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*PAST
AND FUTURE*

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Human
Development
Report*

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Foreword

We present the fifth National Human Development Report. It covers the events of 1998 and discusses the transition to sustainable development during the last five years.

1998 was a difficult year for the government and people. Despite a number of positive developments in the economy, social sector and environment, the nation faced some difficulties, especially in the second half of the year, caused mainly by the financial crisis that affected the global economy and the CIS. However, as a result of meaningful efforts by the government and NGOs, the nation has succeeded in maintaining economic growth, increasing investments in the manufacturing sector and boosting real incomes.

However, starting from the third quarter of 1998, output growth slowed down considerably, accompanied by a reduction in economic efficiency. This development affected all components of the macroeconomic infrastructure. The GDP growth rate slowed down from 12% in the first half of 1997 to 6% in the third quarter and 5% in the last quarter of 1998, relative to similar periods of the previous year. The average rate of GDP growth in 1998 was 8%, which conforms to the annual target. Industrial output gained 13.5% in the first half of 1998, 6.0% in the third quarter and 11.0% in the last quarter of 1998, averaging 11.0%, and capital investments 29%, 21.4% and 16%, respectively. The consumer price index grew 2.8 times relative to December 1997, and the rouble-to-dollar exchange rate more than 2.5 times. Foreign trade turnover gained 13.9% in the first half of 1998. However, by the end of 1998, it had fallen 2.9% relative to the end of the previous year.

However, as a result of concerted and well-targeted efforts by the state, the socio-economic development targets were met in almost all areas, with the exception of agricultural output, housing construction, foreign trade turnover and rate of inflation.

In foreign policies, the adoption of a declaration of unity of Belarus and Russia on December 25, 1998 was the crucial event of the past year.

The report addresses sustainable development issues and state sustainable development policies against the background of these events. Similar to the previous reports, it has been prepared by a group of independent local experts, whose views do not necessarily represent the position of the Belarusian government.

It should also be mentioned that the previous reports were well received by the public and have played an important role in involving large numbers of academics and professionals in the debate on sustainable development.

It is hoped that this National Report will be positively received by the state institutions and NGOs and contribute to Belarus' transition to sustainable development.

Minsk, April 1999

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Introduction

1998 was filled with numerous significant events. They accompanied the long and difficult process of improving and reforming the national economy, as well as the efforts to overcome the current crisis, strengthen Belarus' statehood and increase its political and economic weight at the international level.

The socio-economic development was affected by a large number of external factors, some of which had an adverse effect on the nation. These include the recent negative changes in the global marketplace and the financial crisis in Russia. The impact of these developments was felt strongly in the last half of 1998 and led to the deterioration of the financial status of many enterprises and a marked drop in their profitability.

The potential and resources accumulated by most industries in the manufacturing sector enabled their expansion and steady growth throughout the first half of 1998. The unfavourable dynamics of the key socio-economic indicators were affected by steep fluctuations in the markets of Russia and other CIS countries in August and September.

In the critical situation that ensued, the rate of inflation increased, and price imbalances worsened. Because there was no effective mechanism to regulate the exchange rate of the local currency, the country was unable to prevent a substantial devaluation of the rouble. The devaluation of the rouble, in turn, deteriorated the country's foreign trade balance.

To Belarus, a country with an open economy and a high degree of dependence on imports of raw materials, particularly fuel, the worsening imbalances in the financial and foreign exchange markets had dire effects. Domestic consumer markets and exports were hit the hardest, and the problems affecting export and import transactions increased.

These adverse developments are certainly creating obstacles for Belarus' transition to human development, because they narrow its potential to address a large number of cultural, educational, economic, foreign trade and other issues of vital importance.

However, the government has been taking active steps to address these problems, to the best of its ability, and to support real incomes and popular living standards.

This report, which is the fifth in the series of such documents, covers these and other development aspects in their variety and complexity.

It is also concerned with the problems and advancement of sustainable human development in the last five years. These are examined in conjunction with the changes in the basic human development indicators and shifts in various areas of state policies, such as demographics, economy, social and gender issues, culture and environment. The trends and modifications of those policies are examined from a domestic and international perspective. The authors also take a look into the future, by examining Belarus' potential to achieve sustainable human development in the short and long-term perspective.

Great emphasis has been made on the analysis and discussion of the current trends in the nation's socio-economic development and a number of proposals have been made to improve state policies and achieve sustainable development. By so doing, the authors have kept the tradition of the previous reports.

The National Human Development Report for 1999 examines both positive and negative trends. It identifies new challenges and provides a constructive analysis of the efforts made by the state and civil society to achieve sustainable human development. Various ways of improving those policies are also suggested.

SUSTAINABLE HUMAN DEVELOPMENT IN BELARUS- A FIVE-YEAR RECORD

From a historical perspective, five years is an extremely short period of time. However, even a few years can have a great impact on civilisation and individual countries. In this context, the last few years have been critical for Belarus, as they have been marked by profound changes that may have great implications for its future.

Belarus is living through a complex stage in its history, which is marked by three complex developments:

- The nation is in the process of achieving a shared understanding of its sovereignty;*
- It is beginning to build a new model of its statehood, which is a highly complex task;*
- The economic system is being reformed, oriented for the needs of society and focused to form a viable market system and achieve Belarus' inclusion in the world economy.*

All of these aspects have received general coverage in the National Human Development Reports for 1995, 1996, 1997 and 1998, published under the auspices of UNDP Belarus.

It is quite remarkable that the human development concept put forth by the Rio summit in 1992, particularly its methodology, has been almost fully accepted by the Belarusian scientific and professional community. Such general acceptance was not accidental, because the concept embraces the whole range of complex problems faced by Belarus as an independent state looking for a solution to its systemic crisis, building its own government system and civil society and attempting to address the key priorities of sustainable human development, such as reduction of poverty and crime, and improvement of the living environment, education and public health. It is also quite obvious that every national human development report is built according to its own concept and structure.

1.1. National Human Development Reports - overview of approaches

The National Human Development Reports are playing an important role in the exchange of scientific and policy ideas, some of which are fundamentally new for Belarus.

The first report "Belarus: Turning to People", for 1995, covers the general issues relating to sustainable development and the starting conditions for its achievement. The key elements of the sustainable human development concept are examined, and the causes of development problems in various countries are explored. The report also explains the vital necessity for a sustainable development concept in Belarus.

Some of the most important intellectual and practical achievements of the report are as follows;

- The general human development concepts have been analysed from a Belarusian perspective;
- An attempt has been made to provide an objective assessment of the natural, economic and other conditions for the achievement of sustainable human development;
- A constructive analysis has been made of the Belarusian state policies in key areas.

The report highlighted the key policy priorities of Belarus, based on an analysis of the global experience of human development and the local conditions. It also named the key objectives to be

addressed during the transition period - to build a law abiding state based on the supremacy of human rights and prevalence of civil society institutions, and develop into an advanced market economy based on mixed ownership and a fair balance between economic freedom and government regulation.

Based on this objective, the report defined the goals and priorities to be pursued in each area of state policies. The main objectives of the economic sphere, for example, were to make the economy more socially oriented, increase its self-sufficiency and reduce its dependence on the vital imports of fuel and other commodities. It was also proposed that the state should encourage economic freedom and stimulate greater efficiency of the industrial sector by promoting its restructuring and privatisation and fostering the growth of private enterprise and the market infrastructure. It was emphasised that by pursuing those objectives, Belarus would be able to build an independent, self-sufficient national economy and move away from its formal position as an integral part of the former Soviet economy.

The choice of reform strategies in social welfare was determined by the constant lack of resources and funds. The reformed social safety network was to give priority to self-help, rather than institutional aid to the needy. The state in such a system would fulfil a dual role. On the one hand, its policies would lie aimed at creating equal opportunities for every

individual, regardless of ethnic or social background, sex, religion, or position in society. Such an approach would allow every person to put his or her professional skills and intellectual potential to best use in order to grow culturally and improve his/her living standards. On the other hand, the social policies of the state should ensure adequate support for the most vulnerable groups of the population, including single mothers, children with no parental support, families with many children or with no breadwinner, and the disabled. Programmes should be available to maintain the living standards of all people who, for reasons beyond their control, cannot protect themselves from poverty. The end goal of all such initiatives is to promote the integration of these people into society.

In other policy areas, different priorities were suggested. These included the need to protect and build the nation's intellectual potential, an important resource for its ongoing development; achieving a substantial improvement in the state of the natural environment, which deteriorated sharply in the wake of the Chernobyl nuclear accident; creating opportunities on the regional level to promote the involvement of every individual in managing the economy and society. Such wide participation would ensure that the shared interests of the population in a particular area would be met to the greatest degree possible and that a major conflict of interest would be avoided among various social groups, generations, other communities and with the state. The priorities highlighted in the 1995 report also call for a revival of the entire Belarusian nation, through the advancement of the Belarusian culture and promotion of ties with other ethnic communities living in Belarus.

The main achievements of the 1995 report are as follows:

- New ideas of sustainable development, the terms and notions related to this phenomenon were introduced in the everyday parlance of the scientific community, economic managers, and social workers, such as the "sustainable development model", "human development indicators", "major attributes and principles of sustainable human development", etc.

- The report explained the need for the state and civil society to consider sustainable development issues while addressing long-term and short term priorities; it calls for sustainable development to be made a primary consideration in the process of making policy decisions;

- Improvements were suggested to the existing state policies, including the modification of economic strategies, orientation for economic growth and a delayed start policy in the economic reforms.

The Human Development Report for 1996 stands separately from the other national reports, because it was dedicated to the Second Global Conference on Populated Areas (HABITAT-11), which convened in Istanbul. The focus of the report is suggested by

its title - "Belarus: Environment for People". Its main objective was to provide a complete assessment of the living environment - an important prerequisite to sustainable human development. Based on this objective, the following features of the report could be highlighted.

The living environment is defined, in a broad sense, as a multitude of physical, economic, social, ideological and other components of an individual's habitat. The macroeconomic, social, demographic and cultural context was approached as a prerequisite, opportunity and product of development, affecting primarily the physical components of the living environment.

The authors came to the conclusion that sustainable development, however much it is publicised and advocated, is hard to achieve in an unstable society. Although pessimistic at first glance, this statement still stresses the opportunities and potential that Belarus undoubtedly has. These include the favourable economic and geographical position; a dense network of roads and communications of national and international importance, connecting major towns and cities and serving as the nation's urbanised carcass; a well-preserved natural systems (e.g. forests, lakes and marshes); well educated and peaceful population, and a rich cultural heritage, which is an important resource for the growth of tourism.

The living environment is approached as a complex phenomenon from a nation-wide and international perspective. The report then proceeds to assess the opportunities for sustainable development in individual towns and cities, particularly large urban areas and rural-type settlements, areas with a special status (e.g. those exposed to radioactive contamination, adjacent to borders, formerly occupied by the armed forces, and territories with a rich national and historical heritage). And, lastly, the report examines the state of the living environment for an individual - the quality and availability of housing, medical assistance, personal services, education, transport and public utilities. Such an analysis has great social implications. The authors have rejected the old Soviet-style approach to assessing the nation's achievements in terms of the amount of housing, goods and utilities available to an "average citizen", regardless of his gender, age or individual needs. Instead, they have attempted to examine the living conditions for individual groups of the population, including the most disadvantaged: the disabled, children with no parental support and persons with antisocial behaviour, drug addicts, persons with no permanent abode, and prison inmates. Emphasis on the underprivileged was made because the attitude toward such people is a measure of the society's maturity, advancement and friendliness.

The comprehensive study of the living environment, supported by statistical data, revealed numerous new trends and developments. This was the first

study of this type in Belarus, and was received with considerable interest by society.

The 1996 report makes a series of concrete proposals to maximise the use of the nation's unique potential and address the most vital issues of sustainable human development.

The report recommends to take maximum advantage of the global trend towards urbanisation, by promoting asymmetrical distribution of the resident population and protected natural environments. Such a policy would bring benefits to the economy, by concentrating the available resources in the so-called "points of growth". Most such points of growth are located in urban-type settlements, with a great socio-economic potential and a well developed communications infrastructure. This strategy, combined with a consistent and sensible economic policy, will eventually lead to the continuous expansion of the growth points.

Such a strategy is also an important prerequisite to preserving a proper environmental balance within the country, because it ensures the necessary concentration and regular distribution of urbanised and non-urbanised areas.

The report also outlined a new policy to prevent the living environment from further deterioration and promote its growth, as well as to protect the physical and spiritual health of the population. Such a policy should be implemented according to the progress of economic reforms at different stages. At the stage of economic decline, the state should focus on preserving, as much as possible, the existing social infrastructure and building new elements within it, based on the changing socio-economic conditions. In the authors' opinion, successful achievement of these goals requires a package of essential legislation to rebuild the social sector, including housing, health care, education, social and legal support, culture and arts, transportation and public utilities.

The third National Report, for 1997, builds on the concepts and assumptions put forth by the previous reports, but introduces a number of new ideas, theories and insights. The subject of this report is the state and people, reflecting the major developments in the life of the country and the important and diverse roles of the state in achieving sustainable development. This variety of roles determined the content of the report, which focuses on five specific aspects, all of which were particularly relevant to Belarus' development during the period covered by this document:

- Development of Belarus' statehood;
- Sustainable Development - an objective of state policies;
- Macroeconomic policies of the state;
- Social policies;
- Role of the state in achieving public accord.

Each of those aspects was examined in detail, and concrete proposals were made to the government and civil society concerning sustainable develop-

ment. All of these recommendations emphasise the role of the state as the key leader and supporter of sustainable development.

The 1997 NHDR was thus directed at promoting sustainable development, based on the relevant international and local experience, the latest research concerned with sustainable development and the latest practical achievements in this area. This objective was seen as particularly relevant, because it is consistent with Belarus' advancement towards a new system, based on a mixed economy and orientation for the needs of society.

The opening part of the report contains a detailed discussion of the growth of Belarusian statehood and emphasises the leading role of the state in achieving sustainable development. The latter issue is approached from a historical perspective. The report discusses the role of the 1994 Constitution, the amendments to the Constitution introduced after the referendum on November 24, 1996, and the fundamental changes that they brought to the governmental structure of Belarus as a presidential republic.

The report then proceeds to examine the basic features of the transition period and the complexity of the tasks involved with the advancement of the economic reform and growth of the civil society. A number of modifications, which follow from those priorities, were also proposed to the national sustainable development strategy⁷ and the socio-economic development objectives of the Republic of Belarus.

The sustainable development model, which sets the framework of the national sustainable development strategy, was reflected in the structure of the 1997 report. Hence, the report provides a detailed analysis of the available resources and potential for sustainable development. It also describes the socio-economic model of the nation's future development, the long and short-term objectives of sustainable development, as well as its regional aspects.

Particular emphasis was made on macroeconomic issues. Throughout 1996, the state gave particular priority to the development and implementation of an appropriate macroeconomic policy in order to ensure the stability, self-sufficiency and sustainability of the national economy. The practical recommendations made by the report are based on an analysis of the major developments in the economy and key priorities of the economic policies. Some of these recommendations were included in the 1996 economic development forecast.

The report also provides a detailed and constructive analysis of various aspects of financial policies, including fiscal and monetary policies, and major aspects of further structural changes. Several recommendations were made to help the taxation system be more conducive to economic expansion, promote the growth of capital investments, as well as institutional and structural transformations.

The report examines the social policy in conjunction with the task of building a socially oriented market economy. The key priorities of such a policy, described in the report, are as follows:

- reforming wage and employment policies;
- social support, particularly of the most vulnerable groups of the population;
- housing construction and development of the social infrastructure.

The report has recommended improvements to the social policy that would encourage every individual to make an independent effort to improve his living standards. Basic approaches were also suggested towards reducing poverty, which is still a major obstacle to sustainable development. The report also proposed solutions for the housing problem and mechanisms to regulate employment and the labour market.

In conclusion, the report examines the role of the state in achieving public accord, particularly in ensuring equal rights, ethnic and religious stability, and the growth of NGOs, especially of youth and women, which play a critical role in the development of the civil society. The report has examined the role of more than 40 political parties and movements in achieving social cohesion and settling the existing social disputes.

In general, the report indicated that during periods of economic transition the state plays a pivotal role in achieving sustainable human development, building a sovereign state and a socially oriented mixed-type economy, and overcoming the social and economic crisis.

The NHDK-199H is entitled "State . Government, People". This choice of subjects reflects the attempt to cover all of the major issues affecting human development and the state from a national and international perspective. The nature and implications of the developments in the sphere of public administration are extremely complex. Reflecting this complexity, the report covers the following subject areas:

- current socio-economic development of Belarus;
- managing the economy for human development;
- institutional regulation;
- management of the social infrastructure and poverty reduction;
- regional administration.

Coverage of these areas reflects the report's conceptual focus on the potential mechanisms and approaches to achieving improvements in public administration.

The issues covered by the report may fall beyond the scope of sustainable development issues, as identified by the 1992 Rio summit. However, they are still viewed from the perspective of sustainable human development. Every aspect of the report - poverty, public health, crime, deterioration of the living environment - has direct implications for

human development. Many of those problems seem to have no viable solution so far, but the efforts to find those solutions can potentially lead to success in the long-term.

It is also important that the issues of statehood were not approached exclusively from the national perspective. Belarus realises that the reassessment of the role of the state is a global trend, and is part of it. The report shares the opinion that although there is no fixed approach to the role of the state in the process of development, there is a need for dynamic and flexible policies of the state, acting in synergy with the civil society and the private sector, to address the most complex issues faced by society.

For example, the authors of the report share the approach of the World Bank to making the state a more reliable and efficient partner in the development of every country. The strategy divides this process in two stages. In stage one, the functions of the state are adjusted to its potential, and in stage two, the potential of every state is strengthened by promoting a more active role of civil society institutions.

The above views have provided the terms of reference for the NHDR-1998, which contains a detailed analysis of government management of the economy and society in the interests of the people.

The report opens with an analysis of the present-day economic and social development of Belarus. The document lists a number of positive developments of the recent years and names three distinct stages of the transition period. The first began in the mid-1980's, the second coincided with the acquisition by Belarus of sovereignty and independence, and the third with the adoption of a new constitution in 1994. The recommendations made by the authors in this section of the report were included in the socio-economic development forecasts for 1998.

The report then proceeds to provide a detailed analysis of the government system, as well as its structure and operating principles. Particular attention was paid to the general concept of economic management. The report makes a number of recommendations to improve the capability of the government system to conduct economic reforms and analyses the role of state programmes in sustainable development.

Institutional regulation is a critical element of economic reform, affecting all aspects of building a market economy, changing the ownership structure, promoting privatisation and achieving financial improvements.

Institutional regulation is an important aspect of economic reform. Such regulation embraces all the key prerequisites of a market economy, including property reform and improvements in the financial system.

Management of the social infrastructure and poverty reduction are the focal subjects of the report. The coverage of these issues builds largely

on the analysis of the social policies in the NHDR-1997. It is maintained that the key objectives of such policies are to create incentives for increased labour productivity and a mechanism to provide directed support for the most needy and vulnerable groups of the population. The report also makes recommendations to improve the education and health systems, some of which have been included in the relevant presidential and state programmes, and suggests new approaches to resolving the housing problem.

In conclusion, the report addresses the issues of regional government, which are particularly relevant for specific territories of the country, determine the effective solution of the problems caused by the Chernobyl nuclear accident and promote greater synergy between the central and regional governments. In addition, the report analyses the practical aspects relating to the establishment and operation of free economic zones and development of local self-rule.

1.2. Role of the national reports in public education and state policies

The national human development reports are being increasingly approached as instructive and political documents, as well as essential tools for decision making by governmental organisations and institutions of the civil society.

The role of the national reports in decision making and public information has risen considerably for the following reasons:

- The reports contain a variety of information presented in a pluralistic manner;
- The information provided by the reports is relevant to the general public and the professional community;
- The reports have contributed to the life of the scientific community and the educational process on all levels;
- UNDP staff have been actively involved in the production of the reports and implementation of the relevant projects.

These strengths of the report have been publicised in various ways.

One such way was the media. Although the media coverage of the report has not always been positive, it has contributed to the public debate about the issues raised in the publications.

Topical conferences conducted on the international, regional and national levels were also an important opportunity to promote the findings of the national reports. For example, the National Strategy of Sustainable Development received extensive coverage at the regional conference on sustainable development of transitional economies, that took place in Minsk on April 16 - 18, 1997, and was received positively by its participants - ministers and representatives of the ministries of econo-

my and environment of transitional countries, as well as the leadership and secretariat of the UN, UNDP, ECE/UNO. UNEP. WHO, IAEA, UNIDO. OECD, OSCE. the Secretariat and Interparliamentary Assembly of the CIS, and other international and non-governmental organisations. The conference provided an opportunity to inform the global community about the political and economic development model of the Republic of Belarus, and the policies of its government aimed at achieving sustainable development.

The preparation of the National Human Development Report for 1995 provided the Belarusian society with the opportunity to explore the concept of sustainable human development, which came to the focus of public attention after the 1992 conference on environment and development in Rio. The importance of this opportunity for Belarus, a country that had recently become independent and was struggling to become part of the global economic and social system, could not be over-estimated.

During the preparation of the 1995 report, particular emphasis was made on promoting the ideas of sustainable human development among the general public. In doing so, the authors took special care to adapt these ideas to the local context. To this end, a round table meeting was held at the National Academy of Sciences, in conjunction with the UN/UNDP Office in Belarus, to discuss the most topical issues of sustainable human development.

The participants in the meeting were members of the local scientific community, university teachers and representatives of political parties, NGOs, and governmental authorities. Invitations were also sent to the leading newspapers and magazines, as well as radio and television. The content of the debate at the round table was thus effectively communicated to the general public. The magazine "Belorusskaya Dumka" later published a selection of materials concerned with the sustainable human development of Belarus.

After the publication of the report in three languages - English, Russian and Belarusian - the efforts to publicise its findings and suggestions continued. An important role in those activities was played by the formal presentation of the report, attended by representatives of the local radio, television and press. Soon large portions of the report appeared in many newspapers, including "Narodnaya Gazeta", published by the 13th Parliament of Belarus. Several articles on various aspects of sustainable human development were published by the authors of the report. The document was used extensively as a teaching reference by a number of leading universities and expanded the scope of research conducted by Belarusian social scientists and other experts in humanities. The \IHDR-1995 thus played a significant role in promoting the ideas of sustainable development in Belarusian society and contributed to its humanisation.

The first National Human Development Report also contributed to Belarus' inclusion in the global civilisation and cultural developments, as suggested by UN Secretary-General Butros Butros Ghali in an interview with the official Belarusian news agency Belinform: "The first national report will undoubtedly strengthen Belarus' role in the world community".

However, the impact of the report on state policies was significantly less, partly due to financial constraints and partly to the absence of a consistent effort to reform the economy.

The 1996 NHDR also offered some good examples of effective efforts to disseminate ideas and information on sustainable development.

A significant impact was produced by involving a large number of individuals in the preparation and presentation of the report. This document produced by nine key authors, was reviewed by around 60 experts from various fields of knowledge, representing a large number of governmental authorities and NGOs. The presentation of the report at Belarus State Politechnical Academy gathered a large audience. All of its members had received a copy of the report, enabling their greater involvement in the ongoing debate on human development. The professional contacts, established during the preparation of the report, have lasted until the present day. The people whose professional communication had previously been limited by their field of study have become part of a new community, sharing a common interest in the exploration of various aspects of sustainable development.

Information on the report was also disseminated during press conferences organised by the UN Office in Belarus, in which the authors spoke about the goals, objectives and main points of the report. The leader of the authors' team has also been interviewed on Belarusian Radio. In order to raise public awareness about the report, the team members have addressed the audience of the Belarusian drama theatre "Dzeya" and participated in the arts competition dedicated to the Second UN Conference on the sustainable development of populated areas, as members of the jury. The competition was organised by the UN Office in Belarus and the Belarusian Union of Artists. Three pictures that won the jury's awards were featured on the cover of the report.

The members of the team also received the opportunity to examine the findings of the relevant international research, presented to them by the UN/UNDP Office. They were thus able to update their knowledge of the field and increase their involvement in the international debate on development issues. This new knowledge also enabled them to look at their country- from a different angle and to appreciate its uniqueness.

Many authors of the report are teachers at higher educational establishments throughout the country and have been able to share their ideas and findings in the area of human development

with students during lectures and seminars, and with the scientific community at large by publishing their research.

The findings of the national reports for 1997 and 1998 were disseminated in a similar way.

The impact of the National Human Development Reports on state policies is not a simple matter, because they affect many aspects of the relationship between the state and international organisations. One example of such an impact is the National Sustainable Development Strategy. It was formulated by the National Commission for Sustainable Development, created by a decision of the Belarusian government, and has created a medium for co-operation between UNDP, the authors of the report the government and NGOs. The governmental decision was that such a strategy was to cover the period up until 2010, be presented to the general public and approved by the Council of Ministers. This task was successfully completed, making Belarus one of the few countries in the region to have developed a national sustainable development concept.

The enactment by the National Assembly of the law on state forecasts and programmes is also an important achievement. The law gave the programme the status of a leading strategic document, similar to that of the socio-economic development plan for the next ten years, five-year development programmes and annual socio-economic development forecasts. The national sustainable development strategy has thus become a document that reflects the key objectives of state policies, with state programmes active as an effective tool in achieving these objectives.

Experience suggests that state programmes have become an important means of addressing long and short term goals relating to economic, social and human development. The high status of these programmes ensures that the best intellectual, financial and other resources are available for their implementation, thereby ensuring their positive impact on society.

In 1997, the significance of state programmes was further increased by a presidential decree, which instituted presidential-status programmes. Several programmes acquired this status in 1997 and 1998, such as "Housing", "Household Electronics", and "Promoting Computer Technologies".

Recently, the most common areas of state programmes have been the economy, economic policies, scientific and technological advancement, development of inter-industrial co-operation, energy saving, environmental protection and social policies.

