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presents

Power Poker:
**An Examination into the Dynamics of the Current
Relationship between Russia and Belarus**

Policy Paper¹

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Introduction

Back in the early 2000s most experts and politicians believed that Lukashenka was and would remain Moscow's puppet, emphasizing Moscow's (super) influence over Belarus. However by 2004 Moscow seemed to have exhausted its political potential to control the Lukashenka regime. This was partly due to new measures adopted by Minsk which opposed pressure from Moscow, alleviating tensions in bilateral relations. This has meant Moscow is continuing to provide economic assistance regardless, due to various reasons which will be discussed in this paper.

Belarusian opposition parties committed certain policy blunders and have lost their biggest issues, the independence of the nation, by not taking the general political aim of Lukashenka in bargaining with Russia into account. They expected Russia to terminate its economic support toward the regime with a major social-economic crisis and mass protests following. The fact remains that Lukashenka has mastered his ability to haggle and hold rigid talks with Moscow, suggesting that he could further prolong his already 13 years rule, albeit within a different dynamic with Russia to that of the past.

Summary of Main Points

- A change in attitude from Minsk has created a more independent stance towards Russia from Lukashenka and the circle that surround him.
- The continuing cycle of relations has resulted in a current thaw in Russian pressure on Belarus, due to both internal priorities and external pressures.
- Minsk preferring to work with Western companies who show 'sensitivity' to the current situation in Belarus, whilst cautiously developing Russian business, ever-mindful of the dangers of greater political pressure.
- Russian standpoint towards Belarus can be explained via three viewpoints; economic, geo-political/military and political.
- Despite Russian enthusiasm, a union between the two countries is unlikely.

Cycles and Thaws – Milking the Brother

It is possible to depict a certain cycle in Belaruso-Russian relations which goes as follows - Russia defines its demands, pressurizes Belarus for concessions and backs down until the status-quo is restored and a thaw sets in. In an abridged form, the following chain of events can be traced: formulation of demands – pressure – a thaw. Such a scheme was evident from May 2001 till November 2002 and from March 2003 till August 2004. First the Russian leaders conditioned the recognition of the official 2001 electoral results upon the sale of several Belarusian enterprises to Russian companies, but Lukashenka withstood the pressure. Furthermore, Russian leaders believed that Lukashenka, being in need of Russian recognition for the outcome of the referendum on his "third term", would once again concede on the issue of enterprise privatization. This thaw was partly caused by Russia entering a struggle with the Western countries over Ukraine. After 2004 the major goal of the next thaw was to acquire the majority share in "Beltransgaz".

The reasons for the thaw in pressure in this case were both internal factors (the impending presidential elections in Russia and the new economic stance toward CIS in order to increase payments for gas), but also foreign policy issues². Russian interest in Belarus has simply slid down the list of priorities for Moscow. As these issues remain, the cyclic recurrence in Belaruso-Russian relations is likely to continue. Despite the woes of Russian politicians claiming that the Belarusian

² For example, the critical assessment of the Russian parliamentary elections by the West; the overall negative stance of the Western countries to the authoritarian tendencies in Russia against the background of antagonism between Russia and the West, including the issues of NATO bases deployment in the territory of the new alliance members; the perspective of installing US anti-missile defence system elements in Poland and the Czech Republic; the cooperation of Ukraine with the EU and NATO; Georgia's proposed entry to NATO; the widening of cooperation between the West and GUAM and the CIS bloc of states; the issue of Kosovo; contradictions concerning military and technical cooperation between Russia, Iran, China and several other states; clashes with Western countries concerning the status of the Russian minority in the Baltic states, etc.

regime is milking "the Great Russia" as a "cash cow", the model of relations introduced during Yeltsin times, which presumes economic and political support in exchange for Belarus being a strategic ally rather than a vassal, remains intact. However, demands of Moscow this time run higher with the increasing gas price, but the Belarusian ruling elite retains the leeway to avoid making concessions and not to give Moscow what it wants fully.

The introduction of changes into this cycle recurrence was only possible when Russian business purchases the "system-grounding" Belarusian enterprises. However today, after seven years of struggle between Moscow and the Belarusian regime for economic and political domination in Belarus, the former finds itself further away from its goal than it was in 2001.

The Rouble Trap - Mine the Gaps

The (recently found) independence of Belarus has meant a new high status, which is now occupied by Lukashenka and a large group of his governmental officials. Usurping the nationalistic flag previously being waved only by the opposition, this inner circle had has a monopolist control over the Belarusian market. During the current period of primary accumulation of funds through a rather slow "official" privatization the regime representatives have viewed the democratization of Belarusian society as going contrary to their interests. The same goes for the cautious appearance of Western business structures in Belarus, however necessary they are deemed to be needed, especially in counterweighing Russian money (and so influence). The inner circle does not feel well-prepared for the arrival of strong competitors in the Belarusian market and are scared to comply with rules stipulated by the market conditions. Therefore they prefer to work with those Western companies, from Austria the foremost, showing necessary "sensitiveness" to their dilemma.

