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Studies on the factors shaping the Polish and Belarus transborder cooperation

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41st Congress of the European Regional Science Association:
“European Regional Development Issues in the New Millennium and Their Impact on
Economic Policy”

Zagreb, Croatia 29th August – 1 September, 2001

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STUDIES ON THE FACTORS SHAPING THE POLISH AND BELARUS TRANSBORDER COOPERATION

Abstract

The paper discusses the numerous sources of the difficulties encountered in the functioning of Poland's eastern border and analysis their diverse nature. It has been pointed out that they are generated to a large extent by geopolitical factors, which hold the key to their successful solution. The paper concerns in a role of mentality and demons of the past in shaping geopolitical premises.

Due to the absence of sufficiently developed endogenous factors in the region, the early years of the process of transformations proved that the incentives for growth can come from the asymmetry of economic potentials that exists between the regions of Poland and the border regions of the former Soviet republics. In this way, thanks to exogenous factors, the potentials on both sides of the border get balanced, a phenomenon known from earlier studies. It can be expected that in the future the region will generate its own growth factors through complementary cooperation.

From the point of view of the functioning of the future external border of the EU, the paper deals with two problems. The first deals with the shortfalls in transport infrastructure and the widely known problems with the functioning of trans-European transport corridors, where the border crossings remain the crucial spots. The second problem concerns the operation of the private sector or indeed of the presence of an environment for private enterprise, which is also taken up in the context of geopolitical factors, due to the impact it can have on the introduction of constructive changes leading to the establishment of durable goodneighbourly relations. History shows that this can be a highly effective tool for uprooting old prejudice as it permits the relatively fast emergence of new economic ties stemming from shared interests and it is generally conducive to openness. This view was borne out by empirical studies into the functioning of Poland's eastern border. Only if the conditions for the development of local and regional entrepreneurship in border regions are guaranteed, can the European challenges to the functioning of the eastern border bear fruit.

STUDIES ON THE FACTORS SHAPING THE POLISH AND BELARUS TRANSBORDER COOPERATION

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1. Introduction

Many institutions conducting studies into the changes taking place in contemporary world and publishing their own charts of countries in the process of transition gave Poland high marks, especially for the early phase of the socio-economic reforms. Poland is also seen as a favourable place for foreign direct investment. According to the FDI Confidence Index calculated by A.T. Kearney, in January 2000 Poland placed fifth (compared to the 8th place in June 1999) among 60 countries embraced by the ranking, which between themselves account for over 60% of FDI. The index is calculated on the basis of the opinions of the bosses and managerial staff employed in one thousand biggest companies in the world, which finance about 70% of such investment. Poland is sometimes actually seen as the tiger of Central Europe and it may soon be forced to pay more for World Bank loans by footing the bill for part of the administrative expenses involved in preparing them. Poland is regarded as a stable country that has successfully moved to market economy. The Polish people are waiting for the successful completion of the negotiations leading to accession to the EU, as a result of which the border between Eastern and Western Europe will move from the Oder and Neisse to rivers little known in the West, namely the Bug and the Uzh.

These facts and opinions are a yardstick of Poland's accomplishments of the 1990s; at the same time, however, they visualise the indispensable sequence of further changes generated by European integration and the ongoing modifications in geopolitical alignments on the global scale. In this paper, I will analyse these generally known processes using the example of a case study of the Southern Podlasie region. The paper refers to the fast pace of change in the development of entrepreneurship in the border region, which underwent dramatic changes. Within a relatively short period of time, in a space of just one decade, huge numbers of new private firms were registered, only to experience a brief era of prosperity before suspending trading and next going into liquidation. Then their place was taken by new firms specialising in a different branch of economic activity or operating on a different market than the firms that have just been wound up. At first the region in question received the growth impulses from endogenous factors generated by the socio-economic reforms. By setting in

train the transition to a new system, the political and economic liberalisation started three kinds of processes:

i/ the dynamic growth of entrepreneurship,

ii/ the development of the private sector,

iii/ the establishment of a local and regional environment conducive to the development of entrepreneurship, the establishment of democratic institutions and a new social order.

In 1989, it appeared that due to its peripheral location, Southern Podlasie, a region in which traditional fragmented farming predominate and in which there are no major urban centres, would benefit only to a limited extent from market economy in the future, considering the dearth of capital, knowledge, institutions and especially infrastructure. Only a year later, the disintegration of the Soviet Union and the end of the bipolar global system led to the activation of exogenous factors by unexpectedly opening up new markets and new development opportunities for nascent entrepreneurship. In these circumstances, with the situation as exceptional as this, local authorities did not guess the scenario of necessary action because they lacked both the experience and foresight. They did not resort to collective thinking about the ways of exploiting in a rational way the opening up of the state border and its demilitarisation due to geopolitical changes. At this exceptional moment, the low level of the region's development and the evident civilisational gap did not appear to present a significant obstacle to the maintaining the region's unexpected prosperity.