Some examples of the most critical state programmes include the Programme of Emergency Measures to Bring the National Economy out of Crisis (1994), Socio-Economic development Programme up until the Year 2000 (1995), National Programme to Attract Investments (1996), Import

Replacement Programme (1997), Programme to Increase the Export of Goods Manufactured from Local Materials (1997), and Programme to Resolve Cash Flow Problems (1997).

A number of earlier problems, namely, of economic restructuring, incorporation and privatisation, state support for private enterprise, etc., have been implemented with various degrees of success and effectiveness.

Of this number, two programmes are of pivotal importance - the Socio-Economic Development Programme for the Period 1996 - 2000 and Government Action Programme for 1997 and Onwards. They call for the stabilisation and improvement of popular living standards, introducing incentives for the growth of labour productivity and wealth creation. However, during the last three years, a number of serious obstacles, both external and internal, have been encountered. Some inadequate policy moves by various governmental authorities have been subjected to criticism in the reports.

The transition towards sustainable development as the primary benchmark of success in any programme means that the social interest is becoming a top priority, and that the individual and his benefit is becoming a goal, not an instrument of progress. Other indicators of a programme's success are concerned with the transition towards a socially oriented state and economy, the basic prerequisites to economic progress, such as scientific, technological advancement and investment growth. And, lastly, the assessment of any programme involves a review of the mechanism for its implementation.

Many programmes developed in 1996 and 1997 already met these criteria, particularly with regard to the task of making the economy more environmentally and socially friendly. One such programme is the National Sustainable Development Strategy, which is also being implemented with great difficulty.

Sustainable development is not achieved overnight, but, rather, is the result of continuous effort by the state. It is a complex task, with science and education as primary components.

The education strategy is laid out by the State Programme to Develop Education and Training up until the year 2000. It is aimed at creating a national system of education that would meet the needs of the modern world and rebuilding the foundation of such a system - secondary schools.

Some 30% of all research and development projects are carried out under the state science and technology programmes which identify the priority areas of applied research. Scientific research contributes to the development of human resources directly and indirectly (e.g. through the advancement of new technologies that promote human development). However, it should be remembered that more than 25% of total funding for such initiatives was to human development programmes and approximately 45% to pro-

grammes aimed at increasing the competitiveness of local goods.

The development of the social sector is an important priority of state programmes. There are over thirty social programmes, of which the most important are;

- the state programme "Culture";
- the programme of state support for gifted children and youth;
- national housing programme;
- national programme "Health";
- state programme for the development of tourism and sport;
- national programme "Belarusian Women";
- presidential programme "Children of Belarus", with sub-sections - "Children of Chernobyl", "Disabled Children", "Orphans", "Development of Social Services for the Family and Children", and "Development of the Baby Food Industry";
- a programme to support elderly people.

The efforts to minimise the effects of the Chernobyl nuclear accident, undertaken under various programmes, account for a large proportion of public expenditures.

In summary, the recommendations made by the National Human Development Reports for 1995, 1996, 1997 and 1998 have been included in a large number of national, industry, social environmental and other programmes.

The period that has passed since the publication of the NHDR-1996 has been marked by significant changes in the state policy affecting the condition of the living environment. It is difficult to assess the degree to which these changes were caused by the findings of the report. However, the latter had a great impact on the legal, instructive, programme and research materials produced by the authors of the report or by teams under their leadership.

The changes in the state policy towards architecture and urban planning have been reflected in the following activities.

- A new government institution has been created. A National Commission for the Sustainable Development of Populated Areas was established at the Council of Ministers in 1996. The Executive Bureau of this commission was renamed in 1998 as Centre HABITAT.

The centre's primary role is to translate the stated goals of the national commission into concrete actions in different populated areas throughout the country. Although these efforts are just starting, the very existence of the centre HABITAT is extremely encouraging news. Recently, a new civil initiative was implemented - an institutional congress of NGOs on sustainable development, which convened at the end of 1998. Another remarkable event is the international conference on the sustainable development of populated areas and territories that took place in Minsk in November 1998.

- New legal and instructive documents have been produced and approved. The findings of the report

have led to changes in the laws "On Architecture and Urban Planning" and "On Conservation Areas and Protected Natural Objects". New construction standards have been developed, covering the production and approval of urban development projects and the requirements to streets and roads in urban and rural-type settlements. Changes have been introduced to the appropriate legislation addressing the needs of the disabled. These have particularly affected the following parts of the construction standards: "Residential Property", "Public Buildings", "Governmental and Public Service Buildings". A new housing code has been drafted and is now being considered by Parliament.

- A number of governmental regulations have been enacted, reflecting new approaches to the improvement of the living environment. These include the regulations "On architecture and urban development in areas subject to special governmental regulation" (1996), and "On the state urban planning register" (1998). Another governmental enactment, "On the state urban planning development policy in Belarus" has been drafted and submitted to the Council of Ministers for approval.

A number of research projects have been completed as part of several governmental programmes and industry development plans, including:

- "State urban planning policy - definition of goals and approaches", as part of the state programme "Development of settlements and territories"¹;
- "Development Indicators for Settlements in the Republic of Belarus; Best practices in urban planning" (1998);
- "First national report on the implementation of the bio-diversity convention by the Republic of Belarus" (1998);
- "Recommendations on the assessment of the stability of landscapes", as part of the programme "Environmental protection and exploitation of natural resources" (1996);
- "A glossary of urban development and territorial planning", as part of the state programme "Development of settlements and territories" (1997-98).

Kadi of the above projects, and numerous others that have not been listed in this document, reflect the findings and recommendations contained in the 1996 Report, which is a sign of serious practical and theoretical achievement.

Despite the socio-economic crisis and the need to address the country's most urgent needs, the government, as well as a number of scientific and non-governmental organisations, are actively involved in the production of strategic documents concerned with sustainable development, many of which are reflected in presidential decrees and governmental decisions.

One may therefore conclude that Belarus has established a mechanism whereby the recommendations and findings of the national report can be

considered by the policy makers. This mechanism may not be perfect, but it is an operational one.

In conclusion, it should again be emphasised that sustainable human development during the transition towards a socially oriented economy depends greatly on the regulatory role of the state and the incentives created by market competition. Such a mixed approach has enabled the nation to keep its fundamental social achievements and use market-based mechanisms to improve the efficiency of the economic system, make it more responsive to scientific and technological advancements and create an encouraging environment for private enterprise, which will bring numerous benefits to the country.

1.3. Human Development Index in dynamics

The concept of human development has a theoretical and practical dimension. Both have implications for state governance, and both are based on one key idea - that social advancement is impossible unless the individual is able to achieve three principle goals: to live a long and healthy life, to acquire and enhance his education and to have a sufficient income for a decent and comfortable living.

At the global conference on social development, which took place in 1995 in Copenhagen, it was suggested to the participant countries that they shift their priorities from economic growth to sustainable human development, and formulate new policy objectives with this goal in mind. Emphasis on human development implies that it is the economy that should serve the people, rather than the people the economy.

In the early 1990s, the annual human development reports published by the UNDP began to use a new combined indicator the Human Development Index - which enabled effective cross-country comparisons.

The calculation of the Human Development Index is based on a number of indicators for the past year, including:

- Life expectancy at a fixed date (25 to 85 years);
- Adult literacy rate (0 to 100%);
- Primary, secondary and tertiary enrolment ratios in corresponding age groups (0 - 100%);
- Per capita income equivalent in PPP dollars (100 to 40000).

The Human Development Index shows the extent to which a country has met a number of important social objectives, such as an average life expectancy of 85 years, universal access to education and decent living standards for everybody. The higher the Human Development Index, the better the country's human development rating, and the more socially oriented its economy is.

The changes in the Human Development Index of Belarus that occurred from 1993 to 1998 have revealed a number of trends affecting the individual

Table 1.3.1.**Human Development Index in figures**

Years	Indices			
	Mean Life Expectancy	Educational Attainment	Per capita income (GDP per capita at PPP)	Human Development
1990	0.768	0.901	0.938	0.869
1993	0.737	0.895	0.819	0.817
1994	0.732	0.896	0.729	0.786
1995	0.727	0.897	0.690	0.771
1996	0.727	0.904	0.822	0.818
1997	0.725	0.904	0.940	0.856
1998	0.723	0.911	0.956	0.863

indicators contributing to it (see Table 1.3.1, Figure 1.3.1).

As seen from the table, the Human Development Index was declining steadily up until 1995. With the Human Development Index equalling 0.847 in 1991 - 92, Belarus ranked 40th among 174 nations of the world, and belonged to the group of nations with a high human development level. However, the economic crisis led to a sharp reduction in GDP per capita, an increase in mortality and decline in the mean life expectancy, which was already quite low. As a result, by 1995 Belarus went down to 68th place and ranked among countries with a medium level of human development.

However, according to the global human development reports, Belarus' Human Development Index was still higher than in other CIS and Baltic states, but below that of Poland, Slovakia and Hungary. (See table 1.3.2)

From 1993 to 1995, Poland had increased its HDI

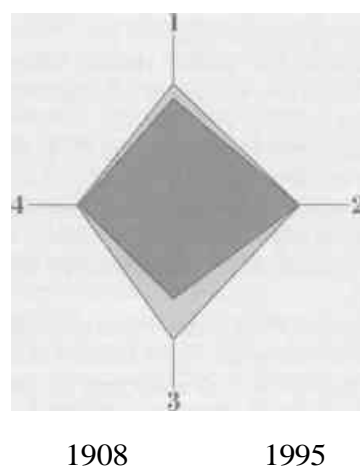
rating, rising from 56th to 52nd place, while Belarus was down seven places, Russia fifteen, Ukraine 22, Latvia 37, Estonia 9. and Lithuania two places. In 1995, the Human Development Index of Belarus had gained 0.090 relative to 1995, but was still 0.008 below the 1990 level, mainly due to falling average life expectancy. The growth of the Human Development Index in 1998-1999 was largely the result of an increase in GDP, while average life expectancy continued to decline, although at a lower rate.

1.4. A socially oriented market economy as the basis of sustainable human development

Belarus is presently at the stage of transition to a market economy. This transition is necessary because the old economic system was not fully efficient and did not create powerful incentives for people to work productively.

This system was based on central planning. Economic goals and priorities were set on the upper tiers of government and did not always respond to the needs of the people. At the same time, the targets that were set for individual enterprises were often approached formalistically, because they did not conform with the interest of their management or employees. There were not enough economic incentives to reach and maintain high levels of productivity and efficiency.

Unlike the administrative command economy, the market system is driven by the individual's natural desire to increase his wealth. However, the history of many market economies shows that in some areas, the free market is incompatible with public morality and social equity and can sometimes lead to economic, social and environmental crises. For this reason, there is no state in the world with a completely free market economy. Limitations on the freedom of entrepreneurship exist in every country. The markets of many commodities are controlled by various types of monopolies. The state actively

**Figure 1.3.1.**

Changes in the Human Development Index and its constituents in 1995 and 1998

- 1 - Human Development Index
- 2 - Life Expectancy Index
- 3 - Income Index
- 4 - Educational Attainment Index

interferes in economic development, and expensive social programmes are in place in many countries.

Modern market economies have various degrees of social orientation. The amount of government regulation also varies from country to country. However, a common feature of all market economies is the prevalence of market self-regulation. Government involvement does not suppress constructive market forces, but channels them into the areas defined through the democratic choice of the people.

The official objective of the economic reform in Belarus is to build a socially oriented market economy. This understanding is based on the mentality, history and traditions of the Belarusian people and is reflected in a number of policy documents that have been approved since the election of the first Belarusian president, namely, the Principal Objectives of Social and Economic Development of Belarus for 1996 - 2000 and the National Sustainable Development Strategy up until 2010.

The former document was approved by the all-Belarusian popular assembly, which took place on October 19 - 20, 1996 and reflects the basic feature of the Belarusian model of a socially oriented economy, which combines the benefits of a well-developed market system with social equity and effective social support.

In principle, a socially oriented market economy in Belarus should effectively negate adverse market influences, particularly unemployment, large income disparities, and indifference to environmentally dangerous industries. These objectives are addressed at different angles, particularly by introducing the necessary constitutional and legal changes.

A socially oriented economy should be based on a number of globally accepted principles, such as:

- Legal protection of personal rights and liberties;
- Support for the individual's efforts to improve his living standards through productive work;
- Freedom of private enterprise and liberalisation of the economy to the degree which makes it compatible with sustainable development;
- Development of competition and reduction of non-competitive practices;
- Equal treatment of all forms of ownership;
- Equal opportunities for economic and other activity in all parts of the country for all people;
- Support for the international division of labour, promotion of Belarusian goods on international markets;
- Rational government involvement in the economy. Government regulation should be limited to areas where market self-regulation is impractical, inapplicable or impossible;
- Development of the finance and credit system capable of supporting the growth of economic activity;
- Support for scientific and technological advancement, promotion of domestic and foreign investments, commercialisation and restructuring of

Table 1.3.2.

Indexing of Belarus

	1993	1995
Belarus	61	68
Russia	57	72
Ukraine	80	102
Lithuania	81	79
Latvia	55	92
Estonia	68	77
Poland	56	52
Slovak Republic	41	42
Hungary	46	47

enterprises;

- Achieving the nation's economic security by creating a system to protect the national economic interests.

The growth of a socially oriented market economy is addressed in almost all sections of the economic development objectives up until 2000. The experience of implementing this document in 1996-1998 showed that the strategic path chosen by Belarus during the transition period is correct.

As a result, Belarus has managed to overcome the decline in production, achieve economic growth, increase investments and make considerable progress in other important areas. Further steps towards building a socially oriented market economy are defined in the National Sustainable Development Strategy up until 2010. The strategy links the transition to sustainable development with environmental improvement. Emphasis on environmental issues is not accidental. At the beginning of the economic reforms, Belarus had an inefficient industrial structure, old production equipment and environmentally harmful technologies. The negative environmental impact of industry in Belarus was much higher than in many industrialised states and has had a substantial long-term effect on the lives of the people.

The national sustainable development strategy defines the long-term goals and objectives of socio-economic development, the resources and means of their realisation and makes sound recommendations, based on extensive research, for the government and NGOs.

A socially oriented market economy is acknowledged by the strategy as a critical condition of sustainable development. It contains deep and extensive insights into the role of the state in such an economy.

The primary objectives pursued by the state are to

raise the living standards of the Belarusian people, maintain high employment levels and protect the natural environment. In order to achieve sustainable development, the state should carefully monitor the key environmental, social and economic indicators, minimise all potentially negative influences and promote economic and social advancement in a way that would meet the needs of the present and future generations of Belarusians without compromising the interests of other states.

A socially oriented market economy is a long-term objective that can not be achieved overnight, it depends on an extensive reform of the social and economic structure. The old administrative command economy had a powerful social welfare system, which should now be rebuilt in accordance with its changing functions, determined by the nature of the market system.

The economic reforms in Belarus should be accompanied by an intense search for a proper balance between government involvement and market self-regulation. The regulation of the economy by the state should be sensible and based on indirect, rather than direct involvement. The correct approach depends on the level of economic development, ability of managerial staff to address the nation's priorities and the need to maintain stability in the financial sector, foreign trade and the economy in general.

Not all attributes of an ideal socially oriented economy can be realised in Belarus over a short time period. For example, the nation can not afford an extensive social welfare system because its industry is insufficiently developed and inefficient. Therefore, only a limited amount of social help can be offered at the initial stages of the economic transition, but it will grow along with the development of the market economy. Although this approach restricts some social demands, it enables the development of the economy, serves the needs of sustainable human development and will lead to higher living standards of the future generations of Belarusians.

1.5. The impact of the global financial crisis on the socio-economic situation in Belarus

The socio-economic situation has been affected by a number of positive and negative trends. Positive trends prevailed in the first half of 1998. However, the situation changed in the next six months, mostly due to external negative influences. Despite all efforts to support manufacturers, industrial output growth slowed down, accompanied by a deterioration in the nation's financial sector. The growth of GDP slowed down from 12% in the first half of 1998 to 6% in the third quarter and 5% in the last quarter of 1998, relative to similar periods of the previous year. The aver-

age annual growth of GDP nevertheless remained quite high - at 8%.

Industrial output growth fell from 13.5% in the first half of 1998 to 6% in the third quarter and 11.7% in the last quarter of 1998. Due to unfavourable weather conditions and other adverse influences, agricultural output decreased by a total of 0.4%.

The amount of capital investments grew, although this growth also slowed down by the end of the year. Capital investments equalled 116% of the 1997 level (112% in industry, 138% in agriculture and 142% in construction).

But the growth of investments still could not stop the physical and moral depreciation of fixed assets. The depreciation of fixed assets is still extremely high, having increased from 75% in 1997 to 78% in 1998. Most investments were made from internal capital sources, while the proportion of foreign investments still remains negligible. The increased growth of foreign investment is checked by slow institutional changes, financial instability and difficulties with the repatriation of profit.

On the positive side, the consumption of fuel and energy reduced by more than 2%, despite GDP growth by 8% and industrial output growth by 11%. This reduction is of great importance to Belarus, which imports nearly all of its fuel and energy.

This achievement is the result of the efforts to reduce energy consumption, implemented in most enterprises. It is also the consequence of an improved industrial structure, and especially the reduction in the share of energy intensive sectors. The drop in fuel and energy consumption was also caused by the irregular supply of these commodities from Russia, growth of fuel prices, Russia's refusal to accept payments for fuel supplies in Belarusian roubles, and a number of other factors.

Despite external and internal economic pressures, there has been a considerable increase in the output of consumer goods - by 17.4%. This growth contributed to an increase in retail trade turnover, by 20.6% in constant prices. Certain changes occurred in the structure of the trade turnover. The sales of non-food items through all types of trade outlets in 1998 increased by 24.9% and foodstuffs by 18.7%, relative to 1997.

However, the imbalances in the price system and currency markets in 1998 led to the instability of the consumer market, and shortages of different commodities were experienced regularly. At the same time, the relatively low domestic prices, in comparison to the neighbouring countries, especially Russia, gave rise to large-scale disorganised export of basic goods by shuttle traders.

The growth of the gross domestic product and other economic indicators was chiefly the result of a policy aimed at boosting domestic demand through the emission of new money (or credit emission), which was channelled directly into housing construction and the agricultural sector. However, demand stimulation through credit emission can not

be a long-term factor of sustainable growth. As a result of the National Bank's interventionist policy, destructive potential was gradually building up in the economy, which could, under certain circumstances, lead to substantial disruptions in the financial and manufacturing sectors. The factor that triggered these disruptions was the financial crisis in the Russian Federation, which was a part of the global financial crisis.

The factors that contributed to the negative impact of the Russian crisis on the Belarusian economy were as follows:

- High orientation of the Belarusian foreign trade toward volatile Russian markets. Russia accounts for 60% of the total foreign trade turnover of Belarus;
- Low competitiveness of Belarusian goods, and absence of financial and organisational resources to move to other markets;
- Lack of equilibrium in the financial system, price imbalances, and exchange rate instability create a situation in which even minor turbulences can have a significant impact on the economy.

In 1997, external demand was one of the key factors of economic growth. The financial crisis in the second half of 1998 depressed this demand, and consequently, exports and foreign trade turnover dropped significantly in the second half of 1998. Compared to the first half of 1998, when exports increased 13.2% relative to the same period of the previous year, exports dropped 16.2% in the third quarter and 18.3% in the last quarter of 1998. This resulted in a trade deficit of 9.7% of GDP.

The lack of cash experienced by the potential buyers of Belarusian products in the CIS, as well as the attempts of many exporters to avoid taxes and the obligation to sell part of their hard currency earnings at the official rate of the National Bank, were all factors that increased the share of barter transactions. Barter transactions accounted for 5% of the total exports and 28.5% of imports (up from 28.1% and 30.1%, respectively, in 1997). At the same time, barter transactions were a factor that prevented an even deeper decline of export and production.

The reduction in external demand affected the domestic supply of foreign currency, leading to a rapid devaluation of the Belarusian rouble, accelerated by the increasing size of the rouble mass.

In general, the foreign exchange market was characterised by multiple exchange rates and acute shortages of foreign currency, even for critical imports. The main reason for this situation was the effort to maintain an artificially low rouble-to-dollar official exchange rate, while the government was pursuing an expansionist monetary and credit policy.

Overall for 1998, the rouble mass increased 2.3 times, and total money supply by 3.8 times. A negative interest rate policy was pursued. The monthly discount rate of the National Bank was 7.5%, fixed term rouble deposit rates 5.1%, and loan rates 4.3% below the rate of inflation. The structure of the

money supply was deteriorating. The proportion of money kept on fixed term rouble deposits reduced from 19% to 15.7%. In addition, the growth of the money supply was irregular, mainly due to seasonal peaks in the operation of the housing construction and agricultural sector, which absorbed most of the net rouble loans of the National Bank.

The expansionist policies of the National Bank were accompanied by a number of steps which affected the stability of the Belarusian rouble. These included a ban on all external payments in Belarusian roubles, the permission of trade for hard currency within Belarus, elimination of the legal currency exchange market which would buy and sell currency at a free market rate. As a result of all these developments, accompanied by the growth of the foreign trade deficit, the devaluation of the rouble was going faster than the growth of the money supply.

The devaluation of the rouble in the small open-type economy of Belarus was the basic factor of inflation. Devaluation affects the rate of inflation in several different ways. First, it increases production costs, particularly of those manufacturers whose supply base is located outside Belarus. Second, devaluation results in the growth of the total money supply by increasing its foreign currency component, and thus compounding nominal effective demand within the country.

In addition to devaluation, which was a decisive factor of inflation in 1998, the growth of domestic prices resulted from the expansion of the money supply, mainly due to credit emissions by the National Bank, as well as the irregular increase of personal incomes. These and other factors had caused consumer prices to increase by 181.7% in one year (from December 1997 to December 1998). In the first half of 1998, consumer prices were increasing at an average rate of 3.4% per month. In the third quarter of that same year, the rate of consumer price growth reached 7.9%, and in the fourth quarter 22.6% per month.

The price system was dominated by cross-subsidisation. Subsidies were particularly common in sectors such as public utilities, public transport, power and gas supply, and social services. These subsidies are a heavy burden on the state budget and industry, undermining the competitiveness of the latter. In addition, these subsidies benefit the rich as much as the poor, which is not the common practice even in wealthy states.

By adding to those defects, the financial crisis in Russia led to a rapid growth in the prices of many commodities. However, as a result of the three-fold devaluation of the Russian rouble, consumer prices in Belarus and Russia levelled somewhat.

Ultimately, these negative developments in the financial sector, price system and foreign trade, aggravated by the Russian financial crisis, weakened the position of the local economy and lowered popular living standards. The proportion of loss-making

companies increased from 12.3% in 1997 to 14.2% of the total number of enterprises in 1998. The rate of return averaged 11.0% and was too low to maintain expanded production cycles in conditions of high inflation.

Although end-of-year wages and personal incomes had gained 17.8 and 19%, respectively, in real terms, the population suffered substantial financial losses in the second half of 1998. In the fourth quarter of 1998, real wages dropped 12.8% and pensions 17%.

In summary, the socio-economic situation in Belarus could be described as rather tense. The pos-

itive economic growth figures, achieved recently, did not have a sound financial and economic base and have been largely the result of Belarus' orientation toward Russia, its main foreign trade partner. The sources of economic growth should be reviewed in order to make such growth sustainable. Belarus' progress along the path of human development will thus depend on financial stabilisation and high investment activity. Because the Belarusian foreign trade orientation can not be changed abruptly, sustainable economic growth will also depend on improvements in Russia's financial and economic situation.

Box 1.5.1

The impact of the crisis in Russia on the Belarusian economy

Unlike countries with full-fledged financial systems, Belarus, whose government securities market is just developing, and corporate securities market is practically non-existent, has experienced only a slight impact of the Russian crisis on its domestic financial markets.

The Belarusian banks had limited portfolios of Russian securities, partly due to the shortage of foreign cash, and partly due to guidance from the government and National Bank, calling for caution in investing into the Russian economy. As a result, Belarusian banks had minimised their portfolio investments before the outbreak of the crisis and did not suffer significant losses.

Due to a high percentage of barter transactions in Belarus' trade turnover with Russia, averaging over 40% in 1998, and reaching 60 - 65% by the end of the year, the Russian cash crisis did not bring any noticeable direct losses to banks and Belarusian enterprises.

The Russian crisis had the greatest impact on the competitiveness of Belarusian exports to Russia and led to their reduction relative to the pre-crisis period of 1998 and the period from August to December of 1997. According to preliminary estimates, the deficit of foreign trade increased 7.7% reaching \$1.4 billion by the end of 1998. Export declined by 4.1% and import 2.3% (see Table 1.5.1)

A sharp fall in the Russian imports from European countries led to a reduction in the amount of transit shipments across the territory of Belarus. As a result, the export of services dropped 7.4% in one year, while the import of services grew 13.2%. As a result, the surplus of export over import in the services sector decreased from \$554 million to \$438 million, or by 21%. Foreign exchange revenues decreased by an average of 38.5%.

The overall result of the deteriorating foreign trade conditions is an increased current foreign trade deficit from \$788 million in 1997 to \$976 million, or 24%. Net foreign capital inflow-reduced by 45%, increasing net debt to non-residents by \$386 million.

The overall pay balance reduced from a surplus of \$63 million in 1997 to a deficit of \$415 million in 1998. The financial crisis in Russia, combined with unnecessary currency restrictions, reduced legal circulation of foreign cash. Foreign currency sales at the inter-bank exchange dropped 2.4 times from December 1997 to December 1998, and almost doubled from July to December 1998. This not only increased external debt for energy supplies from Russia, but also created serious difficulties in signing contracts for the future deliveries of these resources.

The money emission, conducted in these circumstances, increased the rouble mass 2.3 times, domestic prices 2.8 times and the rouble-to-dollar exchange rate 7.2 times.

