

Belarus Headlines

Analysis

Handshake with the Devil: Nomenclature and Hope for Democracy in Belarus. The latest agreements with Russia have saved the Belarusian regime at the most critical point of its existence. Now Minsk has to pay a big price for it by giving Russia more leverage in Belarus.[P. 3](#)

Getting the Rents Back in. Russia's New Bail-Out of Belarus. The end of November proved to be very successful for Lukashenka, given that he managed to secure the continuation of the rent-flows from Russia. Belarus is being dragged into the sphere of Russia's influence and the Eurasian Union will be on the agenda for the coming years..[P. 4](#)

The Economic Crisis in Belarus: The end of good luck, a time of good policies. Belarus has always been an "outlier" lacking both reforms and natural resources but still achieving growth. However, the current balance of payments crisis has eliminated this status.....[P. 5](#)

Research

Are the World Bank's Testaments Feasible?[P. 6](#)

Belarus' Foreign Policy Index: September-October 2011.....[P. 6](#)

Recovery, Planning, Consolidation: The Development of Political Parties between Elections.....[P. 6](#)

Unknown Belarus

Two sides of Orsha's Medal Orsha, or Rzha as it had been called before, was first mentioned in the old Slavic manuscript 'Story of the Long times' in 1067..... [P. 8](#)

Contact Info

✉ bh@democraticbelarus.eu

Square de Meeûs 37
1000 Brussels

CARNEGIE EUROPE

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE



Office for a
Democratic Belarus
Brussels

Belarusian Institute
for Strategic Studies

biss

Carnegie Europe, the Belarusian Institute for Strategic Studies (BISS), and the Office for a Democratic Belarus are hosting a joint event, "**Transforming Belarus: Ways Ahead**".

Wednesday, December 7, 2011
2:00 to 5:30 p.m.
Carnegie Europe
15 Rue du Congrès
1000 Brussels, Belgium

This expert forum will discuss the European Union's policies on Belarus in the context of the latest developments in the country. The European Commissioner for Enlargement and European Neighbourhood Policy, Štefan Füle, will present his views on existing EU policy towards Belarus and its prospects for success.

Two panels with prominent Belarusian and European experts, including Pavel Daneyko, Director of the Belarusian Economic Research and Outreach Centre, Arkady Moshes, Senior Researcher with the Finnish Institute for International Affairs, and Aliaksei Pikulik, Academic Director of BISS, will debate the political and economic situation in Belarus and its bilateral relationships with the EU and Russia.

Belarus is facing a historical choice that will determine the path of its evolution: it could become part of Russian Prime Minister Vladimir Putin's "Eurasian Union", or the country and its people might in time pursue integration with Europe. So far, Belarus' position has been to remain firmly in the middle of these two options.

What strategy should the European Union adopt to win the hearts and minds of the Belarusian people? What implications do Putin's attempts to build a new political entity from the ruins of the former Soviet Union hold for Belarus? What effects have Eastern Partnership and EU policy efforts had on Belarus? How do Belarusians and their government perceive these efforts?

In spring 2011 Belarus was hit by a fully-fledged economic crisis, caused by a negative balance of trade, declining confidence in the Belarusian ruble, and decreasing external subsidies. This crisis undermined Belarus' expanded social sector and the country's command economy.

What is the route out of this crisis? What strategic development and reform programmes are possible in the current political climate? What kind of economy does Belarus want following such reforms? By what means can the state compensate those who will be adversely affected by these reforms, while simultaneously preventing the abuse of power by those who will reap their benefits?

The event is organised with the kind support of Pact/USAID.



Stefan Füle



Jan Techau



Olga Stuzhinskaya



Alexei Pikulik



Andrei Vardomatski



Olga Shumylo-Tapiola



Pavel Daneyko



Alexander Chubrik



Dzianis Melyantsou



Dzmitry Kruk

Editorial

The fifth issue of Belarus Headlines features a review of the most important events in the political, social, and economic life of the country, an announcement about a high level expert conference on Belarus in Brussels, and a number of analytical articles.

Firstly, we would like to welcome new researchers Aliaksei Pikulik, the new Academic Director of the Belarusian Institute for Strategic Studies, and Alexander Chubrik, the Director of the Research Centre for the Institute for Privatisation and Management, into our team of authors.

In a joint memo, Aliaksei Pikulik and Dzianis Melyantsou, a senior expert with BISS, analyse the recent agreements between Belarus and Russia and how they might impact the political and economic situation in the country. The authors explore the shifting political alignments in the region and Belarus' gravitation away from the Eastern Partnership.

While Alexander Chubrik takes a closer look at the country's economic crisis, the possibilities of conducting structural reforms and the EU's role in future transformations, Siarhei Bohdan from Belarus Digest explores the current trends among the Belarusian nomenclature and determines if there is any hope that democratic change could be delivered by regime incumbents.

The Research section of the bulletin provides an overview of latest publications by the Agency of Policy Expertise and BISS, including the Belarus Foreign Policy Index.



Olga Stuzhinskaya



Tatiana Kouzina



Yaraslau Kryvoi

In addition, Yaraslau Kryvoi provides a review of the most popular articles on the Belarus Digest web-site covering the developments inside Belarus, its relations with Russia, as well as cultural issues.

In the "Unknown Belarus" section we offer you a trip to the Belarusian town of Orsha, which over its almost millenia-long history saw many glorious victories and bitter defeats that still influence the city's spirit.

We hope you will like the fifth issue of Belarus Headlines and would very much appreciate your feedback.