The signs of the enterprise spirit could be seen with the naked eye. It infected the indigenous inhabitants of the region. The situation was so exceptional that almost immediately the area saw the arrival of people from other parts of Poland who provided the substratum for the development of the private sector, as well as various shady characters, some of them from the former USSR. It ought to be stressed that unprofessional actions predominated in this climate of general economic recovery, relying on very simple if not altogether crude solutions. Nonetheless the first years of the transformations, i.e., the years 1990-1993, provided evidence of the immense potential of market economy, free from administrative restrictions. The spontaneous economic activity determined the scope of the region's restructuring. Bazaars began to flourish, everybody wanted to trade in something, even farm buildings built for an altogether different purpose but conveniently located, e.g. by a major road, were converted into warehouses or factories churning out goods which were in demand among the visitors from across the border. Trading became the common occupation of the population, which used to

rely on agriculture as their means of subsistence until recently. Thanks to geopolitical changes, radical changes got under way in the region in question. Starting with 1993, domestic entrepreneurs were joined on an ever bigger scale by the first foreign investors, who opened up their branches, established cooperation and invested in local staff. At the same time, the first business associations were set up, such as the local chamber of commerce. The Cooperation Forum for the Region's Development was established in May of that year and one of its first actions was to order a study of the region with German firms based in Berlin. Already in 1994, thanks to half a year of work of experts from Ubw Unternehmensberatung GmbH and Euroregio TEAM GmbH, and of representatives of regional state administration and the local Regional Development Foundation, a study of Biała Podlaska voivodship was ready. Owing to the strategic location of Southern Podlasie in the trans-European transport corridor, attempts were made to secure funding for this undertaking from EU funds. This means that right at the start of the transformations, the area found itself to be in a much better situation than other regions of Poland.

2. Southern Podlasie Region

The functioning of Poland's eastern state border in the years 1989-2000 and the region concerned as such is the subject of studies conducted by the Chair of Regional Studies of the University of Podlasie in Siedlce. The emphasis on geopolitical factors in this text calls for a brief outline of the main strategic features of the region. This region bisects symmetrically the European transport corridor, linking London-Paris-Berlin-Warsaw-Minsk-Moscow and further on to the Far East across Siberia. It is therefore a segment of a transcontinental transport corridor linking Western Europe-Germany-Belarus-Russia. It has also been referred to as a development axis of supraregional significance because it links the Baltic coast with Ukraine, Slovakia and Hungary and on to the Mediterranean shores. It is the crossing point of important road, rail and water routes, whose appeal depends in a large way on geopolitical determinants. For geopolitical considerations, the waterways of this part of Europe lost their economic significance in the 20th century. On the other hand, thanks to the failure to build the planned hydrological and navigational structures, they have become a newly discovered tourist and ecological attraction owing to the biodiversity preserved there.

The region is reaping medium- and long-term profits from its transit role in the aforementioned corridor. In general, depending on changes in the geopolitical situation and political relations between the above mentioned states, fluctuations occur in the intensity of transit traffic and of economic activity, sometimes quite pronounced ones. The occasional

political tensions or ill-advised administrative restrictions are reflected in shifts in the use of the transport infrastructure network, with some routes and directions becoming nearly desolate for a period of time while other routes experience a boom in passenger and freight traffic. This is a consequence of the fact that in this part of Europe, along Poland's eastern state border, there are four countries which only appeared or reappeared on the map of Europe as a result of the disintegration of the Soviet Union. It should be remembered that in the previous period, all the way up to 1990, this was a huge monolith governed by one ideology and one philosophy, ruled in a centralised fashion from Moscow headquarters. It embraced Eurasia from the Elbe in Germany to the Pacific shores. The appearance of new states, which proclaimed their sovereignty and independence one after another, was tantamount to the heralding of and consenting to the development of market economy. In practice, this translated into the necessity of abandoning the command-and-quota system. The moving power of the free market made possible the emergence of a climate conducive to the formation of political elites and the ruling class. In the first free elections, the people of those countries voted for the shape of the future parliaments and consequently also the future constitution. There is good reason for recalling at this point these rudimentary principles of any statehood.

3. The role of mentality and demons of the past in shaping geopolitical premises

The state of business in Southern Podlasie and indirectly also the state of transition depends in a great measure on geopolitical factors. Due to the absence of sufficiently developed endogenous factors in the region, the early years of the process of transformations proved that the incentives for growth can come from the asymmetry of economic potentials that exists between the regions of Poland and the border regions of the former Soviet republics. In this way, thanks to exogenous factors, the potentials on both sides of the border get balanced, a phenomenon known from earlier studies. It can be expected that in the future the region will generate its own growth factors through complementary cooperation. These are generally known regularities but they only apply to a limited extent to Podlasie, located as it is near the border of three new states, namely Lithuania, Belarus and Ukraine, plus Russia's Kaliningrad District. Although the European strategic transport corridor connects the region in question only to Belarus, the 1990s showed that maintaining contacts with that country encounters obstacles; in such circumstances, alternative routes come to life, like by-passes. Then it turns out that the lack of convenient transport connections is not such a great obstacle after all.