Yuri Vlaskin,
Department manager. National Bank of Belarus

Exchange rate of the Belarusian Rouble and foreign trade balance,
1997- 1998

Table 1.5.1

Average monthly effective rate of the Belarusian Rouble as % to December 1995		Monthly level of:		
		Export (million US \$)	Import (million US\$)	Foreign trade balance
January-July 1997	77.2%	343	351	-8
January-June 1998	71.9%	418	401	17
Growth, %	-7%	22%	14%	
August-December 1997	77.6%	476	443	33
August-December 1998	89.4%	323	363	-40
Growth, %	+15%	-30%	-16%	
Growth in relation to January-June 1998	+24%	-23%	-9%	

TRENDS AND DYNAMICS OF THE KEY HUMAN DEVELOPMENT INDICATORS; GOVERNMENT POLICIES

Recently, the indicators factoring into the Human Development Index have been gaining increasing importance in evaluating the socio-economic situation in Belarus and predicting its future development. These indicators have become as significant as the essential macroeconomic statistics such as GDP, industrial and agricultural output, output of consumer goods and real incomes. The Human Development Index has been proposed by the United National Development Programme and has been used in a series of human development reports to assess the growth of the human potential in every nation.

The key components constituting the Human Development Index are life expectancy at birth, adult educational attainment and personal incomes. They are inseparable from one another and depend chiefly on the development of the nation's industrial and social sector, as well as on the state of the natural environment and relations within society.

Human development is greatly determined by the policy of the state and the attitude of the people to state policies. Sustainable development of any country is only possible when such policies reflect the interests of great numbers of the population, not a limited group of individuals, when a clear strategic policy line is being pursued in agreement with the majority of the people. From this perspective, the development of a law abiding state and a civil society, as well as the consideration of the gender factor is extremely critical for human development.

2.1. Demographic policies

The demographic policy is an important component of human development. Average life expectancy at birth is one of the most prominent integral indicators reflecting the quality of life in any country and individual behaviour trends in relation to the health of the present and future generations. The main objectives of the state demographic policy in 1995 - 1998 were as follows:

- Stabilising the birth rate and increasing it to a level that would enable the simple replacement of the population;
- Improving public health, reducing mortality and increasing life expectancy;
- Strengthening the family and improving family living conditions;
- Improving the management of migration.

A number of documents which constitute the state demographic policy have been drafted and are being implemented. These include, among others, the Concept of the State Demographic Policy in the Republic of Belarus, the Key Objectives of the State Family Policy, the state programme "Women of the Republic of Belarus", the National Action Plan for the Protection of the Rights of the Child for 1995 - 2000, the presidential programme "Children of the Republic of Belarus" for 1997 - 2000, the National Action Plan to Integrate the State Demographic Policy and Sustainable Development Strategy, the State programme "Nation's Health" for 1999 - 2005, and the State Migration Programme.

New legislation has been enacted, including the laws "On the Rights of the Child", and "On Sanitation and Anti-Epidemic Protection of the Population".

However, despite all these achievements, the demographic situation remains difficult.

Fertility

An absolute reduction in population size has been observed beginning in 1993, resulting from declining birth rates and increasing mortality. According to preliminary data, the size of the population at the beginning of 1999 was 10,179,100, down 119,000 from 1993. The rate of population decline fell somewhat in 1998, relative to the previous year. In 1998, the population reduced by 25,000, and in 1997 by 32,300. A decline in population size has been recorded in 83 districts of Belarus with 68.4% of the total population.

Fertility rates are particularly low in rural areas. The size of the rural population has dropped by 228,300. Rapid migration of the rural population has affected its age and sex structure. As a result, the number of people above the age of retirement is disproportionately high, and the size of the population at employment age disproportionately low. In many parts of the country, the agricultural sector is experiencing a shortage of workers.

Unfavourable trends are being observed in the birth and mortality dynamics. From 1993 to 1998, the overall birth coefficient reduced 19.5% to 9.1% in 1998 (see table 2.1.1, fig. 2.1.1). By comparison, the birth coefficient in 1950 was as high as 25.5%. Similar to Belgium, Bulgaria, Germany, Greece, Spain and Latvia, Belarus is a country with a low birth rate. However, in 1998, the number of births gained 3,100 relative to the previous year, and the birth coefficient increased by 3.4%. This growth was recorded for the first time in the last decade.

A reduction in fertility was recorded in all age groups. Fertility was below the lowest level in the post-war years in all age groups, except the youngest.

The number of births is affected by two basic factors - the number of potential mothers and frequency of births in every age group.

The former depends on population size and its sex structure and has little to do with the political or economic situation. The changes in the age and sex structure of the Belarusian population after World War II have had a wave-like pattern. The rises and falls in fertility have been observed at regular intervals, and have largely been attributed to the demographic effects of the war. Almost 70% of all births are to women aged 20 - 29. However, the number of women in this age group in 1999 was 64,700 below the 1989 level. This reduction naturally affected the number of births. In the beginning of 1999, the number of women aged 20 - 29 was 716,500, up from 709,600 in the beginning of 1998, affecting the number of births in 1998. The reduction in the number of births in the 1990s was thus determined by the demographic effects of World War II and changes in the demographic structure in the 1960s.

The second factor depends more on the socio-economic situation and reflects the reproductive choices of married couples. The economic crisis has led to a decline in popular living standards and put families in a difficult situation. According to statistics, one in every three families with two children and one-half of all families with three children were living below the poverty line in 1997. The main reason for poverty is limited opportunities of the working population to receive incomes that would be sufficient to meet their basic needs. Despite all the efforts that are being made, the poor financial situation of the families is not conducive to reproduction.

In addition to a reduction in fertility, serious disproportions are being observed in the structure of births, as an increasing number of women tend to have children at a younger age, and adverse socio-



Figure 2.1.1.
Crude fertility and mortality rates

economic conditions increase the divorce rate and affect the health of the mother and child. 1.5% of all families have a divorce each year, and the number of single parent families is rapidly rising. Today, the share of such families has reached 15%. An increasing number of children are being born outside of wedlock. In 1998, the number of children born outside of wedlock was 17% of the total number of births.

A rapid increase in mortality is a serious problem for the replacement of the population. The number of deaths totalled 128,500 in 1993, 133,800 in 1995, and 137,300 in 1998. An increasing number of deaths occur at a younger age, which is a very alarming trend. From 1993 to 1997, the biggest increase in mortality was observed among men aged 25 - 29 (13%) and 30-34 (9.5%), whereas in the age group 45 - 49, mortality increased by only 1.5%. There is an increasing number of deaths caused by accidental alcohol poisoning, suicides, diseases of

Crude fertility indicators, 1990 - 1997

	Number of births			General fertility coefficient (births per 1000 population)		
	Total	Urban areas	Rural areas	Total	Urban areas	Rural areas
1990	142167	102144	40023	13.9	14.9	11.7
1991	132045	94231	37814	12.9	13.6	11.3
1992	127971	90272	37699	12.4	12.9	11.3
1993	117384	81442	35942	11.3	11.6	10.9
1994	110599	76291	34308	10.7	10.8	10.5
1995	101144	69751	31393	9.8	9.8	9.7
1996	95798	65967	29831	9.3	9.3	9.4
1997	89586	61463	28123	8.8	8.6	9.2
1998	92645	64856	27789	9.1	9.1	9.1

Table 2.1.1

the circulatory system and cancerous tumours. Earlier, the ageing of the population and infant deaths were the leading causes of mortality. In the post-war years, mortality figures have increased in all age groups. The largest increase was recorded among young men.

Infant mortality is an important social indicator. There were 12.5 infant deaths per 1000 live births in 1993, and 13.3 in 1995. From 1996 to 1998, infant mortality declined (12.5 infant deaths per 1000 live births in 1996, 12.4 in 1997 and 11.3 in 1998). However, infant mortality still remains 3.3 times higher than in Sweden, and 2.8 times higher than in Japan, although it is somewhat lower than in Latvia, Ukraine. Russia and other CIS countries.

Life expectancy

Mean life expectancy at birth fell from 71.1 years in 1990 to 68.6 years in 1995 and 68.5 years in 1997. Life expectancy among women reduced from 75.6 to 74.3 years, and among men from 66.3 to 62.9 years (see fig. 2.1.2). Life expectancy was the lowest among men in the Mogilev and Gomel regions (58.5 and 57.9 years, respectively, in 1997). In those regions, men were dying at the age of employment, never reaching the age of retirement. By contrast, average life expectancy at birth is 79.8 years in Japan, 78.2 years in Canada and 78.3 years in Sweden. By this indicator, Belarus is 15 - 20 years behind the developed world. In the mid- 1960s, life expectancy in Belarus was approaching the level of the industrialised world. Today, Belarus is taking one of the last places among the first 100 countries.

The trends in the replacement of the population have affected its age and sex structure. Despite the overall reduction in the number of men and women, the proportion of women (53.4%) is still higher than of men (46.6%).

The ageing of the population is progressing. In 1998, the share of older persons in the total population was 21.3% (up from 20.9% in 1995). One-fifth of the Belarusian population are at or beyond the age of retirement. At the same time, the number of children aged 16 or younger has decreased. The largest reduction occurred in the age group 0 - 4 (from 6.1% in 1995 to 5.0% in 1998). The ageing of the population has affected both rural and urban areas. In cities, the proportion of the population at or

beyond the age of retirement was 16.0%, and in rural areas 33.5%, or little more than one-third. This has increased the burden on the working population.

Public health

The state of public health and health care is a key indicator of human development. The state of public health can be judged by morbidity rates, which have increased in all age groups, including children. From 1991 to 1998, the incidence of diseases of the muscular, skeletal systems and connective tissue increased by 43%, infectious and parasitogenic diseases 14.7%, diseases of the urinary and reproductive systems 35.9%, psychiatric disorders 18.8%, diseases of the respiratory system 15.9%, diseases of the skin and hypodermic cellular tissue 23.7%. The increase in the incidence of infectious diseases, particularly of the so-called social diseases is particularly alarming. From 1993 to 1998, the incidence of active tuberculosis cases increased by 46.6%, syphilis five times and alcoholic psychosis 1.8 times.

Women's reproductive health is also deteriorating and morbidity rates among pregnant women are rising. The poor health of women affects their reproductive function and ultimately the health of their children. Women's health is affected by the same factors as the health of the rest of the population, particularly poor working and living conditions and constant stress.

In some cases, diseases lead to disability. From 1993 to 1998, the number of disabled had increased, along with their share in the total population at employment age. An important feature of the disability statistics is that most disabled persons are from younger age groups. The number of child invalids aged under 16 increased 2.1 times from 1991 to 1998. In 1998, the number of child invalids totalled 20,000.

Morbidity has had a tendency to rise among teenagers aged 15 to 17. Only 13 - 15% of all secondary school graduates are completely healthy. 45 - 47% are diagnosed with functional pathologies and 40% with chronic diseases. In 1996 - 98 morbidity rates among children were also higher than in 1995.

In general, rising morbidity is affecting younger age groups the most. In the industrialised world, the situation is entirely different. There, the main concern is the protection of health at an older age. The poor health of the young generation is a potential threat to the nation's security.

The existing health care system enables the access of citizens to free medical assistance and services related to disease prevention, treatment and rehabilitation (see table 2.1.2). However, the deteriorating medical statistics and numerous opinion polls suggest that Belarus is experiencing serious problems in the health care system. The basic legal document regulating the provision of health services and state policies in this area is the law "On Health Care".

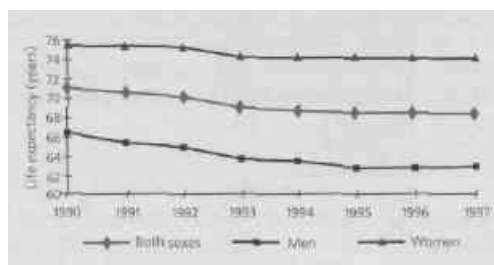


Figure 2.1.2.
Mean life expectancy
at birth in figures
(years)

Main performance indicators of the care system in Belarus, 1993-1997

Table 2.1.2.

	Number of inpatient clinics	Number of hospital beds,		Number of outpatient institutions	Capacity of outpatient institutions		Number of doctors		Number of medium-level medical personnel	
		total, thousands	Per 10000 population		(number of visits per day, thousands)	Per 10000 population	total thousands	Per 1000 population	total thousands	Per 1000 population
1993	878	128.7	124.8	1565	209.7	203.3	42.1	40.8	118.3	114.6
1994	871	128.5	124.8	1579	213.2	207.0	42.7	41.5	119.5	116.0
1995	865	127.3	124.0	1622	216.1	210.5	42.7	41.6	117.6	114.6
1996	855	125.9	123.0	1567	218.7	213.6	43.9	42.9	118.5	115.8
1997	839	126.3	123.8	1587	221.4	217.0	44.6	43.7	119.2	116.9

However, many parts of this law are not working. Some of those provisions are Article 4, which calls for the free choice of doctor and health care institution and Article 15, which defines the minimum amount of funding for the health care system.

Under the law, an inpatient or outpatient institution is entitled to funding to the amount determined by the number of hospital beds or patient visits, and the authorised personnel size. Article 15 also stipulates that funding for the health care system be no less than 10% of GDP. However this requirement is not being fulfilled due to limited resources. Funding for health care over recent years has not exceeded 5.2% - 5.4% of GDP, or 65 - 70% of the sector's demand. In 1996 - 1997, the law "On Health Care" was amended. The amendments were concerned mostly with the access of the population to medicines, medical supplies, donorship and transplantation, but did not bring any major improvements to the sector's conditions. Further efforts of the state should ensure equity in access to medical and health services, promote the development of various aspects of health care, improve popular access to quality medical services, facilitate the introduction of new medical techniques and improve the management of the health care sector.

Similar to fertility and mortality, migration is also an important factor affecting the demographic situation.

Migration

Migration plays an important role in the life of the Belarusian society. Major changes had occurred from the late 1980s to the beginning of the 1990s in the intensity and direction of migration flows. These changes were particularly affected by the break-up of the USSR, social and economic transformations in the country and the aftermath of the Chernobyl nuclear accident in April 1986. With the break-up of the Soviet Union, internal migration across the borders of the former Soviet republics became international. Economic and educational migration reduced sharply as a result, as did the exchange of population due to family reunification. By contrast,

the number of refugees and individuals fleeing armed conflicts, ethnic tensions and other stressful situations has increased. The number of illegal migrants has also grown. Major fluctuations have been observed in different years in the exchange of population with different countries. The surplus of immigration over emigration was the highest in 1992 (53,600), and the lowest in 1996. In 1994 and 1995, emigration prevailed over immigration. The balance of immigration and emigration with different countries is shown in figure 2.1.3.

Internal migration. The highest levels of migration are observed within the country. In 1998, the number of internal migrants totalled 203,200. Of them, 14,600 migrated within one district, 79,900 to a different region and 109,700 within one administrative region. The greatest proportion of internal migration was from rural to urban areas. As a result of such migration, urban population increased by 27,600.

External migration. In general, the exchange of population between Belarus and other countries has declined steadily throughout the 1990s. A total of 117,200 arrived in Belarus in 1992, and 60,500 emigrated, resulting in a surplus of immigration over emigration equalling 57,200. By contrast, in 1998 the number of immigrants was 33,200 and emigrants 13,200. The immigration surplus was 19,900. Two distinct migration trends can be observed. Population exchange with the Baltics and the CIS has been marked by an overall surplus of immigra-

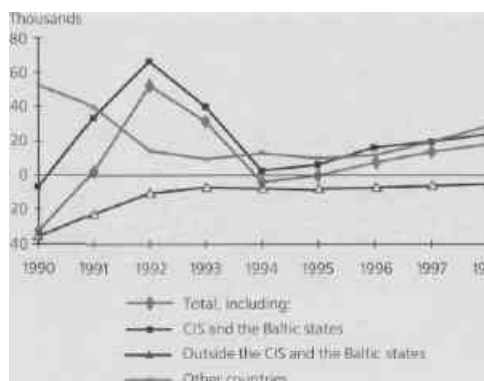


Figure 2.1.3.
Net migration by region in the 1990s

tion over emigration throughout the 1990s. Elsewhere, there were more Belarusians emigrating to other countries than there were people immigrating to Belarus from those countries. From 1991 to 1998, a surplus of immigrants had been recorded from Russia (81,700) and the Baltic States (41,800). There was a substantial surplus of immigrants from Kazakhstan (24,600), Ukraine (24,500), Middle Asia (19,000), trans-Caucasian states (15,600) and Moldova (2,900).

The dynamics of population exchange with the CIS was determined by a number of different reasons. On the one hand, the break-up of the USSR created obstacles to the free movement of the population across its territory. These include the collapse of the single currency, shortage of funds, absence of opportunities to acquire housing. There are also administrative constraints to population exchange. Many people are reluctant to move because of possible difficulties in obtaining citizenship, fears of breaking up family ties and possible problems with receiving pensions, etc. The division of the armed forces has also had a negative effect on the freedom of movement.

On the other hand, migration is encouraged by fears of losing citizenship, armed conflicts in some of the former USSR republics and reunification of families.

Repatriation of ethnic Belarusians. A large number of ethnic Belarusians are returning to their home country. Of all registered immigrants, 40 - 50% are of Belarusian descent. The percentage of ethnic Belarusians is particularly high among the immigrants from the Baltic States - more than 50% of people coming from this region are of Belarusian origin. The repatriation of Belarusians from those countries began in the late 1980s, and intensified in the 1990s. From 1990 to 1997, the number of ethnic Belarusians entering Belarus from the Baltic states and the CIS had reached 236,800, or more than 10% of all ethnic Belarusians living outside Belarus.

The repatriation of Belarusians was caused by a number of reasons. Some of those reasons resulted from the break-up of the USSR, such as rising competition in the labour markets with members of indigenous nationalities, and inter-ethnic conflicts in some former republics of the USSR. The largest number of

ethnic Belarusians entering the country from the former republics of the USSR was recorded in 1992. Since then, the intensity of immigration has declined greatly.

Emigration outside the CIS and Baltic states. The emigration of the urban population outside the USSR intensified in the late 1980s and early 1990s as a result of deteriorating socio-economic and environmental conditions and liberalisation of the political regime, particularly of the emigration law. According to the Ministry of Internal Affairs, the number of people who obtained permission to emigrate permanently outside the former USSR more than doubled, from 14,700 in 1989 to 34,100 in 1990. Afterwards, the number of emigrants declined somewhat and later stabilised. The number of emigrants was 22,000 in 1991, 9,700 in 1992, 8,800 in 1995 and 8,900 in 1997. According to the Ministry of Statistics, the largest proportion of all emigrants (30.7%) were ethnic Jews, followed by Belarusians (27.8%) and Russians (15.2%). The majority settled in Israel, the United States, Canada, Germany, Poland or Australia. The destinations and ethnic break-up of emigration have been changing rapidly for political and economic reasons. In 1989 - 1990, more than 95% of all emigration was to Israel. In 1992 this proportion had gone down to 32.5% and in 1996 to 37.3%. The share of emigration to the United States increased from 1% in 1989 to 57.5% in 1992 and reduced to 13.6% in 1996. In 1997, 19.1% of all emigrants went to the United States. A slow but steady increase has been observed in the proportion of emigration to Germany. The share of emigrants to Germany had increased from 0.3% in 1989 to 8.8% in 1997. Recently, a sharp rise in emigration to Asian countries has been recorded (see fig. 2.1.5). The number of emigrants who went to those countries had increased from 8.3% in 1989 to 49% in 1997.

Environmental migration. The deteriorating state of the environment in the wake of the Chernobyl nuclear accident has had a great effect on internal migration. 24,700 people were evacuated from the 30-kilometre zone around the Chernobyl nuclear power plant in the first days after the accident. A total of 130,000 people have been moved from Chernobyl-affected areas to date.

The polls conducted in 1991 and 1997 suggest that the residents of Chernobyl-affected areas are becoming increasingly reluctant to move to a different location. There are less than 20% of residents in Chernobyl-affected areas who are still willing to move out, but many cannot do so because of difficulties with housing, the expense of moving to a new location and fear of unemployment. Many are unable to move themselves, but would like to at least help their children settle in cleaner areas. The proportion of such families has almost tripled recently. The proportion of those who have definitely decided to stay has increased ten times, reaching 40%. Some resettlers are returning to the contaminated areas.

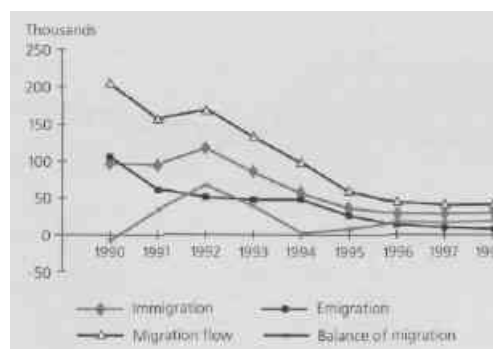


Figure 2.1.4.
Migration flows
to/from the CIS and
Baltic states

Illegal migration. The growth of illegal migration is a new challenge for Belarus. According to different experts, there are 100,000 to 300,000 people who are staying in Belarus illegally. They come from the CIS, Asia, Africa and the Middle East. Frequently, illegal migrants arrive in Belarus as refugees. Most illegal migrants who are staying in Belarus regard it as a stopover on their way to Western Europe.

Refugees. Refugees are another new problem for Belarus. The number of refugees has increased considerably in the 1990s. From 1992 to 1997, the State Migration Service had registered 31,200 individuals from the CIS and Baltic states claiming refugee status. More than 35% of these people had come from the Baltic states.

International labour migration. The scale of international work migration in Belarus is increasing, although it still remains small. According to data from the state migration services, 255 professionals were registered in Belarus as work migrants in 1995. At the same time, 1692 skilled workers had left the country to work abroad. In 1997, those numbers were 257 and 3226, accordingly. Unregistered work migration is also increasing, posing a potentially serious problem. The absence of a clear approach to the management of work migration has led to a deregulated inclusion of Belarus in the international labour market and can have a serious negative impact on this country.

State policies and government programmes. The government of Belarus is addressing migration issues as an important priority. The Prime Minister's decree No. 233 of April 15, 1997 ordered the creation of an inter-ministerial commission for migration.

In 1997, a state migration programme for 1998 - 2000 was developed. It was approved on April 8, 1998 by the resolution of the Cabinet of Ministers No. 560. The programme identifies the primary goals of the state migration policies, which include the regulation of migration flows, minimisation of the negative effects of deregulated migration, enjoyment of civil rights by all migrants and a humane attitude to asylum seekers.

The following steps could be recommended in order to enhance the human potential and improve the demographic situation:

Increasing fertility:

- Changing the reproductive orientations of women;
- Making adults more responsible for the birth of healthy children by introducing genetic screening of all couples wishing to enter marriage and ensuring that all medical advice is strictly followed by the parents;
- Enhancing state support for women and families with children, particularly from the low-income groups;
- Increasing the quality, range and availability of medical services for women at fertile age;

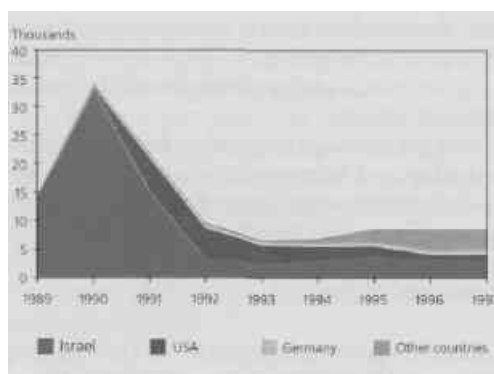


Figure 2.1.5.
Number
of emigrants,
by country
of destination

- Ensuring safe working conditions for women and proper protection of their health as potential mothers;
- Providing soft housing loans for families with children.

Reducing mortality:

- Making modern, up-to-date medical services available to all members of society, regardless of location or income;
- Restructuring the health care system to reflect the age structure and leading causes of death among the local population;
- Increasing the resources available to the health care system and meeting the system's demand for qualified health workers;
- Conducting health and patient education on healthy lifestyles and harmful habits, such as smoking. Such efforts should be directed at the general public and risk groups;
- Ensuring safe working conditions, preventing industrial accidents;
- Protecting and improving the natural environment.

Migration policies:

- Regulating migration flows to reflect the socio-economic conditions and demographic structure of individual regions;
- Assisting the employment of Belarusians outside the country and protecting the domestic labour market from uncontrolled penetration from abroad;
- Protecting the lawful interests of immigrants;
- Adjusting migration flows to the needs of the socio-economic development of Belarus and its regions.

2.2. Economic policy

The economic policy of the state pursues multiple objectives and employs a variety of mechanisms. The strategic goal of the economic transition in Belarus - to build a socially oriented market economy - implies a variety of short-term activities, such as property reform, promotion of fair competition, ensuring the stability of prices and the

national currency, promotion of employment, adequate regulation of labour relations, protection of the natural environment, structural transformation of the economy and achievement of the nation's economic security.

From the sustainable development perspective, ownership and labour reform - as well as enterprise promotion - are some of the most important aspects of economic transition.

Ownership reform

Belarus is pursuing a policy to reform state property through privatisation and incorporation, although progress in this area has been quite slow.

Thousands of enterprises have been earmarked for property reform. Privatisation will create new socio-economic conditions, a legal environment for private property, and new market ethics and psychology.

