

## Analysis

**What both West and Regime in Belarus Want?** Although motivation of the Western and Belarusian leadership is different, they both want Belarus to remain an independent country.....**P.3**

**How Many Months Can Lukashenka Last?** The unprecedentedly brutal court sentences against democratic activists who protested the falsification of elections in December have two goals. It is widely believed that these people will be used as hostages for future trade with the West.....**P.5**

**History Revised: Belarusian Government Struggles with Unsolved Soviet Economic Problems.** The currency exchange crisis still persists in Belarus while the government is looking for ways to tackle it at minimal political cost.....**P.6**

## Cultural Review

**Belarusians: Two Souls per Capita. Maksim Harecki deciphered of the enigmatic Belarusian national character.** Isn't there something mysterious about Belarus and its people? .....**P.8**

**Marc Chagall: Over Belarus.** He was a French citizen, born in the Russian Empire in the city which is now part of independent Belarus.....**P.10**

## Contact Info

✉ [bh@democraticbelarus.eu](mailto:bh@democraticbelarus.eu)

Square de Meeûs 37  
1000 Brussels



Empty shelves in an electronic equipment shop in Minsk, Belarus, 23 May 2011. Booming demand for certain commodities and growing prices at Belarusian shops result from instability on the currency market. Photo by Reuters

## Main News

**The European Union strengthened sanctions against Belarus** during a meeting of foreign ministers on Monday by placing a further 13 individuals on the list of designated persons subject to travel restrictions and an assets freeze. The new names are judges and prosecutors who have been involved in recent trials of opposition presidential candidates. During the meeting the foreign ministers failed to agree on economic sanctions on companies that are close to Lukashenka's regime. Some member states, including Latvia and Italy, believe that such measures would hurt the population rather than the ruling elite.

**On 12 May, the European Parliament** adopted another resolution on the situation in Belarus. MEPs called on the EU to introduce targeted economic sanctions against some state-owned enterprises in Belarus as a response to ongoing political trials and increased human rights violations in the country.

**Speaking at the European Parliament's session in Strasbourg on May 11,** the High Representative of the EU for Foreign Affairs and Security Policy, Baroness Catherine Ashton, said that President Lukashenka had left no choice for the EU but to act against him. "We should act against this regime, including President Lukashenka himself, and those responsible for police brutalities", she said. The EU should continue to support civil society in Belarus and the people of Belarus, reminded Ashton.

**The European Economic and Social Committee (EESC),** which is a consultative body of the European Union, organised an April meeting of its contact group on Eastern Neighbours and Russia that was dedicated to the state of civil society in Belarus following the presidential election on December 19. Olga Stuzhinskaya, Director of the Office for a Democratic Belarus, was invited to participate in the meeting. She delivered a presentation on the ongoing human rights violations in Belarus and spoke about the challenges facing Belarusian civil society today.

**A number of ministers for Foreign Affairs of the EU member states** expressed their concerns over the recent sentencing of political leaders and activists in Belarus. Among them, UK Minister for Europe David Lidington, the Federal Minister for Foreign Affairs of Germany, Guido Westerwelle, the offices of the Italian Minister for foreign Affairs, Franco Frattini, and of the Lithuanian Ministry for Foreign Affairs.

**According to the country's Prime Minister Mikhail Myasnikovich,** Belarus plans to sell its stake in a gas pipeline network to Russia for \$2.5bn. The deal would give Russia complete control over the country's pipeline network which tranships Russian gas to Europe. Russia's state-controlled energy giant, Gazprom, paid the same sum for the 50 percent stake in Beltransgaz that it acquired through a series of purchases between 2007 and 2010.

# Editorial

## Belarus Headlines: New Format and Partners

From this issue forward, Belarus Headlines will be published in cooperation with the London-based online periodical Belarus Digest.

In addition to having a new design, this issue also features a different approach to content. You will see original texts written on the most pressing Belarus-related problems from a non partisan perspective. In the future, the Belarusian Institute for Strategic Studies plans to join the Belarus Headlines team.

Every month we will supply you with political and economic analysis, news summaries, and interesting facts about Belarusian culture and history. We hope to help you understand the situation in Belarus better and to avoid being trapped in some common myths and stereotypes.

This issue primarily focuses on the economic turmoil on a scale which Belarus has not seen since the collapse of the Soviet Union. Will Belarusian authorities start serious economic reforms or do they plan to keep surviving on foreign loans? Will Russia bail out Belarus as before? What can the West do beyond sanctions to influence the



situation in Belarus? These are just some questions we hope to clarify in this issue.

We hope you will like Belarus Headlines in its new format and would very much appreciate your feedback.

### Co-editors:

Olga Stuzhinskaya, director of the Office for Democratic Belarus

Yaraslau Kryvoi, editor-in chief of Belarus Digest

## News In Short

**Last week, Russian prime-minister Vladimir Putin offered Belarus about \$3billion** in loans over three years from the Eurasian Economic Community, in return for undertaking economic reforms and privatising state companies. The first tranche of \$800 million could be received by Belarus this summer.

**At a conference of the Polish Institute of International Affairs in Warsaw**, Swedish foreign minister Carl Bild said that Belarusian president Lukashenka was nearing his end of ruling the country. Russia, he said, was not going to save the Belarusian leader. Carl Bild commented on possible economic sanctions against Belarus currently being discussed in Brussels, by stating that in times of economic difficulties this would only impact the lives of ordinary Belarusians negatively.

**The President of the European Parliament, Jerzy Buzek** expressed his solidarity with all political prisoners in Belarus, in particular with Andrei Sannikau and his family. He called for the immediate release of all prisoners of conscience.

**A two-year suspended prison sentence** was handed down to journalist Iryna Khalip, a wife of the former presidential candidate Andrei Sannikau, for her involvement in the December 19 mass protests following the presidential election. Khalip walked free after the court's verdict, which also negated her house arrest.

**On May 20, two former presidential candidates**, Uladzimir Niaklayeu and Vital Rymasheuski, were given two-year suspended sentences. They were convicted of violating public order. Hearings for two other candidates, Mikalai Statkevich and Dzmitry Uss, who face longer jail terms for alleged mass riots last December, were unexpectedly postponed due to the judge's illness. Prosecutors asked for an eight-year prison sentence for Statkevich and seven years for Uss.

