

Odd Man Out Again

Explaining Belarus' Post-Orange Transformation

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Vitali Silitski

Belarusian Institute for Strategic Studies

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Post-Soviet Eastern Europe in a Post-Orange World

A mountain of competing explanations seeks to account for the success of electoral “color revolutions” in some places and their failure in others. The comeback of Viktor Yanukovich, who was recognized to have won Ukraine’s 2010 presidential election fair and square, will produce another pile of written thoughts on what the “wave of electoral regime change” really meant and what its long-term impact on democracy and the geopolitics of the region will be.

In the end, the color revolutions became a self-defeating prophecy. They advanced only at the expense of weak and dysfunctional states, where incumbents were unable to fend them off. In more authoritarian states, they became scarecrows for both strong incumbents and populations who were unwilling to trade the dubious benefits of uncertain democracy for guaranteed stability. In places like Belarus, Kazakhstan, Azerbaijan (to some extent), and also (in a sense) Russia, the anti-Orange consensus spread over both rulers and ruled. The failure of Ukraine’s Orange Revolution in particular to bring forth any sense of “the end of history” (i.e., to set the country firmly on a track to European and Euroatlantic integration) has had a negative effect for aspiring democrats in the neighborhood, whose pro-democracy and pro-European agendas now clearly lack substance or a realistic chance of being implemented.

The exhaustion of the “color” revolutionary scenarios has thus become one of several tendencies, including the global financial crisis, the simultaneous decline of U.S. hard and soft power, and the European Union’s reluctance to even consider further

enlargement, which undermine the stock of positive incentives the West is able to formulate for local societies and which can be translated into mobilizing messages for democratic opposition movements.

At the same time, shifting foreign policy priorities in the EU and the United States may point to a new strategy for influencing change in the region, based on a search for win-win solutions that accommodate, rather than alienate, incumbent elites. This new agenda will be driven more by strategic considerations (ensuring security and balancing Russian hegemony in the region) than “Wilsonian” ones; will focus more on development than democracy; and will prioritize long-term factors securing development of civil society and effective governance over regime change. It would be premature to call this policy a shift to *realpolitik* or a promotion of “change through engagement”; the simple matter is that old-fashioned democracy promotion does not appear to be a realistic policy alternative for now.

The Belarus Exception

The feasibility of “win-win” strategies for influencing change in the region may be tested in the case of Belarus, a country that once defied the trend of regime change in the region and even became a leader in “preempting democracy.” The March 2006 presidential election in Belarus was the pinnacle of President Aleksander Lukashenka’s successful effort to preempt the possibility of a color revolution happening on his home turf. His resounding victory, although achieved with repression and manipulation, was accepted *de facto* by Belarusian society, which seemingly would have elected him even if the vote count were fair. The political opposition, while encouraged by the defiance and sacrifice of young activists, proved to be too weak to challenge the status quo. Any prospects for regime change in Belarus appeared to be put off indefinitely.

Belarus defied the general logic of developments in the region, however. Change began to arrive in 2007, once the counter-revolutionary clean-up was complete. There is much discussion in Belarus and elsewhere as to whether internal developments since 2007 can be characterized as “liberalization.” Nonetheless, it is evident that for the first time since Lukashenka came to power, there has been a steady and consistent softening of the political climate, including a decline in political repression. The change going on so far is forced, piecemeal, controlled, and effectively reversible. Nonetheless, it is much more than any observers could have expected at the lowest point in 2006. While external factors (such as energy relations with Russia and the war in the Caucasus) have contributed heavily to “Lukashenka’s transformation,” some of the impetus for it comes from the accumulation of long-term deficiencies in the system, including declining competitiveness of the key industrial sector and mounting macroeconomic imbalances. Importantly, Lukashenka has shown himself to be flexible in adapting to new realities, which allows one to brush aside the long-standing argument that a system like his simply cannot change.