Throughout the period of economic reform (1991 - 1998), 3112 enterprises have been fully or partially privatised, including 891 objects of central government ownership and 2221 of communal ownership. Together, they represent 20% of all assets earmarked for privatisation. Of the total number of privatised companies, 1039 (33.4%) were converted into public corporations, 649 (20.9%) were bought by their employees, 1204 (38.7%) sold at auctions and 218 (7.0%) went

Table 2.2.1

Corporatisation and privatisation of state property, 1991-1998

	1991-1996			1997			1998		
	Central government property	Communal property	Total	Central government property	Communal property	Total	Central government property	Communal property	Total
Number of privatised enterprises	559	1563	2122	192	380	572	140	278	418
By method of privatisation:									
Employee buy-out of leased property	107	276	383	1	75	76	11	42	53
Employee buy-out of state property	25	112	137	—	—	—	—	—	—
Transformation into a public corporation	370	402	772	96	82	178	40	49	89
Competitive bidding	15	267	282	—	41	41	—	24	24
Auction	7	505	512	—	182	182	—	163	163
Sale	34	—	34	95	—	95	89	—	89
By sector:									
Manufacturing industry	213	31	244	74	5	79	38	24	62
Construction	102	18	120	34	6	40	32	1	33
Transport and communication	44	—	44	26	—	26	7	—	7
Personal services	28	214	242	1	43	44	—	49	49
Trade and public catering	25	753	778	5	227	232	15	136	151
Other (including agricultural enterprises, state and collective farms)	147	54	694	52	99	151	48	68	116
Number of employees in privatised enterprises (thousand)	366.8	121.3	488.1	78.8	21.7	100.4	23.9	14.3	38.2

Source: Ministry of State Property Management and Privatisation

through other types of property reform (see table 2.2.1).

The progress of the property reform has been irregular, and a reduction in the rate of privatisation was recorded in 1997 and 1998. At the end of 1998, privatised enterprises employed 627,000 people, or 17% of the entire work force.

The reduction in the rate of privatisation was caused by a number of reasons, some of which were beyond the government's control. In particular, many governmental institutions still remain cautious about the possible effects of rapid privatisation. The existing legislation does not reflect the progress of the property reform, the cost of property objects earmarked for privatisation is exaggerated, and the potential owners are short of funds to purchase them. In addition, some managers are still unprepared to assume full responsibility for the performance of their enterprises, and lack the proper training to work in the new market conditions.

The progress of property reform has also been affected by the experience and mistakes made during privatisation in Russia, which led to the criminalisation of the economy, poor investment activity, a cash flow crisis and widespread social discontent. The reform of state property was further delayed when the practice of drafting and approving national and regional privatisation programmes was abandoned. The slow progress of privatisation is also the result of indecision on behalf of the local and central government authorities.

The poor planning and organisation of the voucher privatisation effort has led to widespread social distrust towards this mechanism of property reform. The number of Belarusian citizens who have exchanged their privatisation vouchers for shares in privatised companies is only 37.6% of those who have received those vouchers. The ratio of the nominal value of the privatisation checks to the cost of property earmarked for privatisation is only 0.47. A large number of privatisation cheques have remained uninvested. Of them, 292.3 million belong to private individuals, 3.7 million to investment funds and 13.5 million to other legal entities.

Today, the property reform in Belarus is selective. The decision with regard to the privatisation of individual companies is made on the basis of their economic efficiency, potential for technological advancement and addressing the local social priorities. Factors such as the role of the enterprise in the economy of its town or city, possible environmental impact of privatisation and national security issues are also taken into consideration.

In 1998, output in government-owned enterprises gained 6.1%, and in the private sector 17.8%. Output growth by type of privatised enterprise was as follows: joint stock companies 13.7%, leased companies 16.3%, collective and municipal enterprises 21.0%, joint ventures with foreign investment 54.9%, private and co-operative companies 21.9%. In 1998, privatised enterprises had higher labour productivi-

ty, sales and profitability levels than in the public sector. They were investing more in fixed assets and expansion of premises, had lower wage arrears, stockpiles of unsold products and debt.

Over the next few years, the majority of small enterprises owned by the central or local governments will be privatised in accordance with the law "On Property Objects in Exclusive State Ownership". Companies active in retail trade, construction, food processing, services to the agricultural sector and a number of other industries will be the first to undergo privatisation.

It is planned to complete the reform of leased companies by encouraging employee buyouts or conversion of those enterprises into joint stock companies. In some individual cases, leased companies will be re-nationalised. The restructuring and incorporation of medium-sized and large companies will continue on an individual basis in accordance with customised business plans. The latest global achievements in corporate management will be utilised, and practical steps will be taken to promote the creation of holding companies and industrial finance groups.

The experience of 1998 suggests that the progress of property reform is still slow, despite the enactment of presidential decree No. 3 of March 20, 1998 "On the Incorporation and Privatisation of State Property", which was supposed to accelerate this process. Successful privatisation depends on concerted efforts by all governmental authorities, a better legal environment and more adequate procedures of property valuation.

Development of private enterprise

Support for private enterprise, small and medium-sized business is a key factor of successful transition to a market economy. In a market system, private business is an effective tool to create a competitive environment, as well as to promote effective economic decision making based on supply and demand and technological advancement.

Private enterprise has a great social impact. Small and medium-sized businesses create new jobs. In addition, they contribute to the formation of a middle class, a prerequisite to social stability. In general, private enterprise is a critical factor of economic development and the nation's progress towards a socially oriented market economy.

Most countries which have achieved success in social and economic development have designated government agencies that support private enterprise. Belarus has a number of government and non-government enterprise support organisations. However, their efficiency has been low, as suggested by the slow development of small business in 1998.

In addition to insufficient support for private enterprise, this situation is also the result of the overall economic environment, particularly ineffective state intervention in price formation, multiple

Table 2.2.2.

Development of small business								
	Number of small business as of December 31				Number of employees in small businesses			
	1995	1996	1997	1998	1995	1996	1997	1998
Total	14,813	20,077	21,279	24,061	176,944	220,700	232,067	280,463
By sector:								
Manufacturing industry	2,426	2,749	3,363	4,099	43,849	45,000	59,859	77,226
Agriculture	119	115	79	92	1110	1444	944	953
Transport	323	579	723	932	4,131	6,452	7,993	10,592
Construction	1,770	2,310	2,426	2,732	35,829	43,462	47,393	58,145
Trade and public catering	7,226	9,882	10,689	12,268	61,337	79,304	73,909	94,148
Research and development	517	834	601	537	6,740	8,247	6,238	6,575
Source: Ministry of Statistics and Analysis								

exchange rates, import and export difficulties, poor access to loans, and the crisis of production and sales caused by the collapse of the Russian rouble.

Support for private enterprise is provided in several areas, including the creation of a legal environment conducive to small and medium-sized business, provision of soft loans to small business and establishment of a small business infrastructure to provide advisory and other assistance to entrepreneurs.

The key players in creating a small business infrastructure are enterprise associations. A substantial contribution to this process has been made by the joint programme of UNDP and government of Belarus "Creating a Small Business Support and Development Infrastructure".

The most vulnerable element of enterprise support is not just insufficient legal support, but also the poor access of small and medium-sized business to finance. Businessmen can obtain low-interest loans from two sources - local budgets and regional branches of the State Employment Fund. The amount spent on small business lending by the regional and Minsk City budgets has been negligible and did not exceed 0.2 - 0.3% of total expenditures. The budget lines for small business lending programmes are not fully expended. It is obvious that insufficient spending on business support could not increase the number of small and medium-sized businesses.

Small and medium-sized business has not become a decisive factor of sustainable economic growth. Small business accounts for only 4% of total industrial output. In industrialised countries, the share of small business in industrial output exceeds 50%. In order to become an effective tool to promote competition, job creation and technological advancement, the state policies towards small business should be reviewed. Otherwise, small businesses will continue to close in large numbers or

move to neighbouring countries where the business environment is more favourable to them, and the role of private enterprise in Belarus' economy will not grow.

Labour reform

The transition of Belarus to a market economy and the emergence of a labour market have created the need for a comprehensive labour reform, including a reform of the wage system. Such a reform should make wages an incentive to work with greater productivity and quality. At the same time, wages should be sufficient to meet the basic needs of the work force. The national concept of reform calls for the regulation of wages by the state and collective agreements.

The wage system is regulated by the law "On Enterprises", the labour code, and the laws "On Collective Agreements and Contracts", "On Labour Unions", "On the Arbitration of Industrial Disputes", as well as the presidential decree "On the Development of Social Partnership", and a number of other legal documents. This legislation provides clear guidelines for wage regulation but requires further development and clarification to meet the demands of a diversified economy and the emerging labour market.

A multi-level system of collective agreements is an effective tool of wage regulation, which ensures proper balance between the interests of employers and employees. However, this system does not contribute sufficiently to improving the economic performance of enterprises, industries and regions. Analysis suggests that many of those collective agreements are not being observed, as is the case with the general agreement between the government of Belarus, associations of employers and trade unions of employees and a number of industry and collective wage agreements.

The status and role of the minimum wage is inadequate. After the law "On the Minimum Wage" was suspended in 1993, the minimum wage was no longer the minimum income level guaranteed by the state but remained the basis for the calculation of social welfare benefits and state fees and duties. The loss by the minimum wage of its former status was the result of the efforts to preserve employment levels. If the minimum wage had kept its role as a minimum subsistence standard, many jobs would have been lost, as employers would not have been able to pay the wage.

As a result of those developments, the real size of the minimum wage has reduced. In 1998, the ratio of the minimum wage to the minimum consumer budget salary was only 7.6%, down from 8.8% in 1997. The proportion of the minimum wage relative to the average was just 6% in 1998. Such ratios have not only distorted the role of the minimum wage as a subsistence minimum, but also affected the indexation of incomes. The law "On the Indexation of Wages" ties the compensation of income losses resulting from inflation to

the minimum wage. As a result, no more than 10% of the average wage was indexed (see table.2.2.3).

In addition to the above, other deficiencies of the existing wage system can be named:

- The share of wages in total cash incomes has reduced, from 71.2% in 1991 to 53.2% in 1998;
- The wage is losing its meaning as an incentive, as it is poorly linked to performance in the workplace and its share in total cash incomes is falling continuously;
- The cost of labour is undervalued. In proportion to total production expenses, labour costs do not exceed 6 - 12%;
- Unnecessary wage disparities are increasing among various sectors, as well as between budgetary and non-budgetary employees;
- Wage arrears are increasing, reaching 5% of total monthly payroll for the national economy.

The enactment of the law "On Minimum Subsistence" is a positive development, as it provides essential social guarantees with regard to the size of the minimum wage, minimum old age pension, stipends

Popular living standards

Table 2.2.3.

	Units of measurement	1990	1991	1994	1995	1997	1998
Minimum consumer budget (per person)	roubles	125	247	90,039	706,871	1,835,200	3,599,321
Minimum wage	roubles	70	130	8,917	55,000	161,667	275,000
Average monthly wage	roubles	269	541	98,203	755,129	2,270,110	4,618,877
Minimum wage as a proportion of the minimum consumer budget	%	56.0	52.6	9.9	7.8	8.8	7.6
Average monthly wage (before tax) as a proportion to the minimum consumer budget	%	215.2	219	109.1	106.8	123.7	128.3
Minimum wage as a proportion to the average wage	%	26.0	24.0	9.1	7.3	7.1	6.0
Year-on-year consumer price index	%	104.7	194.1	2321.0	809.3	163.8	173.0
Personal incomes	billion roubles	24	48	12,868	76,524	238,228	491,890
Personal incomes per capita (monthly average)	roubles	199	386	103,546	617,410	1,933,460	4,004,730
Real personal incomes as % of the previous year	%	112	100	91	73	106	119
Real wage as % of the previous year	%	114	104	69	95	114	118

Source: Ministry of Statistics and Analysis

and social benefits. The law calls for the increase of the minimum wage to the size of the minimum subsistence budget and later, as the national economy develops, to the size of the minimum consumer budget.

New guidelines have been approved for the indexation of incomes. In accordance with these documents, all incomes equal to or less than ten minimum wages will be increased by the amount equivalent to the rate of inflation. This arrangement guarantees a 50 - 60% compensation of inflationary losses through indexation.

The state of the labour market is an important consideration. In 1998, the developments in this area were generally positive. According to official statistics, there were 126.200 registered unemployed, or 2.3% of the work force.

Despite financial instability, the economic growth continued, creating a large number of job vacancies and boosting demand for workers. As a result, the rate of unemployment went down to 1.9% (105,900 as of January 1, 1999). The decline in the rate of unemployment was facilitated by the implementation of the state employment programme. However, hidden unemployment still remains high. In 1998, approximately 60.000 employees (5.6% of the total number of industrial employees) were working short hours. The high level of unemployment among young people is also an alarming trend. According to the state employment services, almost one-half of all unemployed are young people aged 18-29.

The state employment programme for 1999 calls for further efforts to create new jobs by promoting enterprise development and providing financial aid to businessmen.

The role of the state in the transitional economy

Government involvement in the economy has always been in the focus of attention. Recently, this issue has been the subject of heated debate. The need for government involvement in the economy is no longer denied. In the past, this denial was the result of a dogmatic approach to the application of monetarist policies. Today, the potential of the state to play an active role in the market transformations is generally recognised, as such involvement can lead to sustainable human development in the long term.

The involvement of the state in the process of economic transformation should increase for a number of reasons.

- As the market institutions are not sufficiently developed, the current developments on the market can have an adverse effect on the manufacturing sector. As a result, some potentially profitable enterprises can be driven to bankruptcy;
- Market transformations necessitate a change in the management of enterprises. Such a change can not happen overnight and cannot succeed without the help of the state. Without such support, even the

companies that have good chances of success in the market will not be able to realise their potential;

- The transition to the market should be accompanied by a reform of the social welfare system. This process requires proper guidance, as people should not be left face to face with economic hardships without adequate support;

- The state should be involved in those sectors, for which market self-regulation is not applicable, even in nature market economies.

The mechanisms of state involvement in the economy are as follows:

- Redistribution of GDP through the budget and extra-budgetary funds;

- Ownership of a proportion of the national wealth;

- Direct and indirect regulation of the economy (e.g. price control, management of the finance and credit system, exchange rate policies, regulation of foreign trade, etc.)

From this perspective, state involvement in the economy could be described by the following statistics:

- The level of financial resource centralisation is 50,3%;

- The share of industrial assets owned by the state is 53.3%.

From an international perspective, these figures exceed the levels of economic efficiency.

The centralisation of financial resources is also an indicator of the tax burden on Belarusian enterprises. Analysis shows that this burden is too high for the companies that are producing non-competitive products, which are frequently too expensive for the target markets. As a result, companies are unable to maintain a sufficient profit margin to ensure sustainable operation.

The share of industrial assets owned by the state is also too high, and could be reduced by accelerating the property reform and completing the small-scale privatisation programme.

The choice between direct and indirect regulation is determined not only by necessity, but also by the advancement of the state and education of public servants. Mistakes in choosing the right methods of economic regulation can lead to adverse effects.

The past year was extremely difficult for the government in terms of economic regulation. Difficult decisions had to be made to maintain control over prices, the size of the rouble mass, lending and exchange rates. The government was unable to sustain the positive trends that had been observed in the first half of the year.

Belarus needs to define the appropriate degree and depth of state regulation in every area in order to facilitate the sustainable socio-economic development of the nation.

Economic policies in the transitional period

A unique economic policy, which has developed over the last several years and has evolved to a certain degree, is one of the things that makes Belarus different from all other post-Soviet countries. After the acquisition of independence, difficulties with formulating an independent economic policy became an important social and political factor. Unlike the rest of Central and Eastern Europe, Belarus has been unable to create fully fledged macroeconomic institutions. Belarus has no stable currency, the monetary and fiscal systems were created spontaneously and influenced by a large number of current difficulties and short-term economic objectives.

Particular problems were associated with monetary policies. The Belarusian leadership did not introduce a full-fledged national currency, hoping that a monetary union with Russia will enable it to use the Russian rouble in domestic and external payments. When the monetary union was about to be introduced, the government did not dare to do so for a number of political reasons. Some members of government and top managers of the National Bank resisted this idea fearing that an agreement to the external management of currency circulation would break the Constitution and may cause Belarus to lose its sovereignty.

At that time, the basic economic indicators had negative dynamics. However, the economic recession in Belarus was much slower than in Russia or Ukraine. This situation lasted until 1996. In the meantime, the government was conducting privatisation. However, the privatisation of large industries slowed down considerably and almost stopped at a stage when most of them became joint stock companies with the state holding the majority stake. The halt in privatisation was caused by a negative perception of the privatisation campaign in Russia by the Belarusian policy makers. There, the criminal underworld and the old nomenclature had benefited most from the privatisation process.

In Belarus, the need to preserve the nation's economic potential was strongly emphasised. The Belarusian policy-makers believed that this could be achieved by restoring the old economic ties that were severed after the Soviet Union broke up. However, many enterprises were already beginning to adapt to the external market environment, although no restructuring was taking place. Exports were increasing, reaching a record high of 70% of GDP in 1994. Exports to the West were also growing, and Belarus was expanding its presence in the global and regional markets.

The initial experience of building the nation's sovereignty shows that Belarus is searching for its own transformation and development model and formulating, very cautiously, a strategy of its own. The deterioration of popular living standards, as well as rising inflation and unemployment in 1991 - 1994 were taken by society with patience. No programmes to fight inflation and create jobs were being formulated or approved. At that time, the average monthly wage, expressed in US dollars, was fluctuating around \$25 - 30, highlighting the grim economic reality and inefficiency of the national economy. Many enterprises were being subsidised. The habit of relying on subsidies became widespread in many social groups living on low wages, paying relatively little for food and housing, and enjoying free medical care and education. Concerns about the possible adverse effects of the shock therapy were expressed in the ideology of social peace and calls to build a socially oriented economy in Belarus. Fearing a repetition of the economic shock that happened in the neighbouring countries, the general public shared the ideas of social equity, but did not support economic freedom. The latter implied individual responsibility, to which the paternalistically minded workers, farmers and public servants were unaccustomed.

The social changes that began in 1994, along with the transition to a presidential republic, brought forth new economic priorities and policy mechanisms. An anti-crisis programme was adopted in the autumn of 1994, centring on financial stabilisation and economic incentives. Interestingly, the programme already implied a shift from the old strategy that called for a delay in financial stabilisation until positive changes have occurred in the manufacturing sector. The recognition that financial stabilisation was of primary importance was a significant step ahead and had a positive effect on the ensuing economic policy.

The purpose of the new macroeconomic policy that followed from the new anti-crisis programme was effective macroeconomic regulation aimed at balancing the money base,

interest rates and monetary emission. Emphasis was made on conducting a more responsible and rigid monetary policy. Other tools included accelerated privatisation and restructuring of a number of industries. Monetary policies were the area of the greatest success. After the Belarusian rouble had received the status of sole legal tender and positive interest rates had been introduced on bank deposits, the exchange rate began to stabilise, remaining at 11,500 roubles to one US dollar for almost eighteen months.

The mid-term development strategy, suggested in 1996, named export, housing construction and agriculture as the key priorities of the economic policy. Following the example of some countries, presidential programmes were formulated, calling for the support of housing construction, child welfare projects, and manufacture of computers and household electronics. The effects of such policies on the exchange rate, inflation and foreign trade balance became a secondary consideration, as the new economic policy relied on massive credit infusions in selected sectors of the economy.

By 1997, the nation had begun to live under the new conditions of a Keynesian-type economy, which encouraged effective demand in a limited number of growth areas, created the effect of cheap money and led to greater state involvement in the economy. In the first quarter of 1997, GDP, industrial and agricultural output increased rapidly, creating a feeling of optimism and mistrust on behalf of experts. The economic growth continued against the background of an economic recession in Russia and Ukraine, and it was achieved in a country which had not completed market-type institutional changes. Indeed, Belarus had not achieved the same level of privatisation or economic liberalisation, and yet its economy began to grow first.

This paradox contributed to an overly optimistic assessment of the long- and short-term development prospects for the Belarusian economy. The main reason for this excessive optimism was not even the choice of a Keynesian-type economy - it was not Keynesian in the strictest sense of the word. The country had failed to create an advanced market infrastructure. The centralised economic policy was successful only in draining the economy of its last remaining resources, at a time when the depreciation of its fixed assets had already reached the dangerous level of 70%.

In 1999, the rates of economic growth began to decline. GDP and output growth slowed down, and the economic forecast for this year looks more modest than for the previous year.

The economic cycle has definite trends, and a period of rapid expansion in 1996 and 1997 was followed by a transition to lower rates of economic growth. As such, this transition was necessary and logical. It should be borne in mind that the price paid for the past economic achievements was a twofold increase of the rouble mass from 29 trillion in 1997 to today's 59.2 trillion. Investments in housing construction and agriculture have produced a tangible result. However, the expansion of the rouble mass has led to high inflation and falling real incomes. The country is faced by a new dilemma. It has to decide how to proceed and how to improve its present situation.

Today, it is extremely important to bring down inflation, stabilise the exchange rate and conduct an efficient income policy. However, there is no consensus. The government and National Bank have different views on how to achieve those objectives. The management of the National Bank is still convinced that an expansionist monetary policy should be continued, but new money should be not be channelled into the economy directly, as before, but cover the budget deficit, as is the plan for 1999. No final agreement on these technical issues has yet been reached.

The search for an effective mechanism to provide long-term incentives to develop the manufacturing sector is an important part of today's economic policy. By 1997, the main proposals had been included in the concept of a new industrial policy, proposed by the nation's leadership as the basis for the reform of key industries. They came to this solution after a long period of deliberation. At first, the idea was to formulate and execute national industrial programmes as a completely new element of the economic policy. However, the work on creating distinct models of economic policy was eventually stopped, even though many of the ideas developed at that stage were included in the general concept of a new industrial policy. It would be premature to make any statements with regard to the effectiveness and consistency of future steps in this direction, although some new approaches have already been suggested for the implementation of the future economic policies.

Some of these proposals are concerned with the establishment of a monetary union with Russia, creation of a common market and ultimately, the merger of both states. The implementation of those ideas would change the orientation of Belarus' economic policy and the mechanisms of its implementation within a common state. This change would be quite natural, as the economic policy is connected with politics, and politics always has many dimensions.

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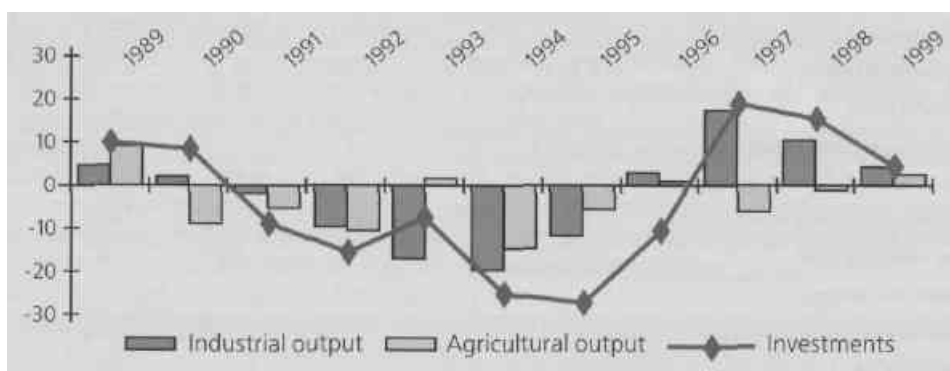


Figure 2.2.1.
 Basic
 macroeconomic
 indicators

2.3. Social policies

Human development is closely related to social policies, which should guarantee social stability, public accord and good working and living conditions to every member of society.

The social policy is determined by the conditions within the country at a particular stage in its historical development. Its main objective is to improve popular living standards and can be achieved by providing every able-bodied individual with the opportunity to earn a decent living for himself and his family and each disabled person with targeted support. There is a growing realisation of the need for a well-balanced and efficient social policy. The success of such a policy is ultimately judged by its contribution to the improvement of people's lives and living standards.

Popular living standards and quality of life

Different indicators are used throughout the world to assess popular living standards. In Belarus, most of these indicators have to do with personal incomes and are based on the available data on household incomes and expenditures. Such data is collected by the Ministry of Statistics and Analysis by measuring the overall size of popular incomes and expenditures and selective surveys of the budgets of individual households.

Starting from 1998, the Belarusian government has commissioned regular social and labour surveys, as a means of monitoring popular living standards. Aiming to create a legal framework for the assessment and forecasting of changes in the living standards and achieve greater efficiency in executing social programmes, the government has developed the concept of the subsistence minimum and an action plan to implement it. The number of indicators used in the assessment of popular living standards is constantly increasing.

Substantial efforts are being made to prevent the decline of popular living standards. But it would be premature to say that this problem has been completely resolved. Individual social indicators, reflecting personal incomes, the state of public health and medical services and degree of environmental pollution still highlight some unfavourable trends (see table 2.3.1).

Poverty

Belarus has adopted a normative approach to the definition of poverty. The individuals whose incomes are less than 60% of the minimum consumer budget are regarded as poor. The local authorities are recommended to use this definition as an indicator of poverty and eligibility for income support. However, this approach is not legally binding. In addition, it fails to reflect the changing consumption trends in various types of households.

Table 2.3.1.

	Selected social indicators					
	1990	1991	1994	1995	1996	1997
Annual population growth, %	0.0	0.2	-0.2	-0.3	-0.3	-0.3
Life expectancy at birth, years	71.1	70.7	68.9	68.6	68.6	68.5
Real cash incomes (% of 1990)	100	100.2	85	62	73	77
Real montly wage (% of 1990)	100	104	59	56	59	67
Real montly pension (% of 1990)	100	123	48	60	60	66
Gini coefficient	-	-	-	0.261	0.254	0.258
Income ratio of the wealthienst 20% to the poorest 20%	-	-	3.7	3.8	3.7	3.7
Annualized rate of inflation (%)	-	183.5	683.1	268.4	119.4	140.1
Wage growth to consumer price growth ratio	113.7	103.6	69.1	95.0	105.1	114.3
Cinema visits per capita per year	11	9	2	1	1	1
Divorces as % of registered marriages	35	40	58	55	68	68
Children born outside of wedlock (%)	8.5	9.4	12.1	13.5	14.9	16.2
Maternal mortality rate (per 100000 live births)	22	31	19	14	22	26
Death due to widespread diseases (% of total deaths)	83.2	80.1	80.2	80.3	80.4	81.3
Alcohol consumption (litres)	5.7	6.3	7.1	6.7	7.3	7.7
Sulphuric anhydrite and nitrous oxide release (kg per capita)	65	66	32	26	24	20
Prisoners (per 100000 population)	156	177	368	391	416	444
Number of suicides among men (per 100000 population)	34	36	53	56	65	62
Drug related crimes (per 100000 population)	4	5	14	15	20	28

The law "On the Subsistence Minimum", enacted recently, creates a new legal framework for the definition of the subsistence minimum and, consequently, poverty. Starting from January 1, 1999 all individuals or households with incomes below the minimum subsistence level qualify as poor and are eligible for support.