The spontaneous development of trade in the early stage of the transformations made is possible to eliminate old stereotypes and prejudices. Many of them were a product of past actions of the authorities, which deliberately fanned them up and nurtured them, so to say, in the minds of people kept in isolation, denied their passports and the freedom of travel. The borders were subordinated to military goals. The totalitarian propaganda kept terrorising the people with an unknown external enemy, cautioned against risk, whipped up a psychosis of general danger, while the insubordinate citizens faced exemplary punishment. On the Polish side of the border the local population cherished convictions of alleged superiority while on the Belarusian side there were displays of either hostility or alienation or at best curiosity or jealousy. Meanwhile, in the language of daily propaganda, all the nations of the socialist community were united by fraternal friendship, backed by assistance provided by the Soviet Union. In this way the myths and lack of truthful knowledge of the past, coupled to administrative manipulation, shaped the personalities of people living in those areas. Ironically, when the state borders were opened it turned out that people living on both sides of them could easily communicate with one another, they often spoke the same language or sufficiently similar languages to understand each other. This was accompanied by genuine friendliness, often bordering on cordiality. The young generation suddenly discovered the cultural and mental affinity with their peers across the border, while for the older generation, this was a particularly forceful emotional experience, especially when they discovered their relatives from nearby places from whom they were separated by the border for fifty years. Such instances concerned first of all Polish families residing in what is now Belarusian territory, especially those with low level of education, because under the old system those people either were unable to surmount the bureaucratic obstacles to such contacts or consciously gave them up out of the fear of losing a good job, social status, etc. In Poland, the society won a broader scope of personal freedoms and was less docile toward the authorities. The crisis of the political and economic system in Poland became earlier and the authorities permitted the development of private enterprise, albeit on a small scale, of their own accord. One effect of the political liberalisation was foreign travel, especially popular among the inhabitants of the areas situated along the eastern border, who went in droves to the US, ostensibly as tourists or to visit relatives, but in reality to work in the parallel economy.

The system transformation capitalised in a great measure on the wealth of knowledge about market economy and its institutions, accumulated in this inconspicuous way. At the same time, former emigrants, capable of assessing in a professional way the new business

opportunities, started coming back to the old country. Meanwhile, both in Poland and in the former Soviet republics, people who used to be stuck to their necks in the state sector of economy, often exploited the enterprises run by them for doing business in their own name. In this way former communist officials set up their own firms. This was one of the mechanisms which lay at the foundation of the new social order and its institutions. With some oversimplification, it could be said that in the former Soviet republics the process of emergence of the entrepreneurial class was largely hijacked by the people of the former regime. This was facilitated by the lack of general mobilisation to exploit the emerging economic opportunities as the society appeared to be lost and waited passively for what was going to happen next. It soon turned out that the possibilities of jumping onto the bandwagon of change got severely restricted, especially in Belarus, where economic freedoms were almost completely eliminated and replaced by administrative regulations. In this way, the benefits of transition were largely limited to the select few in the name of its alleged protection from deformities and the social ills associated with the free market. Such conclusions are warranted by comparative analyses made by the Regional Studies Chair of the University of Podlasie in neighbouring regions situated on both sides of the border.

If in Poland the example of the eastern border in the early years of transition provided evidence of the widespread will to engage in the building of the democratic system and return to Polish statehood, in the East the situation was more complicated, despite initial similarities. There can only be talk of a full correspondence in the case of Lithuania, if we ignore the dramatic episode involving the civilian defence of a local television station from units of OMON, the Russian special service and the attempts to impose an embargo on oil shipments and on trade with Lithuania. As for Belarus, and some time later also Ukraine, formally declared the will to go ahead with transformations. However, the problems with building an independent state, caused by the lack of consensus, resulted in the protracted discussions over the applicability of Western models of parliamentary democracy and of expanding relations with the West. At the same time, the ruling class displayed a lack of consistency in implementing the reforms. This is why the conservative, pro-Russian line prevailed in Belarus, while Ukraine keeps launching renewed efforts to lay the foundations of independent statehood.

Such generalisations bring to mind processes known from the studies of the disintegration of empires and the process of former colonies becoming independent. Plenty of illusions and frustrations are born in such circumstances and it is worth examining them in the

context of the functioning of the future external border of the EU. These are really weighty problems and they should receive due consideration in the scenarios of future developments, also those from more distant future. It has been known that due to the constant shifts in their state procedures and the constant search for new arrangements, the internal situation of those countries is far removed from the expectations of the international community, which is interested in the establishment of stable order. The negative aspects of the internal situation are even reflected in the practices employed at the border, e.g. when the state lags behind with wage payments to customs officers or border guards. Internal political disputes, in turn, translated into endless changes of procedures, legislative and institutional changes, etc. As a result, the high risk involved in economic activities, combined with not very transparent rules of the game and the never-ending search for scapegoats to blame for the failures, slowed down the development of market economy. In such circumstances, the old demons of prejudice, mistrust and envy come back to life and thrive. In a climate of overall impotence, only the multiplying restrictions and bans remain legible. This bears out the old truth that successfully developing commercial and economic relations can do the most to eliminate old traumas and push them into oblivion. The lack of universally accepted regulations is conducive to the development of trans-border organised crime, which flourishes, damaging goodneighbourly relations in the process. The limiting of the privilege of profiting from international contacts to selected groups operating on the border of law leaves open the question how in these circumstances the EU is going to civilise its new external boundary and how it is going to arrange its relations with other countries, including ones that do not have a direct border with it.