Co-editors:

Olga Stuzhinskaya, director of the Office for a Democratic Belarus

Tatiana Kouzina, executive director of BISS

Yaraslau Kryvoi, editor-in-chief of Belarus Digest

News In Short

The supreme court of Belarus sentenced Dzmitry Kanavalau and Uladzislau Kavaliou to death after convicting them of carrying out a deadly bombing on the capital's subway system that killed 15 people and wounded hundreds. The Supreme Court's ruling is final and may not be appealed. Investigators said the sentenced men were driven by "hatred for humankind," not political motives.

Liubou Kavaliou, mother of defendant Uladzislau Kavaliou, filed a request for clemency with Lukashenka's office on December 1, one day after the two men were convicted and sentenced. When the bombing happened at Minsk's busiest subway stop on April 11, Belarus was entering an economic crisis and critics of the government suggested that authorities may have resorted to terrorism in order to distract the country from the troubles. President Lukashenka denied the speculation. Lukashenka said on Friday he faced a hard decision over whether to pardon two men who had been sentenced to death. He even called it "the hardest thing to do in the job of president."

According to human rights activists, around 400 people have been executed in Belarus since the 1991 Soviet collapse. In the past 16 years, Lukashenka has pardoned only one person condemned to death. The sentence drew harsh criticism from the West. On December 1, Catherine Ashton, the High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the Commission, said she condemned "absolutely all acts of terrorism, and her thoughts and sympathy were with the victims of the terrible attacks in Belarus and with their families". Nevertheless, she regretted that the Supreme Court decided to sentence Dzmitry Kanavalau and Uladzislau Kavaliou to death and expressed hope that their right to appeal could be fully exercised.

The court's decision also fuelled arguments between supporters and opponents of the death penalty inside Belarus. Many doubt that the guilt of the convicted was fully proved. A campaign for collecting signatures against the execution of Dzmitry Kanavalau and Uladzislau Kavaliou has been launched on the Internet with already more than 50 thousand signatures as of 5 December 2011. The Catholic Church of Belarus also said it was in favour of abolishing the death penalty as it "can't be a compensation for committing evil. The Church protects every human life, considering it unshakable, and therefore stands up for prisoners sentenced to death," reads the statement published on the official web-site.

On 26 November, the Russian government agreed to offer Belarus loans and a discounted price on natural gas worth more than \$14 billion, tying its neighbour into an even tighter union with Moscow. In exchange, Belarus sold full control of its natural gas pipeline to Europe to the Russian energy giant Gazprom. Russia will pay \$2.5 billion outright to acquire the

second half of the transport network Beltransgaz which carries about 20 percent of Russia's gas to Western markets. At the start of 2012, Minsk will pay \$164 per thousand cubic meters compared to \$244 Belarus buys Russian gas at now. However, despite Russia's reassurances that Nord Stream will not affect the Belarusian pipe's throughput, Gazprom increased its supplies through the Nord Stream gas pipeline while gas supplies to Germany through the Yamal-Europe trunk that crosses Belarus dropped.

Additionally, Russia offered Belarus a \$10 billion loan over 15 years for the construction of the country's first nuclear power plant. Moscow initially agreed to finance the project in June 2009. Analysts say economic deals that are now being secured by Moscow should afford Minsk at least another year to deal with the economic crisis.

The Naftan refinery in Belarus is planning to boost capacity by 12 percent next year with a new crude distillation unit. The AT-6 facility will increase capacity to 12 million metric tons a year, or 240,000 barrels a day, from 10.7 million tons. Russia is planning to import about 5.8 million metric tons of Euro-4 quality fuel from Belarus in 2012 after limited shipments this year. The deal is part of an agreement for Russia to provide the Mazyr and Naftan refineries with crude. Earlier President Lukashenka voiced hope that Russia would lower its oil price for Belarus.

On 28-30 November 2011, the third meeting of the Eastern Partnership Civil Society Forum took place in Poznan (Poland). The Forum gathered around 300 civil society representatives from six EaP countries and the EU, including more than 20 activists from Belarusian NGOs. During a three day meeting the Forum participants discussed different aspects of civil society engagement within the Eastern Partnership initiative, as well as the challenges and prospects of further development of the Forum.

Three Belarusians were elected to the new Steering Committee of the EaP Civil Society Forum. Among them is Olga Stuzhinskaya, Director of the Office for a Democratic Belarus.

The participants of the CSF adopted a statement in support of Ales Bialiatski, a renowned human rights defender who was recently sentenced to 4.5 years in jail. The Forum members called upon the European Union Member States to take joint measures towards his release, as well as the release of other political prisoners in Belarus.

EU-Belarus

Handshake with the Devil: Nomenclature and Hope for Democracy in Belarus

By Siarhei Bohdan, Berlin



Photo by: newsru.com

The latest agreements with Russia have saved the Belarusian regime at the most critical point of its existence. Now Minsk has to pay a big price for it by giving Russia more leverage in Belarus. But it had no choice, this summer and autumn Lukashenka's state was in its most precarious position since the 1996 coup-d'etat. Only the weakness of opposition let it survive. Meanwhile, the hard times have demonstrated cracks in the Belarusian establishment.

Since the late 1990s, nothing of this kind has ever happened. If some high-ranking official challenged regime policies – for example, Kazulin or Marynich – he first left for the opposition. In the last two months, however, the Belarusian government faced unprecedented mutiny at its top level. And the 'rebels' managed to stay in their positions.

The hot topic was economic policy. The Ministry of the Economy and the cabinet with the prime minister personally attacked the presidential aide for the economy; a powerful figure in Belarusian politics, where somebody's influence is linked to his or her closeness to Lukashenka. It is hard to imagine a more unlikely rebel than the Prime Minister Mikhail Myasnikovich – a Soviet-era bureaucrat with no outstanding features as a politician. Other critical voices belonged also to people without any dissident affiliation – Vice Prime Minister Siarhei Rumas and Minister for the Economy Mikalai Snapkou.