The level and scale of poverty is being monitored by the government statistics agencies, The household survey programme, developed as a result of the joint project of the Ministry of Statistics and Analysis and World Bank is a reliable source of data on the poverty situation in this country.

Income surveys suggest that a high number of dependants within the household is the leading cause of poverty, particularly in single parent families and families with many children. The poverty rate tends to be the lowest among families consisting of two members and the highest in large families with dependent children, consisting of five or more members. Recently, the number of poor people has had a tendency to rise, and the profile of poverty has been changing. At the start of the economic transformations, the majority of poor were members of the socially vulnerable population groups (single pensioners, the disabled and families with many

Box 2.3.1,

Poverty and incomes	1995	1996	1997
Population with combined income below the minimum consumer budget (% of total)	80.4	81.9	76.9
Population with combined income below the subsistence minimum level (% of total)	38.4	38.6	32.1

dependent children), Today, there is an increasing number of the working poor, who are capable of working but cannot earn a sufficient income to support themselves and their families due to the nature of their employment or unemployment.

Today, the majority of the poor are the unemployed, partially employed, or people who have been sent on mandatory leaves without pay, and those who are employed in financially unstable enterprises. A large proportion of the poor work in state or municipally owned companies, are families with dependent children, internally displaced persons or refugees.

Poverty affects people differently, depending on gender, age, socio-economic status of the household and place of abode.

- The level of poverty, determined as a sum of total resources (cash and non-cash) is lower in rural than in urban areas;

- Women are more susceptible to poverty than men;

- Of all age groups, children are at the highest risk of being poor. The rate of poverty among children aged 15 or younger runs at 45%. Children have twice as many chances of becoming poor as adults aged above 56. However, the risk of poverty increases above the age of 65. One quarter of all people aged over seventy are poor;

- The risk of poverty tends to be higher among families with one breadwinner. As the number of breadwinners increases, the risk of poverty declines;

- There is a clear connection between poverty and education. Persons with higher or incomplete higher education are in a better position than those with secondary or below-secondary education;

- The likelihood of poverty depends on the person's socio-economic status. Poverty tends to be more frequent among the unemployed. Self-employed have an average risk of poverty. This suggests the need for a strategy to support private enterprise.

In summary, the social groups with the highest risk of poverty are as follows:

- Large and poorly educated families with children;

- Children, particularly aged below six;

- Families with one breadwinner;

- Unemployed;

- Women pensioners in rural areas.

The duration of poverty has a tendency to increase, particularly among families with dependent children.

Analysis suggests that poverty is mainly the result of low incomes, not income inequality. The role of the latter is negligible, as suggested by the surveys of the households that qualify as poor. Approximately 90% of all poor live in households with one breadwinner, whose incomes are insufficient to support the family. The present status of the labour market and shortage of jobs are making it difficult for other adult members of the household to

find gainful employment and improve the financial situation of their families.

A policy promoting wealth creation would be the best method of reducing poverty under the present conditions. It should be borne in mind, however, that such a policy should stem from economic growth, and not be based on wealth re-distribution.

The main prerequisites of poverty eradication are as follows:

- Promoting employment and opportunities for job creation;

- Providing every able-bodied member of society with the opportunity to earn sufficient income through gainful employment;

- Conducting an active social policy aimed at minimising the social risks connected with disease, disability, retirement, loss of breadwinner or unemployment;

- Providing in-kind and cash support to needy individuals.

The impact of the financial crisis on the vulnerable groups of population

The global financial crisis, which affected a large number of countries in South East Asia in November 1997 and Russia in August 1998, has had a negative effect on popular living standards in Belarus. The impact of the crisis was particularly strong on the vulnerable groups of the population. The people's confidence in tomorrow was weakened.

The Russian financial crisis became a catalyst for inflation and devaluation of the Belarusian rouble. From January to August 1998, prices gained on average 4.8% per month. In September alone they increased by 17%, October 21%, November 25% and December 21%. Overall, consumer prices grew by a total of 70% in 1998.

Relative to 1997, the prices of staple foods increased as follows: cereals 3.8 times, vegetable oil, soft drinks and margarine 3.3 to 3.5 times, sugar, coffee, mayonnaise 3.1 to 3.2 times, fresh and tinned fish, alcoholic beverages 2.6 to 2.9 times, meat, lard, pig fat, eggs, flour, vegetable fat, tea, confectionery items and macaroni 2.1 to 2.4 times, sausage and milk products 1.7 to 1.9 times, bread, potatoes, cheese 1.5 to 1.6 times. In the public catering sector, prices grew by an average of 2.1 times.

Relative to the beginning of 1998, the prices of passenger cars and colour televisions increased 4.5 times, tobacco goods 3.9 times, detergents, bicycles and haberdashery 2.5 to 2.9 times, furniture, clothing, footwear, hats, watches, carpets, household electrical appliances, stationery and car fuel 2 to 2.4 times, medicines, construction materials and textile goods 1.6 to 1.9 times.

The surge of inflation would have been higher if no efforts had been made to limit the growth in the prices of meat, milk, bread and eggs.

The situation was further complicated by the sharp devaluation of the Belarusian rouble. The

population's purchasing power declined, inflation had eaten into people's savings, shortages of cheap goods began to be felt. A reduction in the rate of economic growth was recorded in the third quarter of 1998, and production efficiency had dropped.

Real wages began to decline in the second half of 1998. Wage increases covered only 70% of income losses to inflation. Starting from 1998, the government was no longer able to maintain the average wage above 130% of the minimum consumer budget. The ratio of the average wage to the minimum consumer budget was 124% in September, 125% in October, 117% in November and 115.2% in December. The minimum consumer budget in December 1998 equalled seven million roubles, and the average wage eight million roubles.

All of these negative developments, caused by the financial crisis in Russia and to an extent by mistakes in the monetary, credit and foreign exchange policies, inevitably affected the living standards of the entire population. The official exchange rate of the rouble to the US dollar increased 3-3 times in 1998, depressing consumer demand. The social impact of inflation was felt by all sections of society. Inflation is hitting employers and employees, as well as pensioners and young people. The drop in the living standards has particularly affected medium-income families, increasing their chances of poverty. The efforts of the government to cover inflationary losses by raising salaries to budgetary employees, as well as pensions and social benefits, were unable to offset the negative effects of the upsurge in inflation.

The situation of the socially vulnerable groups, particularly pensioners, is particularly difficult. Real pension size in the fourth quarter of 1998 was 24% below the level of the previous three months. More than one-half of all pensioners are living below the official poverty line of 60% of the minimum consumer budget.

In the present situation, the development of a targeted social support system for needy families is particularly relevant. Such a system should cover the losses of those families caused by the increase in consumer prices.

Social insurance and pension support

Belarus has a system of state insurance against social risks beyond the individual's control. These include the risk of disability caused by a disease, industrial accident or a professional illness, retirement, loss of breadwinner or unemployment. The social insurance system is funded in accordance with the state budget for the current year and the law "On the Fundamentals of Social Insurance". The main sources of funds for the social insurance system are the state budget and state insurance funds, namely, the Social Welfare Fund and the State Employment Fund.

The pension support system is built on the principles of solidarity and funded by regular contribu-

tions measured as a proportion of the payroll ("pay as you go").

The pension system has several problems which should be addressed as a matter of urgency:

- The mechanism to calculate pensions lacks clarity, and pension size remains low. In 1992, it was based on the size of the minimum wage and time in the work force. As a result, pensioners and the disabled were among the most disadvantaged social groups. The size of more than 80% of all pensions! was equivalent to 1 - 1.6 minimum wages;

- The law "On Pension Support", enacted in January 1993 tied pension size to the average wage and introduced an indexation mechanism, whereby pension size could be adjusted depending on the individual's work input and the growth of the average wages among the working population. However, the mechanism to calculate pension size is too complex, and, consequently, inefficient. Almost one-half of all pensioners in 1998 were living below the poverty line;

- Bonuses and extra payments constitute a high proportion of today's pension and are paid to 16 different categories of pensioners. This makes the process of calculating pension size too complex and increases administrative costs;

- Unnecessary early retirement privileges still exist. Most of them had been introduced under the Soviet system;

- A counterproductive trend has emerged towards the equalisation of pension size. The link between pension size and individual work input is no longer transparent, and the difference between maximum, average and minimum pensions has reduced;

- There is no effective mechanism to protect pensions from inflation;

- The financial situation of the State Social Welfare Fund is difficult, reducing the chances for pensioners to receive their pensions on time;

- There is no system of private pension plans, which could assume part of the financial burden presently borne by the state and improve the financial situation of many pensioners. The present demographic situation creates a particular need for such a system. Today, there are 100 pensioners per 164 in the work force. The number of pensioners continues to grow and now constitutes 26% of the total population, while Belarus still remains a country where the age of retirement is low.

All of these defects indicate the need to change the pension system. As the economic crisis continues and the pension system is being faced with rigid financial constraints, such a reform should be based on the redistribution of available resources.

Social old-age and disability insurance should build on compulsory contributions into the system which should cover the full costs borne by the system. Some steps in this direction have already been made. The pension reform concept, developed and approved by the Council of Ministers on April 17,

1997, calls for the transition to a three-tier system. The basic level of such a system is formed by social pensions, the second and third tiers are represented by work and private insurance pensions. The concept will thus tie pension size to the input of every individual into the pension system. There are plans to draft a new law mandating state pension insurance for every member of the work force by 2000.

In addition, projections have been made to increase the age of retirement or make it flexible. Eligibility for early retirement will be limited, and more rigid requirements introduced to applicants for disability pensions. It is proposed to give greater preference to rehabilitation programmes, replacing the costly practice of long-term disability payments and link the size of individual income support ben-

Box 2.3.2.

Social support of pensioners

The present social welfare system is unable to maintain sufficient living standards for most parts of the population, leaving many below the poverty line. The reasons lie in the unacceptable approach to the formation of social insurance funds, which does not reflect the needs of an unstable economy such as Belarus.

The collective approach to social welfare, applied in this country, implies that pensioners are supported by the members of the work force, who pay part of their pay cheque to the state welfare fund. As a result of such a mechanism, pension size depends on the capacity of the state, not the needs of the recipients. As the economy is in crisis and economic performance is unstable, payments to the pension fund are low, irregular and are distributed evenly among all pensioners. As a result, pensions are very low. A collective approach is not based on individual savings, but relies on the redistribution of the funds accumulated by the State Welfare Fund, which pays equally low pensions to most pensioners.

A collective approach, unlike the system based on personalised savings, can provide modest pensions, sometimes irregularly. It makes the individual totally dependent on the state and does not encourage him to work efficiently and productively throughout his term in the work force. Nor does it encourage the individual to lead a healthy lifestyle, even though life expectancy and the amount of money paid into the system should be the basic factors that determine pension size in an efficient pension system.

Another defect of today's pension system is that the amount paid into it by the enterprises does not depend on the working conditions, labour intensity and estimated pension size upon retirement. Even though these factors are taken into consideration at the point of retirement, the mechanism by which this is done does not link pension size to the individual's input in nation's wealth, his professionalism, or intellect. The personal pension coefficients, on which the existing mechanism relies, are based exclusively on the individual's work record and salary. The existing limitations on pension size equalise the incomes of most pensioners, regardless of the pension coefficient.

The existing pension support mechanism fails to link contributions into the pension system with pension size and the average wage. The deficiencies in the pension system have given rise to a system of extra benefits which increases pensions above the current negligible level. However, this system is not transparent, is poorly managed and guided by a large number of bylaws. The number of people eligible for such income support is too great, and the support itself is not sufficiently targeted. The practice of aiding pensioners by providing them with access to cheap transport, public utilities, communications and medicines is also counterproductive. The extra benefits are poorly linked to per capita income in the household, the state of the pensioner's health and his ability to work.

And lastly, the present pension system lacks variety. In most countries, pensioners are supported from three sources - social pensions, compulsory insurance pensions and private pension plans. This arrangement would be difficult to apply in Belarus because there are no mechanisms to protect the individual contributions from inflation. Considering, however, that the three-tier system has been tried by many countries, and its efficiency has been proven, it would be advisable to work towards the introduction of additional pension insurance in Belarus. The Ministry of Social Welfare and the State Welfare Fund are also taking steps towards the adoption of a new pension support mechanism, based on individual savings.

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efits for pensioners to the recipient's financial situation. The expenditures of the pension system and pension size should not require the heavy taxation of companies and individuals to support them. Instead, the pension system should provide incentives for every member of the work force to make savings.

Employment policies; job creation and support for the unemployed

The Belarusian employment policies are based on the following principles:

- Equal opportunities for all citizens to find employment, equal rights to the free choice of profession;
- Promotion of productive employment and mobility of the work force;
- State guarantees to all employed and protection of the unemployed;
- Promoting partnership between trade unions and employers;
- Coherent policies of the central and local governments.

State intervention aimed at promoting employment takes two forms - active and passive. The main source of funding for such intervention is the State Employment Promotion Fund. The law requires all economic entities to pay 1% of their paycheque to the Fund.

Active intervention is aimed at increasing employment. Its immediate objectives are to create new jobs, organise community employment programmes, arrange the training and retraining of the unemployed, create jobs for individuals with a limited ability to compete in the labour market, provide tax breaks, soft loans and access to resources for companies creating new jobs.

The government approves a national employment programme, which serves as a basis for similar regional programmes. State employment offices register the unemployed, disburse unemployment benefits, maintain and update data banks on job vacancies and job seekers and provide the general public with information on employment-related issues.

The law "On Employment" calls for special arrangements to support individuals with a limited ability to compete in the labour market, particularly the disabled, youth aged 18 or below, women with dependent children and persons approaching retirement age. The companies creating jobs for such people are entitled to privileged loans from the State Employment Promotion Fund.

Belarus is pursuing an active policy to promote self-employment. According to the resolution of the Ministry of Labour "On Support for Independent Employment by the State Employment Service", the unemployed who wish to start an independent business are entitled to grants of up to 20 minimum wages or loans of up to 150 minimum wages. In 1997, such support was provided to 930 unem-

ployed to the total amount of 3.5 billion roubles. In 1998, 1556 unemployed received support to start up independent businesses to the total amount of 11 billion roubles. In 1999, total expenditures for those purposes are expected to reach 40 billion roubles.

Starting in 1998, employment promotion programmes have been developed for individual industries. The implementation of such programmes last year led to the creation of 65,000 jobs. A total of 38,000 jobs are planned to be created in 1999. Labour market forecasts suggest that this could provide employment to 42,000 people. New jobs will be created mostly in those regions that have a traditionally high rate of unemployment.

Passive intervention is aimed at providing partial compensation of losses resulting from unemployment and is funded through the unemployment insurance system. In order to be eligible for unemployment benefits, a citizen must register with the regional employment service and submit an income declaration. The size of unemployment benefits depends on the duration of unemployment, reasons for the loss of employment and number of dependent children.

Unemployment benefits are paid for the duration of 26 full weeks throughout the period of one year from the date of registration as unemployed. Individuals with an employment record of over 25 years for men and 20 years for women are paid unemployment benefits for longer periods. There is no waiting period, prescribed by the legislation of some countries,

The size of an unemployment benefit is determined differently for various categories of the unemployed. For some, the benefit is calculated as a percentage of the average wage at the place of last employment, and for others as a ratio of the minimum wage. However, despite these different mechanisms, unemployment benefits cannot be below one minimum wage or above two minimum wages. Higher unemployment benefits are paid to the unemployed with dependent children aged under 14 or with disabled children aged under 16, or with three or more children aged under 14. To an extent, these procedures are similar to those existing in countries where the rate of the unemployment benefit is fixed. It is obvious that limitations on the size of unemployment benefits and the fact that they do not depend on the period in the work force are in favour of the poorly skilled workers who are not interested in finding permanent employment. Consequently, these rules encourage dependence on state support among certain groups of the population, in addition, the consequences of such a soft policy towards unemployment support may have serious implications in the event of mass bankruptcies and personnel cuts. Belarus may become a country with a high level of chronic unemployment. In order to address this threat, the government should review

its approach to unemployment support and make it more similar to the unemployment policies of industrialised nations.

Social rehabilitation for people who have suffered from the Chernobyl nuclear accident

The state programme to minimise the effects of the Chernobyl nuclear accident for the period 1996 - 2000 calls for a range of systematic efforts to improve the health of the people who have suffered from the effects of this nuclear disaster. Steps are being taken to remove the population from the most highly contaminated areas, improve health care services for such people and provide access to recuperation programmes. Protective measures are being taken to minimise radiation exposure for people living in mildly contaminated areas.

More than 26,000 families have been moved to cleaner areas since the Chernobyl disaster, of which 26,000 people have left Belarus. 50,300 new flats have been built to accommodate those people. However, the Chernobyl resettlement programme is facing serious difficulties. Of 40,000 people living in stand-by evacuation zones, most do not wish to move to cleaner areas.

Improving health services for the population of Chernobyl-affected areas has been a top priority recently. Efforts have been made to develop a network of specialised medical institutions, such as the dispensary, policlinic and inpatient treatment centre in Gomel, the children's cancer treatment centre in Borovlyany, the diagnostics and treatment department of the Institute of Radiation Medicine in Aksamovschina, which are presently under construction, and the bone marrow transplantation centre in Minsk, which is already in operation.

Another two programmes, 'The National Programme to Prevent Genetic Disorders Related to the Chernobyl Disaster' and 'Protection of the Mother and Child in the Wake of the Chernobyl Disaster' will improve genetic screening services for children and pregnant mothers and assist in the psychological rehabilitation of the population.

The implementation of those programmes has helped prevent the birth of 500 children per year with genetic disorders. However, many parts of these programmes have not been completed, or have been implemented only partially, due to inadequate funding.

Annual medical examinations of children exposed to radioactive contamination is an important element of the presidential programme 'Children of Chernobyl'. The children suffering from radiation exposure are being supplied with vitamins, and new rehabilitation and treatment centres, schools and kindergartens are being built.

Child recuperation programmes are being funded with public money. In 1998, 235,000 children benefited from these programmes, and 260,000 are expected to benefit in 1999.

The law 'On Social Support for the Citizens who have Suffered from the Effects of the Chernobyl Nuclear Disaster', enacted in 1995, entitles the individuals who are living or working in Belarus and have been exposed to radioactive contamination to approximately 40 different types of benefits and compensations for the damage caused to their health. These include free prescription medicines, free annual stay at a sanatorium or health resort or cash compensation of its cost. The temporary disability benefits (sick leaves) paid to such individuals equal 100% of their average wage, regardless of the duration of their work record. The children of such people are admitted to kindergarten at no cost to the parents. In addition, the victims of the Chernobyl accident have priority in improving their housing conditions. They can get new housing within one year of being put on the waiting list. They are entitled to free passage by suburban rail, road and river transport, and a number of other privileges. Working pensioners and individuals receiving social benefits, as well as students who reside in radioactively contaminated areas are entitled to a fixed extra bonus. There are a number of privileges in pension support. The people exposed to radioactive contamination can go on pension one to ten years before the official retirement age. In the event of disability caused by an illness or injury linked to the Chernobyl nuclear disaster, the amount of compensation covers the actual damage to health. Each member of the families of such disabled persons is also entitled to monthly cash allowances.

2.4. Gender policy

The modern gender policy represents consistent efforts to achieve equality for men and women in all walks of life. The gender policy should not be viewed as a policy meant exclusively for women. It is a crucial factor for sustainable development of the entire society. The quality of the gender policy and the status of women in society should be treated as a universal indicator of human development.

A balanced gender policy depends greatly on the consideration of the gender dimension in human development. Gender issues can be approached from three different perspectives;

- The socio-economic and political status of women in society, availability of basic opportunities to women;
- The degree of women's participation in social and political life;
- Women's involvement in making policy decisions affecting different aspects of social life.

The analysis of women's socio-economic status should start with the assessment of women's access to key opportunities which determine the gender balance in the country. It is important to analyse the development factors in dynamics, as this can identify the basic trends and changes in the status of

women. The main areas of such an analysis are as follows:

- The gender aspects of the demographic situation and its dynamics;
- The situation of women in the labour markets and the rate of unemployment among them;
- Women's incomes and wages in relation to those of men;
- Women's access to education;
- Women's health;
- Women's security, including freedom from various types of violence, environmental security, etc.

In 1998, women represented 53.4% of the entire population. This proportion has not changed significantly over recent years. Within the last five years, it fluctuated around 53%. Average life expectancy for women has not changed noticeably, either, but it was still much higher than the average life expectancy among men (74.4 years versus 62.7 years). The excess of mortality over fertility has become an alarming trend. Maternal mortality has also increased over the last five years, from 26 to 28 deaths per 100,000 live births. Recently, the number of women suffering from alcohol and drug dependence has also grown. The crisis of the family is a significant stress factor for both men and women. It has had a particularly adverse effect on the status of women, because the family is traditionally seen as the woman's stronghold, a symbol of security and self-fulfilment. Over recent years, there have been 1.6 abortions per every one live birth. Eleven per cent of all families are single mothers with children. The number of divorces has increased 6.9% over the last five years. The crisis of the family, unravelling against the background of an economic crisis, is leading to significant gender imbalances and is having an adverse effect on the basic human development indicators.

The situation of women in the labour markets has been marked by the same trends as in the last five years. Women represent 52% of the total work force. They form the majority of those employed in education (79.6%), health care (85.9%), lending and insurance (75.4%), trade and public catering (74.8%), culture (73.8%), communications (64.6%) and other segments of the services sector. On the other hand, women are far less represented in sectors such as management. Although the proportion of women in management is increasing gradually, they remain considerably underrepresented in the upper tiers of management. Women constitute 62% of all employees in public administration and 53% of all those employed in ministries and government agencies. However, there is still only one woman minister and ten women deputy ministers. At the same time, women account for 79.4% of all public administration personnel laid off in 1998. It is therefore obvious that despite all efforts to achieve the gender balance and attempts to introduce quotas for women, the traditional approaches, which bar women from making key decisions, are still prevalent. Although women

still tend to have a higher educational status than men (46.7% of all women employees have higher education, and men only 31.3%), they still prevail among the unskilled work force. Even in sectors where the representation of women is traditionally high, they tend to be at the bottom of the career ladder. For example, there are 85.5% of women teachers in secondary schools, but only 43.7% of women school directors. The reasons for this situation are complex. Some of them are listed below:

- The peak of women's career activity coincides with the fertile period, when women have to spend a lot of effort on bearing and raising children, not on professional advancement;
- There remains a large number of gender stereotypes which hold women to be inferior and less efficient than men in the workplace;
- There is an established social tradition that assigns housekeeping and child-rearing functions to women and the responsibility for achieving professional success to men;
- Women tend to be less active job seekers than men; they rely more on the assistance of the government employment services, while men are more inclined to look for employment independently.

Representing the majority of the work force, women appear to be more vulnerable than men during the economic crisis. They have to build their professional career in tough competition with men, and women turn out to be in a far less advantageous position, particularly as the number of available jobs is declining. Of the total number of registered unemployed in 1998 (105,900), 70,600 (66.7%) were women. As in the previous years, women with higher and upper-secondary education are the hardest hit, representing 69.9% and 78.1% of all women unemployed. The number of women with higher education who seek the assistance of the state employment services has declined over recent years. However, unemployment has increased substantially among women with secondary or lower secondary education. This situation has narrowed women's opportunities to find employment and increases the mean duration of unemployment among them. In general, women tend to take maximum advantage of the opportunities offered by employment services. A high percentage of women are enrolled in personnel retraining programmes offered by these services, whereas men are more inclined to look for employment without such support. At the end of 1998, the state employment services had assisted in finding employment for 47.2% of men and 52.8% of women. The competition between men and women in jobs that are traditionally seen as "male" or "female" creates additional difficulties, especially for women who seek jobs in sectors where male employment is predominant, even when they have the same skills, qualification or work experience as their male counterparts.

Women perform the lion's share of housekeeping duties, and this work load is not officially recorded.

Women do three-quarters of all such work without receiving any pay. This time and effort they spend is a substantial investment in human development and a major resource of the state. The women who keep house, raise children, and look after the elderly maintain important social ties and contribute to the strengthening of the social fabric. Women's involvement in various types of social work and charitable activity is particularly noteworthy. By participating in such efforts, they assume a fair share of the duties to support the most needy members of society.

Women's incomes are significantly behind men's. Women's wages are approximately two-thirds of men's, which constitutes a significant disparity, particularly in comparison to the developed world. Poverty is becoming ever more feminised, which can be observed not only by comparing poverty figures (there are more poor women than poor men), but also by considering the existing limitations to the women's potential to achieve a decent living standard for themselves and their children. The starting conditions for men and women are not equal: men and women are paid differently for an equal amount of work, women are the first to be laid off in the event of personnel cuts, and are often discriminated against when applying for a job. These differences and limitations rule out any possibility of equality in the economic situation of men and women.

Recently, an increasing number of women have joined the ranks of independent businesspeople, reflecting women's high chances of losing employment and reduced chances of success in finding a new job. However, the development of female-owned businesses is being checked by the existing social and psychological stereotypes. According to opinion poll data, only 10% of women see themselves as capable of becoming independent business people. By the beginning of 1998, 9.1% of men and 2.7% of women had established their own businesses. For many women, the decision to start up a business is influenced not only by the economic situation, but, more importantly, by the perception of a successful career. Of all prerequisites to success, good luck and fortune are put in the first place by men and women alike. However, women believe that the second most important factor of success is the opportunity of self-fulfilment, whereas men believe that it is money. Men and women both view education, knowledge and experience as being the third most important condition of success, but the fourth prerequisite in rank is moral and financial satisfaction from the job for women and self fulfilment for men. In summary, women generally perceive their career as a factor of self-identification and self-realisation. They tend to advocate ethical career pursuits, which may be quite difficult in private business during the period of transition and economic crisis.