**On 14 May, the former presidential candidate Andrei Sannikau** was sentenced for 5 years of imprisonment. Catherine Ashton strongly condemned the decision of the court of Partizansky district. She underlined that due to the harsh crackdown on civil society, opposition and ongoing politically motivated trials, the EU is ready to introduce restrictive measures in all spheres of cooperation with Belarus.

**During his visit to Kazakhstan, Alyksandr Lukashenka** indicated that he might free his imprisoned political rivals. "They are still screaming, 'Free the political prisoners,'" Mr. Lukashenka said, referring to Western officials. "We'll free them probably. No need to blow government money on prisons, eating up bread." Next day however the former presidential candidates Mikalai Statkevich and Dzmitry Uss were sentenced to six and five-and-a half years in prison accordingly. Four other December rally participants received from four to five years in jail and one more was sentenced to two years of restricted freedom and released in the court room.

## EU-Belarus

# What both West and Regime in Belarus Want?

By Yaraslau Kryvoi

Although motivation of the Western and Belarusian leadership is different, they both want Belarus to remain an independent country. This is in large part driven by the fear of Russian political and economic expansion. However, the truth is that authoritarian regimes do not surrender their independence to foreign countries. The very reason why they are authoritarian is because they want to retain all power in a country.

Since his election in 1994, Alyaksandr Lukashenka's main goal has been to accumulate as much power as possible. To this end, he initiated a series of referenda which destroyed separation of power and media freedom in Belarus. Today, Belarus has the worst human rights record in Europe and its economy is dominated by large inefficient enterprises inherited from Soviet times.

Generous subsidies from Russia remain the only reason why the Belarusian economic model has not collapsed. Still suffering from the Cold War legacy, Russia's interest has been focused on keeping Belarus away from the influence of the European Union at any cost. These costs were not only profits which Russia had lost by providing cheap oil and gas, but also costs on the Belarusian statehood, which has been deprived of strong institutions deeply rooted in society. These institutions as well as any meaningful decision-making are now controlled by a small group of not particularly competent individuals whose main goal is to uphold the status quo. Also, at any cost.

The economic dependence of Belarus upon Russia has become particularly evident in recent months, when Belarus was hit by the worst economic crisis since the collapse of the Soviet Union. Due to an artificially delayed devaluation of the Belarusian currency, it is nearly impossible to convert Belarusian rubles into any other currency. Businesses which depend upon imports cannot buy anything abroad because of the lack of foreign currency. Prices are going up while salaries are going down. Unemployment is rising because large sectors of economy depend on imports.

The main reason for the economic crisis was Russia's reluctance to pay too much for Lukashenka's loyalty. With oil prices hitting record levels because of instability in the Arab world, the Kremlin became increasingly assertive. The Russian ambassador hinted in April that the solution of Belarus's economic problems could be the introduction of the Russian ruble as currency in Belarus. If the Belarusian authorities were to agree, it would be a serious and most likely fatal blow to Lukashenka and would undoubtedly undermine the statehood of Belarus.

The Belarusian authorities are desperately looking for money to oppose this pressure from Russia. Due to continuing repressions against the Belarusian opposition and civil society, Belarus is unlikely to see any financial aid from Europe. Moreover, the European Union may introduce targeted economic sanctions in prosecutions brought against opposition activists, including most of the candidates in the December presidential elections.

There is one area, however, where the interests of Europe and Lukashenka coincide. Strengthening the national identity of Belarusians is both in the interest of the regime and the



European Union. Such a feat would contribute to the long-term goal of strengthening Belarusian statehood.

Belarusian authorities tried to create an artificial state ideology based on glorification of the Soviet past and justification of the political status quo in Belarus. However, the ideology lacked coherency and did not appeal to the younger generation of Belarusians. The cult of the victory in the war with Nazis and honoring Soviet heroes sounded familiar to the old generation, but boring and unappealing to those who grew up after the collapse of the Soviet Union.

It is not surprising that the Belarusian authorities tolerate the Budzma campaign in Belarus. This campaign is supported by Western donors and aims to organize concerts, exhibitions and publishing initiatives to strengthen what has been traditionally been deficient amongst Belarusians – a sense of national identity. The authorities know about the Budzma campaign but do not prosecute its activists.

Moreover, the Belarusian Presidential administration has reportedly encouraged the use of Belarusian language in official proceedings in Minsk and the regions. Belarus' Minister of Culture, Pavel Latushka, is clearly a bureaucrat of the new generation who predominantly uses the Belarusian language even in official communications. This is still unusual for Belarusian officials but may become more frequent in the future as more people who grew up in post-Soviet time are moving up the ranks.

Western pressure on the regime in Belarus to release political prisoners and reverse the deterioration of human rights is justified and necessary. However, it should be coupled with efforts to strengthen nation-building and ethnogenesis in Belarus. In addition to supporting civil society initiatives working towards this end, it may be also necessary to intensify contacts with Belarusian bureaucrats who are not directly implicated in human rights violations.

## EU-Belarus

# Belarusians Advocate Visa-Free Travel

By ODB

While the EU interior ministers agreed on 12 May to change the rules of the Schengen passport-free area, seeking to clarify conditions under which national governments can reinstate border controls, Belarus is trying to make its way out of visa isolation.

At the end of March a number of Belarusian organisations and think-tanks joined forces within the VISA-Free! public coalition. Assisted by partners from EU member states, Belarusians are planning to advocate the idea of visa-free travel between Belarus and other European countries. This initiative grew out of the project 'Paving the road towards visa-free travel between the Eastern Partnership countries and the EU' led by PASOS. The Office for a Democratic Belarus and BISS joined the project from the Belarusian side.

On 20 April, 25 Belarusian NGOs and Initiatives sent an appeal to the Belarusian Government, the Ministry of Foreign Affairs, the Ministry of Sport and Tourism, and to the Ministry of Culture. Promoting the principle of reciprocity activists suggested the government "unilaterally reduce Belarusian visa fees and simplify the visa procedures for the EU citizens or even abolish the visa regime altogether as a gesture of goodwill". The authors of the appeal also called on the authorities to abolish the foreign nationals' registration procedure ("migration cards" obligatory to fill in for all but Russian citizens arriving in Belarus and register if staying in the country for more than three days).