Why Lukashenka Is Changing (Some) Spots

External and internal factors for Lukashenka’s transformation include the following:

Energy Conflict with Russia. Russia’s decision in 2006 to raise energy prices and

develop market-based relations with Belarus rattled prospects for the long-term stability of Lukashenka's political and economic system. Cheap energy resources played a vital role in both securing an implicit "social contract" with the population and maintaining the loyalty of the ruling elite, who have benefited enormously from the rents associated with monopoly access to the import and export of oil and refined products. A decline in the amount available for these rents presented serious questions for Lukashenka: what else could he offer to the elites and how else can he maintain the loyalty of the electorate? Contrary to Moscow's expectations that Lukashenka's instinct for power would not let him accept devastating increases in energy prices and would force him to submit to Moscow's demands (that is, to sell critical energy and transit infrastructure to Russian companies) in exchange for continued subsidies, Lukashenka opted for a new geopolitical game involving a search for new allies, investors, and creditors.

The Financial Crisis. Things were not made much better by the unfolding economic and financial crisis, which held particular significance for Belarus. In addition to reducing rents from oil refining, as Belarus' export market dramatically contracted, the crisis underscored a long-term tendency of declining competitiveness in Belarus' manufacturing sector, almost solely oriented toward the Russian market. As the crisis first struck demand for investment goods, Belarusian industry suffered badly. The government sought to support the real sector through stimulation of internal investment demand (i.e., providing cheap loans to industry and construction), but this only boosted demand for imports and by the end of 2008 made the current account unbearable, necessitating a 20 percent devaluation of the national currency. Lukashenka had to search for different options to keep the economy afloat. These included securing access to Western loans, cooperating with international financial organizations, attracting investment to fix the current account, and authorizing some privatizations to secure revenue for the maintenance of "old" industries.

Geopolitics in the Region. Lukashenka's failure to support Russia in its war with Georgia in August 2008 sparked a major crisis of confidence in Belarusian-Russian relations. As Moscow realized that it could no longer take the loyalty of its primary client for granted, Lukashenka had to face angry Kremlin leaders, who surely made it clear that his political and personal fate could be endangered if he continued to exhibit such misbehavior.

Self-Destruction of the Opposition. As external pressure began to force change upon Lukashenka, he found it acceptable to allow some change precisely because he had nicely completed his "homework" in the previous period. That is, the Belarusian opposition had been successfully suppressed, marginalized, and demoralized, with no realistic chance to oust the regime from power. A feeling of hopelessness permeated civil society, which found itself in a deep crisis since 2006. Most Belarusian "opposition-minded" nongovernmental organizations were created and financed as prospective actors in what now seemed hopeless and unrealistic regime change scenarios. This lack of hope in political change caused a steady defection of activists, either back to contractual relations with the state or, among its youngest and most active elements, out of the country. Facing the self-destruction of the opposition, Lukashenka allowed himself to reverse some of his preemptive tactics. He tolerated unauthorized social and,

to some extent, political activism a bit more. Much of this relaxation simply allowed groups and networks too weak to challenge the government to assemble without fear of immediate crackdown.

Liberalization: Facts and Counterfacts

Lukashenka's transformation has been closely regulated and monitored. While the regime does make concessions in some areas where liberalization is deemed least threatening to the stability of the system, it closely guards its foundations and effectively blocks any reforms that might shake them. It consistently presents all liberalizing measures as one-off concessions and insists that no one should expect these to pave the way for an overall liberalization. At the same time, there is a tendency to compensate liberalization with repression of a different sort, including introducing new methods of harassment against opposition activists that do not automatically qualify as "political repression."

Release of Political Prisoners and Election Performance. The release of most political prisoners by August 2008 led to a dialogue with the EU on thawing relations. Nonetheless, the government continued to practice policies effectively punishing the opposition. For instance, political prisoners quickly reappeared through the forced conscription of leaders of youth opposition movements, who were drafted to the army after illegal expulsions from the university and, in some cases, dubious medical check-ups.