Not All The President's Men: What Regime Insiders Want

Despite their loyalist background, they rebelled and even created the illusion of an almost public political struggle in a country where the opposition is in disarray and an entire society has for years lived under tight control. Some commentators hurried to dismiss the whole conflict as irrelevant to national political development since after all, everyone involved in this story was a proven follower of Lukashenka.

Yury Drakakhrust of Radio Liberty, however, stated that there were a lot of examples of regime change in the world with transformation starting as quarrels among loyalists. For example, Mikhail Gorbachev's 'perestroika' started along Communist party's lines yet finally derailed the whole Communist system.

The mutineers in the Belarusian government demanded little, they just proposed to critically examine a dire situation in the Belarusian economy – huge inflation, lack of money and eagerness to print it in order to finance doubtful state programmes. It is even hard to say they asked for liberalisation, as it was rather an attempt to open eyes. Siarhiey Chaly prophesied that such rows would continue as the level of rationality in Belarusian economic policy rose as well. However, after Moscow has recently given money and subsidies, Lukashenka will have more opportunities to shut down such critics for a while.

The breaking lines in the cabinet emerged along some symbolic splits. The prime minister's group confronted not only the presidential aide for the economy, but also ideological hardliners like Anatoli Rubinau who supported a voluntary line of financing of state expenses by essentially printing more money.

Curiously, one of the most outspoken among hardliners was another vice prime minister – extremely pro-Chinese Anatol Tozik, former ambassador to Beijing. Lukashenka already tried this summer to enlist Chinese expertise and help, apparently looking for an opinion more aligned to his beliefs than what IMF mission has proposed. The Chinese indeed proposed to take foreign currency away from common citizens yet failed to help financially.

This time, the Belarusian leader, quite predictably, is much closer to the hard line group as he lashed out against pragmatists around the prime minister and demanded the government to give up the idea of revising the working plans for lack of funds and implement all the tasks as they were initially set.

Things Change

There are no reasons to doubt that the Belarusian regime is currently undergoing a radical transformation – it cannot be different after its political economy collapsed when Russia stopped Lukashenka's lucrative oil deals with Western Europe. Its gradual evolution from personal rule towards more loose authoritarianism and competition between clans is quite natural – according to existing scholarship, such regimes always evolve this way. In addition, Lukashenka has had only ad hoc charisma and failed to create his personal cult. Therefore, in current economic hardships no one can expect that regime insiders stay loyal to their lord out of faith to him.

As far as democratic transformation is concerned, the Belarusian nomenclature looks like an unpromising candidate to initiate changes. Nevertheless, unfortunately, it is an unavoidable partner to carry out regime change and for now it is the most important potential contender of Lukashenka.

Democratisation will not be achieved over night in Belarus. Even the Ukrainian Orange revolution brought out a contradictory balance, and Ukraine requires years to change, although it has never been under such tight control in the way Belarus has experienced for years. One of the most important problems in Belarus is the weakness of its democratic opposition. In such circumstances, to oppose Lukashenka's system, one has to work with people who may have a murky background and unsympathetic positions – with regime incumbents.

Western sanctions, isolation and lack of Western contacts with the Belarusian nomenclature might be dangerous for Belarus as an independent nation, argues Dzianis Melyantsou of the Belarusian Institute for Strategic Studies. Having run out of options, on 25 November Lukashenka signed agreements with Russia which endangered national interests, but which were also against the pragmatic interests of the EU and Western democratic hopes for Belarus.

If Belarusian incumbents have no other options they will also turn to Moscow and follow increasingly authoritarian political trends there. Yet ideologically a number of them are unable to resist the benefits of the West, and while denying democracy and human rights to their own people, they nevertheless try to send own children to the West to study and enjoy a better life.

The Belarusian political scientist Yury Chavusau points to recent unconventional behavior inside the establishment as a factor which facilitates a new rapprochement of Lukashenka's regime to Russia. "The fundamental difference in attitudes to property and political power displayed by Belarusian and Russian ruling elites made impossible the integration of both regimes in 1990s. ... Now, the Belarusian ruling group's attitude to economics and personal fortune is seemingly forming according to the Russian example: special services' generals in our country wish not merely to 'control' the business, but also really and legally run it." Accordingly, it can help a new integration project with Russia as Belarusian elites are becoming more compatible with contemporary Russian elite's attitudes and values. Of course, the West can keep demonstratively punishing the Belarusian regime but it should beware of the consequences, especially linked to Russian influence. And it is pointless to lash out at Minsk while engaging

Handshake with the Devil: Nomenclature and Hope for Democracy in Belarus

By Siarhei Bohdan, Berlin

with much more repressive Azerbaijan and Kazakhstan. Such engagement of Belarus would not be a betrayal of any democratic values. It would be politics – struggling for an aim with available means. Isolation and sanctions have proved so futile not only in Belarus but throughout the world – Iran and Iraq are the most prominent cases.

Of course, engagement with the regime should follow engagement with the people of Belarus and not precede or replace it. More exchange and cooperation projects in all fields as well as the complete removal of visa and travel restrictions with Belarus will cost little to the EU but will

undermine years-old Belarusian dependence on Russia at a grassroots level. Belarus has never been a problem for the EU as far as illegal migration or criminality is concerned. No doubt, condemning Lukashenka's dictatorship and increasing communication with Belarus on all levels will bring down his regime very soon. Regime insiders want their chance to go West and the common people need a visible European alternative.

bohdan@belarusdigest.com

Politics and Society

Getting the Rents Back in. Russia's New Bail-Out of Belarus

By Alexei Pikulik and Dzianis Melyantsou



Photo by: 1tv.ru

The end of November proved to be very successful for Lukashenka, given that he managed to secure the continuation of the rent-flows from Russia. Thus, according to the agreements signed on 18 and 25 of November, a) Belarus sold Beltransgaz for 2.5 bn USD to Gazprom (that could be considered a very generous price from the buyer's side), would b) receive Russia's gas for 164 USD for 1000 m3, c) get a 1 bn USD loan to Belaruskaliy, d) and in addition would receive a 10 bn USD loan to build an atomic power station. There are a few reasons for Russia bailing-out Belarus now:

Firstly, the presidential campaign in Russia has forced the Russian political incumbents to leave aside the controversies with President Lukashenka, who is still popular in Russia, and who is expected to show enthusiasm about the new integration rhetoric in the Kremlin. This is expected to be maintained until March 4, 2012 at least.

