

Changes in Belarus: The Task for the Opposition, not Foreign Powers

The recent release of two opposition activists is an important event but hardly a turning point for the political situation in Belarus. More than a dozen political prisoners remain incarcerated. Even if Alexandr Lukashenka frees all political prisoners and welcomes EU ministers in Minsk, it will not be a turning point, either.

First, Lukashenka can very soon change his mind, take new prisoners and start the liberalisation game anew. Second, the release of opposition activists taken hostage by the regime may have humanitarian or personal significance but no political impact – as long as they do not undertake real work with people inside Belarus. The fundamental problem is that only three actors play this liberalisation game – the Belarusian regime, Russia and the EU. The Belarusian opposition's role is that of a ball with which they are playing.

Belarusian Opposition: Mission Possible

The reasons for the latest friendly gestures towards West by top officials are the same as before. Worsening of Belarusian relations with EU has narrowed options of Belarusian ruler to a pitiful role of Moscow's vassal. After Putin became the Russian president, he declared his intent to intensify building of Eurasian Union which can be dangerous for Lukashenka's power and survival.

No wonder, the Belarusian leader looked westwards again to return to his older model of multi-vector foreign policy. He is gradually accepting some demands of the EU as in 2008, when

he also released political prisoners and began dialogue with the EU. The pressure on the opposition diminished – yet it did not result in strengthening opposition inside the country. Then came the 2010 elections, confrontation and suppression of the opposition within Belarus. The same happened in 2004 and 2006.

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The vicious cycle will repeat again as the interests of stakeholders and power balance on the part of the EU, Russia and Belarusian regime remain the same. The situation can change only when the opposition inside Belarus emerge as an organised and self-conscious force. The opposition should become a visible player not only in Brussels and Washington.

True, Lukashenka's regime blocks many movement of his opponents but there are absolutely no grounds to compare it to Stalin or even Third World dictatorships. Working with the population in Belarus is possible.

Currently, many in the opposition are preoccupied with retaining their financial support without being able to produce any proof of their own efficiency and popularity inside the country.

Is Anyone Alive?

The year 2011 demonstrated that the opposition could not organise any serious political campaigns despite widespread anger at government policy displayed by Belarusians because of economic and social problems. The silent protest actions remained spontaneous mob actions without content, and “People's Assemblies” simply failed to attract any considerable numbers of people.

Apparently little has changed in this regard in recent months.

The websites of oppositional parties – their main representation platforms given the current situation with media – demonstrate just that. The websites of three major oppositional parties – Belarusian People's Front Party, United Civic Party and Social Democratic Party – resemble internet news sites rather than outlets of political organisations.

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Parties usually reprint various news already available elsewhere on Internet and may occasionally publish their own analytical pieces or statements. Yet they give little indication of actual activities inside Belarus and work with people.

Of course, topics such as prospects of the Eastern Partnership, the role of the Belarusian People's Republic' government in exile and the Belarusian origins of Scarlett Johansson are very interesting. But they have little to do with the situation in Belarus or the parties' own activities.

The situation looks better with political movements. Both "Tell the Truth" of Uladzimir Nyaklyaeu and "For Freedom" of Alaksandr Milinkevich look more dynamic. Their sites demonstrate concrete examples of working with the Belarusians inside the country. "For Freedom" is organising public lectures and "Tell the Truth" is conducting a campaign on the newly proposed Chinese Industrial Park which seriously worries local residents. But their own reported activities still resemble the old parties.

What this means is that the problem of little work with the people have plagued all major oppositional political structures.

Belarusian "Cargo Cult"

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Anthropological insights help to understand activities of Belarusian opposition and society. Some South Pacific islanders, after seeing Western vessels with valuable items arriving to their lands, developed the so called "cargo cult". That was a form of religious belief that salvation shall come from foreign land on a ship or aircraft. That is a pattern to describe activities of Belarusian opposition in recent times.

Activity of most oppositional politicians concentrate on foreign governments and stakeholders. It is assumed that the opposition anyway cannot do anything within the country. That means that they need not undertake any efforts to improve their performance inside Belarus. Instead, the oppositional politicians put pressure on Lukashenka from abroad using the EU. But such behaviour is more likely to produce their further marginalisation inside the country rather than any real, albeit small, change.

