

## Post-Soviet Eurasia

# Stalled transformation

Judged solely according to the criterion of stateness, post-Soviet Eurasia would appear to be among the most advanced regions. However, a closer look at the region shows that democracy and market economic structures require more than stable state institutions and a solidified state identity. In reality, none of the countries in the region bounded by Moldova to the east and Mongolia to the west are advanced in terms of transformation. Indeed, calm waters can hide strong currents.



The BTI 2012 findings confirm that political and economic transformation in the region has largely stalled. In terms of political transformation, post-Soviet Eurasia comes in ahead of only the Middle East and North Africa. In terms of economic transformation, it scores ahead of only the two sub-Saharan regions. Once again, post-Soviet Eurasia remains the only BTI region in which not a single country has achieved an advanced state of transformation.

The findings for the individual states within the region also remain largely unchanged. Uzbekistan, Tajikistan and Turkmenistan remain at the bottom of the region's rankings in terms of both political and economic development. Uzbekistan

slipped yet again in the rankings, with the current decline due largely to poor scores for the state of economic transformation. Though Kyrgyzstan took some steps in the right direction to facilitate democratization during the survey period, the country is still transitioning from an authoritarian regime to a parliamentary system of rule following the ousting of President Kurmanbek Bakiyev. Given Kyrgyzstan's ongoing ethnic conflict and the rising tensions between north and south, progress there is likely to remain unstable.

In yet another sobering turn of events, Ukraine, Georgia and Armenia continued their downward slide during this survey period. These three states were, not long ago,

symbols of hope within the region. As recently as 2006, Ukraine achieved 37th place in the democracy ranking and 27th place in the market economy ranking. As of the most recent survey period, however, Ukraine's overall scores are now down to 6.10 and 5.82 points in the two dimensions, a full point lower than in 2006, bringing Ukraine down to 60th place (out of 128 states) in both rankings. With the current results, Ukraine is no longer the region's democratic front-runner, having slipped behind Moldova, Mongolia and Georgia in the democracy rankings. Although Georgia's results did improve slightly during this survey period, it must be noted that this improvement follows a significant decline in its quality of democracy during

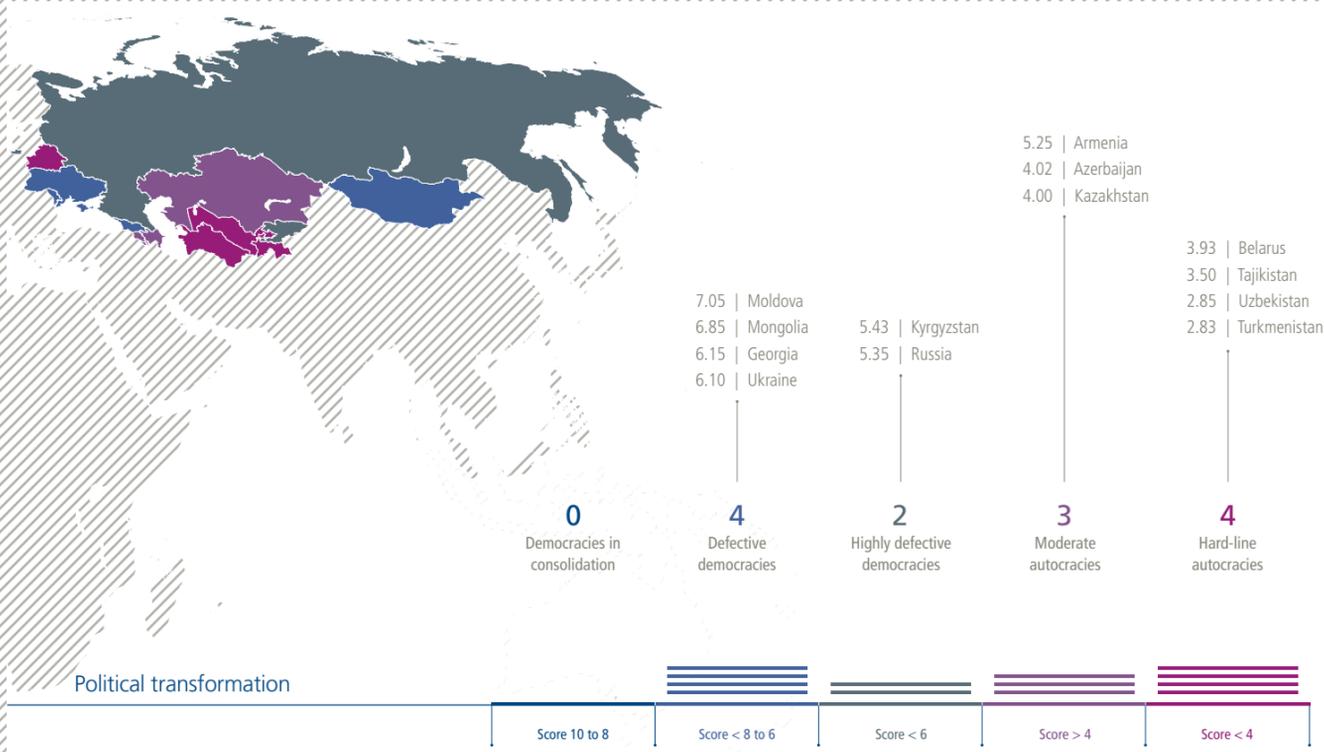
the previous survey period. Finally, Armenia – which had, in the BTI 2008, attained third place in the region for status of democracy – continues as a moderate autocracy. This decline from defective democracy to moderate autocracy dates from 2008, when the protests that followed Armenia's presidential elections were violently repressed, and a state of national emergency was briefly declared. Although political tensions have eased somewhat during the current survey period, the litmus test – namely, the elections of 2012 and 2013 – still lies ahead.