In the sphere of electoral politics, Lukashenka's government backtracked on its promise to the EU to carry out September 2008 parliamentary elections in a free and transparent fashion. Instead, it resorted to tried and true tactics of electoral abuse and falsification, ensuring that government representatives won all 110 seats of the lower house in the first round. The regime tried to offer a "consolation prize" to opponents by establishing various public advisory councils in which pro-government and opposition-minded figures would debate government policies and advise authorities. The most prominent of these bodies, the Public Advisory Council of the Presidential Administration, was formed in February 2009 and has, out of its 30 members, ten representatives from the independent civic sector, including some veteran leaders of the opposition. The advisory board of the Ministry of Information also includes opposition journalists. In December 2009, the Belarusian parliament passed amendments to the electoral law, which introduced some improvements like enlarging opportunities for political parties to campaign, but it stopped short of making changes that would allow for a transparent vote count.

At the same time, independent monitors have noticed a remarkable decrease in incidents of persecution, arrests, and convictions of opposition activists participating in street rallies (the sizes of which have increasingly dwindled). No prosecutions were made on the basis of infamous article 193-1 of the Criminal Code, which establishes punishment for up to three years in jail for running an unregistered NGO. Overall, the rules for registering NGOs relaxed a bit, and some groups managed to obtain registration, although these were mostly one-off political decisions, as in the case of the "For Freedom" movement of Alexander Milinkevich.

Concessions to Media. The Belarusian authorities have also somewhat eased their grip on the independent press. Several newspapers were allowed to return to state-run distribution and subscription networks. However, most independent newspapers continue to be mistreated through discriminatory practices and harassment. In particular, the government tightened the conditions for foreign broadcast electronic media, set up by Western donors to break the government monopoly in television and radio. In January 2010, Lukashenka signed a decree imposing new internet regulations that will make it illegal to run web resources dedicated to Belarusian current affairs outside the country.

Economic Liberalization. This is the area where Lukashenka's transformation has advanced the most. The first large-scale privatization deals in years were concluded in 2007. Belarusian authorities subsequently authorized a modest economic program that included tax reform, deregulation of certain sectors of the economy, cessation of social privileges, liberalization of prices, revamping of licensing rules, and an active wooing of foreign direct investment. The government made impressive progress in liberalizing the business climate in the country, causing Belarus to jump more than 50 places in the World Bank's Doing Business survey in just two years (from 119 to 57). Regardless of the crisis, however, Lukashenka's government has continued its policy of maintaining full employment through generous subsidies of the public sector. Counterintuitively, the financial crisis, while creating an impetus for reforms in some areas, nearly killed it in others. On the other hand, international financial organizations took a somewhat lax approach to issuing foreign loans (partly, perhaps, for political reasons), which helped Lukashenka avoid major current account problems via borrowing.

Conditionality and Geopolitical Competition: EU, Russia, the United States, and Lukashenka's "Liberalization"

While much of Lukashenka's transformation has been triggered by external factors, the EU, a major actor that can potentially leverage change in Belarus, was barely prepared for the twists in Lukashenka's policy. As late as November 2006, the European Commission came up with a comprehensive list of 12 political demands for Lukashenka to fulfill in order for Belarusian-EU relations to unfreeze. Good behavior was to be rewarded by vague and obscure promises of extending cooperation, strengthening ties, and promoting dialogue for mutual advantage. The sides could not reach an agreement to reverse the exclusion of Belarus from the Generalized System of Preferences in June 2007, done to punish Lukashenka for a poor human rights record. Furthermore, the EU could not find common ground on priorities in dialogue with Lukashenka; the latter masterfully manipulated EU diplomats to break consensus on demands such as the full release of all political prisoners.

The EU revised its list of political demands in November 2008, downsizing it to just five: a moratorium on new political prisoners, press liberalization, better electoral conduct, improving the environment for NGOs and political parties, and abolishing the death penalty. A carrot, however, was still largely lacking, even though the EU could play with the invitation of Belarus to the new Eastern Partnership program, as well as with the voting rights of its member states in the International Monetary Fund (IMF)

when it came to offering loans to Belarus.

Lukashenka's government chose the path of making just enough concessions that the EU would not get completely frustrated and abandon talks. It took advantage of the vague formulations of the EU's demands by demonstrating some progress in each of the areas, while overall keeping the repressive apparatus intact.