More information about the campaign can be found at [www.novisa.by](http://www.novisa.by) web-site which the Office for a Democratic



During a photo-call 'VISA-FREE travel campaign "Go Europe, Go Belarus!' for the abolition of visa regime between Belarus and the EU launched by Belarus Watch on 7 May in Vilnius, Lithuania. Photo by Alyaksandra Ihnatovich

Belarus has launched in the framework of its project with PASOS. In June, the ODB in cooperation with Belarus Watch (Lithuania) and the Belarusian Institute for Strategic Studies (BISS) is planning to conduct a round-table on visa issues in Minsk,

with the participation of independent experts, representatives of related governmental bodies, specialists from the EaP countries, journalists and foreign embassies' representatives.

## EU Launches New Neighbourhood Policy

On May 25, Catherine Ashton, EU High Representative for Foreign Affairs and Security Policy/Commission Vice-President and Stefan Füle, EU Commissioner for Enlargement and Neighbourhood Policy, launched a new and ambitious European Neighbourhood Policy (ENP) -- "confirming the EU's determined and reinforced engagement with its neighbours".

The proposal by the European External Action Service (EEAS) and the European Commission to Member States and the European Parliament, sets out the main priorities and directions of a revitalised ENP strategy. The aim of it is to strengthen individual and regional relationships between the EU and its members with the EU neighbourhood through a 'more funds for more reform' approach -- making more additional funds available, but with more mutual accountability.

On top of the €5.7 billion already allocated for the period 2011-2013, additional funding of €1.24 billion has been transferred from other existing resources, and will now be made available in support of the ENP.

In the lights of its new approach, the EU intends to strengthen

the Eastern Partnership (EaP) Initiative through concluding and implementing Association Agreements including DCFTAs, pursuing democratisation, pursuing the visa facilitation and liberalisation process, enhancing sectoral cooperation, notably in the area of rural development, promoting benefits of the Eastern Partnership to citizens, increasing work with civil society and social partners.

In the meantime, the document encourages Eastern Partnership countries to fully exploit opportunities offered by visa facilitation. Such programmes as border management, SME development, energy cooperation, civil protection and environmental governance will now be adapted to better support bilateral partnership objectives. For example, work under the Integrated Border Management flagship initiative is increasingly geared towards supporting partners in fulfilling the conditions for visa facilitation and liberalisation.

Based on [europa.eu](http://europa.eu) press-release and Joint Communication to the EP, the Council, the Social and Economic Committee and the Committee of the Regions.

## Policy

# How Many Months Can Lukashenka Last?

By Siarhei Bohdan

The unprecedentedly brutal court sentences against democratic activists who protested the falsification of elections in December have two goals. It is widely believed that these people will be used as hostages for future trade with the West. However, it is also an attempt to decapitate the whole infrastructure of the Belarusian opposition. Through incarcerating the key figures and injecting fear, the government is taking the nation to the pre-1989 level of obedience and timidity.

## Between Revolution and Internal Enemy

There are serious reasons why the authorities fear any organized protests; in particular, the grave economic crisis gripping the country, arising after more than a decade of relative economic prosperity thanks to Lukashenka's policy of reprocessing cheap Russian oil and selling it to the West. Sharp economic decline is often the necessary but insufficient condition for revolutions.

Deliberately or instinctively, the Belarusian leadership is going after would-be revolutionaries to avoid such a scenario unfolding, since crowds of angry impoverished people pose a reduced risk until they are organized and their moves coordinated by some social and political activists. No wonder then, the Belarusian leader referred this month to the figure of would-be Soviet strongman from early 1980s, "we have Soviet experience of the Andropov times. Regardless if one likes it or not but that is approximately how we shall make everyone to work".

The Belarusian government has been rather successful in neutralizing its opponents, as political developments from this spring have shown – the opposition failed to organize

any of its traditional rallies and marches of the season. And spring has traditionally been the most active time for the Belarusian opposition. Presently, the aspirations of the democrats are pinned on Western help.

Therefore, as tension and crisis will consume the country more and more, the political struggles will be waged among ruling elites, and not with the opposition. The regime lacking any serious ideological cohesion clearly has many potential enemies within it.

The current situation shows the ruling elites that the country is on the brink of collapse if the political and economic lines taken by Lukashenka remain the same. At a recent meeting of ideological cadres, the Deputy Director of Presidential Administration Aliaksandr Radzkou, plainly stated that the hard times were coming, and now we would see who was here for their selfish interests and who were true believers. Yet such believers are an extinct species even among well-paid state employees. So the ruling elites may split very quickly once the circumstances worsen.

Of course, Lukashenka's news opponents within the regime are unlikely to be liberal democrats. Many members of the ruling establishment clearly adhere to a more flexible model than under Lukashenka's strong-hand policy. They would prefer technocratic modernization in the style of the Far East, without the ideological experiments of the current regime. References to authoritarian Chinese, South Korean or Singaporean models are commonplace among these people. At some point they may view Lukashenka's reign not pragmatic enough and arrange – most likely with help from Russia – some kind of leadership change. Their goal



would be to avoid confrontation with neighboring countries, and limit spending on unnecessary image projects such as ice hockey palaces in Belarusian towns.

## State of Denial

The games with foreign currency rates have made most Belarusians, including the bureaucrats, nervous. If it continues as predicted, the levels of impoverishment will be even more widespread and may lead to social unrest. Elites will be affected by both current volatility and a fear of losing their positions and privileges.

If the opposition were to come out in tandem with the general populace, it would not matter how organized such a movement would be. So far, government officials have only exacerbated the situation and public dissatisfaction with its performance, by preferring not to admit to existing problems, has grown. This cynicism of Belarusian officials has reached new heights following their handling of the currency crisis. Beginning in the 1990s, the US dollar and euro became for most Belarusians the most popular kind of currency savings as well as a means of payment (for rent or large

purchases) making the issue of the foreign currency deficit an essential topic for nearly every Belarusian today.