In terms of transformation management, post-Soviet Eurasia registered a slight improvement in average scores in the Transformation Index 2012. Indeed, five states in

the region were among the 15 BTI states that registered the greatest improvement in overall scores for management during this survey period. However, these results do not herald a new trend for the region. First, these improvements took place largely among states whose standings were at the lower end of the ranking scale, and the improvements were limited to the criteria of steering capability and international cooperation. Second, in some of the five states that registered this improvement, the current government is not pursuing at least one of the two normative goals of the BTI – specifically, democracy under the rule of law and a market economy anchored in the principles of social justice. This is true for both Russia and Tajikistan. In Kyrgyzstan and Moldova, where deep political divides exist, gains made in transformation management appear particularly fragile.

During the survey period, three states, Belarus, Georgia and Ukraine, saw a significant decline in transformation management. Of these states, Georgia experienced the largest deterioration. Containing corruption remains a problematic task within the region, with 11 of 13 states achieving at most four out of 10 possible points.





### Stable but undemocratic

While a functioning democracy does require stateness, the example of post-Soviet Eurasia shows that stateness is but one element thereof. Nonetheless, stateness is admittedly a strong point for the region. In terms of stability, secularization and legitimacy, stateness in post-Soviet Eurasia is surpassed only in the regions of East-Central and Southeast Europe and in Latin America and the Caribbean. However, Eurasia is also the only BTI region in which all democracies are defective, albeit to varying degrees.

With the exception of Georgia and Kyrgyzstan, a state monopoly on the use of force is assured throughout most of post-Soviet Eurasia. State identity is also well-established and accepted in the region, again with the exception of Georgia. Religious dogma has little or no influence on legal and political institutions. The only noticeable decline in stateness took place within the criterion of basic administrative structures.

This otherwise relatively favorable state of affairs looks different when considering the nature of the political systems in the region and their potential for democratization. First, stateness can be a mechanism of

authoritarian rule, and authoritarian states are unlikely to undergo significant transformation without at least temporary political upheaval. For example, Kyrgyzstan remains mired in turmoil after the overthrow of President Bakiyev. Second, the process of democratization – at least in Central Asia – could lead to an increase in religious dogma. This by no means implies that increasing democratization necessarily risks that fundamentalist movements will seize power – a scenario often invoked by the region’s autocrats to legitimize their rule. However, it is indeed possible that the legacy of secularism could decline in importance among post-Soviet states.

Moreover, the relationship among the key democratic criteria remains complex. This is best exemplified by Georgia, which remains the region’s forerunner in terms of political participation and is second only to Moldova regarding the rule of law, yet takes last place in the region for stateness. Regionally, however, the overall scores for political participation and rule of law remain low (4.44 and 4.15 points, respectively). Within the dimension of political transformation, the region’s lowest scores are found in the performance of democratic institutions and the level of commitment to democratic institutions on the part of relevant actors. These

low scores can be explained by the fact that many of the states of post-Soviet Eurasia maintain democratic institutions largely as a façade for autocratic rule.

The quality of parliamentary and presidential elections in the region also remains troubling. Russia only narrowly escaped being categorized among the seven authoritarian states in the region because the Russian elections still continue to meet the standard of free elections – albeit with significant limitations.

However, this was not the case for Belarus in December 2010, where the brutal actions of the Lukashenko regime undermined what had, in fact, been early signs of liberalization in advance of the presidential elections. Likewise, the parliamentary elections in Azerbaijan and Tajikistan were not democratic. By contrast, in Kyrgyzstan the transitional government that followed the overthrow of President Bakiyev was able to ensure that the constitutional referendum and the October 2010 parliamentary elections were largely peace-