The Eastern Partnership (EaP), when announced in 2008, seemed to have the soft power potential to make the European Union a more effective player in Belarus. The country was included as a full participant of the program, even without having a ratified Partnership and Cooperation Agreement with the EU or taken part in the European Neighborhood Policy. Even though the EaP still lacks sufficient rewards for leaders like Lukashenka to comply with EU conditionality, the program has helped to break down some barriers in communication between the EU and Belarus, and between Belarus' own government and civic sector. Through the civil society forum, it has also given NGOs status and a sense of security they generally lack at home. Nonetheless, the maximum possible impact of the EU initiative is the encouragement of a slow, incremental, and largely reversible change that does not tackle the foundations of the system.

Meanwhile, Russia fully embraced geopolitical competition with the EU in Belarus by pursuing a targeted approach that stipulates very concrete sticks and carrots for Lukashenka. Thus, in November 2009, the Belarusian leader was forced to sign a not very beneficial deal to establish a customs union with Russia and Kazakhstan, simply to maintain access to Russian markets, and to accept increased export duties on Russian oil in January 2010, securing exceptions only for oil shipped to satisfy internal consumption. Russia continues to string along Belarus with cheap loans and with the promise of financing construction of a new nuclear power plant. At the same time, the Belarusian government is looking for different options to cope with mounting balance of payments problems, including borrowing from China and attracting Chinese investment. Against this background, the EU's softer "no stick, no carrot" approach is exhausting its capacity to influence change in Belarus.

As for the United States, its policy toward Belarus remains an enigma. The "sanctions offensive" undertaken by the administration of George W. Bush in 2007-2008 was easily rebuffed by Lukashenka, who used the restrictions on Belarus' major energy exporter, Belnaftekhim, as a pretext to minimize the presence and activity of the U.S. embassy in Belarus. The Barack Obama administration is not interested in new sanctions but has yet to come forward with a new policy. The United States' abstention from blocking IMF loans to Belarus in June 2009 signaled that it might be willing to follow EU policy, albeit with a more critical twist. A shift in U.S. democracy assistance on the ground (prioritization for non-politicized civil society projects as opposed to direct support for the opposition) is another hint that the United States, too, may be ready for "critical dialogue" with Belarus.

Conclusions

So far, Lukashenka's transformation has consisted of largely cosmetic steps, which many observers doubt may be called liberalization at all. Nonetheless, the openings

created by this transformation have had a positive impact in at least four areas. First, they have somewhat relieved the atmosphere of fear in Belarus and allowed for a modest increase in civil society activity. The Eastern Partnership Civil Society Forum has given NGOs a better opportunity to transform openings created by the Belarus-EU dialogue into practical projects, bringing about positive change on the ground. Second, the independent press has been given a new breath of life. Over the past two years, the independent media has been remarkably more reckless in writing on issues they abstained from covering for several years out of fear of reprisal, including internal fights within the presidential entourage, the private life of the president, and the government's inability to deal with the economic crisis. Third, certain cracks in the wall separating the government and civil society sectors have emerged, as both sides increasingly engage in dialogue on key issues of political and social development. Fourth, there is a remarkable professionalization of the economic bureaucracy, which is increasingly comfortable in dealing with international financial organizations.

Lukashenka's partial compliance with Western conditions extends only so far as those conditions do not shake the foundations of his political power. It may thus be concluded that his engagement with the West, particularly the EU, will last only as long as no external player pursues an agenda of regime change. At the same time, Lukashenka has shown that, if necessary, he is able to revise the foundations of his own regime and introduce whatever reforms are necessary, including truly unpopular ones, to re-equilibrate the system.

Playing on the incumbent's survival instincts to promote piecemeal change that might one day be irreversible may sound like a dubious agenda for promoting democratic change in Belarus. However, it is one of the few options left in the post-Orange period. Moreover, such a course may take unexpected turns once the regime is no longer able to achieve a new equilibrium through mere cosmetic change and faces the need to implement more fundamental but politically less manageable reforms. Sometime in the next decade, Western leverage and conditionality could return as powerful instruments for promoting change. In the meantime, it is important that Belarus be linked to policymaking environments in the EU, the United States, and international financial organizations via transmission belts of cooperative ties that can eventually make this leverage effective.

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