No doubt, Belarus is not insolvent. There have been very few enterprises sold so far, and there are many pieces of property, which would easily attract the attention of many investors, among them; refineries, the chemical industry, potash company to name but a few. Yet, options for the Belarusian government are limited. At the Warsaw conference on 5th of May, Swedish Foreign Minister Carl Bildt pointed out that a major problem for Belarus is "a very, very big economic crisis". He added that it would not be such a problem, if there were investors and foreign partners willing to work with Belarus, if it had a good credit rating and could loan money at reasonable rates. Yet no one is willing to invest in the Lukashenka regime.

According to Bildt, the Belarusian government's hope for Russian assistance is groundless. "No one, I would emphasize, no one wants to put his money into a 'black hole', which is Belarus. Neither from the West, nor from the East". According to him, Lukashenka will have to turn to the international financial institutions for help, which the United States will resist. "And we will establish very strict conditions and will carefully watch the government's behavior. Belarus is in a very, very desperate economic situation", warned the Swedish official.

Clearly, 'stable' is not an appropriate word to describe the Belarusian situation today and the government is losing its control. It will be crucial to see whether Europe will be able to use this situation and impose and then follow up on those strict conditions mentioned by Carl Bildt.

## Finance &amp; Commerce

# History Revised: Belarusian Government Struggles with Unsolved Soviet Economic Problems

By Volha Dudko

The currency exchange crisis still persists in Belarus while the government is looking for ways to tackle it at minimal political cost. Last week Russia declined to grant Belarus a long awaited loan of 1 bn USD. The last hope would be a loan from the Stabilizing Fund of the Eurasian Economic Community. But it remains impossible to predict if such assistance will eventuate. On the same day Russia's Finance Minister Kudrin announced unpleasant news for the Belarus government, the National Bank devalued the Belarusian ruble by 30%. But on the black market and on interbank operations the devaluation has already reached about 100%. The inability of state officials to undertake any adequate steps to pull Belarus out of economic crises provoked the introduction of multiplicity of currency exchange rates in the country. This same practice had a particularly adverse affect on Belarus's economy in the 1990s.

The exchange market has effectively been waiting for currency devaluation for close to two months, while the government has in turn waited for a Russian loan. And the recent devaluation was too late to improve the situation of the foreign exchange market. Two months of uncertainty, currency restrictions and resulting black market speculations have already opened a Pandora's Box of devaluation and inflation spreading within the economy. Trust in the government and the banking system are decreasing with the same speed prices on most products increase.

According to National Bank of Belarus (NBB), Belarusians bought \$768m USD in March 2011 alone, while over the previous year the total figure reached \$1.5bn USD. The restrictions on the exchange market had slightly decreased the outflow of foreign currency reserves in March and April, but led to more negative outcomes for the economy.

The lack of trust in the official exchange rate and deficit of foreign currency has forced importers to increase the prices on their goods according to the "market" (in fact, black market) exchange rate, which is 50% (and even 100%) higher than the official one. As a result, prices of all imports have soared, which has in turn increased the rate of inflation. During the first four months of this year, inflation reached 10.9%. Analysts from the Belarusian Institute of Privatization and Management predict the inflation rate to reach 17% at the end of the year. Yet, recent data from the Ministry of Statistics indicates that inflation can overcome these negative predictions.

In addition, the first signs of increases in the rate of unemployment have emerged. Many companies dependent on imports have been forced to suspend their activity and fire employees. The Minister of Statistics and Analysis has already announced that up to 600,000 people have lost their jobs, although the actual number is probably much higher.

The National Bank, unable to undertake independent decisions, has become an experimental lab for a totally incompetent Belarus government. Despite banning itself from any decisions in April, the National Bank increased the refinancing rate three times during the last two months - to 14%. This measure is supposed to stop a run on the bank - but an increase of the refinancing rate subsequently leads to an increase of rates on



ruble deposits. However, with generally low levels of trust in the Belarusian currency, it seems to be quite an ineffective measure.

The commercial banking sector has, in particular, experienced an "entertaining" period over the last two months. At the end of March the National Bank set free the exchange rate for interbank operations. But when the exchange rate increased to more than 5000 BYR/USD (with the official rate 3048 BYR/USD) in interbank operations the verbal "recommendation" from the National Bank was not to increase the exchange rate more than 4500 BYR/USD. It turn, it paralyzed the entire interbank exchanges sector for weeks.

The recent devaluation did not change much in the economy – foreign currency is still impossible to buy for ordinary people. Commercial banks can buy currency only on the stock exchange market – the National Bank refused to sell its foreign reserves. And the present "free" (officially devalued) exchange rate of 4500 BYR/USD is still far from reaching equilibrium. It looks set to be "recommended" by the National Bank. The Belarusian ruble will devalue further (and cause inflation to increase) if no adequate steps will be undertaken in the coming months. But the economic tools available to the Belarusian government are highly limited – either external loans or seigniorage (money printing). In the present situation, the adoption of such tools can bring only negative results.

What can be observed in the Belarusian economy now resembles the breakdown of Soviet economic and political systems. From the Soviet Union Belarus inherited the extensive nature of the economy, when only the mass inflow of resources enabled economic growth. In the case of Belarus it was mass inflow of credit resources on different levels. From Russia and the financial institutions there were loans granted to the government, and from state and commercial banks there were direct credits, redistributed among state-owned companies. Such an economy is unable to regenerate and create sustainable returns on investments. The disintegration of the economic system will subsequently undermine the present political regime. But it is difficult to predict what will remain of the country, when the transition reforms skipped in 90s, will finally start.

## Finance &amp; Commerce

# Belarusian Ruble Experiencing Hard Times

By ODB

Belarus is going through a severe economic crisis, with hard currency reserves running critically low. People have been lining up at currency exchange booths to buy dwindling amounts of foreign currency. International financial institutions have been calling for a sharp devaluation of the ruble to help the economy.