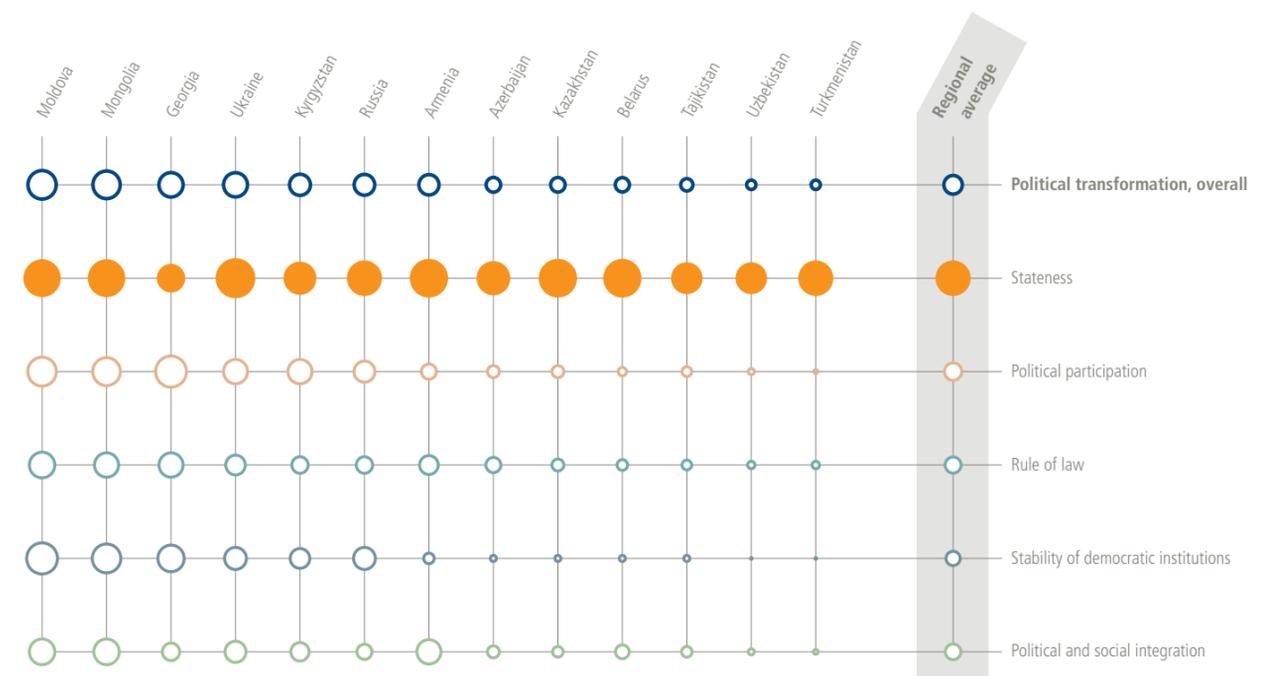
ful – an outcome that came as a surprise to a number of observers, particularly in light of the violent clashes between Kyrgyz and Uzbek groups in the country’s south.

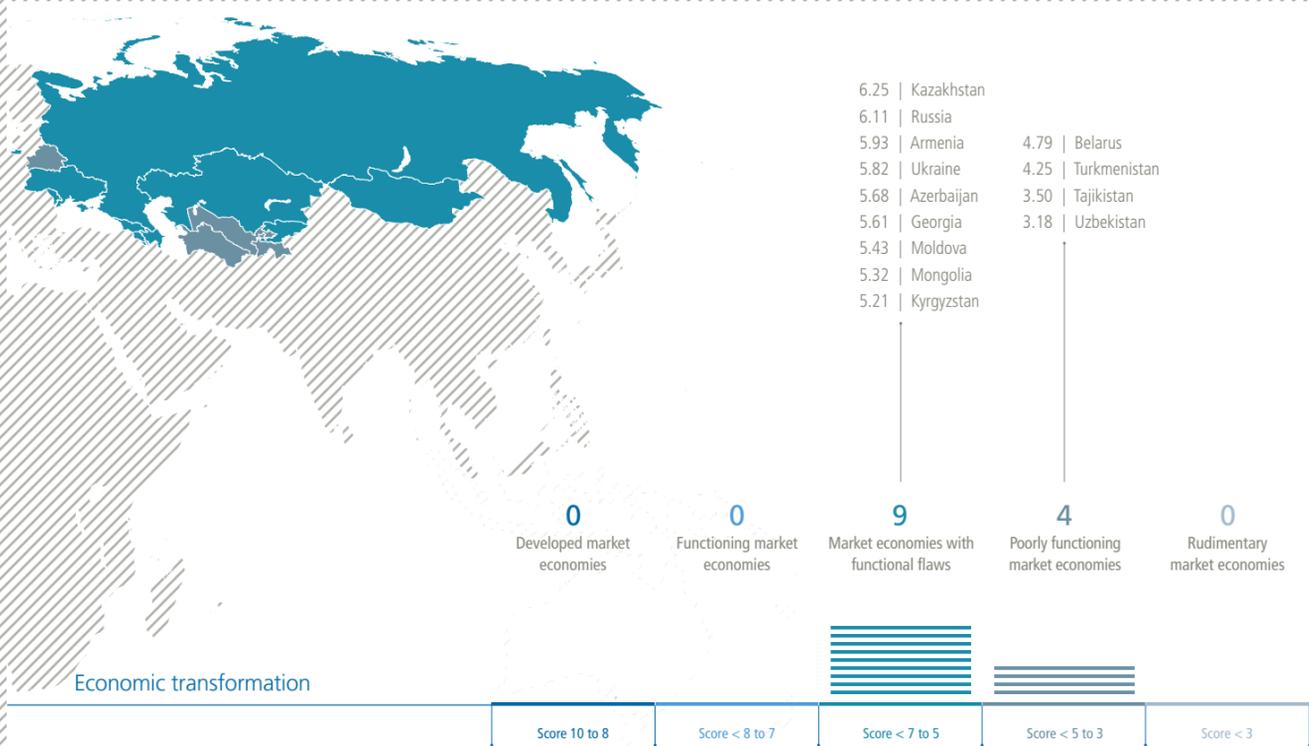
Ukraine, by contrast, experienced a peaceful transfer of power in early 2010 – an uncommon event for this region. However, following his own election, Viktor Yanukovich turned around and manipulated the regional elections that followed shortly thereafter. As a result, Ukraine is the state that lost the most ground in terms of political transformation in the BTI 2012.