4. European Challenges Regarding the Functioning of the Eastern Border

There are numerous sources of the difficulties encountered in the functioning of Poland's eastern border and they are of diverse nature. It has also been suggested that they are generated to a large extent by geopolitical factors, which hold the key to their successful solution. From the point of view of the functioning of the future external border of the EU, I will just point out two problems in this paper. The first deals with the shortfalls in transport infrastructure and the widely known problems with the functioning of trans-European transport corridors, where the border crossings remain the crucial spots, where one can see the scale of the unresolved problems and the clash of two worlds and two philosophies. One of them was developed by the affluent EU countries, having a single market at their disposal. The other is shared by the former East bloc countries, for many of which, similarly as for Russia, the lack

of political decisions halted the socio-economic transition, economic liberalisation and the introduction of democratic institutions. In these circumstances, the nostalgia for the Soviet Union surfaces and the faith in the possibilities of its revival. What is more, actions designed to block liberalisation and democratisation are seen there as a virtue, never mind the fact that they lead to dangerous isolation. The next step can be periodic displays of hostility toward foreigners at the border, depending on swings in the political situation. Such attitudes can seem out of time but when they stem out of ideological premises, this really does not augur well for the future.

It is true that the infrastructure of border crossings along the eastern border has improved immensely during the last decade, that their number has increased and passport and customs clearance procedures have been simplified but they still leave a lot to be desired. This serves as the basis for formulating a thesis about the superiority of global-scale politics, where the tensions appearing at the top level can even be felt in the operation of border crossings. Furthermore, an observer will likely be struck by the ease with which the petrified models of behaviour, characteristic of the cold-war period and the time when the confrontation doctrine reigned supreme, can spring back to life for a while and are evident in the mode of organisation of work at border crossing points. Their monitoring proves the huge role of geopolitical factors, which not even the best technical or organisational arrangements can eliminate. Proven procedures can radically change the operation of border areas and the border as such but they need not be tantamount to finding a solution satisfactory to the parties concerned.

The second problem concerns the operation of the private sector or indeed of the presence of an environment for private enterprise, which is also taken up in the context of geopolitical factors, due to the impact it can have on the introduction of constructive changes leading to the establishment of durable goodneighbourly relations. History shows that this can be a highly effective tool for uprooting old prejudice as it permits the relatively fast emergence of new economic ties stemming from shared interests and it is generally conducive to openness. This view was borne out by empirical studies into the functioning of Poland's eastern border. Only if the conditions for the development of local and regional entrepreneurship in border regions are guaranteed, can the European challenges to the functioning of the eastern border bear fruit.

In this context it is assumed that the setting in train of the process of economic growth based on healthy foundations and aided by structural funds will constitute an important factor

in the restructuring. The fall of the Iron Curtain produced tangible economic and political benefits for all of Europe in the 1990s but the new decade calls for new endeavours.

There are the beleaguered fort syndromes, following from large gaps in living standards between the EU and other countries. It is optimistic that arrivals from other continents predominate among prospective illegal immigrants. Similarly as most CEE nations, Poles are not interested in mass emigration. Generally, then, the situation is under control as required by international conventions. Nonetheless, the functioning of the future external border of the EU is the subject of discussions and a search for solutions that would preclude a reconstruction of a divisive border known so well from the cold war period. It is feared that an analysis restricted to economic indicators may turn out to be lame and lead to the selection of not the best arrangements. Practice has shown that the cultural and mental context is very important for capitalising on customs or indeed the systems of values observed in a given region.

In each of the three new countries formed outside Poland's eastern border the process of emergence of the new structures, despite many common features inherited from the Soviet system, produced a different outcome in the 1990s. The states that used to fall into the Soviet zone of influence until quite recently and which Moscow in its diplomatic parlance divided into near and distant abroad, display a diversified degree of interest in the continuation of the old ties. Former membership of the Comecon creates peculiar problems with economic restructuring at a time of advancing globalisation. The arbitrarily imposed Soviet standards, organisational structures and institutions guaranteed the dominant position of the central authorities. But as the former Soviet Republics move to market economy, they search for relations based on partnership and for access to markets. It seems that we are witnessing a division into the countries that have reoriented to the West and those which seek to rebuild old bonds and continue to face east. In reality, however, the problem is more complicated than that. A declaration about the choice of one or the other option does not in itself determine the success of transformations. Besides, it is evident by now that the choice of the pro-Eastern orientation is not tantamount to the blocking of Westernisation. The aforementioned Belarus is trying hard to build ever closer relations with Russia but in that way it exposes itself to elements of the Western culture already present there and becomes Westernised itself, like most other post-Soviet countries. This is best seen in pop music, fashions, etc. Nevertheless, political and economic liberalisation is perceived in Belarus as a threat to the *status quo*. Only the president is empowered to disburse to the people the profits from the opening up of the economy as he sees fit. This is the reason for numerous financial and administrative curbs,

restricting and destroying private enterprise. Belarus is a textbook example of a country that froze its market-oriented reforms at a very early stage, which only embraced the so-called small privatisation. The international community knows Belarus as a country that curtails civil liberties. Occasionally, when it comes to gross violations, it is mitigated by Russia, which insists on the observance of generally binding norms.