Although the development of female-owned businesses is a controversial process during the period of transition, some new trends are beginning to sur-

face, which may bring changes to the situation of women in the labour market and the roles that they are playing in society at present:

- Women can be more successful than men in competing for jobs, mainly because they are more capable of developing and demonstrating the best qualities of modern managers, such as good organisational abilities, communication skills, emotional stability and flexibility. These are the qualities of tomorrow's leaders. They are constituents of the EQ quotient, which reflects the individual's communication skills, as opposed to IQ, reflecting the person's intellect. In many companies of the industrialised world, greater importance is being attached to the former than the latter when hiring employees;
- Women have been more capable than men in maintaining corporate culture, a new phenomenon for most of the ex-USSR countries;
- Women have received the opportunity to act in a new social capacity - one of a role model for their children in the sphere of professional achievement, which has previously been played mostly by men;
- "Women management" relies greatly on social partnership techniques, which are particularly important for the development of small business during the transition period.

The potential of women to receive education and pursue a career in accordance with their qualification is an important measure of their social status. Belarusian women have a high level of education. Women with higher education represent 45% of the skilled work force, and men only 29%. Of all skilled employees with higher education, 56.4% are women. At the same time, a large number of women with a high educational status are unable to find employment that would match their qualification. The training of women for new professions, such as secretary or office manager, is a widespread trend, but could not be considered as professional growth, but, rather, as professional degradation necessary to escape unemployment at a time when this social ill is affecting increasing numbers of women. Only a small percentage of women are capable of finding employment without losing their social status. This tendency is not as harmless as it may appear at first glance. To women, this means that their chances of being role models of professional achievement for their children have worsened. This leads to a revival of the old gender stereotypes of the time when only men were acting as such role models.

An important priority of the present-day education policy is to provide women with adequate education, as women play the greatest role in communicating the values of society to the upcoming generation. Today's gender equality situation is highly controversial. On the one hand, there is a high proportion of highly educated women. On the other, it is mostly highly educated women who have the greatest difficulty in finding employment, and who are the most likely to lower their professional status to find a job. Free access

of women to education has not meant the absence of barriers to receiving it. The existing age limitations to receiving free education are discriminatory against women, as they find it the most convenient to receive an education after the age of fertility. In addition, women have fewer chances than men to receive education that leads to high paying employment. Women are underrepresented amongst employees with academic degrees and administrators in the higher education system. There are only 32.5% of women candidates of science and 11.9% of women doctors of science. Gender equality in education depends on the use of unique educational techniques that reflect specific aspects of women's psychology. Another important condition is the gender component in education and a mechanism that would enable the access of women to professions where men are still in the majority. The Non-government Women's Institute "Envila", based in Minsk, is a good example of a modern approach to gender equality in education. The institute has created a dynamic educational model for women.

Gender equality implies equal security for men and women, and particularly their protection from violence. The growth in the number of crimes directed against women is a sad reality of our time. In 1993, the proportion of crimes directed against women was 40.1%. By 1996, it had grown to 42.9% and by 1998, 42%. The number of crimes committed by women is also rising, indicating serious problems relating to the situation of women in society. While the total number of crimes in 1998 had decreased 4.3% relative to 1997, the number of crimes committed by women had increased by 4.2%. Women are frequent victims of domestic violence, which is seldom reported.

Gender equality can become a factor of development if it is realised through co-operation between men and women in strengthening social ties, creating a system of mutual support within society, and assisting those parts of the population that are the most needy of support during the period of crisis.

Women's involvement in politics

The amount and quality of women's involvement in politics is an important indicator of women's social status. The political changes that have taken place in Belarus since 1991 have made politics a more competitive environment than before and revealed a high degree of discrimination against women in political life. Opinion polls suggest that women and men are equally well informed about the political events in society and equally active in politics. In addition, women's turn-out in elections is 5 - 6% higher than that of men. Women constitute 20 to 50% of members in various political parties. However, their political status does not reflect their actual input in the political process. Women's representation in the leadership of political parties aver-

ages no more than 8%. The worst gender imbalance is observed within the Belarusian Popular Front, with women representing approximately one-half of rank-and-file members but only 2% of the party's leaders. The best gender balance is observed in the United Civil Party, with 15% of women members and 12% of women in the party's leadership.

Today, there is only one women's political party - "Nadeya", calling for reforms that would create normal living and working conditions for women. Promotion of women's involvement in politics is one of the party's biggest priorities. The political programmes of all other parties have no section on gender programmes. At best, they contain very general statements calling for equality between men and women. At the same time, women's organisations are being created within a number of political parties, such as the Belarusian Women's Movement "For the Revival of the Homeland", within the Belarusian Popular Front, the Belarusian Women's League, uniting women who support the ideas of social democracy, and the women's organisation within the Liberal Democratic party.

A poll among women politicians, conducted in February 1997 during the roundtable discussion "Women and Politics" revealed that more than 80% of those polled considered the existing gender stereotypes the biggest obstacle to women's participation in politics. In addition, the mere acquisition of political leadership by a woman does not automatically mean that she would become a women's advocate. The content analysis of campaign materials for women candidates running for the parliamentary elections of 1995 - 1996 showed that seven out of ten women had no intention of advocating the specific needs of women and were prepared to play by the rules created by men. This situation is the result of the predominating stereotype that politics is mostly a profession for men. It is not accidental, therefore, that, according to opinion polls, up to 65% of men and 35% of women are reluctant to support women candidates in elections.

The successful operation of the "third sector" would be impossible without women's participation. The emergence of Belarusian NGOs goes back to the end of the late 1980s and early 1990s. Today, there are more than 2,500 various non-governmental, or civil society organisations. Women are included in the leadership of nearly all NGOs. It should be remarked that it is mostly the "third sector" that has the reputation for being the most open democratic institution of society. However, the Belarusian NGOs have been unable to avoid gender imbalances. Women are the most represented within the leadership of the NGOs working on the social support and rehabilitation of the needy population (40%), organisation of leisure activities (36%), Chernobyl-related issues (34%), support for the disabled (34%), and consumer rights groups (30%). At the same time, the membership of women in the leadership of

the organisations dealing with self-government issues does not exceed 4%, scientific associations 11%, and enterprise associations 8%. Paradoxically, the membership of women in the human rights NGOs is also disproportionately low, not exceeding 6%.

The growth of the independent women's NGOs coincides with the development of democratically oriented organisations. Women were among the first to realise that their interests could be effectively protected only through the creation of women's organisations. There are over 20 women's NGOs in Belarus. Most were created between 1991 and 1996. Their main activity areas are women's rights advocacy, promotion of cultural and spiritual revival, education and charitable activities. Most women's NGOs are concerned about the violation of human rights in Belarus, lack of economic reforms, threats to Belarus' sovereignty, feminization of poverty and growth of unemployment among women. The growth of a number of organisations advocating different interest groups is also a positive development. Some examples of such organisations are the Belarusian Association of University Women, Association "Lady-Leader", etc. In general, women's NGOs fall into two main categories:

- Organisations relying on social partnership with the state, and receiving benefits and support from the government (e.g. the Belarusian Union of Women);
- Organisations which emphasise their independent status as an element of the civil society (e.g. Women's Christian Democratic Movement).

However, the impact of the women's movement on the social development of Belarus still remains low. Many women's NGOs still have not passed the formation stage and have not decided on a clear operation strategy. A large number of such NGOs fall apart and discontinue their activities. The departure of some international foundations, which had supported the third sector in Belarus, limited the external contacts of NGOs and had a negative effect on their development.

Successful development of society is impossible without the involvement of women in the decision making process. It is generally believed that women have a greater potential for innovation because they are more capable of distancing themselves from the old stereotypes of the past and the political assumptions imposed by men, who still dominate in the decision making process. Women can create a new political culture, conduct a gender assessment of new and existing legislation and translate women's capacity for promoting change into real political achievements. According to data from the Interparliamentary Union, the average representation of women in parliaments world-wide is 11.3%, including 11.6% in the lower, and 9.4% in the upper houses of parliament. In Belarus, this picture is different. While the lower house of parliament, the Chamber of Representatives, has only five women

members (4% of the total number of seats), the House of the Republic has 19 women deputies (31% of total seats). The increased representation of women in the upper house is the result of the positive discrimination principle applied in the nomination of its members. A similar principle with regard to women is in force in a number of countries, where the law requires political parties to include a certain percentage of women on their election lists (from 5% in Nepal to 30% in Argentina). In Belarus, quotas for the representation of women were applied in the formation of the House of the Republic, whose members are elected indirectly or nominated by the president.

Recently, the proportion and number of women in the institutions of the executive branch of power has increased. In 17 out of 27 ministries, the share of female employees exceeds 50%. Elsewhere, with the exception of the power ministries, the number of female employees ranges from 30% to 50%. The proportion of female employees is the highest in the Ministry of Statistics and Analysis (90%), Ministry of Justice (73.1%), Ministry of Finance (68.9%) and Ministry of Social Welfare (60%).

The growing number of female employees in the institutions of the executive branch is not just the result of a change in attitude toward women managers. To a large extent, it has been caused by the exodus of men from these organisations, due to low wages, falling prestige of high-level management and limited opportunities for professional growth and self-realisation. In addition, it could be stated with some reservations that the high percentage of women in a government institution is a sign of its low status in the process of strategic decision making.

In today's world, which is frequently defined as media-cratic, the representation and status of women in the media is an important indicator of women's impact in society. The proportion of women in the Belarusian Television and Radio Broadcasting Company is 63%, and in the State Committee for Print, 62%. However, there are almost no women in the high-level management of these agencies. The proportion of women among the leading experts of these institutions is high - more than 80%. A similar picture is observed in the management of Belarus' leading national newspapers, where there are only 7% women editors, 15% women managing editors, 18% women deputy editors, 21% women department editors and 20% women editors of district newspapers. The impact of the local district newspapers on the community is relatively low, and work in those newspapers is associated with considerable financial hardships.

In conclusion, the gender situation in the country is measured by two major coefficients - the Gender Development Index (GDI) and GEM, reflecting the expansion of opportunities for women. In 1995, Belarus ranked 68th among 174 countries by the human development index and 51st by the Gender Development Index.

2.5. Education and science policies

Education is a key prerequisite to sustainable human development. Within the last five years, educational policies have addressed the following priorities:

- Improving the education system and conducting a secondary school reform;
- Remodelling the curricula in all types of educational establishments;
- Improving the quality of professional training to meet the demands of the market economy;
- Building equipment stock and resources of educational establishments of all levels.

Over these five years, the state has generally been able to guarantee popular access to education, including secondary and higher education. The destruction of the pre-school education system has been successfully avoided. The reform of the education system is under way, and the approaches and methods of education in comprehensive schools are being improved. Alternative educational institutions have developed, including gymnasiums, colleges, non-government higher and upper-secondary educational establishments. The training of skilled workers in the upper secondary system is being remodelled, reflecting the demands of the changing economy. A two-level training system has been introduced in institutions of higher education, offering bachelors and masters degrees. A series of state and ministerial programmes has been developed and is presently being implemented, including the programmes "Teacher", "Personnel", "Computerisation of the Education System", "Foreign Languages", "Rural Schools", and "Capital Repairs of Educational Establishments for 1998-2005".

Great priority has been attached to the support of education services in areas exposed to radioactive contamination as a result of the Chernobyl accident. Efforts have been made to supply the local educational establishments with sufficient personnel, organise free care for children in pre-school establishments, and implement recuperation programmes for the children living in those areas, as well as orphans and children from needy families.

Belarus has achieved a high adult literacy level of 98.4%. There are 393 skilled employees with higher or upper-secondary education per every 1000 members of the work force. Belarus ranks among the first in the CIS by the number of students per 100 popu-

lation. The growth in the number of international students educated at local institutes and universities indicates the high international reputation of the Belarusian higher education system.

Enrolment in the secondary school system has increased 4% in the last four years, reaching 1,600,500 in 1998. In addition to government-run secondary schools, there are 13 private secondary schools with 1,100 students for the academic year of 1998-1999.

Pre-school enrolment totalled 434,400 at the end of 1998, down 8.6% from the 1993 level. The pre-school enrolment ratio had increased from 55.2% in 1993 to 65.3% in 1997.

There has been a reduction in the number vocational schools training skilled workers. This was mainly the result of poor funding and low demand for skilled workers in large industrial enterprises. Therefore, many vocational schools have become involved in training and retraining programmes for adults, including the unemployed.

The training of skilled workers with upper secondary education is offered by 151 state and six private technical schools. The number of students in the upper secondary system has remained almost unchanged since the beginning of the 1990s. However, there has been an almost twofold increase in the number of private upper-secondary educational establishments. There is an increasing number of students whose education has not been funded by the state, but paid for by other sources, including the students themselves. 21,000 upper-secondary students (16%) were paying for their education in 1998. The education of another 4,000 (3%) was funded by public and private companies.

In the beginning of the academic year 1998/99, there were 42 state higher education establishments with a total of 207,000 students, and 16 private higher education institutions with a total of 36,800 students. Of 42 state higher education establishments, there are 16 universities and nine academies. Seven new private higher education institutions opened from 1993 to 1998, and the number of students in private universities and institutes increased by more than 29,000.

Despite some positive achievements, the education system is facing a number of serious problems. Due to budget limitations, the repair and construction of new educational establishments is slower than expected, and the education system is still short of resources and supplies. From 1995 to 1998, 40,100

Table 2.5.1.

Coverment-run day comprehensive schools (at the beginning of the academic year)

	1994/95	1995/96	1997/98	1998/99
Number of schools	4971	4921	4821	4783
Number of students (thousands)	15383	1561.1	1579.8	1600.5
Number of teachers (thousands)	135.5	136.9	145.0	149.2

new student places had been created, while the total number of student places created in 1994 alone was 18,500. More than 20% of all secondary school students study in two or three shifts. There is a tendency to build fewer pre-school establishments. Since the start of the economic reform, the number of new kindergartens and nurseries brought into operation in one year has reduced five times.

Since the start of the economic reforms, public funding of the education sector has met no more than 60 - 70% of its demand. During the last four years, funding for education has not exceeded 7% of GDP, which is significantly below the level mandated by the law "On Education" (10% of GDP) and insufficient to address all of the sector's current needs, or adjust it to the needs of the economy and society. The available public funding is too low to respond to the sector's most urgent problems, particularly the supply of the educational establishments with the necessary materials and teaching aids. Extra-budgetary funding could improve the situation, but its proportion still remains extremely low, due to the lack of economic conditions for the development of charitable funds and sponsorship.

The education system has been unable to adjust to the changes in society and the socio-economic situation. As a result, a gap has formed between education and the needs of various sectors of the economy. The number of skilled workers with higher or upper secondary education who have been unable to find employment has increased, and unemployment among the graduates of higher education institutions has become more widespread than before. Today, higher school graduates already constitute a substantial proportion of the unemployed (10%).

Of the total number of unemployed, approximately 50% are young people aged under thirty, at the most productive stage in their lives. The large proportion of young people among the unemployed is a great loss to society. The offer of firm employment guarantees to graduates is the primary means of social support for higher education and upper-secondary graduates. Such guarantees were offered by the presidential decree "On Guarantees of Employment to Graduates from Higher, Upper Secondary and Vocational Institutions and Servicemen Discharged from Military Service", enacted in 1998. The execution of this decree has brought some improvement to the unemployment situation among young people.

Teaching is gradually losing its attractiveness. Secondary schools have a shortage of teachers of foreign languages, physics and music. The most skilled teachers are leaving their employment in schools to work in the private sector, and almost 50% of university graduates never reach their designated duty stations. There are almost no teachers in the secondary school system. The monthly wage of the teaching staff averages \$40. Support for teachers in the higher education system has gained particular

importance, as the exodus of the most professional university professors, which has already begun, can become worse with time.

In the future, the education system should continue to meet the people's need for learning and promote their personal growth and the development of their abilities. Education should promote the growth of the nation's intellectual and cultural level. The main prerequisites to achieving these goals are as follows:

- Maintaining public access to free, guaranteed education on all levels in accordance with the existing standards and the national law;
- Improving the personnel training system and maintaining adequate quality standards within this system;
- Creating a network of educational institutions, offering a variety of educational services, approaches and curricula, meeting public demand for education services and being conveniently located within the local communities;
- Improving the access of schools to modern teaching materials and resources;
- Developing national education standards for primary, secondary and higher educational establishments in order to ensure sufficient quality of education;
- Improving the funding of the education sector, particularly by encouraging sponsorship and investments in the system.

In pre-school education, it is necessary to promote the development of educational institutions of different types and profiles, meeting the needs for the education of small children, as perceived by their parents. It is also important to increase the Belarusian cultural content in education. In the secondary school system, a transition should take place from a unified, tightly regulated education model to a system that allows for a variety of approaches to education and provides students with fundamental knowledge. In the tertiary system, a two-level approach to education should be adopted. Emphasis should be made on increased general education and use of new university-type educational techniques. At the same time, greater opportunities should be created to enable the free choice of the educational institution attended and access to a wider range of educational services. In addition to a network of comprehensive schools with a twelve-year cycle, different types of other secondary education establishments should be developed, including lycees, gymnasiums, vocational, upper secondary and private schools.

Science and technology

The requirements to the state research and development policy are determined by the needs of human development. Article 51 of the Constitution guarantees the freedom of scientific and technical research, academic and creative freedom and pro-

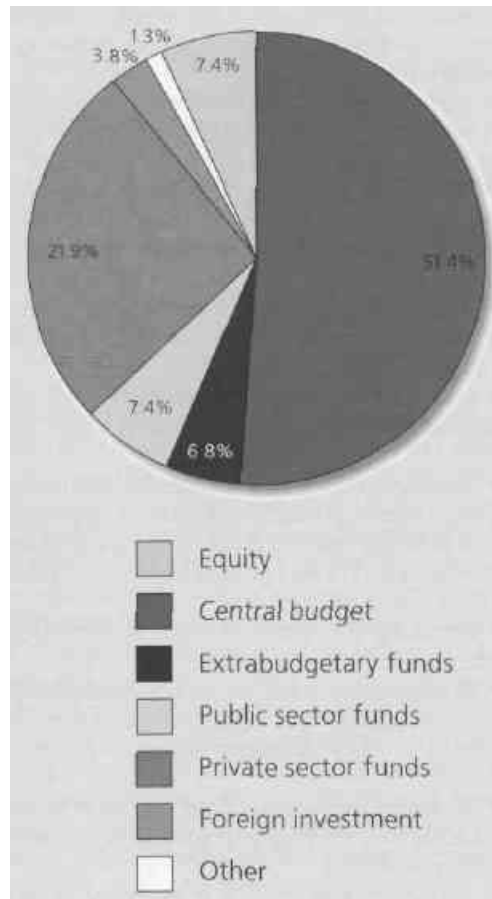


Figure 2.5.1.
Funding for research
and development
projects, by source

tection of intellectual property. The research and development sector is regulated by the law "On the Principle Objectives of the State Research and Development Policies" and "On Research Activity". These documents define the main goals, principles and mechanisms of state involvement in the research, development and innovation sector and set the economic, organisational and other frame-

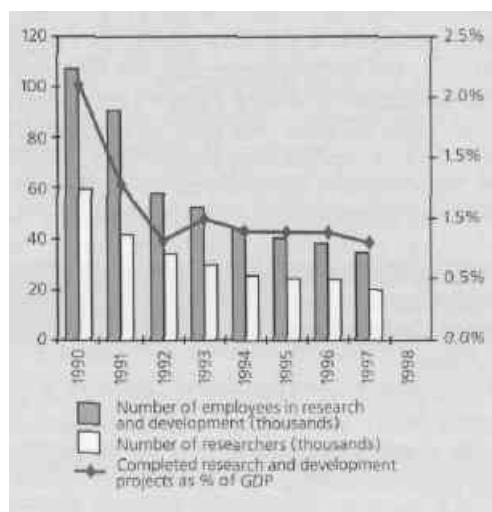


Figure 2.5.2.
Scientific
and technical
potential
in dynamics

works facilitating the development of science and technology.

The state science and technology policy is based on the choice of priority areas for research and development. These priorities determine the list of applied research projects eligible for public funding.

Research and development projects are funded by the central budget, innovation funds of ministries and state agencies, Belarusian enterprises, foreign customers, the internal budgets of research institutions and other sources (see fig. 2.5.1).

Funding from the central budget is available mostly for fundamental research, research conducted under state science and technology programmes, as well as innovation activities, industry projects, international co-operation in science and research, and other activities.

Funding for research projects is distributed on a competitive basis. The National Academy of Sciences provides the overall co-ordination of fundamental research, and the State Committee for Science and Technology is responsible for the general management of applied research. The general policy line is to promote the projects that best meet the needs of the Belarusian economy and are aimed at new product or technology development for a specific enterprise or industry.

Despite a substantial reduction in the number of skilled employees, the research and development sector has still preserved a good potential for future growth. Belarus' resources in this area are substantial. For example, Belarus has the capability to conduct research in ten areas out of twenty, considered to be critical for the economy.

There are 272 scientific research establishments, including institutes (50.7%), higher education institutions (16.5%), design bureaus (16.5%), as well as research and development organisations and design offices of industrial enterprises. More than 60% of all scientific research institutions are based in Minsk.

The Belarusian research and development sector was formed under the Soviet system, and was designed to meet the needs of the entire Soviet economy. However, some industries were not served by research and development institutions within Belarus, and had to rely on support from the centres located in other parts of the former USSR.

Starting from 1991, the scientific research industry suffered substantial personnel losses. The number of specialists has decreased more than three times since 1990, and investments in scientific research as a proportion of GDP has dropped 2.5 times (see fig. 2.5.2).

More than one-half of Belarusian researchers (10,300) specialise in technical sciences and another 5,000 in natural sciences. 1,100 scientists are active in medical research, 1,300 in agricultural research, 1,400 specialise in social sciences and 400 in humanities. The high professionalism of Belarusian researchers has earned them a role in different international research programmes or projects, such as

INTAS, INCO-COPERNICUS, as well as the projects implemented by the American Foundation of Civil Research, the International Science and Technology Centre, and other organisations. Co-operation in research and development is also growing within the CIS and the Union of Belarus and Russia,

Belarus contributes funding to a number of international projects implemented by the European Organisation of Nuclear Research, based in Geneva, and the United Institute of Nuclear Research, headquartered in Dubna, Russia.

Low innovation activity in industry is one of the biggest problems that affects the nation's scientific and technical potential. However, the policies pursued by the state over recent years have led to some improvements. The research and development sector is gradually emerging from its crisis. Research institutions have restored ties with client companies through government-administered scientific and technical advancement programmes. They have also expanded their international contacts through participation in bilateral and multi-lateral agreements. A new innovation infrastructure is being formed, meeting the needs of the reforming economy. An increase in student enrolment in postgraduate programmes was recorded in 1994, after a long period of decline. This inspires the hope that more young scientists will come to the research and development sector shortly (see fig. 2.5.3).

One way of increasing the role of science in achieving economic growth is to determine a list of top priorities for the research and development sector. By doing so, the state has been able to concentrate its resources on a small number of critical projects with the greatest potential of bringing substantial benefits in the future.

2.6. Ethnic and cultural policies

The future of Belarus depends not only on the effective and sustainable development of the manufacturing sector, but also on the personal growth of every single citizen, as well the level of education and morality within society. Only then can the national culture be in harmony with the mentality and identity of the people.

The ethnic and national development of Belarus is impossible without adequate efforts to preserve the nation's historical and cultural heritage and support, within the framework of a common cultural identity, the distinct cultures of the regional and local communities. In order to enrich and revive its culture, the nation should absorb the historical and cultural heritage accumulated by its ancestors and pass it on to future generations.

The incorporation of the more than millennium-long historical experience of the Belarusian people is a prerequisite to cultural revival, national sovereignty and statehood. Conversely, the lack of histor-

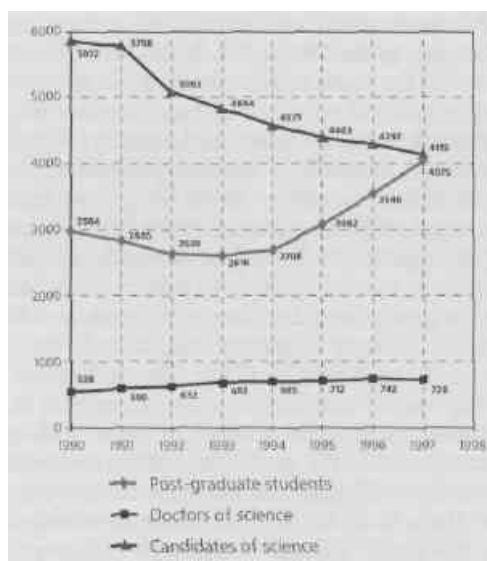


Figure 2.5.3.
Number
of post-graduate
students,
candidates
and doctors
of science

ical memory and cultural continuity is the first sign of the nation's regression.

The Belarusian cultural policies emphasise the importance of traditional culture, which reflects the national identity and is rooted in the community-oriented democracy, the humanistic values of the Belarusian people and its outstanding representatives.

The assessment of the cultural heritage is now free from class bias and reflects the richness of the nation's culture, its religious and secular segments. This approach has benefited all aspects of the national art - traditional, applied, as well as professional art. addressed for the elite. The cultural heritage of the past is assessed on the basis of its uniqueness, moral, educational and humanistic value.

The rejection of class bias and a uniform historical approach to the study of the past has made the analysis of the past experience more complete. History is being viewed in all its complexity, and the extreme variety of cultural styles and traditions is no longer ignored. Particular attention is now being paid to the achievements of the Belarusian diaspora as an integral part of the national culture. In general, the past and present accomplishments of the Belarusian culture are being viewed with no political or other bias, and have been incorporated in the daily lives of the people.