At the other end of the spectrum, Kyrgyzstan moved up a category. In recent years, Kyrgyzstan has been alternating between authoritarian and democratizing trends, nearly in-step with the two-year cycle of the BTI. While the bar here is admittedly rather low, the constitutional referendum of 2010 and the parliamentary elections that followed were regarded as more free and fair than any other election that had been held in Central Asia to date.

Finally, Moldova has emerged as the new front-runner in the region. It has also experienced election years marked by turbulence. The country remains mired in a constitutional crisis that began after the blocked presidential elections of 2009. This has not been resolved despite three parliamentary elections, several failed presidential elections in the parliament and an abortive attempt at a constitutional referendum. Nonetheless, a younger generation of competent politicians and administrative experts, headed by the pro-European governing coalition of Vlad Filat, has continued to pursue the course of reform with assurance and expertise. Thus, even though Moldova remains in the grips of a political stalemate, it is noteworthy that none of the relevant political actors took undemocratic action during the survey period.

State of political transformation, overall and by criterion





## Much depends on Russia

No state in the region has, as yet, achieved the status of a developed or functioning market economy within the BTI. Even the region's top performers – Kazakhstan and Russia – have a long way to go in this respect. The majority of the states, now also including Moldova, are classified as market economies with functional deficits.

Once again, the regional average for market economy status declined slightly in the Transformation Index 2012 (–0.14 points when compared to the BTI 2010, –0.32 points when compared to the BTI 2008). The greatest decline took place in two criteria: first, in currency and price stability, which also relate to issues of monetary and fiscal policy; and, second, in economic performance, where the decline was even more significant. All other criteria remained stable during the four years spanning the last survey period and the current one.

The global financial crisis would have had even greater impact in the region but for three factors. First, the region's banking systems are generally not particularly well-integrated into the global banking system, which served to ameliorate the direct impact of the

crisis. Second, Russia – the region's economic anchor – drew on a budget surplus that had been accumulated during the boom years to cushion the effects of the crisis. This action also benefited the other states in the region with economies dependent upon Russia's. Third, the rapid recovery of global oil prices benefited the oil- and gas-producing countries of Azerbaijan, Kazakhstan, Russia and Turkmenistan. Mongolia also benefited from its natural resource wealth: In October 2009, in its most far-reaching investment agreement to date, the Mongolian government signed a contract with U.S.-based Ivanhoe Mines and the Australian Rio Tinto Group covering gold and copper mining near the Chinese border.

At first glance, Belarus' relative stability comes as a surprise (–0.18 points). In fact, the serious solvency issues and severe infla-

tion that became apparent in the spring of 2011 were already identified in lower scores for price- and macro stability in the Transformation Index 2012. However, it is Armenia – once the region's most advanced market economy – that has been most seriously affected. In Armenia, the status of the market economy declined from 6.82 points (2008) to 6.5 points (2010) and, finally, to 5.93 points in 2012. In 2009, GDP collapsed, shrinking by 14.2 percent. The economy recovered only slightly in 2010. In addition, while billions of euros in loans were extended by the International Monetary Fund and Russia, this also served to increase Armenia's government debt ratio from 13 percent of GDP (2008) to nearly 50 percent (2010).

The global economic crisis thus exposed structural weaknesses in the Armenian econ-

omy: the country's dependence on Russia; the capital market's inadequate credit funding for small- and mid-sized businesses; inefficient tax administration; low tax yield; and a general lack of fiscal discipline. The 9 percent increase in the 2010 national budget, most of which came as the result of military expenditures, suggests that governmental fiscal policy is unlikely to improve.

In the case of Uzbekistan and Kyrgyzstan, the survey results also demonstrated that both countries remain dependant on transfer payments from labor migrants living abroad. In Uzbekistan, structural poverty was further exacerbated by government policies. For example, to decrease the money supply, pensions are issued in part through vouchers. However, these vouchers are not accepted by businesses in many areas and, thus, are worthless. Poverty and corruption have further increased the reckless exploitation of natural resources – for example, through the practice of illegal logging.

The global economic crisis also contributed to Ukraine's decline in market economy scores. However, in Ukraine, the difficulties arose because the domestic economy is highly integrated into the international one. As a result, the global financial crisis ruthlessly exposed the weaknesses of the Ukrainian banking system.