The growing pressure on Russian business structures in Belarus doesn't correspond to their interests either. They are aware of the fact that a reinforcement of Russian economic presence in Belarus will lead to a dictation of rules by Russian business – the domineering business-political group in Russia, to be precise. Although discussing the perspectives of integration and even close connections formed the idea of "sister nations" with the Russian governmental officials, Minsk is trying to "mine" the existing gaps as privately the Belarusian top executives talk about the possibilities of restraining Russia politically. At the same time as developing trade and economic cooperation with their eastern neighbor. This position corresponds to the present wide-spread mood in Belarusian society. Even rather apolitically-minded people in Belarus recollect a large range of Russian problems, while discussing the perspectives of political integration with Russia. The list includes the 'hot' Northern Caucasian region with its epicenter in Chechnya, alongside poverty in the regions, and manifestations of "wild capitalism". However, the broad negative attitude towards political integration with Russia co-exists with a more positive attitude towards trade and economic cooperation with their eastern neighbor, as it ensures regular salaries and central heating in houses, as well as the possibility to consume and "to live well". The understanding of the "Lukashenka consumers" about the Union State is opening up the Russian market for Belarusian goods, and cheap energy from Russia; but nothing beyond this.

Following the current mood and interests of Belarusian top executives and society in general, Lukashenka's administration is obviously aiming at imposing its original scheme of relations between Belarus and Russia upon the Kremlin. Accordingly, Moscow is expected to pay a good price to Belarus for playing the part of its strategic ally and being its "shield" and "outpost" in the western direction. At the same time, it is supposed that Russia will not demand from its ally, any transformation into its vassal. Nevertheless, speaking frequently about an "equal" relationship (based on the real Belarusian understanding of the Union State) Lukashenka truly is representing the majority of Belarusian citizens, which has helped him to shift his popular support on pragmatic foundations.

Russian Policy Towards Belarus: My Way

While where Belarus stands is clear, the Russian policy toward Belarus is more in the clouds. It is possible to determine three views upon which Russian state policy bases its relations with Belarus.

1) Some Belarusian liberal economists believe that the stance of Russia to Belarus can be explained by the interests of "Gazprom" and other large Russian companies, interested in an increase in capitalization. In other words, Russia's primary focus is money, and nothing else. They hope that the arrival of Russian business to Belarus and the purchase of controlling shares of Belarusian enterprises by Russian companies will have an exclusive positive effect. Hence, the "market wave" on the part of Russia will weaken the authoritarian regime and create restrictions to Lukashenka's power. This opinion reflects the position of Russian-speaking and culturally Russian part of Belarusian intellectuals, dreaming of the construction of a Russian-speaking and culturally Russian, but also liberal market society in Belarus, without the traditional "illnesses" and authoritarian tendencies, peculiar to Russian society.³ During the time of Yeltsin's presidency and in the first years of Putin's presidency, these representatives were talking about the possibility of "implementing democratization in Belarus through Russia". In other words, the people believed that Russian influence could foster democracy-building processes in Belarus.

2) According to the next opinion, geopolitical interests determine Russia's policy in relation to Belarus. Russia tends to create firm guarantees of having Belarus as a strategic ally of Russia, its "shield" and "outpost", from Lukashenka or other Belarus officials. This is regularly reinforced by the ritual rhetoric of Lukashenka in Russian media outlets. The Kremlin aims at creating solid instruments of political influence upon Belarus through reinforcement of Russia's economic presence in the country, purchasing of controlling shares of backbone Belarusian enterprises by Russian companies, and the unification of monetary systems. Moreover, the Kremlin hopes to create stronger connections between the top executives of Belarus and Russia due to a commonly enjoyed material welfare.

Those supporting this opinion believe the policy doesn't jeopardize the status of Belarus as a state. Accordingly, Russia doesn't have plans to incorporate Belarus, as the Kremlin understands very well that such actions will have negative consequences for its relations with the West and other CIS members, not to mention the predominantly negative attitude of Belarusian society towards political integration with Russia. In the meantime the Kremlin has the understanding that Minsk will not go bankrupt immediately after gas prices have been increased, whilst disbelieving Lukashenka's ability to pursue real political openness and liberalization (and the West's willingness to embrace him without), thus waiting for an economically weaker Minsk to seize the political moment.