Secondly, Putin is very likely to be preoccupied with the project of restoring Russia's role as the regional empire during his next term. Albeit there is room for grounded skepticism about the integration project and solid reasons to assume that Russia would not be able to afford the bill of becoming the new center of this group. Thus, building mighty political and economic structures (not just doing political PR based on further integration) requires fiscal health and solid economic performance which is doubtful for Russia's near future. In a way, like Britain after the Suez Crisis, it might be forced to abandon its imperial aspirations.

Thirdly, by helping Belarus get out of the crisis Russia is sending open signals to Ukraine and confirming that it will not leave 'partner' countries in hard times.

Fourthly, it is becoming clearer that Russia is interested in preserving Lukashenka as the Belarusian president (at least in the short term

perspective) and will try to buy his loyalty not only with bigger carrots but also with bigger sticks. The latter may mean that in order to corner Lukashenka, who will very likely become disobedient again in 2012, Russia might attempt to invest in Belarusian alternative politics.

What are the overall implications of the new bail-out for Belarus?

Politically, the new rent-flows stabilise the situation and minimise the social pressures brought about by the economic crisis. Yet, it is naive to expect political liberalisation in the nearest future: the authorities are interested in maintaining the atmosphere of fear in order to preempt social unrests and in order to keep the elites from defecting.

Economically, the new rent-flows will again stall any economic reforms. Although the programme of the government for 2012 seems to be relatively rational and coherent, and presupposes the beginning of a decline in budgetary expenditures, one could expect that Lukashenka's propensity to indulge macroeconomic populism would outweigh all rational considerations, and that he would increase side-payments in order to restore his approval rating (which fell to 20.5% in Sep. 2011).

Geopolitically, the restored rent-flows diminish the prospects of dialogue with the EU. In the light of the new conditions, Belarus is neither in need of IMF loans, nor is forced to make the political concessions to the EU and the US. That in turn means that there are no real pressures now to release political prisoners, or to please Brussels with the new electoral code and the 'fair' elections to the Parliament.

Furthermore, the Eurasian Union hinders the EU's Eastern Partnership Initiative, gravitating Belarus (and maybe in the foreseeable future Ukraine) away and out of the EaP. The game between Brussels and Moscow over the borderline territories now seems to be being won by the latter. The EU approaches on Belarus have failed and become deadlocked: now the Belarusian political elite not even considers the EU as a source of financial and political support. The overall failure of the EU's engagement politics needs to be acknowledged: the EU has nothing to offer to Belarus. Yet, Belarus would gladly reopen dialogue with the EU if the a) latter drops the conditionality strategy and abandons its political requirements (which is next to impossible) and b) if Russia starts demanding too much from Belarus or breaks previous agreements.

Overall, the bitter truth is that Belarus is being dragged into the sphere of Russia's influence and the Eurasian Union will be on the agenda for the coming years. Although that does not mean the fully-fledged political absorption of Belarus into Russia, the West should redefine its strategy and recognise the facts that in order to democratise Belarus it has to offer the unprecedented incentives to the country (namely, a fast-track to membership in case Belarus solves the democratic governance issue, or substantial macro-economic assistance provided to the government in exchange for economic reforms). As of now, the 2011 battle for a democratic Belarus is lost, but the war is not.

pikulik@belinstitute.eu, dzianis@belinstitute.eu

Finance and Commerce

The Economic Crisis in Belarus: The end of good luck, a time of good policies

By Alexander Chubrik, director of the IPM Research Center, CASE fellow, Minsk



It has become a commonplace idea: market reforms are good for growth. Market reforms were a key factor behind the economic successes of the new member states. Until the recent boom in commodity prices, reforms played a vital role in the recovery of many CIS economies from the long-lasting recessions induced by post-Soviet transitions. Yet, Belarus has always been an "outlier": lacking both reforms and natural resources but still achieving growth. However, the current balance of payments crisis has eliminated this status: the good luck that has driven growth until recently is now over. And the country stands at a crossroads: either mend the old ills with good policies or preserve the distorted structure of the economy with bad ones.

Warnings that had been ignored

The Belarusian authorities had faced their first warning at the end-2008, when expansionary fiscal and monetary policies led to a current account deficit of about 9% of GDP and the devaluation of 2009. Only a stabilisation programme with the IMF prevented a further collapse of the national currency at that time. However, by the beginning of 2010, the authorities renewed demand-enhancing policies implemented largely via the quasi-fiscal operations of the government via state-owned banks. As a result, a stand-by loan from the IMF prevented the current account deficit from falling in 2009 – in fact, it increased by 4.4% of GDP, while additional expansionist policies contributed to its further increase in 2010 by another 2.6% of GDP to a dangerous 15.6% of GDP. On average, for the last five years the current account deficit was close to 10% of GDP, which was sufficient to launch the most severe balance of payments crisis in the modern history of Belarus.