On Thursday, 21 April, the Central Bank was targeting a ruble exchange rate of 3,800-4,100 per dollar since it allowed the currency to float freely for trade between banks. "The ruble BYR= has lost more than a third of its value against the dollar on the interbank market since Belarus this week dropped restrictions on the exchange rate used by banks and companies, opening the door to a partial devaluation", wrote Reuters. On the same day, in his state of the nation speech, Lukashenka blamed rising energy prices for the current economic problems, along with opposition forces that he regularly accuses of sowing panic among the population. Lukashenka blamed the April 11 metro bombing on forces, which he said, were intent on destabilizing the country.

Together with the measures adopted by the Central Bank at the end of April, "the government is looking for international loans, in particular those discussed during a round of negotiations with Russia," announced Anatoly Marozau. Les Echos has similarly published statements attributed to Mr. Marozau, "in May, this issue will be resolved. After receiving the credit, we will introduce a single price of the Belarusian ruble".

One of the recent steps taken by the Central Bank was a slight devaluation of the ruble from 12th of May. At the same time different banking sources quoted by Interfax-Zapad, were stating that this devaluation would take place within the conditions set by Russia to extend a loan to Belarus, which has seen its foreign currency reserves and gold gradually dry up. Economists call into question the laxity of the authorities, who spared no expense during the campaign for the presidential election last December, for instance, by doubling the salaries of government staff.

Minsk was planning to obtain a one billion dollar loan from Moscow and was trying to get another loan of two billion dollars from the Eurasian Economic Community, which unites several countries of the former USSR. But unexpectedly on 11 May, Russia rejected Belarus's request for a \$1 billion stabilization loan, telling Minsk to turn elsewhere for the funds, in a statement issued by Russian Finance Minister Aliaksei Kudrin.

On the same day the Belarusian Central Bank cancelled the retail trading limits for its ruble. The move by the Central Bank intended to bring the rate of the Belarus ruble closer to actual trading value, which has reached almost twice that of the official rate against the dollar.



On Monday, May 26, Belarus has cut the official value of its currency against the dollar by 36%. The dollar now buys 4,930 rubles at the official rate, up from 3,155 - but still well below the freely-traded interbank rate of about 7,000 rubles. Belarus plunged into a balance of payments crisis, with the current account deficit soaring to 16 per cent of gross domestic product and currency reserves dwindling to a month of import cover. Earlier, the central bank of Belarus introduced multiple exchange rates, seeing a collapse in the rouble's black market rate.

"A '91-style meltdown is almost inevitable," told the Bloomberg agency Alexei Moiseev, chief economist at VTB Capital, the investment-banking arm of Russia's second-largest lender, referring to the country's economic slump after the collapse of the Soviet Union. "Rapid privatization is the only way that can help avert complete disaster."

The International Monetary Fund urged Belarus to reform its economy in March, calling on Lukashenka to rein in "unsustainable" spending and for the central bank to increase benchmark interest rates to fight inflation. Finance ministers from former agreed in Minsk on May 19 to give Belarus up to \$3.5 billion over three years, with the first \$800 million payment expected in the week after a separate meeting on June 4, Russian Finance Minister Alexei Kudrin said.

## Unknown-Belarus

# Belarusians: Two Souls per Capita

## Maksim Harecki deciphered of the enigmatic Belarusian national character.

By Aleś Kudrytski

Isn't there something mysterious about Belarus and its people? On the one hand, this is undoubtedly an ancient culture which bears clear signs of Indo-European roots. On the other, for most outsiders the country seems to have come out of nowhere, filling a void marshland territory between Russia and Poland. The history of Belarus is an impenetrable labyrinth of changing names and conflicting historical ideas. Today, the country is deeply divided across various lines; yet, still, something holds its people together. Belarusians seem to have an ability to combine the incompatible with genuine ease. They want to unite with Russia and join the EU at the same time. They deplore their authoritarian ruler but still are not ready to trade him for someone else. They have managed to live on the most dangerous crossroads of Europe for centuries without sticking out much.

This enigmatic Belarusian soul; if anyone could solve its riddle it would only be Maksim Harecki, the Belarusian writer, who happened to live in the turbulent first quarter of the 20th century. Having observed his fellow Belarusians and, most importantly, his own inner qualities, Harecki came to an unexpected conclusion.

Every Belarusian has not one, but two souls.

Don't ask what these souls are. Their shape is different in each case. What counts is the very fact that a typical Belarusian has a double soul, something like two masks which can be worn at the same time.

But before we continue Belarusian soul-searching, let us take a closer look at Maksim Harecki and his time.

Harecki was born in 1893 into a family of land-poor peasants. He was an intelligent child and managed to get a state-sponsored scholarship for studying at the Horki agricultural academy in eastern Belarus. In line with its policy of suppressing dissent

in occupied territories, the Russian regime did not allow universities in Belarus (with the Horki academy being the only exception). Nonetheless, Horki became an intellectual hatchery for freethinking young Belarusians. This soon had its influence on Maxim. He began to write stories and reports for the newspaper *Naša Niva*, the center of Belarusian intellectual thought at the time.

The outbreak of World War I in 1914 complicated the creative plans of Harecki. He was sent to the Eastern Prussian front as an artillery signaler. There, Harecki was seriously wounded. Having spent some time in hospital, he returned to the front, this time fighting in the swamps of southern Belarus. At some point he got ill and was finally discharged from the army. Maksim Harecki transformed his war-time experiences into the literary diary titled "At the Imperialistic War". In a nature very close to that of Erich Maria Remarque, Maksim Harecki disdained the senseless war which began amid patriotic jingoism and fanfare but turned out to be an absurd slaughterhouse. "What happened yesterday? I lived, but the former me is gone forever," he wrote recollecting the chaos and violence of the first fight he took part in.

In 1918 the Belarusian People's Republic was proclaimed in Minsk by democratically oriented patriots. Communists followed their example in 1919, when the first version of the Belarusian Soviet Socialist Republic was proclaimed in Smolensk. It was a chaotic time with Belarusian territory changing hands between Russia, Germany and Poland many times and seemingly at random.

Maksim Harecki moved to Viãnia (Vilnius) in 1919 and was trapped there after the city was occupied by the Polish army, which, at that time, was successfully fighting the Soviets. The struggle resulted in Belarusian territory being severed in two across the middle, with the western part of the country falling



under the Polish rule, and the eastern under the Soviet authority until Belarus was reunited as an integral part of the Soviet Union in 1939.