In these circumstances, most of Polish-Belarusian trans-border cooperation projects stand only a very limited chance of being implemented. As the economic situation in Belarus deteriorates and the society is getting poorer, more and more people try their hand at smuggling or simply turn to crime. Any attempt to seal the border is reflected in a dramatic drop in the volume of trading at bazaars along the border. This starts a chain reaction, including a fall in production in local enterprises in Poland. Small merchants and craftsmen start mailing protest letters to the authorities, complaining about the threat of unemployment as there are no alternative means of subsistence. On the other hand, the Belarusian president keeps proclaiming closer relations with Russia, although apart from military decisions, there have been no other regulations, e.g. concerning fiscal or financial policy. One way or another, the early 1990s are regarded in areas along the Polish eastern border as a time of exceptional prosperity, which already belongs to the past.

This might formally be regarded as typical difficulties that occur when European standards have to be translated into CEE realities. This is most often interpreted as a symptom of a clash of different procedures, different customs systems, ways of operation of border guards, etc. In other words, the emphasis is on eliminating the existing technical and organisational differences; however, such uniformisation takes time and requires some investment. However, it is necessary to uniformise the procedures or find satisfactory solutions for purely practical reasons. For example, when the use of the transit corridor via Belarus becomes too much of a nuisance, forwarders choose longer routes to Moscow, running through Ukraine, Lithuania or Slovakia. Then things improve for a while. It should be emphasised that both the condition of the road infrastructure and traffic conditions are difficult, the narrow roads are crowded and dangerous. Even minor organisational changes can cause disruption painfully experienced by all road users. For example, on Good Friday, on April 21, 2000, Germany banned trucks from its roads for four days. After Easter, despite the efforts of Polish customs services, all the parking lots by border crossing terminals along the E 30 were still full and a 40-kilometre long line of trucks made it impossible to cross into Poland at Świecko,

where the aforementioned corridor continuing to Belarus begins. According to Polish customs officers, over 2,000 trucks were caught in that traffic jam then.

The growing difficulties in economic cooperation with Belarus were the reason why entrepreneurs from Southern Podlasie turned their eyes to Lithuania and Ukraine. Lithuania gets high marks from international observers for the advancement of its market-oriented reforms. Both the Polish and the Lithuanian government are working hard to make sure that cooperation develops successfully, regardless of old traumas and resentments. There are some highly visible extra-governmental organisations, such as the All-Polish Lithuania Lovers Club, the "Borderland" Foundation, cultural associations, as well as working contacts between the parliaments of the two countries. There is a considerable Polish minority in Lithuania and a smaller Lithuanian minority in Poland, both of which have their own schools and institutions and enjoy full rights. Poland supports Lithuania's efforts to secure admission to NATO and the EU. However, problems of various calibre keep cropping up at the local level. Polish observers sometimes get the impression that there must be forces in Lithuania that are interested in continued friction in bilateral relations. Vytautas Landsbergis, the speaker of Lithuania's Seimas (parliament) and first president of the reborn Lithuanian state, advised "caution in assessing some aspects of bilateral relations" and drew attention to the presence of numerous publications printed outside the two countries which could adversely affect the good relations.

There are plenty of examples proving that there is a lot of irritability in relations between CEE countries. It could be concluded that political liberalisation unburied old subcutaneous conflicts and recriminations going back to the years of World War II, the times when the Yalta order was being imposed, or the communist era. After fifty years, blank pages in history books were filled for the first time and attempts to make amends were launched. These are on the whole very painful endeavours, which effectively divide the societies once again. Some people want to purge history of lies, others would rather drop a veil of silence around it. The few examples given above indicate the extent of emotions aroused by the past and the diversity of dividing lines in the societies of CEE countries.

The bilateral relations between the individual countries are additionally affected by their histories ties to Russia. On this basis it has been suggested that Moscow holds the key to many European challenges related to the functioning of the eastern border, and that regardless of whether a given state borders on Russia or not. In the case of some countries, this is due to the fact that they had coexisted with the Russians within the Tsarist empire or the Soviet Union, with its centralised economic and political system, while for others it was their

membership of the so-called socialist camp, which was formed as a result of the Yalta Conference and in practice signified political, economic and military subordination to the USSR. The attitude to those historic developments, including economic ones, also continues to influence the Russians themselves, who find it hard to reappraise their past. There is a sizeable Russian community in many of the new states and the Russian language is still widely used. This greatly facilitates direct references to Russian historic consciousness, which remains firmly anchored in people's minds. This is a potential source of conflicts in the new states.