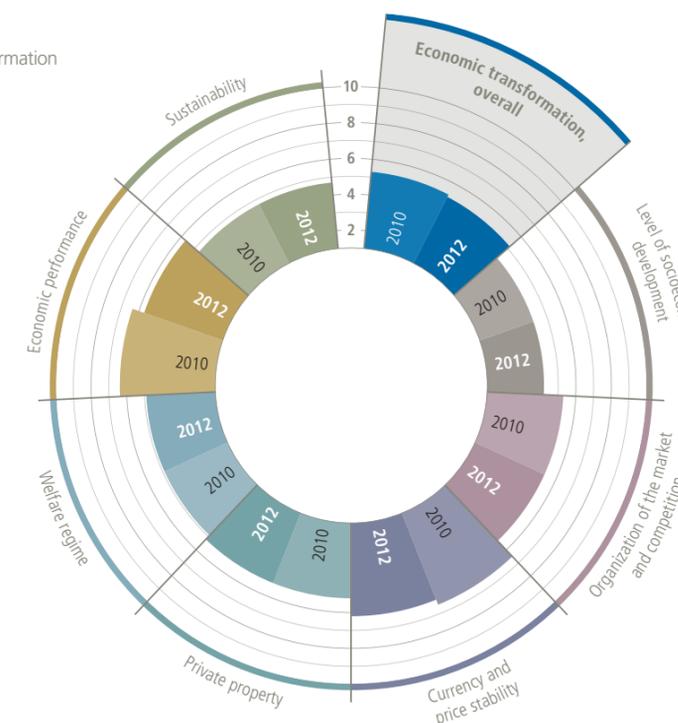
As the example of Georgia shows, lack of economic diversification also entails significant risks. In Georgia, where exports have stagnated following the loss of the Russian market, the trade deficit has become structurally entrenched. In addition, the government has failed to bring inflation under control. As a result, Georgia remains highly susceptible to economic crises abroad. Although the reforms carried out earlier helped to ensure that the August 2008 war with Russia did not completely destabilize the Georgian economy, billions of dollars in international aid were needed to keep the Georgian economy afloat. With this aid having expired in mid-2011, Georgia will soon be facing repayment of loans.

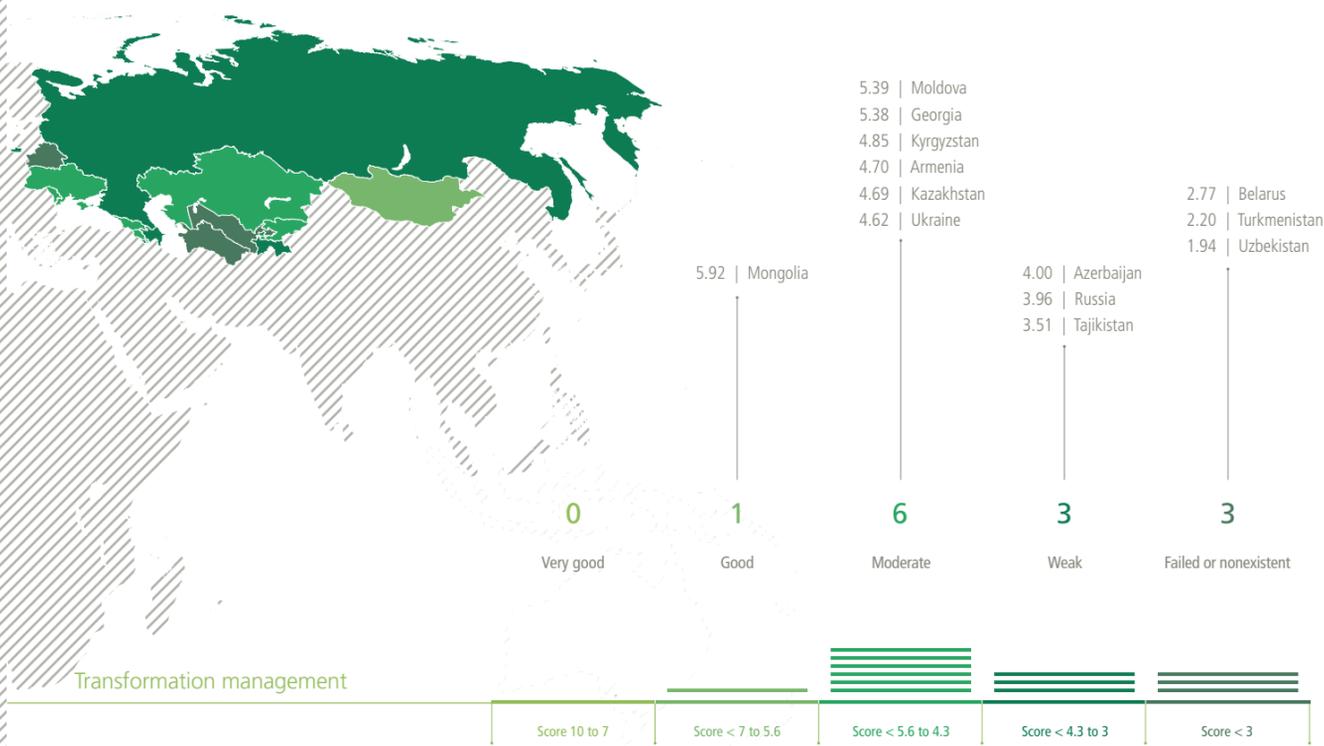
Two other states, however, have made significant progress toward a market economy. The first of these is Tajikistan, which in terms of per-capita income remains the poorest state in post-Soviet Eurasia. Tajikistan has managed to overcome the catastrophic legacy of the civil war, and its economy has grown at an average annual rate of 8.6 percent since 2000. The Tajik government continues to follow guidelines established by the international financial institutions and has maintained its policy of consolidation. However, most of this growth is benefiting a narrow and highly