In Viãnia, Maksim Harecki worked as a teacher at the First Belarusian Gymnasium, editing the newly established Belarusian-language newspapers and writing "The History of Belarusian Literature", the first work of such kind, summarizing several centuries of Belarusian literature development.

It was also the time when Maksim Harecki wrote his most famous novel "Two Souls". Its main character, young aristocrat Ihnat Abdziralovië, tries to find his way in the chaotic transitional period when an embryonic Belarusian identity was emerging between the collapse of the Russian Empire and the birth of Soviet power. It was a time when self-determination was the most topical word in this vast territory.

When Abdziralovië was a small boy, he lost his mother who was murdered by local peasants in an ambush on his father's carriage. His father, struck with grief and anger, barricaded himself in his studio with cognac and cigars, and seemed to forget about his son. Eventually, he handed him to the supervision of a poor woman from a faraway village. She happened to have her own small son Vasiã a boy

of the same age as Ihnat Abdziralovië. The woman tenderly loved her stepson; to her own offspring she remained caring but also rather strict, preventing him from coming too close to the master's manor.

Ihnat Abdziralovië grew up into a sensitive and rather melancholic young man, who experienced perils of both love and war and lost contact with his arrogant father. On the one hand, as an intelligent person, he noticed that the wealthier strata of society treated the rest in a way that could not always be called truly human. On the other hand, he was still unable to fully associate himself with the common folk or with the newborn Belarusian intelligentsia., educated peasants' sons and daughters aspiring for the independence of their land. Abdziralovië still claimed that his motherland is "the whole of Russia" but apparently did so more by inertia, without truly believing his own words.

On a visit to Krupki, the village of his father (now exiled) whose manor was demolished by the revolutionary peasant mob, Abdziralovië visited his friend who taught at a local elementary school. There, he noticed a boy playing in class with pictures – gazing at photographs ripped from a photo album.

"What are you doing?" asked Abdziralovië. "Nothing, I swear to God, not a single thing..."

The pictures tumbled down to the floor. The boy lowered his gaze. Abdziralovië picked up the photos and was stunned. He saw himself (as a small boy), as well as the image of the person people said, "...this is your father". He also saw a couple of other acquaintances who used to visit his father from time to time. "For an eternal memory about the happy times which we have spent in our dear, cosy Krupki..." he read on the back.

## Unknown-Belarus

“Taukaè is teasing the masters,” the children cried out to each other. “His dad fetched a beautiful book with people in it as the master’s house burned down.”

Inside him, variegated feelings billowed and rolled down like one big unpleasant clew. One soul said “I don’t care... I don’t care...”

Another soul bitterly hurt and remained silent.”

Like Abdziraloviè, other people he is confronted with are similarly double-souled, each in his or her own way. His love, Aãa, the daughter of a rich city landlord, enjoyed Abdziraloviè’s company but also grew tired of his melancholia and passivity, becoming more and more attracted to a haughty duke. The duke himself was an arrogant type, but he tried to ride the wave of Belarusian self-determination when he felt that the moment was right. Alia’s father, Makasey, was projecting the appearance of a respectable gentleman while desperately trying to conceal the fact that he initially came to the big city barefoot and as a poor peasant’s son looking for work.

On a short visit to Moscow, in order to be examined by the military medical commission, Abdziraloviè became caught up in the revolutionary vortex. The city was full of people shooting at random, with Bolsheviks fighting the remnants of the old regime.

“Friend or foe”, he thought with some shame or regret. “I don’t know who is friend or foe to me. I am observing some strange neutrality and fool them all as well as myself”.

In Moscow, Abdziraloviè stumbled upon his stepbrother Vasiã, worker at a local factory, and who was now taking part in skirmishes on the Bolshevik side. Abdziraloviè was happy to find a kindred spirit, the more so because his stepmother was on her deathbed and eager to see her dear Ihnaãk. The mother sent away Vasiã on some pretext and when he was gone she divulged the truth of his birth to Abdziraloviè. He, not Vasiã was her real son. She swapped them during their childhood, wishing a better, aristocrat’s fortune for her peasant son. Ihnat was Vasiã and Vasiã was Ihnat.

But, in spite of the significance of the news, it didn’t affect Ihnat Abdziraloviè too much.



“Well, now I know about my mother’s mystery, but what has changed in my thoughts and in my feelings? Nothing...” deliberated Abdziraloviè. However, a careful onlooker would notice that even if his mother’s death might not have changed anything in his attitude to his relatives and friends, it at least altered his views on the shifting patterns of life. Harecki wrote about Abdziraloviè, stating “...he used to be somewhat detached, apart from common folk, from peasants and laborers; he observed this revolutionary storm as if it was a major fire in a village – that is, the way only a detached onlooker could do. Previously, when he saw how on every railway station, on each milestone and, the closer to the front the more catastrophically the life of the great empire perished, which was created by the bloody calluses and sweat of these people; when he saw the last remnants of consciousness dying all around along with the last hope that this clod would, in the last moment, catch on some little twig and not be broken into miniscule pieced at the bottom of a hill; when he used to think about what was happening around him, he again placed himself away from the people’s misfortune, on the other side of the damned line. He only clasped his hands in dismay once in a while, like a kind-hearted person seeing others’ trouble. Now he was changed in a sense that, having heard his mother’s confession, he kind of felt himself part of these people, from which he used to stand apart... Now he scrutinized every injustice with special pain, even though he still remained, to please his character, just an observer and a quite thinker”.

Here we come to Karpaviè; former peasant, monk, impostor and now Bolshevik authority of a mediocre scale, an acquaintance of Vasiã Being first introduced as a side character, this sinister figure grows in prominence as the book evolves. Karpaviè gives the impression of a simpleton, which provides the perfect disguise for his cunning and cynicism.

“Ivan Karpiaëonak Haršëok, or Karpaviè (so he was called by everyone after he has seen the world) belonged to this old and sizeable flock of people from Belarusian village, still awaiting their own writer,” writes Harecki.

