

Belarus workers hit by hyperinflation and social cuts

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Like all of the ex-Stalinist Eastern European countries, Belarus has been devastated by the international economic crisis and now stands on the verge of a social explosion.

To repay billions in loans from the International Monetary Fund (IMF) and Russia and China, the regime of Alexander Lukashenko is attacking the working class and encountering growing opposition. Parliamentary elections in autumn this year will take place against a backdrop of rising social tensions.

Since July 15, workers at building contractor Grodnoschilstroy have been striking for higher wages and better working conditions in the industrial city of Grodno on the Belarus-Polish border. The exact number of strikers is not known, but work has ceased at several plants. The workers are demanding a doubling of their starvation wages. They currently earn 2 million to 2.5 million roubles (€200 to €225, or \$240 to \$270) per month, of which only about 1.9 million roubles remain after taxes.

To date, management has refused to make any concessions and is instead demanding an increase in productivity. Just a month ago another of the company's plants went on strike.

The poverty wages of the workers in Grodno are not an exception, but correspond to the national average. According to official figures, in fact, wages in the construction industry are relatively high.

Hyperinflation of over 100 percent in 2011 decreased the average wage, which stood at about €435 a month before the presidential elections in late 2010 and is currently about €165. As recently as January 2012, inflation was 109 percent. In March, a 200,000-rouble note was introduced, and the printing of a 500,000-rouble note is being discussed.

The Belarus rouble depreciated by 65 percent from

2011. In March this year, the Belarus prime rate of 38 percent was far higher than that of all other European countries, and even higher than that of the African states of Uganda and the Republic of the Congo.

A large part of the already small middle class was pushed into poverty in 2011, while many workers and pensioners are struggling to survive. Many people can stay afloat only because they own their homes and can grow their food in their garden.

Earlier this year, a university lecturer told the web site *Belarus Digest*, based in Washington: "We live from one pay packet to the next. Wages are paid twice a month, and as soon as I get paid I go to the market to buy food. We can buy enough meat and fresh vegetables only on payday."

The popularity of Lukashenko, a former high-ranking Communist Party member who has ruled the country for 17 years, has fallen from 53 percent in the presidential election to a historic low of just over 20 percent in October 2011. His purchase of a private jet worth an estimated \$125-160 million caused outrage in March this year.

The government, with the support of its international lenders in the West and Russia and China, is now planning further austerity measures. The cuts demanded by both Russia and the IMF include the privatization of the last state-owned enterprises, including Belaruskali, one of the world's largest potash producers.

At the end of 2011, Minsk sold the state-owned company Beltransgaz, which operates the country's gas transit network, to the Russian state company Gazprom in order to get lower gas prices. This means an important part of the national economy is now in Russian hands, since the revenues from gas transit make up a large part of state revenues.

Russia, which has granted Minsk the most loans, is

likely to be the main beneficiary of the extensive privatizations, although the Lukashenko government is hoping to find Western European buyers. For the working class, these privatisations are combined with further wage cuts and layoffs.

At the same time, the Belarus government plans to raise the retirement age. Currently, the retirement age is 55 for women and 60 for men. However, 40 percent of the male population dies before reaching 60.

The retirement age for women is now to be raised to 60 years. This will mean massive cuts in pensions and a rapid increase in unemployment among older workers. In Belarus, it is difficult, if not impossible, for people over 50 to find work in their profession.

State support for the unemployed is virtually non-existent. In December 2011, the unemployment benefit was €10. Although there are no reliable data on unemployment, experts estimate it to be 10 to 15 percent.



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