networked elite, who support neither democracy nor a market economy. Counterproductive policies have also had other negative effects. For example, according to the World Bank, the public participation campaign for the Rogun dam, which Tajikistan plans to build without assistance from abroad, led to a decline in consumption during 2010. Many Tajik citizens eagerly bought shares to support the national project, only to later realize they had overestimated their financial resources. Increasingly, Tajikistan is turning to China and Iran for assistance in financing such major projects. And, here as elsewhere, corruption remains a significant obstacle.

In Moldova, a number of small improvements resulted in a gain of 0.50 points – the largest improvement in the region. It remains to be seen whether these early steps toward reform can be maintained. Nonetheless, the inflation rate has already slowed, and the utilization of national bank reserves has helped maintain relative currency stability without placing the economy in a stranglehold. In addition, the new government is cooperating with international financial organizations and has implemented an unpopular austerity program with some success.

Comparison of the state of economic transformation for 2010 and 2012, overall and by criterion





## Five showing major gains, but old problems persist

Due in part to the absence of traditions of civil society, conditions for political reform toward democracy and a market economy remain difficult in many states within the region. A number of states in post-Soviet Eurasia are, however, among those to register the greatest improvement in the BTI during this survey period. These signs of hope exist in a variety of areas relating to transformation management.

One of the unique elements of the Transformation Index is its incorporation of criteria of difficulty that compare the contextual preconditions for transformation management with actual management performance. In post-Soviet Eurasia, the intensity of conflicts changed significantly in two states. Tensions in Georgia have declined since the end of the August 2008 war with Russia. By contrast, the conflict in Kyrgyzstan has escalated as a result of political tensions and, particularly, following a June 2010 flare-up of interethnic violence. Tajikistan also continues to exhibit the region's highest level of difficulty. Across the region, transformation management continues to be hindered by the absence of traditions of civil society.

Though a slight overall gain in transformation management is registered, the only truly palpable improvement has been in the areas of steering capability and international cooperation. Once again, the criterion of international cooperation obtained the highest transformation management scores by far, while the containment of corruption criterion received the lowest score – uniformly low among all the states – with an average of 3.5 points.

Mongolia is the only state pursuing good transformation management. By contrast, Georgia has achieved only moderate scores for transformation management. In Georgia, transformation management before the August 2008 war with Russia was hindered

by strategic mistakes and misjudgments. Since that time, a number of high-profile but useless projects, and the strategic failures of political elites, have affected transformation management scores. In addition, Georgia is now making less effort to contain corruption. Ukraine, where transformation management scores have further declined, now barely remains within the category of “moderate” transformation management. In Belarus, transformation management does not, in effect, exist. Even beyond the issue of political repression, the autocratic Lukashenko regime's policy of “market socialism,” which is highly subsidized by Russia, has proven a failure. In the summer of 2011, the Belarusian state, already teetering on the brink of

bankruptcy, proceeded with its typical show of force against the wave of public protest that swept across the state.

On the other hand, five states in the region are among the 15 states that registered the greatest improvement in transformation management scores during this survey period: Moldova, Kyrgyzstan, Russia, Tajikistan and Armenia. Moldova registered the greatest improvement in the region; its increase from 4.49 to 5.39 points brings the state from 79th place to 52nd place overall. This improvement came as a surprise to many observers, who tended to regard the new government as a disparate conglomeration of parties united only in their opposition to communist rule. Here, the criterion of consensus-building was rated particularly highly, reflecting the agreement among competing political camps regarding key development goals, particularly orientation toward the European Union. Likewise, conflict management was comparatively successful, with the ruling coalition choosing to advance market reforms launched by its predecessor rather than taking a hard line against all policies enacted by the vanquished government. In addition, the new government made a concerted effort to incorporate civil society – a milestone in Moldova's political culture.

Kyrgyzstan scored points for its intensive effort to incorporate civil society in the drafting of the new constitution, adopted by referendum in October 2010. In light of ongoing political, economic and social tensions, the new system of governance has successfully withstood a major test by conducting relatively peaceful presidential elections in late 2011. Russia and Tajikistan both ranked eighth among the states with the greatest improvement in transformation management scores, although both states' starting point in the rankings was quite low. In Russia, the government made efficient use of state funds to proactively steer Russia past the economic crisis. Indeed, among the major political actors, there was overall consensus regarding strategic priorities and goals. However, the regime is not promoting transformation toward democracy under the rule of law.