Economic policy scenarios: the government stands for reforms, while the administration resists

On November 8, the government presented a draft economic forecast, or, more precisely, various economic policy scenarios and their outcomes for 2012. It distinguished mainly between two options: tight monetary policy and stagnation on the one hand, and continued financing of quasi-fiscal operations of the government through monetary expansion on the other. Government representatives and the Prime Minister proposed the first approach as a baseline policy scenario, arguing that soft monetary policy would not allow for the solution of existing problems. Representatives of the presidential administration and later on Lukashenka himself doubted the necessity of a tough scenario, but the forecast has not been adopted yet, which leaves room for optimism.

Definitely, one can't simply tighten monetary policy when the big share of the economy is heavily subsidised by the state, directly or indirectly. For instance, in its recent report "Belarus Public Expenditure Review" the World Bank estimated cumulative debt of Belarusian agriculture (debts to suppliers plus debts on credits and loans) in 2010 as 258% of agricultural GDP, while in 2005 it amounted to 123%. In addition, fiscal support to agriculture in 2009 was estimated at 67% of agricultural GDP. So, one

can't simply stop supporting such sectors, as their inefficiency harms all other sectors and may provoke a banking crisis as a result of a drastic increase in non-performing loans left without refinancing via debt accumulation. Such inefficient sectors should be reformed, and it seems that the part of the government proposing tight policies realises the necessity of structural reforms.

The Role of the EU and IFIs

If Belarus starts reforms now, it will do so in a very unfavourable environment; while relations with the EU and the West are almost frozen, despite the formal presence of the country in the Eastern Partnership. To melt these relations down, EU requires democratization and the observance of human rights. The big problem is that one can hardly expect significant progress towards democratization over the short term. And this leaves the country alone with the necessity to develop a comprehensive reform package and to implement it in the most efficient way – although many of the new member states passed through this process and could offer extensive experience and expertise that may allow the Belarusian government to reduce the painful short-term consequences of reforms and increase their long-term positive impact. The provision of this kind of expertise neither serves "strengthening the authoritarian regime" nor requires political pre-conditions – it just supports the people of Belarus who carry the burden of all transformations. International financial institutions – the World Bank, the IMF and others – provide some expertise, but without large scale financing programmes this support is rather limited; additionally, the reform agenda is too broad to leave no room for the EU in shaping the future of the economy Belarus.

The role of civil society

The Current crisis in Belarus is too complex to be explained simply through economics. The economic crisis has provoked a breaking of the social contract between the authorities and society that has been building in Belarus since 1994. The essence of this contract was quite simple: the authorities provided more or less clear benefits for loyalty (stability, growing incomes, close to full employment), while those who were not satisfied with these benefits could find exits (employment abroad, in the private sector, etc.) or try to raise their voice (protest), but the "legal" room for this voice was quite narrow, while the punishment for unsanctioned protest was quite heavy. Now most of the benefits have gone, the punishment for protest has become more severe, while the exit opportunities have, if not have narrowed, then at least failed to expand.

The broken social contract has created a strong demand for solutions, both from society and from the authorities. This demand can be met not so much by the international community as by Belarus's civil society which is experienced in determining problems and placing them on the government agenda, revealing vulnerable groups and working with them, raising public awareness about the necessity of reforms and advocating pan-European values in times of social and economic transformations. Even in cases of direct interaction between the government of Belarus and the IFIs/EU, the role of civil society in ensuring the most efficient method of reform implementation and convergence between Belarus and the EU is crucial. Therefore, supporting civil society in Belarus during these times would be especially helpful and effective.

Concluding remarks

The experience of Belarus' neighbours could ease its choice, as in 2008–2009, many countries in the region experienced a more or less similar balance of payments crises. The policy reactions that followed from their governments included either fiscal stimulus and respective debt accumulation or fiscal adjustments, some of which were very extensive. As a result, those countries that followed the second path fell deep, but eliminated imbalances and are recovering very fast (like the Baltic states and almost all CEE countries), while others fell not as deep, but preserved imbalances and stagnation (like Greece, Spain, Portugal and some others). When the new wave of the global economic crisis comes, it will hit the second group of countries far more severely than those that had adjusted after the first wave. For Belarus this hit may mean descending to join the "third world" countries instead of a convergence with the developed ones.

info@democraticbelarus.eu

Research

By Inna Bukshynovich, Stockholm

Are the World Bank's Testaments Feasible?"

In the beginning of November the World Bank presented a report entitled "Belarus Public Expenditure Review: Fiscal Reforms for a Sustainable Economic Recovery". The report delivers the analysis and recommendations on the expenditure of five sectors: agriculture, energy services, social assistance and pensions. Aliaksandr Chelin, of the Agency of Policy Expertise, asks if the recommendations put forward are applicable for Belarus' reality.

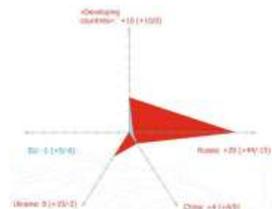
The analyst notes that while the Bank's recommendations correspond to those of the IMF, the potential provider of a much-desired loan, the Belarusian authorities are cautious about the proposals of these two financial institutions. The main reason is that the report suggests tackling the current economic hardship by the further reduction of living standards.

In Chelin's analysis, the implementation of the Bank's recommendations will hardly hit the public sector. For instance, the proposed raising of tariffs for domestic consumers of energy services, designed to increase household expenditure to match the average for Europe and Central Asia, will not go together with a rise in income of the population. What can be feasible in the author's analysis is a gradual increase of the retirement age, which, according to the report, has already occurred everywhere with the exception of Ukraine, Russia and part of Bosnia.

[The full version](#) of this article in Russian appeared on BISS website on November 10, 2011

Belarus' Foreign Policy Index: September-October 2011

BISS presented a new issue of Belarus' Foreign Policy Index, which analyses five foreign policy vectors – the EU, Russia, China, developing countries and Ukraine – in the period September 1 - October 31, 2011.