But the Russian problem itself is more complex because the Russian public eagerly resorts to Great Russian tradition. On the whole, with much simplification, the Russian public opinion remains stuck in 19th century big-power ambitions, which see the old Russian tradition of conquests as the source of greatness. At the threshold of the 21st century, the Russian people view the loss of influence and of the territory of the formerly federated republics as a painful blow that nearly threatens their own statehood. The balance sheet of gains and losses of the decolonialisation, which is known to West European societies, is not accepted in Moscow. Not that the Russians lack this kind of bitter experience, just to mention the prolonged Afghan war and the first Chechnya war. However, the process of reappraisals has not begun there. The public is not looking for alternative solutions, it has not revised the old stereotypes. The Russians have not taken up a discussion over the views and standards that got accepted in the integrating Europe and globalising world. The lack of such standards can be seen as anachronistic or as a sign of fundamentalist thinking. Militant nationalism and an instrumental approach to ethnic stereotypes about Chechnyans, which led to the launch of a new war in 1999, appear to bear out this diagnosis. Another evidence of the problem is the fact that the average educated Russian, holder of a university degree, is still unable to accept Ukraine as a sovereign and independent country. Meanwhile, the president of Belarus, similarly as many citizens of his country, feel that there is a need to maintain a union with Russia and voluntarily surrenders his country's independence. If this trend continues, the Polish-Belarusian border can become the Polish-Russian one.

I am referring in this paper to certain old stereotypes, the awareness of which turns out to be useful for analysing geopolitical factors. In the light of observations made in the region in question and especially contacts with people who display their disapproval and prejudices over Poland's accession to NATO, this appears to be an important consideration. In the former Soviet republics there are invariably large groups of people with a strong pro-Russian orientation. Paradoxically, this is a revival of the old dispute dividing influential Russian

milieux into the advocates of upholding old Russian traditions and the supporters of Westernisation. The paradox consists in the fact that the former do not fully realise how strong Russia's relations with Europe are, how many elements of West European customs and culture are already present in modern Russia. The demonstrations of Russianity conceived in an extremist fashion, on the other hand, leads to isolationism, which has been rejected in contemporary world as rather ineffective.

The disintegration of the Soviet Union has revived old divisions, on which new ones have been superimposed. The societies of the former republics have become polarised over opposed orientations, i.e. those supporting moves aimed at laying the foundations of a market economy and parliamentary democracy and the advocates of restoring the former state of affairs. Both orientations are already rooted to a considerable extent in the former systems of government. In the societies of the new states situated along Poland's eastern border, i.e., in Belarus and Ukraine, these proportions varied and fluctuated. The general rule is that the closer one gets to the state border, the bigger the number of supporters of democratic changes and free market. This must have been influenced by the personal benefits to the respondents from the open border. On the other hand, the burdens associated with the transformations boosted the proportion of people advocating the restitution of the Soviet Union. Especially among elderly people with a low level of formal education or lower incomes the proportion of advocates of market reforms and liberalisation tended to be lower. The people feared the need of further sacrifice, of the need to look after one's future, of responsibility and the inevitable element of risk. Genuine fear of change in some people coupled to open resistance of others were responsible for the fact that neither Ukraine nor Belarus imparted enough impetus to their reforms.

The superior goal in implementing the European challenged to the functioning of the eastern border should be to integrate Russia with the broader Atlantic community on the basis of shared values and mutually respected principles of civilised behaviour.

5. Crash Course in Market Economy for Southern Podlasie Entrepreneurs

The acceleration accompanying the first phase of transformations in Poland's eastern regions was dictated by exogenous factors generated by the short-lived political liberalisation and the lack of clear geopolitical criteria. The first major breakthrough was the aforementioned boom in cross-border trade, which could be termed international trade, considering the proclamation of independence by the new states. However, the Polish society was relatively slow to learn to distinguish between the citizens of individual states. At first they were all

called Russians because they spoke the Russian language which many Poles could understand, sometimes confusing Belarusian or Ukrainian for Russian. Eventually, such distinctions became important because the individual countries had different passport, customs or foreign exchange regulations, different rules governing tourism, different tax systems, etc. Polish businessmen then had to take a crash course not only in market economy rules but also international relations and international law. If it is remembered that many of them lived off agriculture previously, the shock could hardly be greater.

We were then witnessing an impressive flexibility of economic undertakings encouraged by the market and by the opening up of the border. There were endless changes with regard to the products and industries specialising in delivering the goods most sought after in the East. The low fares then in force in the former USSR made it profitable even for the inhabitants of faraway Asian republics to come shopping to Poland. Many of them quickly turned into professional traders, who established commercial contacts anywhere from Turkey to India to China in search for the best offers. This was a globalisation of sorts at the level of quasi-merchants. Also Southern Podlasie manufacturers quickly adapted to the growing demands of customers from the East. Despite strong international competition, they succeeded in awakening new demand by offering Eastern customers goods they could not know from the communist era.

