.
- 9.** To lift all restrictions on insurance services by non-state organizations.
- 10.** Through all possible development of entrepreneurship and competition, on one hand, and limitation of the growth of ruble monetary stock with the GDP growth rates, on the other hand, to ensure lowering of the levels of inflation to 3-5 per cent and lowering of the interest rate on credit to 8-10 per cent.
- 11.** To ensure positive balance of foreign trade at the expense of balancing the supply and demand on the domestic market, stabilization of the domestic prices by market methods, including regulation of the BYR rate.
- 12.** To use external loans for high-efficiency projects which create new jobs, and not for consumption (support of overvalued currency, and payment for the consumed Russian natural gas, etc.) External loans and credits should be used by

the government only within the framework of budgetary lines, within the limits of the budget deficit. To set up a limit on state guarantees on the loans taken by enterprises, to determine guidelines for the banking system for attracting external resources.

13. To centralize the process of management of state property, resources and assets, including stock in commercial organizations, through gratuitous assignment to the balance and management of the Committee for State Resources.

14. To secure social standards in salary, pensions, unemployment benefits, communal and other services providing for decent life standards.

15. To cancel the contract system for workers of mass professions. To abolish all restrictions on employment of workers because of the place of residence, as well as limitations on the level of salaries for market participants.

16. To double the average salary at the cost of raising the productivity of labor with the help of modern technologies.

17. To establish the standard of an average pension in the country as 50 per cent of the average annual salary. To lift restrictions on employment of pensioners. Simultaneously with the existing pension system, to introduce the system of voluntary insurance, as well as pension funds for entrepreneurs and other self-employed groups.

18. To establish monthly assistance payments to the disabled, orphan children, families with many children, and students, with the goal of increasing their income to the level of the minimum consumer budget.

19. To retain state subsidies for utility payments, including electricity, water and gas for the households, which have to pay more than 25 per cent of the family income for the utility services.

20. To adopt and implement budget programs for building cheap dormitories in the regional cities and Minsk -- for facilitation of labor migration inside the country.

IV. Strategic Tasks

1. To provide for priority allocation of resources for education and science. To provide the whole population of the country with free Internet. To form the national system of search for and preparation of the best specialists. To stimulate creation of the high-tech industry through creation of the National venture capital fund.

2. To develop and implement the program "Electronic Belarus". To rapidly solve

the problem of functioning of the “E-Government” on the basis of the existing Information Technologies.

3. To conduct energetic policy on the basis of the efficient energy production strategy from various resources.
4. To cardinaly simplify the tax system. To cancel VAT and income tax. To switch to automatic withdrawal of “flat taxes” from the cost of goods sold by legal entities to the end customer.
5. To bring the national legislation to conformity with the main international norms and standards of functioning of finances, commodity markets, investment and accounting.
6. To create a system of new type pension funds, which function as savings and accumulative financial institutions.
7. For those who are in need for housing, to ensure coverage of interest rate higher than 5 per cent on mortgage credits at the cost of the budget means. With the help of the budget, to secure the possibility for the people in need of housing to buy social housing at the price of one square meter equal to the average salary in the country.

The Platform of the United Democratic Forces proposes highly professional, realistic measures of overcoming the crisis, based on the other countries’ experience of transformation. However, their implementation is possible only under control of capable democratic institutions of power, which are accountable to the society, provided that the political repression is stopped and the climate of trust and transparency is created.

The United Democratic Forces do not intend to share responsibility for the consequences of the crisis with the regime. The current government, guilty of conservation of the ineffective model of the economy, systematic deceit of the society, and self-isolation from the democratic world, should resign as soon as possible.

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