The analysis' general conclusion is that, amid the isolation from the West, Belarus keeps drifting towards Russia, offering Moscow additional concessions and engaging in Russian-initiated integration projects, the foremost being the Common Economic Area (CEA). Here, a notable trend is a reduction in the efficiency of the stonewalling tactic and Belarus' gradual acceptance of Russian terms. An offer to sell Naftan, an oil refinery, to Russian companies sent by the Belarusian authorities on October 25 is a concrete example of caving in to Russian interests. However it is forecasted that the Kremlin will not exert too much pressure on Belarus until Russia's parliamentary and presidential campaigns are over.

Relations with the European Union have almost remained unchanged and stay at the same low level as before. Officials in Minsk portray the EU is not especially important – evident from the outcomes of the Eastern Partnership summit, where Belarus was represented only at the level of the ambassador. A notable event during the reviewed period is the release of nearly all prisoners convicted for the December 19 events, except for the key figures of the "Square" – Andrei Sannikau and Mikalai Statkevich. However, the foreign political effect of this move was somewhat offset by the ongoing "Bialiatski case" and secretly adopted repressive legislative initiatives. The report forecasts that the need to get back to the dialogue framework with the EU will be getting higher on Belarus' foreign political agenda, which comes from the requirement to prevent any manifestations of public protest in the country.

Amid the absence of the western vector and pressure from Russia, Belarus' relations with Ukraine have somewhat improved. Previous conflicts have been done away with, and hope appeared that some chronic problems, including the State Border Treaty and the state debt would finally be resolved. There is a temporary lull in the other foreign political vectors for the time being.

[The full text](#) of the Index is available on BISS website

Recovery, Planning, Consolidation: The Development of Political Parties between Elections

APE's political expert, Yury Chavusau, analyses the status of political parties between the elections. In Belarus, this period – a time for party building, resource mobilisation and coalition processes – presents a peculiar situation.

A distinct feature of both political and civil society groups is their strategic uncertainty as a result of the dramatic restriction of political space after the presidential elections in December 2010. The efforts of the opposition have been directed at the protection of political prisoners, which is very important but not sufficient for a political strategy. Weakened by repression the parties largely continue to stay in the mode of recovery and have displayed an inability to respond to the sudden challenge of economic crisis, while failing to utilise the resource of voter disillusionment in the authorities and its leader.

However, two strategies in the new situation were declared by several actors. The group associated with the political coalition European Belarus, of the presidential candidate Andrei Sannikau, argued for the intensification of internal and external pressure on the regime including sanctions and the political isolation of the country. The second group, associated with a national platform of the Eastern Partnership's Civil Society Forum and a consortium EuroBelarus, expressed the need for the normalization of the situation in the country through dialogue between the warring political sides. Neither of the approaches managed to prevail and the key political parties included the elements of both strategies in their rhetoric.

The legal space of this period is characterised by new repressive developments. Amendments to the legislation, adopted in secrecy, put further restrictions on foreign funding for political parties and NGOs, rallies such as flash mobs and silent protests, and gave new powers to KGB that is now effectively above the law.

The most significant development in the coalition field was the creation of "The Six", which consists of four key political parties and two civic groups. Provided that "The Six" works out a stable decision-making mechanism there is hope for the coalition to be able to run at the upcoming parliamentary elections as a united entity and become a consolidated center for the opposition.

Yury Chavusau determined the status of political parties and NGOs in the period between elections as being in recovery mode. The opposition is focused on routines and the protection of political prisoners offering only rhetorical and symbolic responses to the challenge of economic predicament and growing public protests.

[The full version](#) of this article in Russian appeared on BISS website on October 31, 2011

Most Popular on Belarus Digest

By Yaraslau Kryvoi, London

Inside the Belarusian Regime

BelarusDigest

establishment of contacts with Belarusian officials and businessmen. The article provoked an online debate on whether and how to engage with the Belarusian regime.

Towards an Effective EU Lobby Inside the Belarusian Regime – The article argues that when the European Union pushes a policy of isolation too far, it will reduce its opportunities to influence the decision-making process in Belarus and promote changes in the country. The reaction of the Belarusian regime to European recommendations and policies has been weak and to increase its responsiveness, the European Union should pursue a new policy of engagement, including the

Cracks Inside the Belarus Regime? - For the first time in many years it has become obvious even for ordinary citizens that cracks are developing inside the governing elite over economic policies. The article discusses two camps in the governing elite “the status quo group” and the “reformers”. Lukashenka clearly sided with non-market hard-liners from the Presidential Administration and opposed more liberal governmental ministries from the Government who were pushing for market reforms.

Who Rules Belarus? – The article analyzes biographies of the top officials in Belarus and concludes that those who were born outside of Belarus and educated in Russia heavily dominate the leadership of the police, the military and the KGB. On the other hand, most ‘technocrat’ senior officials were born and educated within Belarus. Another remarkable fact is that most Belarusian officials are old and age is an important indicator in predicting their views. Younger ministers tend to be more liberal and less hawkish than their older colleagues.

Belarus-Russia Relations



Photo by: thaipedia.ru

Is the Customs Union Good for Belarus? - Belarus has so far failed to achieve the main goal that could justify its participation in further Eurasian integration. In particular it failed to make sure that equal oil and gas prices with Russian consumers become part of the agreements. No one can say for sure whether these goals will be achieved after the creation of the Single Economic Space in 2012. It appears that on balance Belarus currently loses more than it gains from its participation in the Customs Union. Its economy is unreformed and not ready for competition in accordance with WTO rules.