At first the travellers arriving from the East started by selling the merchandise they brought with themselves before going on a buying spree. However, the goods were rarely attractive and soon it was impossible to sell them even at very low prices on the local market. Then the visitors tried to travel deeper into Poland, even to very remote places. This was when Warsaw's biggest sports arena, the 10th Anniversary Stadium, was turned into a bazaar, which it remains to this day, although its heyday is over. In the early 1990s, a typical scene on a train in that region were people with huge bags who only asked about the way to the stadium, as the rest of the city or even its name did not matter to them at all. But the growth of transportation costs led to a polarisation among the pseudo-tourists. Some could no longer afford to come while others had already made a small fortune. The appearance of the first restrictions on crossing the border coincided with changes in the nature of trade. Polish middlemen took over the purchasing of the goods brought by the visitors, who also offered a full range of services such as accommodation, security, help in buying merchandise to take back to the East, or transport services—this because driving in vehicles bearing Eastern number plates became risky due to the spread of extortion rackets led by the citizens of the former Soviet lands.

Shortly afterwards many Eastern visitors began to come without anything to sell, just wads of dollar bills for spending on the purchase of merchandise. Then the goods were physically carried across the border by hired Poles, often without paying the customs duties due. Those merchants, who had bigger funds at their disposal, were not satisfied with Poland's border regions as they did business on a grander scale in big cities.

The widespread shortage of capital and business infrastructure was the reason why bartering predominated in international trade. Financial services, on the other hand, were left to Western banks. The exceptional boom and the vastness of the Eastern market led to the emergence of big firms, much larger than any that could be encountered in the border regions. Poland's eastern borderlands flourished mainly thanks to the people who established a market economy on a local scale and who typically just registered their first small or medium firm. At the same time, supply shortfalls appeared due to the region's small economic potential.

Over a three-year period, business associations were formed in Poland, such as the ones set up by the merchants from individual bazaars of Podlasie. The nascent private sector was generating durable forms of cooperation, with the emergence of networks of producers, suppliers, distributors, etc. also in the border regions. This led to the establishment of many firms that could afford to invest in their growth. These firms build themselves new headquarters, set up branches, or the firms themselves would move to a new site, often in a special economic zone or other areas on the eastern side of the border. One way or another, in Southern Podlasie business activities proceeded at various levels, catering to definite groups of customers, and many firms worked solely for foreign markets.

The first drop in the number of arrivals from the East, along with a revision of the list of places that appealed to them most, came with the 1st Chechnya war of 1994. This was when Belarus imposed stricter border controls, with Ukraine and Rumania taking over part of the stream of visitors who used to come to Southern Podlasie. As a result, the region in question registered changes that could be traced to geopolitical factors. The drop in the number of visitors was reflected in a dramatic fall in sales of goods and services, empty streets and shops, etc. These political developments coincided with the growth of competition and increasing fiscality of the young states, which encouraged the establishment of manufacturing firms close to the markets. This was when some companies from Podlasie moved away from the region, while the first joint-venture companies, which benefited from tax breaks, were established.

The drop in the number of visitors followed from the stricter enforcement of the regulations concerning visas, invitations, the need to buy vouchers with which one could pay

for tourist services or the requirement of having a specified amount of money in convertible currencies. This last named hurdle was particularly high because wages in the East stayed at a very low level. As a result, the number of visitors shrank and merchant organisations began to protest against government decisions. Then the requirements were periodically lowered. Similarly, changes in customs duties effectively modified the intensity of traffic at border crossings and influenced the interest in the development of trans-border cooperation.

In connection with the obligations the Polish government undertook in connection with the Poland's status as a EU-associated country, on January 1, 1998 the so-called sealing up of the eastern border took place. Direct contacts were severely curtailed in this manner, leading to a fresh dramatic fall in trade. Earlier, similarly restrictive regulations were also introduced by other countries, whether as a reciprocal measure of in order to boost Treasury revenue, as was the case with Ukraine and Belarus. However, entrepreneurs either managed to secure a reversal of the decisions or modified the operations of their firms as appropriate. In Poland, the "Europeanisation" of the operation of border crossings was seen by the people affected by it as growing impediments to the operation of small and medium firms. In Belarus, it was additionally exploited as an opportunity to clamp down on the parallel economy and was regarded as the country's official lack of consent to the operation of the private sector.

In Poland, these official moves were seen as unjust because they undid the hard-earned stability, a blow directed by the authorities at their own citizens living in border regions. This was a time of painstaking rebuilding of prosperity, this time in fierce competition with EU businesses, which ever more successfully gained control of the Eastern market. The Polish capital was too weak by comparison, although the Poles knew more about the East. The government's policies aroused a lot of controversy and protests, especially on behalf of the eastern regions, but those voices were not heeded in the capital. This policy was termed as the cooling off of the economy and it effectively slowed down the pace of economic growth in the eastern lands half a year before the Russian crisis came as the second blow.