The futility of such an approach is evident. The deputy head of the campaign "Tell the Truth" Andrei Dmitryeu speaking to Radio Liberty admitted, "The Belarusian opposition should stop looking for happiness in other capitals. It has to look for happiness here. [...] While Belarusian society is not willing to follow the Belarusian opposition, it does not matter what is happening around Belarus."

Need to Develop An Alternative

Many radical activists call for Western sanctions but not for funding the deeply needed projects – like new media projects or the improvement of the existing ones

Tendencies to focus primarily on foreign advocacy lowered efficiency of opposition and their chances to achieve changes within the country. The gap between the opposition and reality in Belarus may end badly for all. Just one example.

Many radical activists call for Western sanctions but not for funding the deeply needed new initiatives – like new media projects or the improvement of the existing ones. Mass media in Belarus should become much more vigorous, provide society with independent information about what is going on in the country, and serve as a discussion platform.

For instance, the only Belarusian-language TV channel Belsat is broadcasting original content under extreme pressure put by Belarusian authorities on its journalists in the country. It has much better chances to help changing the situation in Belarus than dozens of websites. Nevertheless, Belsat is chronically underfunded even now.

And there is no such thing as too much funding for media, education, cultural and academic exchange projects. Of course, such a policy is more expensive than sanctions. Sanctions are an easy solution particularly when they are imposed against a relatively small country. They can nicely demonstrate how the EU can punish a dictator. But breaking the vicious circle requires not just sanctions but real work inside the country.

The opposition will have a hard time getting more money for this kind of projects. Finding money inside Belarus is virtually impossible. For foreign donors supporting real projects directed at Belarusian people could be more expensive and risky than supporting various exile opposition groups or yet another website.

But it is important to understand that only working with Belarusians rather than Brussels insiders can seriously increase respect for the Belarusian opposition. It should appear as a responsible and trustworthy political actor inside the country. Once the public opinion starts to change in the right direction, the question of changing the situation in Belarus will become a question of time.

Otherwise, the cycles of taking and releasing political hostages will be repeated again and again.

Why Young Belarusians Go to Russia, Not Europe

Alexander Rumak from the Ministry of Labour and Social Protection declared that the Belarusian labour market would not deteriorate this year. According to official figures, the unemployment rate in Belarus is merely 0.6% of the economically active population. The reality, however, is different from the rosy picture the Government of Belarus is trying to paint.

Thousands of young Belarusians migrate to Russia to escape unemployment and low wages. While Russia is waiting for Belarusian migrants who benefit its economy with open hands, the European Union keeps its doors shut, maintaining the highest [visa fees](#) in the region for Belarusian citizens. To balance Russia's influence, the European Union should become more open and offer more education and work experience opportunities for the Belarusian youth if it wants to see Belarus democratic and pro-European in the future.

Economic Reasons for Migration

Belarusians paid dearly for Lukashenka's 2010 election campaign. Just before the presidential elections in December 2010, the average wage in Belarus was more than \$500. In November 2011 it was just \$280, according to official statistics. Outside Minsk the salaries are even lower. In 2011, Belarus suffered the worst economic crisis since the

collapse of the Soviet Union. The policy of [printing](#) money just before the 2010 presidential election resulted in the inflation rate of 108% in 2011 and [devaluation](#) of the Belarusian rouble by more than 189%.

Most employees in Belarus receive practically equal salaries no matter how much or where they work because of the Soviet-era wage leveling. Even those who work in the prestigious banking sector, enterprise management or media feel they lack opportunities for professional development and cannot afford a good lifestyle. At the same time, low skill factory and farm workers feel more protected under the current regime. They are the main electorate of Lukashenka and he proclaims “social stability” in favour of them. The lack of career opportunities lead to a brain drain and massive migration of high-skilled workers and talented youth to Russia.

The National Statistical Committee of Belarus keeps insisting that the current unemployment rate in Belarus is just 0,6%. In reality the number is much higher because the Committee only counts the number of people who officially register at employment bureaus. According to some estimates, around 150,000, or 3%, of economically active people leave Belarus annually. This number significantly exceeds the official figures. However, the precise number is impossible to determine because it is difficult to monitor migration flows between Belarus and Russia in the absence of any visas or border control between the two countries.