A cultural policy, based on such attainments, promoted the growth of both professional and traditional art. However, the process of cultural development is meeting serious obstacles rooted in the millennium-long history of Belarus and its statehood. For more than two centuries, the growth of the Belarusian culture was restricted by the Polish domination and later by the Tsarist regime of Russia, as well as the party and state leadership of the Soviet Union. However, Belarusians do not reject their historical past, but build on its significant achievements, many of which go back to the growth period

of Belarusian statehood (11th to 15th century), and particularly to the "Belarusian Renaissance", associated with the name of Francisc Skorina, as well as the late 19th and early 20th century, when the ideas of national revival flourished in the poetry of Yanka Kupala and Yakub Kolas and their progressive journalism in the newspaper "Nasha Niva". And, lastly, the period of "Belarusisation" in the 1920s, following the creation of the Belarusian Soviet Socialist Republic is a perfect example of cultural revival, that may be applicable today. However, the study of the historical heritage is not an end in itself but an important component of culture. Only through such a study can historical continuity be maintained and present-day development could be linked with the achievements of the past. The links between the Belarusian and global culture play an important role. They enable the Belarusian culture to incorporate the global cultural trends without losing its identity and uniqueness.

These general goals translate into several specific objectives, including the development of the Belarusian language, protection of the historical and cultural heritage, support of national identity and uniqueness in culture, revival of authentic folk-lore and traditional arts, and expansion of inter-ethnic and international ties.

The state maintains an integral approach to cultural development, considering the extreme complexity of this process. In particular, the state programme "Culture" defines strategic goals and objectives for the further growth of the national culture. The biggest priority is to explore the roots of the Belarusian cultural tradition, which are not found in the elite of the Belarusian society, many of whose members had lost their identity due to historical circumstances, but, rather, in the language, customs and traditions of the Belarusian people, particularly those living in rural areas.

The state programme "Culture" incorporates a number of projects that have been formulated and proposed directly by the Ministry of Culture, including;

- Training of cultural workers to operate under new socio-economic conditions;
- Concept of professional training in the sphere of culture;
- Folk art, traditions and the present;
- Connection between the Belarusian and global culture;
- Identification, protection and study of historical monuments;
- Culture and religion;
- The national culture under new social, economic and legal conditions.

The implementation of the state programme "Culture" falls into two stages, reflecting the complexity of the goals that it pursues. The main priorities in stage one, lasting until the year 2000, are to preserve and improve the existing network of cultural establishments, to effectively combine non-profit and profit-making cultural activities, and maintain the access to cultural services of the least wealthy groups of the population. In the second stage, after the year 2000, an adequate socio-economic environment should be created to enable the access of the entire population to quality cultural and aesthetic education services.

The daily activities of the Ministry of Culture are directed towards the achievement of the multitude of goals and objectives stated by the national cultural policies, and particularly by the state programme "Culture".

The difficulties in implementing the national cultural policies were mostly caused by the economic crisis, which deepened considerably in 1991. The effects of the crisis on culture can be fully understood by considering the socio-economic condi-

Box 2.6.1

Culture as a locomotive of the nation's development

The growth of the Belarusian, and any other national culture, has sense behind it. In its strategies, the state can both assist this process and rely on it. It is therefore critical to set the goals and priorities which could help identify the long-term objectives of cultural policies. These include, among others, support for the formation, through culture, of the moral foundation of a democratic state, protection of the national and cultural identity of the Belarusian people while rejecting cultural and spiritual self-isolation, preservation of the historical and cultural heritage and development of national traditions, thereby assisting the formation of a healthy national self-identity. Other objectives encompass the need to consolidate the members of creative professions around the humanistic traditions shared by most Belarusians and members of other ethnic groups and embedded in the global cultural heritage.

Alexander Sosnovsky,
Minister of Culture

"Zvyazda" newspaper, February 28, 1998.

lions that existed before its onset. It should also be remembered that spiritual and cultural changes are not nearly as fast as the changes in the economy, technology and industry.

The socio-economic and political crisis has led to a crisis of culture. The number of cultural establishments (libraries, clubs and movie houses), which had been meeting the cultural needs of the majority of the population, has dropped substantially. The crisis of culture was aggravated by the fact that, unlike most Western countries, where private and corporate sponsorship are common, cultural services in Belarus are dependent on public funding. Prior to the crisis, such funding made it possible to meet the cultural needs of the majority of the population. The onset of the economic crisis hit those cultural establishments that have been slow to commercialise and were serving the masses, which had also suffered from the collapse of the economy. The number of public libraries and clubs dropped by almost one-quarter, and operating movie houses by more than one-half.

It is noteworthy, however, that the state and the cultural services sector have prevented the system's collapse and protected its facilities, and most importantly, its personnel base. The acquisition of independence and state sovereignty awoke the feeling of national identity in many Belarusians, making them more interested in the nation's history, traditions, religion and customs. This led to the construction of a large number of new churches and the unprecedented growth of new museums and theatres.

The growth in the circulation of books and periodicals has been an important sign of cultural revival. From 1991 to 1997, the number of book titles increased by 55%, and the number of books published in the Belarusian language by 74%. As a result, the proportion of books in the Belarusian language increased somewhat, although it still remains very low (around 13%).

The most substantial growth was observed in the

circulation of magazines and other periodicals. Here, the proportion of Belarusian-language publications was considerably higher, increasing from 30 to 36%. In addition, the number of newspapers increased 2.7 times. However, the share of newspapers published in the Belarusian language decreased from 61% to today's 35%. The trend towards the commercialisation of newspapers has thus proved to be more powerful than the growth of national self-identity.

The access of the population to cultural services is limited. For example, the number of radios and televisions still remains very low (31 - 32 per 100 population). Only 20 - 30 people out of 100 visit museums, 43 - 45 go to libraries and 12 - 14 out of 100 subscribe to daily newspapers. While the number of library visits, televisions and radios has remained almost the same since the beginning of the 1990s, subscriptions to daily newspapers have fallen by one-half, and cinema visits ten times (from 11 to one visit per person per year). The number of telephones has increased from 17 to 24 per 100 population, and the number of cars from 6 to 11 per 100 population.

The state cultural policy has been implemented steadily, despite the negative effects of the financial crisis in Russia. New cultural facilities are being built, and the sector is not just meeting its current needs, but is making an effective effort to promote the national revival and spiritual growth of the Belarusian people in the long term.

The key objectives of cultural development are as follows:

- Promoting the national and cultural self-identity of the Belarusian people;
- Supporting cultural exchange and interaction between the Belarusian and ethnic minority cultures;
- Maintaining diversity in cultural life and access to cultural establishments for all segments of the population;

Development of cultural institutions

	1985	1990	1995	1997	1997 as % of 1985	1997 as % of 1990
Number of libraries	6891	6239	5367	5245	76.1	84.1
Number of clubs	6374	6030	4858	4679	73.4	77.6
Number of cinemas	7377	6916	3780	3292	44.6	47.6
Museums	90	111	146	151	167.8	136
Theatres	17	21	24	26	152.9	123.8
Books and brochures, titles	3431	2823	3205	5331	155.4	188.8
Including books and brochures in Belarusian	393	435	661	682	173.5	156.8
Magazines and other periodicals	107	129	225	302	282.2	234.1
Including those published in Belarusian	32	36	74	111	346.9	308.3
Newspapers	212	224	494	558	263.2	249.1
Including those published in Belarusian	130	135	210	190	146.2	140.7

Table 2.6.1.

- Improving the quality of cultural services, introducing new types of cultural establishments;
- Creating a system to enable the legal protection of public morality.

Investment in culture should become an essential part of social investments. This will enable the effective inclusion of the cultural services sector in the economic system, promote stability and growth in this sector and enhance its ability to serve the spiritual needs of every individual.

Language policy

Considerable changes in the language policies occurred after the referendum on May 14, 1995. One of the questions in this referendum was "Do you agree that the Russian language should have equal status with the Belarusian language?" This proposition was supported by 4,017,000 voters (83% of all participants in the referendum, or 53% of all eligible voters).

The results of the referendum were reflected in Article 17 of the Constitution, which reads: "The official languages in Belarus are Belarusian and Russian". The amended constitution has kept Article 50 of the pre-referendum law, reading: "Everyone is entitled to use his native language and freely choose the language of communication. The state guarantees the free choice of the language of education in accordance with the law".

Ever since the referendum, the Belarusian language has been gradually going out of use. It is no longer the language of communication in parliament, the National Assembly, the Council of Ministers, or other institutions of the executive, legislative and judicial powers, despite previous efforts to encourage the use of Belarusian by public servants.

The greatest changes have occurred in the education system. In 1994/95, 20.4% of secondary school students were educated exclusively in Belarusian, 68.6% in Belarusian and Russian and 11.0% exclusively in Russian. By the academic year 1998/99, these proportions had changed considerably. The number of secondary students educated in Belarusian had declined to 19%, in Belarusian and Russian to 37%, and the percentage of students educated in Russian only had grown to 44%.

Previously, when Belarusian was the only state language, and Russian was defined as the language of inter-ethnic communication and was a compulsory subject in all types of schools, there was a slow but steady growth in the number of students for whom Belarusian was the language of communication. A new type of secondary school appeared, in which two languages - Belarusian and Russian - were being used simultaneously as the languages of education. In cities, these schools were making the greatest contribution to the number of secondary students educated in Belarusian. It was presumed that these schools would gradually adopt Belarusian as the only language of education.

After the referendum, this process was reversed. In cities, the Belarusian language gradually returned to the same status that it used to have under Soviet rule. The proportion of bilingual schools, which were the most likely to move towards adopting Belarusian as the only language of instruction, decreased from 30.5% in 1994/95 to 15.4% in 1998/99.

It would be a mistake to say that the reversal of the language situation was fully in line with the principle of bilingualism, proclaimed by the post-referendum constitution. During the referendum, a total of 12.7% of voters were opposed to giving Russian an equal status with Belarusian. An opinion poll conducted several years later, in 1998, revealed that 17.0% of those polled were concerned about the language situation in Belarus. (Source: I. Kotlyarov, V. Novikova: *The Choice of Youth*. *Belaruskaya Dumka Magazine*, Issue No. 3, 1998, page 29).

The referendum had put an end to all efforts to introduce the teaching of non-linguistic subjects in Belarusian. Universities and other higher education establishments have stopped the publication of textbooks in the Belarusian language. Only several higher education institutions have kept Belarusian as the language of education in some humanities and culture departments. No real efforts have been made to promote the Belarusian language in pre-school establishments.

Because the Belarusian language has become extinct from most areas of social and economic activity, the knowledge of the language is becoming irrelevant. The entrance examinations to higher education institutions have remained perhaps the only area where the knowledge of Belarusian is still applicable.

Applicants for admission to higher education institutions have been given the right to choose the language of the written entry examination. After the teaching of Belarusian had improved in 1991-1995, the choice of most applicants was in favour of the Belarusian language. According to the printed media, up to 70% of applicants chose to take an exam in the Belarusian language.

Some governmental officials attribute this situation to the freedom to choose the language of instruction. However, when the free choice of the language of entrance examinations was allowed under Soviet rule, the absolute majority chose to take an examination in Russian, because the teaching of Belarusian was poor, and the Belarusian language was not even a compulsory subject in many urban schools. After the teaching of Belarusian had improved, many realised that it was easier to take an examination in Belarusian.

However, because the teaching in most higher education institutions is done in Russian, the significance of taking an exam in Belarusian has been lost.

Another factor that undermines the status of the Belarusian language in society is the use of its

A national policy during globalisation

The effect of globalisation on different nations of the world is increasing, even though it is sometimes controversial.

On the one hand, globalization is a factor of social, economic and political development affecting the entire world community and every single nation. It enables the free exchange of knowledge, ideas and experience between cultures and prevents many mistakes that could inhibit progress and international division of labour, on important condition of long-term economic advancement.

On the other hand, globalisation creates extensive opportunities for some countries to address their problems at the expense of others. These dangers appear to be the greatest in economics, particularly in view of the internationalisation of financial markets.

It should also be remembered that the subordination of one country by a more powerful state is not limited to economic expansion, but is usually followed by its penetration into other areas, including politics, law, culture and, definitely, language.

In these circumstances, countries such as Belarus, which do not have the means to resist the economic expansion of more developed states, should pursue a flexible, well-balanced and responsible national policy, addressing all aspects of social activity, including the economy, social relations, science and innovation, education, and culture.

The primary objective of such a policy is to achieve the integration of the Belarusian society by strengthening political, economic, social and cultural aspects of the Belarusian statehood. To this end, Belarus should mobilise the internal resources of its people in order to preserve its independence and ensure the survival of Belarusians as a distinct ethnic and cultural community.

The gradual integration of the Belarusian society depends on a careful and thoughtful approach to all ethnic minorities, which constitute a large proportion of the Belarusian population, including Russians, Poles, Ukrainians, Jews, and others. All of these communities should be given equal rights and opportunities for intellectual, social and economic advancement.

This means that the ethnic minorities should not just have the same political and social rights as ethnic Belarusians, but have real opportunities to receive education in their own language and develop their national culture and traditions. Naturally, the extent of these opportunities will depend on the government's ability to provide adequate funding.

A positive attitude of the country's political leadership to the development of minority cultures should imply an emphasis on the development of the culture and language of ethnic Belarusians as a decisive factor of nation-wide integration.

The Belarusian language is going out of use at an alarming rate. Even in rural areas, the cradle of the Belarusian language, it is being replaced by a mixture of Russian and Belarussian. In urban areas, Belarusian is spoken by a limited number of the nationalistically minded Belarusian intellectuals, while the majority of political activists and public servants use the Belarusian language very rarely.

In general, the Belarusian language has every chance of becoming obsolete. It is clear that not all Belarusians are prepared to accept this. They realise that the disappearance of the Belarusian language would lead to the extinction of Belarusians as a unique ethnic group and make them part of another, more viable and stable nation.

As a result, the Belarusian society has been divided into two opposing groups over language. This divide has lasted for many decades. This confrontation has cost the young Belarusian society a lot of time and effort, which could have been better used to achieve other, more constructive goals. This dispute can be settled only by promoting the development of the Belarusian culture and language and providing firm guarantees of its future survival and expansion.

The latter requires a series of measures to expand the use of the Belarusian language, particularly in education, including at the secondary level. It is also necessary to achieve, as soon as possible, the prevalence of Belarusian in the institutions of the legislative and executive branches, which have traditionally enjoyed great authority among the Belarusian people.

These measures should be accompanied by an active public education campaign, which should be aimed at raising the self-identity of the Belarusian nation, including ethnic minorities.

It should be understood that the Belarusian language is not just the language of the majority ethnic group, but also a prerequisite to the integration of the Belarusian society. For, unlike the languages and cultures of the ethnic minorities, the language and culture of the Belarusian people can develop freely only in Belarus.

Certain steps should be undertaken to promote the use of the Belarusian language by different religious confessions active in Belarus, particularly among ethnic Belarusians. This could also promote the consolidation of the Belarusian society.

In pursuing the national policy, greater emphasis should be made on working with the members of the Belarusian diaspora world-wide. The knowledge, experience and sometimes the financial resources of ethnic Belarusians living overseas could be effectively used to resolve the country's economic crisis, promote its inclusion in the world economy and achieve improvements in the lives of the Belarusian people.

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two different versions. The printed media, advertisers, governmental and commercial institutions are utilising the codified spelling rules and grammar. However, some printed media and emigrant publications are using the spelling and grammar of the 1920s. The differences between these two variants undermine the uniformity of the language and affect spoken Belarusian, heard on radio and television. The different groups of the language elite have still been unable to reach an agreement with each other over which variant to use, and the state has chosen not to intervene in this dispute.

As the Belarusian language has come under the strong influence of the closely related Russian language, it is beginning to lose the attributes of a national language, and its teaching is becoming increasingly difficult.

The amended law "On Languages" reflects the post-referendum changes to the Constitution by enabling a wider choice between Russian and Belarusian as the language of communication. However, after 150 years of a russification policy pursued by the Tsarist regime in Russia and the leadership of the former Soviet Union, this choice is generally not in favour of the Belarusian language, and the influence of the state on such a choice is negligible.

There is no sign that articles 4 and 21 of the law "On Languages", which oblige public servants and managers of enterprises and organisations to know Belarusian, will ever be observed.

The struggle for the survival of the Belarusian language is only possible when there is a critical mass of the people who speak it. Belarus still has to build such a mass.

The lack of intervention and support for the Belarusian language on behalf of the state affects the condition of those parts of the national culture that

use it, as the extinction of the language reduces the number of talented people who work in such areas.

2.7. Environmental policy

A sound environmental policy is an important prerequisite to sustainable development. The first National Human Development Report for 1995 discussed several aspects of such a policy in Belarus, including the connection between the environment and economy, exploitation of natural resources, efforts to minimise the after-effects of the Chernobyl nuclear accident, environmental education and international co-operation in environmental protection.

The main topic of the National Human Development Report for 1996 was the state of the living environment in the broadest sense of the word. The report addressed the following issues:

- Belarus - the green lungs of Europe;
- Urbanisation and environmental balance;
- Worsening environmental problems in cities;
- Conservation areas;
- Co-operation with the UN, European Union and the United States in minimising the effects of the Chernobyl nuclear accident.

The National Human Development Report for 1997 discussed the environmental conditions, natural resources and the state of the environment in the context of the national sustainable development strategy.

The National Human Development Report for 1998 addressed issues such as social ecology, and development of problem regions and territories with difficult environmental conditions.

Despite serious social and economic difficulties, Belarus is pursuing a clear environmental policy, aimed at improving the environmental situation,

minimising the harmful impact of the environment on people's health, preserving the life-supporting functions of the biosphere, overcoming the after-effects of the Chernobyl accident and effective participation of Belarus in international environmental protection efforts. The main objectives of the environmental policy are as follows:

- Building an environmentally friendly economy; transition to low waste, waste free and resource efficient technologies;
- Locating industrial facilities in a way that best reflects the resource and absorption potential of the natural environment;
- Improving the economic mechanism of natural resource exploitation, rejecting expansionist approaches to economic development, completing the transition to an environmentally friendly economy and increasing taxation for the use of natural resources and environmental pollution;
- Tightening sanctions for the violation of environmental protection rules;
- Promoting the rehabilitation of radioactively contaminated areas, minimising the harmful impact of the Chernobyl nuclear accident on the environment and population;
- Creating reliable systems of environmental monitoring;
- Improving environmental education among the general public;
- Ensuring free public access to environmental information and timely warning of the population about potential environmental hazards.

Successful environmental policies depend on effective environmental legislation and an adequate system of standards and requirements to regulate the exploitation of natural resources. A gradual transition to the internationally accepted environmental standards and norms is required, as it is necessary for Belarus' inclusion in the international environmental security system.

The law "On Environmental Protection", enacted in 1992, defines the key components of the state policy towards environmental protection, exploitation of natural resources and environmental security.

More laws were enacted in 1993, particularly the laws "On the State Environmental Analysis", "On Industrial and Consumer Waste", and "On Sanitation and Anti-epidemic Protection". The latter law defines the responsibility of government authorities, organisations, agencies and individual citizens related to the minimisation of environmental hazards, as well as sanitary and anti-epidemic security. More environmental laws were enacted in 1996 ("On the Protection of the Animal World") and 1997 ("On Atmospheric Protection").

Recently, new market mechanisms have been introduced to regulate the exploitation of natural resources and minimise environmental pollution. The damage caused by environmental pollution is covered by special taxes for the release of atmospheric pollutants, applicable to all environmentally

hazardous companies, regardless of ownership or affiliation.

The tax for the extraction of mineral resources depends on the actual amount of extracted resources and the amount by which that exceeds the quotas set by the central and local governments. The quotas for the extraction of oil, potassium and rock salt are set by the Council of Ministers, and the quotas for all other minerals by the local executive authorities. Until 1996, the proceeds from this tax were directed to the local budgets, with the exception of one-half of the tax for the extraction of oil, as well as potassium and rock salt, which was payable to the central budget. Starting from January 1, 1997, all taxes for the extraction of mineral resources, as well as forest duties and land tax have been paid to local budgets.

The share of environmental tax proceeds in the total incomes of local budgets over the last two years has varied between 3.6 and 4.1%, and land tax-proceeds between 1.4 and 1.6%. In 1998, the State Environmental Protection Fund was included in the central budget. The size of this fund equals 0.35% of total budgetary incomes. Expenditures on the protection of the environment and natural resources, as well as geodesy, cartography and weather forecasting represented 1.8% of total budgetary expenditures, including 0.5% spent on the protection of the plant and animal world. The size of the state environmental protection fund equals 0.1 - 0.15% of the total expenditures of the central budget.

Exploitation of natural resources and environmental protection

Sensible use of natural resources is critical for sustainable development. The geographical conditions of Belarus are generally conducive to the development of agriculture, industry, international and local transport, tourism and recreation. At the beginning of 1998, agricultural land represented 44.8% of Belarus' territory, including 29.7% arable land (down from 45 and 30%, respectively, in 1995). There are 0.9 hectares of agricultural land per every citizen, including 0.6 hectares of arable land. These figures have remained almost unchanged over the last five years, although there is a tendency towards a reduction in the overall amount of agricultural land. This is mostly caused by the allocation of land for non-agricultural uses and the reduction in the amount of irrigation and land recovery works.

Historically, the forest has played an important role in the life of the ordinary Belarusian. It has not just been a source of wood, but fulfilled a number of important environmental, sanitation, recreational and other functions. Occupying 36% of Belarus' land area, forests are an essential part of the biosphere and an important factor of environmental stability in Central and Eastern Europe.

The renewable resources of fresh and subterranean water are sufficient to meet the current and

future needs of the population. Annual water intake for household and industrial purposes does not exceed 5 - 7% of the total renewable water resources.

There are around 4,000 deposits of thirty types of minerals in Belarus. The explored deposits provide a sound mineral base for the production of potassium fertilisers, table salt, construction materials, and powdered dolomite. The amount of mineral resources is enough to meet domestic needs for these commodities and maximise their exports, if the demand for them in the international markets is high enough to justify such an increase. If properly protected and sensibly used, the available mineral resources are sufficient to achieve economic growth and enable the country's transition to sustainable development.

Consistent efforts are being made to protect and improve the natural environment. Despite the growth of industrial output over recent years, fresh water intake dropped 23.9% from 1994 to 1997, and subterranean water intake 5.2%. Over the same time period, the release of waste water dropped 3.4 times, and the release of pollutants into the atmosphere from stationary sources 30.2%, while the amount of atmospheric pollution by road transport has remained unchanged. Fresh water consumption in 1997 was 25.8% below the 1994 level. Industrial water consumption dropped 43.4%, and household consumption gained 10.1%.

However, most sewage is still released into surface water reservoirs. Water pollution still remains a problem, despite a reduction in the amount of sewage released. The construction of water purification facilities is slow due to financial constraints.

Industrial pollution of the atmosphere could not be reduced significantly due to a shortage of funds to introduce low-waste and waste-free technologies and install the required air purification equipment. As a result, the concentration of atmospheric pollutants in nearly all industrial centres is above the officially permitted level. In Polotsk and Mozyr, the maximum concentration of such pollutants was 14 - 49 times above this level. In 1997, the highest indices of atmospheric pollution were recorded in Mogilev (10), Mozyr (7.8), Bobruisk (7.7) and Gomel (7.1). The biggest pollutants are formaldehyde and nitrous oxides, released mostly by road transport.

Conservation zones play an important role in environmental protection. These include the Berezinsky Biosphere Reserve, with a total land area of 80,900 hectares, three national parks ("Belovezhskaya Pushcha" - 87,600 hectares, "Braslavskiye Oзера", 69,100 hectares, and "Pripyatski", 82,300 hectares), as well as 93 national and 700 local game preserves with a total land area of 848,000 and 460,000 hectares, respectively.

A radiation and ecological nature preserve was created in the territories that have been the most radioactively contaminated following the Chernobyl

nuclear accident. Conservation areas occupy 7.8% of Belarus' territory. This percentage should increase to enable the protection and preservation of the country's most valuable natural habitats. Conservation areas should include not only the best preserved natural landscapes, but also the areas with considerable environmental problems in order to restore the natural balance in them and preserve the variety of animal and plant species.

Overcoming the effects of the Chernobyl nuclear disaster

Coping with the aftermath of the Chernobyl nuclear accident is an important part of the environmental policy in Belarus. Substantial efforts have been made recently to deal with the after-effects of this man-made disaster, one of the biggest in human history. However, many problems caused by this nuclear accident have still remained unresolved. The size of the territories with dangerous levels of radioactive contamination totalled 257,000 hectares, as of January 1, 1998. Total population in those areas was 1,621,000, or 15.8% of the entire population of Belarus. Of all the people living in radioactively contaminated territories, 1,298,000 (80.1%) were in territories with periodic radiation control. 298,300 (18.4%) had the option to be moved to cleaner areas, and 23,800 (1.5%) were living in stand-by evacuation areas. In 1997 and 1998, there was a reduction in funding for Chernobyl-related programmes and programmes to support the people who have suffered from the Chernobyl nuclear disaster. Chernobyl-related expenditures equalled 2.2% of GDP in 1997 and 1.9% in 1998, as opposed to 2.5% in 1995. The share of such expenditures in total public expenditures was 9.9% in 1997 and 8.7% in 1998. The reduction can be attributed to several factors, including the near-completion of the large-scale Chernobyl evacuation effort, review of eligibility criteria for property cost compensation and income support in a large number of settlements and areas in the affected zones. In addition, funding for the rehabilitation of affected areas and improvement of the living environment for the population resident in them has been affected by budgetary shortages.

To some extent, this situation has also been the result of a reduction in the rate of the Emergency Chernobyl Tax, from 12% of the payroll in 1995 to 4% in 1998. As a result, the proportion of Chernobyl-related expenses covered by the proceeds of this tax reduced from 96% in 1995 to 75.5% in 1997 and 49% in 1998.