The discussions over the rationale for cooling off an overheating economy also in the eastern regions have continued to this day. The fact is that the August financial crisis in Moscow and the devaluation of the rouble hit the eastern and poorest part of Poland the hardest. The disruption of growth was chiefly due to external upheavals which could not have been predicted. But for the inhabitants of the border regions this was tantamount to being deliberately denied by the central government of at least six months of prosperity. The advocates of the cooling off argue that thanks to the operation, the Russian crisis came as a

smaller shock because it already occurred at a time of reduced growth, but it cannot be denied that the two factors combined lead to a 60% fall in sales to Russia, the bulk of which were effected through trans-border trade.

With the Russian crisis, the situation changed dramatically. The Russian society got poorer due to the devaluation of the rouble and could not afford, for example, Polish food products, which suddenly became luxuries. The Russian crisis adversely affected the economies of all the new states, leading to a drastic fall in the purchasing power of their population. Meanwhile, Western firms appeared on the Eastern market with their subsidised foodstuffs. Polish firms get no government subsidies and many of them had to quit that market as a result.

With the exception of Lithuania, the Russian crisis demonstrated the huge dependence of Belarus and Ukraine on the Russian economy and the same can be said of Poland's eastern borderlands. The balance sheet of the 1990s for Russia includes several bouts of hyperinflation, devaluation, a collapse of the financial system, drop in production, the standard of living and growing unemployment. Even so, next to the growth of world oil prices, the deflation became one of the factors behind that country's economic recovery that began in 1999. At the same time, much of the former barter has been replaced by regular trade and the performance of Russian enterprises improved. But the questions remain. Will the symptoms of economic recovery infect Russia's western neighbours, i.e. Belarus and Ukraine, and will they next reach Poland's eastern borderlands? Or will the growth impulses reach Poland directly? Or, as Poland's integration with the EU proceeds, will it rather be a case of EU firms turning out to be more competitive in the East, the first taste of which already came after the August 1998 crisis?

In 2000, the general expectations are for a return to the fast growth rate. After the disappearance of the negative external determinants, which reactivated the geopolitical factors, economic recovery and a faster adjustment to EU standards are anticipated. However, it is still difficult to predict how in these changed circumstances the experience of Southern Podlasie entrepreneurs will be exploited for boosting trans-border cooperation at the local and the regional level, which translates directly into their presence on the eastern markets.

6. Concluding remarks

The winners and the losers of the first phase of the transformations among the CEE countries are generally known. The difficulties posed by market economy have been

thoroughly analysed and described. The hopes for a repetition of the scenario of similar events and processes witnessed earlier along Poland's western border with Germany, which also generated economic recovery in border areas, both on a local and regional scale, proved illusory. Poland's capacity to exert this kind of influence on bilateral relations along the eastern border turned out to be incomparably smaller than the influence exerted by reunified Germany.

The experience from monitoring the eastern border exploded another illusion, namely that early successes can promise future development and guarantee Polish firms a strong position on the Eastern market. The Russian crisis thwarted this kind of wishful thinking because geopolitical factors which exerted a definite influence on bilateral relations got activated on a big scale along the eastern border. It turns out that recapturing market share is a difficult and time-consuming process. Besides, it is much easier for bigger firms, of which there are but a few in the Southern Podlasie region. The selection process among enterprises proceeded amid fierce competition. New companies were set up, old ones changed their area of operation, moved to new regions or new fields of industry, etc. This process was easy to see in Southern Podlasie, especially among newly established small and medium firms, which suddenly boomed, collapsed or reorganised. Even so, the scale of changes accompanying the transformations was such that it was possible for many Polish entrepreneurs to find room for themselves. Many Polish firms were already present on the Eastern market previously and they successfully adapted to the changed situation.

It seemed that the boom would last long. The sheer volume of the Eastern market and the appetite for consumer goods was so huge that at first the quality of the products was not a major concern. Many Polish manufacturers got used to relatively low requirements of Eastern consumers and did not pay sufficiently much attention to the standard of their goods. This was a guarantee of a disaster the moment Western firms began to eye these markets. Then the going got tough and Polish firms, denied government subsidies, could only compete thanks to lower costs or the ability to match the tastes of Eastern buyers better.

Poland will be obliged to implement the common EU visa system; it already began to prepare for it in 1998, when stricter control of the border was introduced. In order to abide by the EU regulations, Poland will have to terminate the agreements with 15 former Eastern bloc countries on the abolition of visas. These agreements are as a rule bilateral ones, so those countries will reciprocate the move and reintroduce visas for Poles. In the decade now ending, there have been especially much of such tit-for-tat in economic relations. Still, it is necessary to search for the right solutions, so as to make sure that the introduction of European visas

conforming to EU regulations does not become a repetition of the sad experience of Polish entrepreneurs from the time of sealing the border or of cooling off the economy. We should strive to make the eastern border as open and friendly to all those engaging in honest trade and developing goodneighbourly relations as the Polish-German border is now. Then the future external border of the EU will not keep alive old resentments and prejudice or generate negative effects of geopolitical dimensions.

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