Despite being quite clever, Karpaviè was still despised by his more intelligent Bolshevik comrades even after he joined the ranks of the big city’s anti-Tzar activists. “They sensed that he belonged to the kind of self-taught people who, even though may some day reach the summits of fame in arts, politics or any kind of science, would still forever remain flawed in their foundations and, as a result, easily fall to the very bottom of human reason. By some miracle, these people are able to combine in their soul ultimate humanism and the worst kind of misanthropy, chemistry and alchemy, Marxism and chiromancy; they believe all of that equally earnestly. Their gods like to pick a quarrel with each other, throw each other off their thrones and create unimaginable mess in the heads of their worshipper. These gods are usually very numerous, but there are times when all of them are gone; at this moment people of such kind throw all kinds of unexpected curves”.

“I won’t confess this to a single soul,” Karpaviè thought quietly, “but I feel that I could belong to any party with just the same sincerity.”

In the concluding chapters of the book, Karpaviè becomes a mighty Bolshevik leader of the town called N. He accumulates power through bloody means, disgusting both Vasiã and Ihnat Abdziraloviè. The book ends with an eerie scene – the pompous funeral of Karpaviè. He had his neck slashed with a razor by his aide who turned out to be a secret agent of the pro-Tzar forces abroad and, by coincidence, an old army colleague of Abdziraloviè.

The whole town joins the funeral procession which has a feel of an absurd death fest.

“The black anthill of people waving red banners with menacing writings on them poured out to the street. Far away from here an open coffin with the dead body floated on the shoulders of laborers. Catafalque bowled along behind. The sound of the march grew stronger and gripped the soul with the sensation of something sad, solemn, and predestined.”

Karpaviè turned out to be a miniscule personality with the potential to become a great and brutal force. Here Harecki discovers one of the most dangerous types of people with a double soul. These people can truly fulfill their potential only by dragging everyone around them into a bloody abyss. While people like Abdziraloviè and Vasiã are searching for their true soul, Karpaviè and his ilk are slowly shedding all signs of humanity. Karpaviè is a prototype for all major and minor dictators ruling Belarus and its people in Maxim Harecki’s time as well as in the future.

In Polish-ruled Belarus, Maksim Harecki was arrested and imprisoned in 1922 as an alleged “Bolshevik agent”, which was a common pretext used by the occupying regime to punish pro-Belarusian activists. Under public pressure, he was released and was able to escape to the Soviet part of Belarus, which at that time seemed to be flourishing under the communist policy of Belarusification.

However, a person like Maksim Harecki had practically no chance to live through the times of Stalinist rule. In 1930, after the moderately liberal 1920s came to their end, Maksim Harecki was arrested again – this time by the Soviet secret service. He served his sentence in exile in Russia. In 1938, he was arrested once again and was executed by firing squad. It was the darkest time of Stalin’s repressions, the bloodbath which swallowed most of Belarus’ intellectuals. Still, even today the great soul of Maksim Harecki remains a bright star on the Belarusian sky.

## Unknown-Belarus

## Marc Chagall: Over Belarus

By Maryna Rakhlei

He was a French citizen, born in the Russian Empire in the city which is now part of independent Belarus. Any country would be honoured to have Marc Chagall as his native son, but this Jewish artist was born in Vitsebsk. He lived almost for a hundred years; he never stayed long in the same place but always returned to the subject of his hometown, celebrating it in his masterpieces. "Paris, you're my second Vitsebsk!"

Marc Chagall was born on 6 July 1887, on the outskirts of Vitsebsk, — part of the Northwest Krai of the Russian Empire, which included the territory of modern Belarus, parts of Poland, Ukraine and the Baltic states and was appointed by the Government as the region of Jewish settlement. Situated on three rivers — Vits'ba, Dzvinia and Luchesa Vitsebsk was an ordinary provincial town with a population close to 60,000, half of whom were of Jewish origin. Chagall left this town — very early in his life and practically never went back. Yet he carried it in his heart throughout his life. In his paintings, stained glass works and tapestries Chagall encoded the visions of his small Motherland, with its fences, goats and Jewish history. It is in Vitsebsk that Chagall saw the cornflower blue mortar and met Bella, the muse of his life. Chagall was the eldest of nine children in a poor Jewish family. On the day Mark was born, a fire broke out in the wooden Vitsebsk. In his autobiography, he linked his wanderlust with the first hours of his life, during which he was constantly moved around by his parents to stay away from the fire.

Chagall's father was employed by a herring merchant; his uncle was a barber, his mother sold herring in her own little shop, and his grandfather worked as a livestock butcher in Lijozna near Vitsebsk. Mark



went to the local synagogue school and later to Russian high school. Recognizing his love for drawing, his mother took him to the studio of Yehuda (Yuri) Pen, a realist artist who also operated a small drawing school in Vitsebsk. The artist was surprised at the bold way Chagall used colour and offered to teach him free of charge. During the two months at the studio he took inspiration from Belarusian folk-life, and portrayed many Biblical themes reflecting his Jewish heritage. "If I were not a Jew, I wouldn't have been an artist," he later wrote.

In 1907, the 20-year-old Mark went to St. Petersburg. In the capital of the Russian Empire, he changed schools of art and took odd jobs, working as a retoucher and writing shop signs. During one of his visits home, Mark met Bella Rosenfeld, the daughter of the Vitsebsk jeweller. It was love at first sight. But in 1910 he suddenly agreed to a monthly allowance from his patron in St. Petersburg and went to study in Paris.

Chagall always stressed the importance of Paris for his development: in the famous artists' squatter "La Ruche" (Beehive) in the Vaugirard district he met the poets Blaise Cendrars and Guillaume

Appolinaire, and the painters Amadeo Modigliani, Fernand Leger, Robert Delaunay, and the native of Belarus' Smilavichy family - Chaim Soutine. In Paris he developed his unique modernist style; he learned his many lessons in the Louvre and made friends with artists, poets, and philosophers. However, his paintings showed images of the city of his childhood; he saw Vitsebsk from the window of the Paris studio. In 1914, Chagall, now an acknowledged master, opened his first personal exhibition in Berlin.

In 1915, having arrived in Vitsebsk for the wedding of his sister, Chagall stayed and married Belle, who had been waiting for him all those years. The outbreak of World War I prevented him from returning to Paris. It was in Vitsebsk that his daughter Ida was born.

