

Forbes: Currency devaluation a shock for Belarussians



MINSK, Jan 8 (Reuters) – A surprise 20 percent devaluation of the Belarussian currency has sent people rushing to shops before prices go up. The devaluation shocked many in this ex-Soviet state where President Alexander Lukashenko, widely known as 'Batka' or 'Dad', insulated the population from the turbulence of world markets by keeping much of the economy in state hands.

But the global turmoil has caught up with Belarus and has forced it to seek a \$2.5 billion loan from the International Monetary Fund. The devaluation may have been linked to the loan as freeing up the currency system, cutting social spending to balance budgets and wage controls are common conditions set by the IMF for its loans to help rebalance ailing economies.

On Dec. 31 Minsk agreed to the IMF loan and on New Year's Day it devalued the rouble to 2,600/\$ from 2,200/\$. Belarussians rushed to the shops the next day to buy what they could in anticipation of steep price rises once the next set of imports hit the shelves. 'I don't remember such queues since the Soviet times,' said Marina, a 38-year-old housewife, out shopping in Minsk. 'I saw a woman grabbing onto a fridge and shouting that she got it first, while a man was telling her that he had ordered it.' 'We sold 10-days worth of stock in three days,' said Tatyana, a furniture store assistant.

'Today, there were a lot of unhappy people. People couldn't believe that we've sold out.' Read full text at Forbes.com.