The Hidden Problems of the EurAsian Union - On 18 November the presidents of Belarus, Kazakhstan and Russia met in Moscow and launched the Single Economic Space. The founders of the Eurasian Union referred to a large extent to the EU experience. However, a weak legal culture, the absence of proper democratic mechanisms, and the differences in the economic structure and economic interests of these three countries cast doubt over the future of all agreements. It is

difficult to say whether this new Union will stand the test of time or be used by Russian politicians to increase their popularity in Russia, and by Belarusian authorities as yet another rent-seeking opportunity.

New Nuclear Ambitions of Belarus - The article shows that the planned first Belarusian nuclear power station will actually not be Belarusian but Russian in nearly all respects. The Russians will design and construct the plant providing Russian money in the form of loans. The future Belarusian nuclear industry most probably will have to work under the guidance of Russian technical specialists. In addition, Russia will supply fuel and dispose of used nuclear material. The plant is likely to become part of an enterprise selling energy in the region and returning profits to Russia to pay the loan. The author doubts that Belarus will gain any real benefits from the project, aside from the illusion of technical advancement and one more hazardous energy site.

Culture



Photo by: Bymedia.net

Long Live Stalin? – The article explores attempts by the Belarusian authorities to rehabilitate the cultural image of Stalin despite the fact that nearly all of Belarus’s cultural and political elite was murdered during his rule. The October amendments to the Belarusian law related to the financing of parties and NGOs from abroad, holding mass rallies and expanding the powers of the KGB, are another step in tightening the screws on Belarusian society.

The Land of Forgotten Heroes: Lenin vs Kosciuszko – The Belarusian authorities regard human rights activist Ales Bialiatski, recently sentenced to 4.5 years in prison, as a criminal. But a significant segment of Belarusian society regards him as a hero. Twenty years after the declaration of independence from the Soviet Union, Belarus has two opposite pantheons of national heroes: the official and the democratic one, while many people believe they do not need any national heroes at all. The article looks at the old and new heroes of Belarus and why Lukashenka renamed the two main avenues of Minsk. The author is cautiously optimistic because a significant number of Belarusians already view non-Soviet Belarusians as their national heroes.

kryvoi@belarusdigest.com

Unknown-Belarus

Two sides of Orsha's Medal

By Olga Loginova, New York

Now it's official: being homesick gives perspective to the events that would seem unimportant or forgotten otherwise.

Sitting in my Brooklyn apartment I suddenly remembered Orsha, the city to the North-East of Minsk that I visited once during one of my journalist assignments.

For many years before then my only associations with Orsha were those of the busy railway station that from the end of the 19th century accommodated trains and travelers going from East to West, and from South to North; as well as a few random historic facts I remembered from my school years.

Later on I realised how little I really knew about the city that I passed at least a dozen times a year never wondering what was going on beyond the Station Gates.

The Legend

Orsha, or Rzha as it had been called before, was first mentioned in the old Slavic manuscript 'Story of the Long times' in 1067. According to its author Monk Nestar, around that time Belarusian Duke Usiaslau Polatsky (**Usiaslau the Sorcerer**) came to Rzha by Smalensk with his two young sons, where they got captivated and thrown into prison by the Yaroslavich brothers.

It may be a pure coincidence, but almost 10 centuries later the town would still be associated with inmates and ex-cons, as till recently Orsha had three prisons that would accommodate true rogues and gentlemen of fortune from all over the country.

The name Orsha is a derivative from the original Rzha, which means rust. According to one of the explanations, this name was given to the place because of the rusty color of the water in the Dniapro River. An old legend explains how the river turned the colour of blood.

Dozens of centuries ago, when most Belarusian cities had not yet been built, there stood a magnificent fortified castle right where the town of Orsha is now situated. People who lived near the Castle were afraid to leave their homes, as the Duke who owned the place was wild and merciless. He

would whip his own people to death, and then turn his rage on peasants and hunters from the nearby villages.

Nobody dared to question his power, until one day a young warrior stood up for himself. The Duke ordered to whip the guy, but the old commander opposed the Duke's order. Although the commander was much older and more experienced than the Duke, it did not stop the latter's fury.

The poor fellows were beaten up and left dying in the ditch. Weeks later they came to senses in the hut of the local shaman who treated them with healing herbs. The pain of the betrayal did what years of injustice and violence did not manage to. The warriors decided to take vengeance.

They ambushed the Duke and killed him eventually in the fight. His body was thrown into the river that turned the colour of blood the moment it hit the water surface. And this is how the River Rzha got its name.

During the Middle Ages Orsha was a part of Minsk and then **Polatsk principalities**; in the 16th century it became part of the Great Duchy of Lithuania, and in 1620 it was granted the Magdeburg self-rule, which was annexed in 1776 after Belarus was annexed by Russian Empire.

Under different circumstances Orsha's favourable geographic position and its important role of a major railroad junction would have probably turned it into a prosperous city, but History has its own twisted sense of humor.

In 1812 Civil War Orsha was burned to ashes during the Napoleon Army's Retreat; during WWI the town was occupied by the German Troups, however these misfortunes paled in the face of the drama that was to befall on Orsha in WWII.

Orsha Ghetto

Before WWII 21% or about eight thousand people in Orsha were Jewish. Orsha Ghetto built by the Nazis in 1941 became one of the biggest and deadliest known on our territory.



Jesuit College of Orsha. Foto by S.Sleptsov, orshagorodmoy.info

Orsha surrendered to the Nazis on July 16, 1941. By this time hundreds of Jews had fled the town, had been mobilised into the Army or got evacuated with the civilians. The majority however stayed in their homes hoping for the better.

Age, profession and ethnicity - these were the three questions asked by the occupants during the mandatory registration of the civilians.

Jewish population was divided into several groups, with the first one consisting of young men, professionals and leaders scheduled for instant extermination.