Population: 28.2 mn  
Life expectancy: 68 years  
Human Development Index rank (out of 187): 115  
GDP p.c. PPP: \$3,090

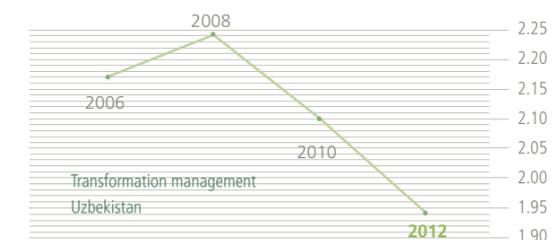
### Uzbekistan before the acid test?

President Islam Karimov likes to refer to Uzbekistan as the “pearl on the Silk Road.” In actuality, the most densely populated nation in Central Asia – now in the 22nd year of Karimov's rule – is more like a powder keg on the verge of explosion. Nearly half of the population lives under the poverty line, and young people see few opportunities for the future. Increasing prices, political and religious oppression, and harassment at the hands of a corrupt and inefficient administration form a potent mix of problems that the government refuses to address.

Uzbekistan has obtained poor transformation management scores since the first BTI survey. During the current survey period, Uzbekistan slipped to a new low, with only 1.94 points. Among the 128 BTI states, only Côte d'Ivoire, Eritrea, Myanmar, Somalia and North Korea now score lower on the transformation management ranking. Under Karimov's neo-patrimonial system of rule, ostensible reforms have been little more than propaganda, which has served only to exacerbate the country's structural problems. There is no apparent will to learn from political mistakes or to engage in critical examination of political issues, and the regime continues to repress all opposition. In what was likely his final political power

Tajikistan, the state with the highest level of difficulty in the region, has finally shown signs of transformation management during the current survey period. With massive support from international donors, the Tajik government implemented some reform programs. This development must be regarded as a success, particularly in light of the fact that Tajikistan was categorized as a failed state in 1997, after the end of the civil war.

Finally, Armenia ranks 15th among all BTI countries regarding transformation management improvement. At first glance, this achievement might appear to contradict Armenia's significant decline in transformation toward a market economy. This seeming contradiction is explained, however, when the management scores during the previous rating period are taken into account. An argument could be made that the decline in transformation management scores during the previous survey period represented a delayed effect of the political stalemate and the political confrontations that preceded that period. Since then, however, Armenia's political culture has become less confrontational in the face of the global economic crisis.



play, Karimov pushed through two constitutional amendments in November 2010 that pave the way for his successor. Although the amendments purport to provide greater authority to the parliament, this power exists in name only. The race is underway, but regardless of who succeeds Karimov at the helm, Uzbekistan will be put to a severe test. The regime's official ideology, which envisions Uzbekistan as an island of stability in a sea of chaos, is increasingly under siege.



# Rumblings beneath the surface

Apart from a few exceptions, transformation in post-Soviet Eurasia appears to have stalled. But this seeming stasis is deceptive. Many of the states in the region appear poised for change, and their autocratic and pseudo-democratic rulers have ample cause for concern. Economic distress, a labor market that offers few opportunities for a growing population, price increases on food and bureaucratic harassment of small business owners – these factors have already been fertile soil for the Arab rebellions.

Poor, landlocked countries that are lacking in natural resources – such as Tajikistan, Kyrgyzstan, and Moldova – will remain susceptible to crisis and vulnerable to abrupt economic downturns. Countries such as these thus have little room to maneuver. Particularly in Central Asia, any moves toward democratization will fail unless they are tolerated by the region's autocratic and influential regimes, whose primary interest is the maintenance of stability. How will China respond? And, even more importantly, how will Russia respond? Although Russia is scheduled to hold presidential elections in 2012, neither Russia nor China is likely to make any moves toward democracy, either in terms of their own political development or in terms of the strategic interests they promote. The Kremlin also sets the course for Belarus, where massive debt and President Lukashenko's violent repression of mass election protests has forced the nation into a state of complete dependency.

Armenia, Georgia and Ukraine are all similarly mired in dependency and enjoy little scope for independent action. In Armenia, the embattled political camps are headed toward an upcoming election, which could well become highly conflictual. In Georgia, President Mikhail Saakashvili is attempting to compensate for Georgia's poor economic prospects by positioning the state as a transit corridor for natural gas shipments – a strategy that provides a flimsy foundation for greater national independence. Moreover, Saakashvili's reckless and self-serving actions have cost him credibility in the West. In Ukraine, President Yanukovich is focusing on consolidating his power. The guidelines of the International Monetary Fund could help institute structural reforms and bring a halt to the "brain drain" – if the government agrees to cooperate.