3) According to this last point of view, Russia has been implementing a step-by-step strategy with the aim of incorporation of Belarus into the Russian Federation. The first step includes the purchase of controlling shares of backbone Belarusian enterprises by Russian companies. The second step envisages the unification of monetary systems. It is supposed to be followed by the Constitutional Act of "the Union State of Belarus and Russia", while the Union's institutions will be formed with the prevalence of the Russian party. Consequently, they will get real influence upon the political process in Belarus. Finally, Russia is expected to increase its military presence in Belarus and create the legislative base for military integration. Each step will be accompanied by certain changes in attitude towards political integration on the part of the Belarus' ruling elite. They will appear more and more attached to their Moscow "partners". Simultaneously, the Russian lobby will make efforts in order to change the attitude towards political integration with Russia on the part of Belarusian society from a negative to positive or, at least, neutral stance. These steps should result in reaching the required level of inner preparedness for Belarus to accept the loss of its independence and to create the necessary preconditions for the country's incorporation with Russia. The incorporation process will be so natural in this case that the political circles of a number of concerned EU states won't see any other possible perspective for Belarus and alternative ways of political development for Belarusian society.

Union Scenario Development: Broking the Power

Certainly it might be possible to treat the third view on the Belarus policy of Russia as a fairy tale. However, there are some signs which, taking into account the current political development in

³ For many years Lukashenka was supporting this idea by such statement as "Belarusians are Russians only with a trademark of quality".

Russia and the increasing contradiction between relations between Russia and the West, this may have a growing influence on the development of relations between Belarus and Russia. Part of the Russian political elite sees (in the long term) the incorporation of Belarus and Ukraine as the only possible response to the challenges of pro-China and pro-Muslim trends in Russia. One of the reasons for this is the concern over the loss of control over the rich natural resources territories to the east of Ural, taking into account the increasing demographic and other pressure on the part of China. Out of 142 million total Russian population around 35 million Russians reside to the east of Ural. The living conditions of the vast region borders on China are severe, with many residents lacking even drinking water. On the other hand there is an estimated 9 million Chinese living in the territory of Russia. There is a lack of public acknowledgment of this issue by Russian experts and politicians. To counter this, according to certain sources the population of Russia should amount to 300 – 500 million people to be on the safe side. Taking into account the cultural and religious specifics of ethnic groups that form the population of Russia, the implementation of Russia's "national demographic plans" will facilitate misbalance between the Slavic and non-Slavic, the Christian and Muslim parts of local population.

Additionally, even after 17 years of independence the Russian political elite and society tends to accept neither Belarus nor Ukraine as independent countries, but regarded as constituent parts of the Russian influence sphere and "land". Similarly, the national revival of Ukrainian (and to a less extent in Belarus) is regarded by Russia as an artificial process and a deviation from the proper way of development. Thus, the Russian Foreign Office stated its deep concern with "heroization of the Ukrainian Insurgent Army". Russian top executives declared the policy may cause possible deterioration of relations with Ukraine. The 200-year Russification policy in Belarus during times of Russian rule has led to even more dramatic results. Either consciously or unconsciously having in view the results of the long-term Russification policy in Belarus, Russians regard the Belarusians as a part of the Russian nation.

This goes hand in hand with the notion of *Great Russia*, the trade mark of the Putin presidency. At the same time, the terms "White Russia" (Belarus) and "Small Russia" (Ukraine) are used more and more frequently in discussions on Russian history as a basis for the nation's future as well as in relation to the historical mission of Russia. Modern Russian historical scientists talk again about occupation of "Russian lands" (i.e., Belarusian and Ukrainian ethnic territories) by the Poles and the Lithuanians as well as about "Russian people's" (i.e., the Belarusians and the Ukrainians') fight with the invaders.

Nevertheless, according to current international and domestic political situation, and perhaps the existent public sentiments and views within the Russian society, the second scenario is likely to continue for a middle term perspective. This is further reinstated by the, albeit very few in numbers, most serious experts dealing with Belarus. According to Sergey Karaganov of the Russian Council on Foreign and Defence Policy, Russia has three major objectives as per Belarus, namely 1) secure steady communication with the Kaliningrad enclave, 2) influence Belarus to stay out of the EU and NATO, 3) retain stable and cheap transit of goods through Belarus.

Conclusion

Despite increasing national pride at home, it won't be enough for Minsk to re-visit as blatantly as possible the ageing geopolitical contract with Moscow, just in order to avoid paying significantly more for fuel supplies as other CIS countries are facing.⁴ Lukashenka's effort to play the power broker to continuously blackmail Moscow with (faking) opening up toward the West to avoid playing the energy bill in full will certainly continue with the new Russian duumvirate of Medvedev and Putin. However, as Moscow already knows, both the Belarusians and the West should realize that Lukashenka is running out of time and resources. If Lukashenka won't be willing to liberalize according to its rhetoric, and the West remains united in its policy toward Minsk, the danger of economic usurpation of Belarus might be closer than all of the gamblers may think.

⁴ Lukashenka himself revealed at the interview with Ria Novosti on February 18, 2008 that Belarus is facing to double that \$119/1,000 cubic meters of natural gas of Gazprom from April 1, 2008. Similar agreement is believed to make with Ukrainian President Yushenko during his tri to Moscow on February 12, 2008.