

Financial Times: Soviet model may face trouble despite weathering the crisis

The Financial Times have this week published several stories on Belarus by its Eastern European correspondent Jan Cienski. Both of them seem rather to be stating the obvious but are very useful to get a snapshot impression of the current state of Belarusian economy and foreign policy. The country feeling symptoms of the economic crisis and, being unable to get Russian sponsorship any more, therefore trying to maneuver between the EU and Russia.



Soviet model may face trouble despite weathering the crisis

By Jan Cienski in Minsk

Published: November 19 2009 16:09 | Last updated: November 19 2009 16:09

Belarus has only been dealt a passing blow by the global economic crisis, but its method of fighting recession – pumping credits to state-owned industries so they continue

producing despite falling sales – has stored up big problems for next year.

While its ex-Soviet neighbours Ukraine and Russia suffer severe contractions this year, Natalia Koliadina, the International Monetary Fund's representative in Belarus, estimates its economy may end the year with zero economic growth or slightly above. Last year it grew 10 per cent.

While some other analysts are gloomier – foreseeing a contraction of as much as 5 per cent – Belarus still remains a star performer in the region.

A big reason for its relative success is the country's hand-steered method of economic management, which has more in common with Soviet-style planning than free markets.

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A delicate balance between east and west

By Jan Cienski in Minsk

Published: November 19 2009 16:09 | Last updated: November 19 2009 16:09

Change is a dangerous thing for an autocrat, and Belarus's Alexander Lukashenko is being buffeted by demands for just that as he tries to steer his country through the economic crisis and strained ties with Russia without losing control.

At first glance, the president of a country that this year could see economic growth of about zero, should be sitting pretty, as zero is much better than the negative figures for neighbouring Russia and Ukraine.

For next year, the forecast by the International Monetary Fund is of a resumption of growth of about 1.8 per cent.

But Mr Lukashenko is no ordinary leader, and the measures he

has taken to minimise the impact of the global crisis this year, and will have to take to get the economy growing robustly again, could undermine his rule.

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