Others were sent to the closed-type ghetto built on Engels street. People were not allowed to leave its territory, they had to work all day, pay enormous contributions and starve on 10-15 grams of flour, water and a few potatoes a day. Hundreds died of typhus raging in the Ghetto. Thousands prayed for death to come sooner.

To keep the Ghetto dwellers subdued the occupants lied about their plans to send Jews to Palestine. This was never going to happen. Between November 26 and 27 Orsha Ghetto was annihilated, with up to 6000 of its dwellers tortured and killed over one night.

The unsurpassed cruelty and horror the Nazis had inflicted on Orsha citizens left the town deeply scarred and never fully recovered.

After the war little was left of the indigenous population of Orsha. Human resources were scarce and in high demand. Hundreds of villagers, impoverished by years of war flooded the streets of Orsha to rebuild and revive the economy of the town and the country at the factories and plants that years later would turn Orsha into an important industrial center of the republic.

Very quickly the ratio of Orsha's population shifted from urban to rural, which would result in another disaster that would haunt Orsha for almost three decades to come.

Bad Karma?

Yard fights have always been a common pastime for Slavic villagers. Guys would meet in the open field to show whose fists are stronger, and necks are harder. After the fights the feuds would be forgotten and former enemies would often share a meal at the same table.

Not so in Orsha. From 1960s gangs of youngsters built on the principle of the territorial tenancy would attack each other with metal rods, stones and knives. They were merciless and insatiable.

It was nearly impossible for a guy from one district to enter another without being followed and beaten up. Often gangsters would provoke their opponents, ambushing them on their territory and terrorising peaceful citizens.

Unknown-Belarus



Foto by Martina, orshagorodmoy.info

The three Orsha prisons were filled to a capacity at all times, with inmates rotating practically non-stop.

Militia, dealing with the skyrocketing criminal records among the ex-cons, didn't pay much attention to the street fights at first. However, after their local officer Yury Babkou had been killed by members of a gang, it got clear, the situation was very serious.

In mid eighties the toll of deaths continued to rise. Five teenagers from the warring districts were killed, more than 50 seriously injured.

In late 1980s and early 1990ies militia patrols got enforced with special division members, streets were controlled 24/7, and fights were strictly forbidden. Interestingly, one of the most adamant and effective advocates of law and order in the streets of Orsha was militia lieutenant colonel Siarhei Hudaleeu, the former leader of one of the street gangs.

By 2000 the yard fights lost their edge and little by little life in Orsha got back to normal. With one interesting exception. Personalities of inmates still remain one of the hot spots for Orsha residents. Recently however urban legends got a distinct political flavour – many of

the Belarusian political prisoners are kept right here, in Orsha.

A few nice things to know about Orsha.

Ok, time to put all the gloomy stuff aside and concentrate on the nice things Orsha is world known for.

Orsha Gospel

The handwritten manuscript of the 13th century Christian Gospel was discovered in the city monastery in 1812 after it had been looted by the French Army. In 1874 the unique parchment consisting of 142 pages, two miniatures of St. Mathew and Luke, and two headpieces was given as a present to the Museum of the Orthodox Academy in Kyiv. Now it is kept in the library of the Ukrainian Academy of Science.

Writer

Uladzimir Karatkevich, one of the most acclaimed and prolific Belarusian writers, was born in Orsha in 1930. He is known for his outstanding novels, Spikes Under Your Sickle, Black Castle of Halshany, Christ Landed in Harodnya, and Leanidas will Never Return to Earth; numerous short and long stories, scripts and movies based upon his works.

Linen

Orsha Linen Plant is probably one of the best known industrial enterprises in the country. The wide range of its products, from fabrics, to beddings, to tablecloths and napkins are probably an integral part of every Belarusian household. Which in this case speaks for itself – an outstanding quality for a very affordable price.

Outro

This is it, I guess. Another journey into Belarusian history is over. And as usual there are so many things that have been left out, on purpose or due to my humbly admitted ignorance.

Want more? Then, just go there and see for yourself. Experience Belarus the way nobody has done it before.

ologinova@democraticbelarus.eu

In Fact

- **The Principality of Polatsk** (IX -XIV A.N.) is considered to be the beginning of Belarusian statehood. Its territory covered the area of northern and central Belarus, as well as part of modern Latvia. The height of the state's power was achieved during the reign of the legendary Usiaslau the Sorcerer. During his rule the Principality of Polatsk became one of the largest and most powerful states of Early Medieval Europe, next to the Polish Kingdom, and the Scandinavian and Novgorod principalities.

- Thanks to his talent of unexpectedly appearing in various places to repel attacks or bear down on his enemies, **Usiaslau the Sorcerer** (1029—1101), the duke of Polatsk, was widely believed to have transcendent abilities. According to various sources, he could morph into different animals and birds whenever he wanted to get the better of his opponents. Using his political talents he even managed to persuade the citizens of the neighboring Principality of Kiev to release him from prison - where he had been put by the Dukes of Kiev - and subsequently enthrone him. While being a devoted Christian (one of Polatsk's greatest symbols- St. Sophia Cathedral was built on his order) Usiaslau also tolerated pagans thus seeking consensus across faiths and unity among people in the state.

- The famous **Battle of Orsha** became the main victory of the Belarusian and Polish army in the war between the Great Duchy of Lithuania and Moscow state. A 30 thousand strong army under the command of Kanstatsin Astrozhski managed to defeat 80 thousand Moscow troops. Many years later, the Russian military encyclopedia of 1914 published a big article on the Battle of Orsha. The students of the Academy studied it as an example of excellent war-craft.

Belarus Headlines is a joint project of the Office for Democratic Belarus, Belarus Digest and the Belarusian Institute for Strategic Studies. More information about these organisations can be found on their web pages.

Opinions expressed in Belarus Headlines do not necessarily represent the views of the editors.