Chagall welcomed the October Revolution of 1917. He became the Arts Commissioner in Vitsebsk, heading an Arts School and helping organise revolutionary festivals and demonstrations. But the local communist leadership did not like the banners with green horses, and Kazimir Malevich, the author of the Black Square, criticised Chagall's lack of "revolutionary" vision, as his paintings were too realistic. He got tired of conflicts and in 1920 moved with his family to Moscow where he tried his hand as a theatrical designer. As it turned out, "neither Tsarist nor Soviet Russia needed" Chagall and in 1922 he returned to Berlin and then to France.

Chagall travelled extensively in Palestine, Egypt, Syria and Europe and worked hard, preparing illustrations for the French edition of Gogol's "Dead Souls", Jean de La Fontaine's Fables and French language Bible. In 1931, he published a French version of his autobiography, entitled

"My Life", which he conceived back in Vitsebsk.

In July 1941, when the threat of concentration camps became evident, Chagall and his family immigrated to the United States. They arrived in New York the day after Germany invaded the Soviet Union. As he learnt about the occupation of Vitsebsk, Chagall wrote his letter crying "My Vitsebsk": "It has long been my favourite city that I have not seen you, did not rest on your fences. I did not live with you, but there was not a single of my paintings that did not reflect your joy and sorrow."

In 1944, as Chagall heard of the liberation of Paris, he planned to get back to Europe. But after a few days his beloved Bella died. It took a year for him to overcome the loss and he was unable to work. Yet, Chagall regained his passion for life after falling in love with Virginia Haggard. Moreover, his daughter Ida hired a beautiful housekeeper for Chagall, who even resembled Bella. At this stage, he was 58 and Virginia was 30. Their son, born out of wedlock, was named David after one of Chagall's brothers.

Leaving his popularity behind, Chagall followed his wanderlust and left America in 1948. The artist first went to Paris and then to the Riviera. In 1952, surviving a break up with second wife Virginia, he married once again and happily.

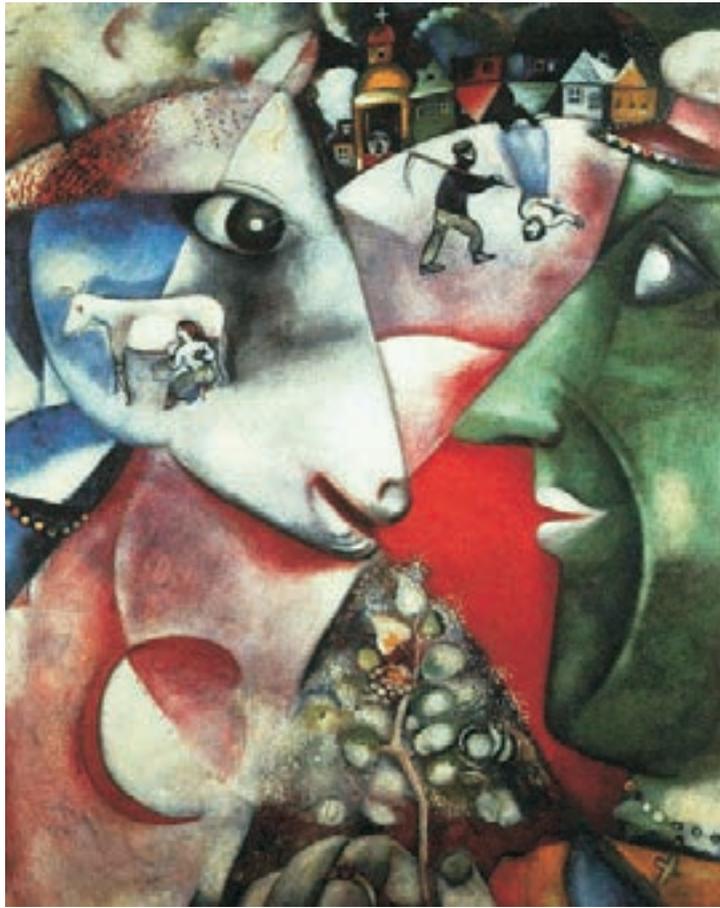
Chagall worked a lot, designing ballet sets and creating tapestries, mosaics and stained glass windows for churches and synagogues; his flying lovers, biblical prophets and fiddlers on the roof are in his paintings, drawings, sculptures and ceramics. Chagall designed the glass

## Unknown-Belarus

facade of the UN building in New York and painted the ceilings of the opera houses in Paris and New York. In 1973, Marc Chagall's Biblical Message Museum opened in Nice and in 1977, the Louvre opened the first ever exhibition of works of the living artist.

Chagall travelled to Leningrad and Moscow in 1973 at the invitation of the Soviet Ministry of Culture and spoke at his exhibition at the Tretyakov Gallery. But he couldn't make it to Vitsebsk. The problem was not his advanced age or the cold, but his fear of not finding the city that he celebrated throughout his life: Chagall knew that it was destroyed during the war.

Marc Chagall died of a heart attack on 28 March 1985. As he used to say, his life had the foretaste of a miracle. The artist deceased when going up in the elevator at his home in France's Saint-Paul de Vence. The Jewish artist and the son of the Belarusian Vitsebsk died as he had lived and worked: floating.



I and the Village, oil on canvas

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## In Fact

**The word “Belarus” does not mean “White Russia”.** While ‘Bela’ does mean white, ‘Rus’ is a different geographical and political term than Russia. Rus refers to the Eastern Slavic lands that nowadays belong mostly to Belarus and Ukraine.

**The Statute of the Grand Duchy of Lithuania** written in the old Belarusian language was the only full code of laws in Europe from Roman law until the Napoleonic Code adopted in 1804.

**Minsk only became the Belarusian capital in 1918.** Navahradak and Vilna (today, Vilnius, the capital of Lithuania) were the capitals of the Belarusian-Lithuanian states, the Grand Duchy of Lithuania and the Lithuanian–Belorussian Soviet Socialist Republic (Litbel).

**Belarus is one of a few countries of the former Soviet Union** that do not require a special passport for foreign travel. However, most states outside of the CIS require visas from Belarusian citizens.