The autocratic rulers of Azerbaijan, Kazakhstan and Turkmenistan, whose wealth of natural resources provide them with greater scope for action, are faced with existential questions. Can or will these rulers work with the pressure to reform, for example, by allowing greater economic and political freedom to their citizens and by taking sustained and effective action against corruption? It is possible that the re-election of the Kazakh President Nursultan Nazarbayev in April 2011 was an example of such a strategic uncertainty on the part of the regime. Initially, Nazarbayev appeared intent on avoiding elections and ensuring his re-

acclamation by referendum. Later, however, Nazarbayev instead decided to hold an election, but to move up its date in order to undercut chances for a true opposition. Indeed, of the three official opposition candidates, two made what was clearly only a pro forma effort. Although the OSCE was critical of the elections, Nazarbayev proclaimed his lopsided victory an expression of national unity. Within Kazakhstan, local commentators celebrated the election as a move toward democracy. The question of finding a successor to 71-year-old Nazarbayev – a decision that will have important consequences for the region – was merely postponed.

However, the loudest rumblings are being heard in the state that is last in the region in both the status and management indices of the BTI, Uzbekistan, which has been ruled by President Islam Karimov since 1991. The potential for violent political upheaval and long-lasting instability is particularly high in Uzbekistan, and the issue of a presidential successor could well spark the formation of political resistance – resistance that has the potential to spread throughout the region.

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Interview

## “People expect real action”

Despite a strong decline in the BTI 2012, Andrei Lobatch sees Ukraine moving forward – slowly

*Ukraine numbers among the “biggest losers” in the BTI 2012. The country is slipping, even below its 2006 status, in all three dimensions of democracy, market economy and transformation management. How do you explain this?*

I think these results cannot fully capture the reform process that started in the fall of 2010. The government initiated several long-awaited reforms in the areas of taxation, civil service, deregulating markets, the pension system and in creating farmland markets. Given inertia and low efficiency levels in the Ukrainian bureaucracy, which underwent little change during the 20 years of independence, reform outcomes have yet to become apparent. In addition, there were many laws that were adopted at the end of 2011. An ongoing reform process creates uncertainty, which contributes to the drop in scores. However, transformation management is still a test for the government. Legislation must be implemented in a manner inducing real change. This is not always the case. Another important task is communication. Many reforms are socially sensitive, especially those involving the pension system, communal services, social benefits and health care. The government must do much more to explain the essence and logic of reforms, and their expected results, to ordinary people. Still, according to many experts, the World Bank in particular, Ukraine is moving forward, but slowly.

*Has the latest drop been a statistical phenomenon? Or is it palpable in daily life?*

In Ukraine, change is something permanent. Governments have changed almost every year since 2004. In 2008, the country experienced the largest economic slump of all its neighboring states when the economy contracted by 30 percent. Since 2010, Ukraine's financial system, currency and government (in relative terms) have remained stable. I therefore doubt that people felt this particular drop observed in the Transformation Index 2012 – it's simply incomparable to what they endured between 2008 and 2009. Nonetheless, expectations regarding the results of reforms are mixed. Many citizens believe that the reform process could have been much faster and have a greater impact on increasing living standards. In general, indices may go up and down in countries undergoing fundamental transformations. I don't see this as worrisome until the major reforms are finished.

*Recently, many Western countries have condemned the trial against former Prime Minister Yulia Tymoshenko. A commentator in Germany's Süddeutsche Zeitung suggested that, by accusing Tymoshenko, President Victor Yanukovich has declared war against those in the western regions and the center. Can one speak of such a divide?*

In my opinion, it's exaggerated. People both in the east and the west of Ukraine want reform; they want Ukraine to become a civilized European state. If you talk to people in different regions, you will find both supporters and opponents of the present and former governments alike. My impression is that citizens all over Ukraine are simply tired of political battles. They expect real action and efficient policies that improve their living standards.

*After four years of work, the EU has delayed signing the Ukraine Association Agreement due to the crisis between Brussels and Kiev over the Tymoshenko case. Is a customs union now more likely?*

President Yanukovich clearly stated that EU integration is preferable for Ukraine, though this does not exclude a free-trade area with the Russian Federation. Commissioner Füle, in recent interviews, stated that the EU is determined to make this historic opportunity of deeper integration between the EU and Ukraine happen. There is no crisis between Kiev and Brussels as negotiations proceed. Of course, there are political issues regarding the Tymoshenko case, but it looks like the political will of the member states is to sign the agreement. A compromise will be found. Joining the customs union with the Russian Federation, Belarus and Kazakhstan is not easy due to Ukraine's WTO obligations. It is also well-understood that joining the customs union will halt Ukraine's prospects of a FTA with the EU. For Ukraine, the benefits of a customs union, apart from lower gas prices, remain unclear.

*You were born in Belarus. According to the BTI reports, your home country has hardly moved forward since 2006. How high are your hopes that things will change?*

The economic crisis is pushing the Belarusian government to change policies. The privatization of large state-owned companies is very likely. However, the situation remains very unpredictable. The people will react to the government's ability to cope with economic problems. This is well-understood inside and outside Belarus.



This summary is based on the post-Soviet Eurasia regional report by Bernd Kuzmits, available at [www.bti-project.org/pse](http://www.bti-project.org/pse)



Full reports for each country in the region available at [www.bti-project.org/countryreports/pse](http://www.bti-project.org/countryreports/pse)