What do Young Belarusians do in Russia?

Belarusians can work in Russia without visas or additional permissions. They also have the same rights to education as Russian citizens. Their education in Russia is free if they successfully pass entrance exams – where at small regional universities or reputable Moscow State University or the Higher School of Economics. One of the most prestigious Russian universities, Moscow State Institute of International

Relations, has become Alma Mater for dozens of Belarusians: 41 of them studied there in 2011.

The majority of graduates of Russian universities do not return to Belarus because of lack of opportunities there. The income difference can be very significant. For example, the entry-level salary in the Belarusian Ministry of Foreign Affairs is about \$100 while in Russia young diplomats start with at least \$650. Food, leisure and clothing costs are practically the same in Minsk and in Moscow. Such income disparity naturally motivates Belarusian graduates to stay in Moscow and search for high-paid jobs.

As a result these Belarusians contribute to the prosperity of Russia rather than of Belarus. The effectiveness of any modern economy depends on the level of added value in products and services. It is exactly highly skilled specialists and creative people who increase the added value through innovation. Russia is aware of that and stimulates migration to improve its difficult demographic situation. According to official Russian statistics, in 2009 immigrants almost completely compensated the natural population loss caused by the low birth rate in Russia. Because the Russian language is widely spoken by the urban population of Belarus, they assimilate in Russia much faster than other migrants from the former USSR.

How Can Europe Respond?

The European Union should match Russia's generosity by offering more education opportunities for young Belarusians. Certain steps have already been taken: the Open Europe Scholarship Scheme offered a significant number of scholarships for the education of Belarusians in leading European universities in 2012-2013. However, European policymakers could go further and enable Belarus [to join](#) the Bologna process. They should also foster academic exchanges and cooperation such as Erasmus programs to enable the young

people of Belarus to live and travel beyond Russia.

The European Union could also increase the number of internships and visiting positions available for Belarusians in European political, economic and education institutions. This would allow more young Belarusian professionals in different fields to develop experience and connections in the European context. At some point, these young people will rule Belarus.

Direct support of Western-educated Belarusians who want to return to Belarus is also very important. It would prevent a brain drain and help them to adapt to Belarus after their studies. Graduates will be more interested in staying in their native country if there are more suitable employment opportunities inside the country at western companies, NGOs and other institutions. Unfortunately, per capita foreign direct investments in Belarus (which borders three EU countries) are almost three times lower than in Russia. Establishing research projects and other initiatives to be implemented in Belarus is also possible despite difficulties which might be created by the Belarusian government and bureaucracy.

To Distinguish Between People and the Regime

Therefore, the European Union should be more interested in creating favourable education and internship conditions for the Belarusian youth if it wants to play an active role in promoting democracy in Belarus. This kind of youth engagement policy also implies development of direct support schemes for European university graduates in Belarus.

The European Union should also increase its presence in Belarus and foster Belarusian-European contacts at all levels. It can be done without compromising on the issue of human rights, which should also remain part of the agenda. Today, increasing contacts with the Belarusian population is [the only](#)

[way](#) to gain at least some political and economic leverage to influence the situation in Belarus. Ordinary Belarusians should not remain hostages of the Belarusian regime's reckless policies and human rights abuses.

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Belarus the Indebted

The Belarusian government spent the whole year actively looking for money to sustain the collapsing socio-economic model. It was looked for everywhere: in the West and the East, in Europe, Asia and Latin America, at the IMF and EurAsEC. And over the last several weeks finally Belarus managed to get a big chunk of foreign loans. The biggest 'gift' came from Russia as a reward for Minsk's support of the new wave of post-Soviet integration.

Now that the hard currency reserves have become thicker the government can take it easier for some time. But how long can the strategy of surviving on foreign loans last? Already next year the Belarusian taxpayers will feel the burden of the debt.

The Year Of Money Quest

As soon as the first signs of the financial crisis became visible earlier this year the Belarusian government went back to its once successful way of muddling through an economic turmoil with the help of borrowed money. In 2009 the country received USD 3.6 billion as a stand-by credit from the IMF which to a large extent saved it from full-scale socio-economic repercussions of the plummeted demand for Belarusian

goods on international markets. Belarusian rulers reasoned that instead of opening the Pandora's box of economic reforms in 2011 it would be less risky to look for new external borrowings.

But this year the overall situation was not as favorable for the Belarusian government. After the crackdown on the protesters on 19 December 2010 and the wave of repressions against the political opposition and civil society Belarus found itself in a severe confrontation with the EU and USA. Discussions of the next IMF loan went nowhere because Belarus refused to fulfill the necessary political pre-conditions. Moreover, the unwillingness to adjust the macroeconomic policy to the recommendations by the IMF made a loan from that institution twice impossible.

At the same time the government was looking for money everywhere else. There were hopes for Venezuela, Iran, Azerbaijan and China. But what the 'distant friends' were able to offer were peanuts. In July Belaruskali got USD 300 million from Azerbaijan and the money was transferred to the national reserves. At the beginning of October a USD 400 million credit was promised by Iran but with no follow-up.

There were several announcements of credits from China (including USD 1 billion in November). But Chinese credits do not look very attractive as they have a condition attached – to be spent on Chinese goods. And for Belarus it means to further expand its trade deficit.

Another source of external money was through selling Eurobonds. And in January the country completed its borrowing of USD 800 million through this mechanism. But as the financial disturbances were growing bigger Belarus's sovereign rating and the commercial banks' ratings were downgraded.

The sovereign rating was downgraded from B2 in January to Caal today by Moody's and from B+ in January to B- today by S&P.

Both agencies keep Belarus's credit on a negative watch, which increases the likelihood of further downgrades. As a result, Belarusian Eurobonds maturing in 2015 and 2018 were trading at 20% and 17% yield respectively in late September 2011 (being originally issued at 8.75% and 8.95%).

Following the Gazprom deal on 25 November, the yields on the Belarusian 2015's and 2018's Eurobonds have compressed to 13% and 12%, respectively. However, even such high yields make the Eurobond market hardly attractive for the country. Should Belarus decide to return to the market, it will need to pay a hefty new issue premium and find bookrunners capable and ready to place its bonds with institutional investors.

All but one bookrunner of the previous Belarusian Eurobonds refused to work with the sovereign due to human rights abuses in the country. Sberbank is the only bookrunner who has not dropped Belarus from its coverage list.

From Russia With Love

Last but not least, there was Russia, the regime's biggest creditor and donor. However, during the first half of 2011 no money came from the 'Big Brother'. Only in July did the Belarusian government manage to negotiate a USD 3 billion loan from the Russia-controlled Anti-Crisis Fund of EurAsEC. The first tranche of the loan (USD 880 million) arrived in the summer. Another USD 440 million was scheduled for October-November. But because Belarus has not met all the agreed macroeconomic conditions the tranche is still pending.

However, there is little doubt that it will arrive after the 'integration agreements' reached on 18 and 25 November. Belarus (more precisely the state-owned company Belaruskali) got USD 1 billion as a syndicated credit from Sberbank and the Eurasian Development Bank. And, finally, it was announced that Russia would provide USD 10 billion for the construction of the Belarusian nuclear power plant in Astravets. However, the

credit will be allocated in several tranches.

And So It Is...

So what does the preliminary results of the 'credit quest' in 2011 look like in numbers?

As of 1 October 2011, the government debt was USD 11.88 billion. Provided that the second tranche of the EurAsEC credit arrives this year, the government debt will rise to almost USD 12.5 billion, which will represent 25% growth of the debt in 2011. That is an estimated 36% of the GDP which realistically will amount to around USD 35 billion this year. The gross national debt will exceed the GDP already in 2011. Given that in the Belarusian command economy there is little difference between the liabilities of the state and of state-owned banks and enterprises (about 80% of the economy), the risks are getting high. And new credits are on the way.

Thus, the external debt level is becoming a new Belarusian tragedy which can soon completely overshadow the other national concerns, i.e. current account and foreign trade deficits, and even inflation. Taking into consideration that the dominant slice of the debt is Russian, the Belarusian government's ability to resume its geopolitical maneuvering will be significantly limited.

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