Recently, the proportion of benefits and income support for the population living in Chernobyl-affected areas has increased, while the share of capital investments, as well as specific activities and programmes has reduced. The share of capital investments in the total Chernobyl-related expenditures went down from 46% in 1995 to 36.8% in 1996, and

up to 37% in 1997 and 41% in 1998. In 1997 and 1998, the proportion of compensations and income support, disbursed under the law "On Social Support for Citizens who have Suffered from the Chernobyl Nuclear Accident" had increased 3 - 5% from the 1996 level. However, the actual size of income support and benefits paid to individual citizens have remained unchanged over the last two years, even though the share of such payments in the total Chernobyl-related budget has increased. For example, the size of the benefits payable to the residents of radioactively contaminated areas represents 11 to 22% of the minimum wage. Fixed income support to the working population varies from 11 to 14% of the minimum wage in areas with periodic radiation control to 110% in the exclusion zone. These benefits are too low to significantly improve the diets of the population in radioactively contaminated areas.

The low incomes of the population living in Chernobyl-affected communities make the supply of clean food to those areas problematic. The systematic consumption of food grown locally in private gardens increases individual radiation exposure doses.

The creation of an adequate living environment in radioactively contaminated areas is impossible without the development of a proper social infrastructure. Running water, hot water supply, central heating and proper bathing facilities are not just a convenience but a bare necessity.

The following measures will be necessary in order to minimise and eliminate the effects of the Chernobyl accident:

- Gradual rehabilitation of radioactively contaminated territories and return to normal lifestyles in those areas;
- Implementing a series of measures to minimise the impact of radioactive contamination, improve the environmental situation, and enhance the health of the population living in Chernobyl-affected areas;
- Reducing the medical and biological impact of the Chernobyl nuclear disaster by implementing a wide range of activities aimed at preventing diseases and improving public health;
- Reducing social and psychological tension;
- Protecting the population from other environmental effects caused by human activity;
- Improving the legislation concerning the minimisation of the after-effects of the Chernobyl nuclear disaster.

Environmental education

Environmental education is gaining increasing importance as a means of achieving the involvement of every citizen in protecting, increasing and effective exploitation of natural resources, as well as creating a favourable living environment for the present and future generations.

The laws "On Education" and "On Environmental Protection" demand that the subjects dealing with

environmental protection be made compulsory in all educational institutions and that environmental competence become an important criterion in evaluating the professionalism of industrial managers.

Environmental subjects are included in secondary and optional curricula and are covered during seminars and training courses. Environmental issues are also raised by the radio, television and the printed media. The national weekly newspaper "Ekologicheskiy Vestnik" (Environmental Messenger) has been published since 1989.

Recently, Belarus has formed a multi-level system of environmental education. Basic environmental training is provided in the pre-school system in accordance with the educational curriculum. In secondary comprehensive schools, students acquire the basic knowledge of natural sciences, which is essential for them to function in the dynamic, rapidly changing world. There is a need to combine this knowledge with the understanding that the available natural resources should be used rationally and that a careful attitude toward the environment is extremely important.

An optional course in environmental protection and efficient use of natural resources is taught in most vocational and upper secondary institutions.

Higher education establishments are at the top of the environmental education system. Depending on their profile, these institutions offer courses in the basics of ecology, environmental protection and use of natural resources. Some higher education institutions have opened departments of environmental knowledge.

For a number of years, Belarus State University, Belarus' leading higher education institution, has offered training for the qualifications "Chemistry and Environment", "Biology and Environment" and "Geography and Environment". The course in the basics of ecology and economic aspects of natural resource exploitation is taught in all faculties. Belarus State Technology University is training chemical engineers specialising in environmental protection. The faculty of environmental engineering at Polotsk State University has been training students for the qualifications "Heat Supply, Ventilation and Protection of the Atmosphere", "Water Supply, Drainage and Purification". The faculty of agriculture and environment, opened in 1996 at Gorki Agricultural Academy is preparing specialists in agricultural radioecology. Gomel State University is training teachers of geography and ecology. Teachers of biology and environmental protection are educated in Mozyr and Vitebsk state universities, and teachers of biology and ecology are educated at Grodno State University.

In addition to the general course in the basics of ecology and economic aspects of natural resource exploitation, a large number of other courses are also taught, including courses in radioecology and radiation security, protection of the population in

Moving towards sustainable development

Both government and non-governmental organisations are important players in the transition towards sustainable development. A good example of such co-operation is the national sustainable development strategy, developed and approved by the Presidium of the Council of Ministers.

The strategy calls for the active involvement of the civil society, especially NGOs, in its implementation. The magazine "Belorusski Klimat" (Belarusian Climate), published by environmental NGOs, devoted one of its issues (No. 6 for 1998) to the debate among scientists, NGO members and governmental authorities on the sustainable development of Belarus. Later, in December 1998, a council of Belarusian NGOs for sustainable development was created at the International Environmental Academy.

Belarus has a high capacity for sustainable development, because of its advantageous geographical position, a well preserved natural environment, an extensive infrastructure created in the earlier years, and a good intellectual potential. Both Belarus and the Western world are exploring alternative sources of energy. The West is doing so because it realises the scarcity of natural resources - the world has only a sixty years' supply of gas and a twenty years' supply of oil. Belarus is looking for alternative energy sources because it lacks access to cheap fuel and has to spend 90% of its foreign currency reserves on the purchase of energy resources from Russia. In principle, Belarus is better prepared for a global crisis than the West. Approximately 70% of Belarusian households have private gardens and grow their food there. However, there are many areas where Belarus is lagging far behind. For example, Europe no longer builds frame-and-panel houses, while Belarus still continues to build such housing, which has the reputation for being the most expensive temporary accommodation in the world and is a potential threat for cities, because it becomes unusable if any of the centrally supplied utilities (running water, heating, sewage, or electricity) are cut. For this reason, Europeans prefer decentralised supply systems which increase the stability of settlements.

However, Belarus has completed a number of projects, recognised by Western experts as examples of success in the area of sustainable development and mentioned as best practices at the European conference of environmental protection ministers (Orchus, 1998). Our NGO has not just criticised the governmental approach, but initiated or participated in a number of joint projects with the Ministry of Construction and Architecture, State Energy Saving Committee, and other government agencies. All of these initiatives promote the transition of Belarus towards sustainable development. Here are some of the most significant projects:

- "Adjustment of Environmental technologies in the Construction of Individual Energy Efficient Housing of Renewable Materials". The project has led to the construction of the first environmentally friendly private home using the straw-bale technology. The construction of such a house requires 100 - 150 times as little energy as an ordinary house does. In addition, straw-bale houses use four to five times less energy than ordinary houses.

- As a result of an address to the president of Belarus, the organisation has initiated a state programme called "Resource Efficient Construction of Detached Houses of Renewable Natural Materials", the only such programme in the world, which is being successfully implemented at present;

- "Development and Introduction of Cheap Sun Collectors of Local Materials". Every such sun collector, costing around \$20, saves approximately 0.5 tonnes of oil per year;

- "Design of Environmentally Friendly Houses with Zero Energy Use, Made of Renewable Materials". There is already a high degree of interest in such housing in the West.

- An alternative nuclear-free energy programme for Belarus. The concept of such a programme has been published in the book "Electricity in Eastern Europe. 10 years after Chernobyl", Berlin, 1996, 1997 (Second Edition);

- Analysis of the potential for wind power generation, preparation of a site for the construction of a wind power station in the village of Zanaroch;

- Parliamentary hearings on nuclear alternative energy. The hearings have led to a halt in the funding of the design works of a Belarusian nuclear power station.

Although the modern Belarussian society does not fully realise the importance of sustainable development, I would not over-dramatise this. Belarus will achieve sustainable development sooner or later, as the organisations that are aiming for such a future are already in existence. There is no other place throughout the former USSR where a non-governmental organisation

has been able to produce photoelectric sun collectors and sell them to Western firms. There is no other country in the world which has introduced the straw-bale technology as a result of productive co-operation between governmental and non-governmental institutions. This is a technology of the future, which brings the country closer to sustainable development, and - what's more - it has been introduced with no external investment. Mongolia, for example, has received \$2 million to implement a similar project.

And lastly, no other country in the CIS produces generators to obtain gas from industrial and household waste, energy saving lamps, sun-fuelled electric spheres, and a lot of other useful equipment. Belarus is a country which has built environmentally friendly villages for Chernobyl evacuees. It is not just the state that stands behind these achievements, but also a large number of NGOs and people with a good vision of the future for Belarus.

It is true that the Belarusian people have suffered a lot in their history. Wars have affected every generation, and the present generation has also suffered from the Chernobyl disaster. They say that through suffering, people become wiser. Perhaps Chernobyl will make us grow and realise that a technocratic development model is the road to nowhere. I hope that, in the long run, the nation will come to sustainable development and harmony with nature.

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emergency situations, industrial ecology, social ecology, environmental management, environmental law and environmental monitoring.

A large amount of environmental education is offered by NGOs and at scientific conferences of an environmental profile.

2.8. Creation of a favourable living environment

The living environment: definition And problems

The term "Living Environment" can be defined in different ways. Broadly speaking, the living environment is everything that surrounds people, including the physical, social, economic and political environment. All of these components are closely related to one another, and this connection was reflected in the National Human Development Report for 1996 entitled "Belarus: Environment for People".

This report takes a far more narrow approach to the living environment. Within this approach, it is defined merely as the material and physical surroundings in which people live and function. But even in this narrow sense the living environment has several important attributes. They not only set the scientific guidelines for sustainable development, but, more importantly, determine the physical and non-physical context for achieving specific human development objectives. This statement is confirmed by the fact that nearly all types of human activity lead to changes in the physical surroundings. The results of such activity are embodied in various physical objects, including buildings, com-

munications, parks, boulevards, conservation areas, etc. The physical components of the environment are more static than the rapidly changing social and economic conditions. The changes in the physical environment, as they compound over time, form a cultural context, which inevitably affects every individual and society as a whole. Whether positive or negative, these transformations determine, to a degree, the direction, speed, nature and sustainability of human development.

Due to space limitations, we have chosen to discuss only those aspects of the living environment that have changed noticeably over the past few years and point to the general direction of changes in the living environment. It was decided, in particular, to start by analysing the policies towards the living environment on the national level and continue by examining the individual parts of such an environment on the local level, with special emphasis on the situation of the underprivileged social groups. A separate section was devoted to housing policies, reflecting considerable changes that have taken place in this area.

Entering the world community

After achieving political neutrality and independence, Belarus was able to benefit from the advantages of its geographical location at the crossroads of Europe. However, translating these advantages into actual benefits has proven to be more difficult than was originally presumed.

The Soviet Union, of which Belarus was a part, relied on railways as the primary means of international and local transport. International road communications were limited, and the border check-

points were slow. Road construction within the country was sluggish, and done on a poor technical level. By the end of the 1980s, Belarus was lagging 20 - 25 years behind Western and Eastern Europe in the development of its road network, according to a large number of experts in this area.

In the late 1980s and early 1990s the countries of Eastern Europe became actively involved in the expansion of the pan-European transport network. A number of European transport conferences were held in Prague in 1991, Crete in 1994, Helsinki and Minsk in 1997. Several memorandums were signed in 1994 and 1997. Proposals were made to create international transport corridors, which would include roads, railways, telecommunications and power transmission lines, oil and gas pipelines, as well as access roads, cargo and passenger terminals, border checkpoints and traffic managing equipment.

The Republic of Belarus made several concrete proposals and is a party to a number of agreements. In accordance with those treaties, the Belarusian territory will be crossed by the Trans-European corridor No. 2 (Berlin - Warsaw - Brest - Moscow), corridor No. 9 (Dmitrovgrad - Kiev - Gomel - Saint Petersburg - Helsinki), and a branch of this corridor connecting Gomel, Klaipeda and Kaliningrad via Minsk and Vilnius.

Work is in progress to upgrade the Brest - Moscow highway, funded by an EBRD loan. An optical fibre telephone line Berlin - Orsha has been built, and a transcontinental gas pipeline is under construction, connecting Russia, Poland and Germany. The development of this infrastructure promotes the growth of free economic zones. The existence of these zones is a positive sign of Belarus' integration in the world community.

The number of settlements has not changed significantly. Is this good or bad?

The number of rural settlements is reducing continuously. Over the last four years, it has dropped by 361, and the number of rural dwellers reduced by 216,600. In 1998, the total number of settlements declined by 75. In the beginning of 1999, there were 24,222 rural-type settlements with 3,019,800 residents, or 29.6% of the total population of Belarus (10,171,500). Pensioners represent 39% of rural dwellers, whereas the proportion of pensioners in the total population is just 26%.

Belarus has remained a country of small towns. Of 212 towns (including 104 cities and 108 rural-type settlements), 80% have a population of 20,000 or less. The number of such small towns has even increased over the last four years (from 169 to 171). While the total number of urban areas has remained unchanged, the number of cities has increased by two, and the number of urban-type settlements reduced by two.

There are only 24 cities with a relatively favourable living environment (i.e. with a population of over 50,000), or 11.3% of the total number of urban areas. However, more than three-quarters of the entire urban population live in those cities. The population of Minsk is equal to one-fourth of the entire rural population and one-sixth of the total population of Belarus. At the beginning of 1999, the population of the Belarusian capital stood at 1,728,900 (see table 2.8.1).

The level of urbanisation has increased. The share of urban dwellers in the total population had grown from 68.6% at the beginning of 1995 to 70.3% as of January 1, 1999. As total population size is declining, the size of the urban population is still increasing, albeit slowly. The number of urban residents has gained 87,700 on top of the 1995 level. At the same time, one-third of all Belarusians are living in rural areas and small towns with populations of less than 10,000. Most of these people reside in private houses and do not have even the bare minimum of public utilities. The poor technical standards of such housing, bad roads, lack of jobs and poor shape of the physical environment are affecting the everyday lives of these people.

From a social and moral perspective, these people are extremely underprivileged. While living in a substandard environment with no access to modern conveniences, they are paying, directly or indirectly, for the comfort of those who are residing in modern houses and enjoy better medical, personal and social sendees.

It is difficult to find a clear solution to this dilemma under the current circumstances. Social developments are frequently unpredictable and require constant monitoring and consideration of all possibilities. Based on the analysis of different solutions, we think it appropriate to insist on the constructive approaches put forth in the National Human Development Report for 1996 and expressed in a number of other documents. Considering the experience of other countries, the global urbanisation trends and the distribution of the population in the territory of Belarus, it is proposed to promote the economic revival of the settlements system by identifying growth points. This approach implies the existence of two opposing elements in the territorial system - areas undergoing rapid urbanisation and conservation zones. Although incompatible, both are necessary to maintain proper environmental balance in the country. The "growth points" approach also calls for a minimum standard of social services to be available to every individual regardless of residence and implies the need to support and promote the social activity of the population, increase the country's social potential, improve governance and reform the country's obsolete administrative division.

Table 2.8.1.

Urban settlements by population size as of January 1, 1998											
	Total	By resident population size (thousands)									
		3.0 or less	3-4.9	5-9.9	10- 19.9	20- 49.9	50- 99.9	100- 249.9	250- 499.9	500- 999.9	1000 or more
Number of urban settlements	212	47	26	51	47	17	11	7	4	1	1
Residents population size (thousands)	7122.6	85.5	97.5	391.1	642.1	512.0	828.6	1020.8	1328.2	501.9	1712.9
Number of cities	102	2	1	16	42	17	11	7	4	1	1
Population size (thousands)	6628.5	5.4	4.9	129.2	584.6	512	828.6	1020.8	1328.2	501.9	1712.9
Urban-type settlements	110	45	25	35	5						
Population size (thousands)	494.1	80.1	92.6	263.9	57.5						

Qualitative changes in the living environment

There is a certain connection between popular living standards and the attitude of the people towards the physical environment. The environment itself is not only dominated by the shortfalls of the past (lack of variety in housing design, loss of the human dimension, etc), but is facing new destructive trends. Those can be seen from dilapidated and vandalised buildings and physical objects, as well as neglected architectural and historical monuments. Indifference and sometimes hostility towards the living environment is spreading among the people, partly as a result of economic difficulties. A lot of time will have to pass before Belarusians can recover from the economic and social shocks of the reform period.

The poor quality of the living environment is suggested by the unhealthy state of the services sector. As stated above, the larger the city, the better the living environment and services sector. There is no need to describe the bad condition of consumer services in small towns. Let us look at the development of personal services in Minsk, the largest city in Belarus. According to the Department of Consumer Services, there are 467 businesses active in the services sector. And although the amount of such services is increasing, it still has not reached even 50% of the 1990 level. It is obvious that this level could not be attained in the foreseeable future, as 187 companies have gone out of business in this industry alone. The state of the health care sector, extracurricular education services and physical training does not look any better. Passenger transport is also a weak point. Despite a certain percentage of new vehicles purchased recently, public transport is still overcrowded, particularly during the rush hours, and is operating at a loss.

However, despite economic difficulties, the people are beginning to show greater social initiative. The local authorities and members of the local communities are looking for solutions to difficult problems. Free canteens are being set up by different enterprises and churches in Miask for poor pensioners. Special wards have been opened in a number of rural hospitals for the upkeep of single pensioners who cannot look after themselves. Such wards already exist in the villages of Gonchary (Klichev District) and Pershai (Vолоzhin District). There, in return for 70 to 90% of their pensions, pensioners are provided with accommodation, food, medical services and company. The remaining cost of such care is covered by the social welfare agencies and private donations. Some changes have also taken place in the living environment of the most vulnerable social groups (see boxes 2.8.1, 2.8.2).

There are several examples of positive changes in the physical environment of some Belarusian cities.

The changes in provincial cities are particularly remarkable. The historical centre of Novogrudok was renovated on the eve of the 200th anniversary of Adam Mitskevich, a famous Polish author born in the city. European-style repairs were completed in the buildings and territory adjacent to the poet's museum. In Nesvizh, one of the nation's most valuable historical centres, the renovation of the city's central part coincided with the 1998 end-of-harvest holiday. Up to 1.5 metres of the surface of Nesvizh's main square had to be taken away to restore its historical image. The design of the settlement of Ross, built under the agreement between the USSR and the Federal Republic of Germany on the withdrawal of the Soviet troops, is a significant achievement of the Belarusian urban planning.

Although these examples may not be numerous, they can still be a matter of pride and something to pass on to future generations.

Box 2.8.1

What we know about the rehabilitation of the disabled

The number of disabled has increased by 30% over the last ten years, from 308,000 in 1986 to 427,047 in 1996. The incidence of primary disability grew by almost 50%, but has been stable since 1996. However, these numbers do not reflect the entire picture, because they include only those who are receiving some type of social support (pensions, lump-sum benefits, treatment, rest, access to rehabilitation equipment, etc.)

New rehabilitation institutions are being created, mostly at existing medical establishments. There are 170 rehabilitation departments in outpatient clinics, 20 in inpatient clinics, 15 specialised rehabilitation centres and 26 sanatoriums. A centre for medical and social rehabilitation of the disabled has opened recently. A network of rehabilitation institutions is being created within the Ministry of Social Welfare. However, the availability and effectiveness of rehabilitation is very difficult to assess, due to the lack of reliable statistics. It is important and highly necessary to maintain statistics on the number and types of rehabilitation facilities, as well as their capacity. A centre to co-ordinate such institutions is also needed.

**Contributed by N. Lazovskaya,
based on data from the Ministry of Statistics and Analysis,
Ministry of Social Welfare**

Roads of the future

Our life is rich in paradoxes. Here is one. Despite economic difficulties, there is a steady demand for passenger cars, although mostly second-hand ones, imported from Western Europe. Over the last decade, the number of private passenger cars has increased 2 - 2.5 times. On average, one in every two urban families has a car. Cars have become an essential part of everyday life. A network of garages and filling stations is developing rapidly, mostly in the private sector.

However, the existing road network is not large enough for so many vehicles, particularly in the centres of big cities. There is a desperate shortage of open-air car parks, and a lack of funds to build underground multilevel car parks. There is not

enough money in the local budgets to pay even for the current repair and maintenance of roads. When the condition of roads becomes too poor, emergency funds have to be spent.

In rural areas, the condition of roads is even worse. The density of asphalt roads is only 250 kilometres per 1000 square kilometres, or twice as little as in the neighbouring Baltic states. More than one-half of all rural settlements (13,000, or 54% of their total number) have no quality access roads. As a result, these villages are difficult to reach, particularly in bad weather. More than half a million residents of such settlements have limited access to emergency medical aid and schools, and experience a shortage of everyday goods and services. The poor state of rural roads contributes to the widespread negative attitude to living in rural areas and con-

Box 2.8.2.

The number of orphans is rising

At the beginning of the academic year 1998/1999 there were over 21,000 orphans and children with no parental support. In the beginning of the academic year 1995/96, there were approximately 12,000 such children. The number of orphaned children and children with no parental support has thus grown more than 1.8 times. Over the same time period, the number of children living in state orphanages has increased 1.4 times (from 8,460 to 11,885). Seven new orphanages, two boarding schools, five family-type orphanages and several children's villages have been opened in the last three years. However, the number of places in these institutions is still insufficient.

It is hoped that the implementation of the presidential programme "Children of Belarus", and particularly of its sub-programme "Orphaned Children" will bring some improvements to this situation.

**Contributed by A. Mazanik,
based on data from the Ministry of Statistics and Analysis**

strains the development of the agricultural sector. Experts estimate the losses resulting from bad roads at 7% of the GDP.

Realising that it was no longer possible to live with inadequate road service, the government of Belarus started a specific programme in 1997, called "Belarusian Roads". More than 30,000 kilometres of improved rural roads will be built over the next ten years as a result of this programme. Compared with 60,000 kilometres of improved roads built in Belarus to date, this figure appears to be quite ambitious. However, it is only by improving the roads in rural areas that positive changes could be implemented in the agricultural sector, and the rural areas be brought to civilisation.

Creating sufficient opportunities for sustainable human development is quite realistic. Even a brief analysis of the living environment's individual elements suggests that, despite a number of negative trends, some positive developments have occurred, bringing the country closer to sustainable human development.

One of these changes is the changing mentality of a large number of professionals involved in the formation of the living environment. Section 1.2 of this report provides a short list of publications by these individuals proposing new ideas relating to sustainable development. A few of those ideas could be described in this chapter.

The research paper "Formulating Goals and Approaches to the Implementation of the State Urban Development Policies" was prepared in 1997 by a group of authors based at the Department of Urban Planning of the Belarusian Politechnical Academy. The research was conducted under a Cabinet of Ministers resolution and explains the need for a comprehensive document laying out the policy of the state towards the formation of a physical environment through urban development. Such a document should replace a large number of isolated forecasts and analytical materials describing the urban development policies in the past.

The research addresses one specific need - achieving sustainable human development, which implies a comprehensive approach to the living environment. The research was therefore based on the analysis and assessment of environmental and demographic conditions, as well as macroeconomic factors of human settlements development. The paper emphasised the importance of sound management of settlements as the basis of the state urban development policy.

This approach has enabled the authors to propose the goals, objectives and means of implementing the state policy in different priority areas, including the transformation of the living environment in order to achieve sustainable human development. The choice of priorities was determined by a detailed analysis of the present state of the living environment, as well as the trends and development that affect it.

The success of the state policy towards the transformation of the living environment depends on a number of external factors and conditions, such as political stability, social and legal advancements, development of international co-operation and adequate support for activities in the area of urban and territorial planning. The research has provided the basis for the draft governmental regulations "On the Urban Development Policies in the Republic of Belarus."

Another important research project called "Development Indicators of Populated Areas in the Republic of Belarus (HABITAT methodology); Best Examples of Urban Planning Solutions", was carried out by the Institute of Urban Planning in 1998 and commissioned by the Ministry of Architecture and Construction. The purpose of the research was to adjust the international urban development indicators to the local conditions of Belarus. In accordance with the HABITAT methodology, these indicators are arranged into eight modules. However, the content of each module should be adjusted to reflect the local context, namely, the natural conditions and geographic location of the country and the mechanisms of statistical reporting.

It is presumed that an adjusted system of urban development indicators would not only be integrated in the international global monitoring system of sustainable development, but could also set the framework for the ongoing assessment of human settlements development in Belarus.

In summary, it is not just important to have a clear urban development policy, but also to ensure that this policy pursues a definite strategy. Individual priorities within this strategy, especially the longer-term ones, could be updated, based on a regular assessment of the living environment. Drawing on continuous and reliable information about the state of the living environment, the state urban planning policy should have a multi-layered structure, which makes it possible to clarify the goals and objectives on all levels, and modify the entire strategy itself. Such an arrangement would be particularly conducive to the creation of a proper physical environment for sustainable development.

Housing policy

Improving popular access to housing is among the priorities of the state socio-economic policy. The experience of other countries which have successfully resolved their housing problem shows that a productive housing policy should be based on incentives for different parts of the population, depending on their socio-economic status. Only 14% of all Belarusian households can provide themselves with adequate housing without the help of the state or the private sector, and only 0.6% have enough means to purchase high-quality residential property. The incomes of another 14% of Belarusians are low enough to make them eligible

for social housing with a minimum level of comfort. The remaining 72% have to rely on government support, provided through long-term housing loans and/or subsidies.

An incentive-based housing policy requires adequate legislation, a system to monitor the assets, incomes and living conditions of households applying for financial support, and a mechanism that would enable the introduction of real estate loans. Substantial efforts have already been made to create these opportunities. The Belarusian parliament has enacted a new housing code which defines the rights, duties and responsibilities of tenants and owners of housing, as well as government authorities at different levels. The legislation on the privatisation of state housing by their tenants is working effectively, as are the laws "On Condominiums", and "On Loans for the Renovation or Purchase of Housing". A separate legal document has abolished the requirement to present an income declaration when purchasing housing.

New regulations are being developed in the area of housing construction. The new government standard "Housing. Basic requirements" has laid the ground for the standardisation of housing. Further, more detailed standards will be developed in the future with regard to housing, which will define the minimum quality requirements to be met by all types of housing, in terms of safety and level of comfort. The regulations concerning the typical consumer qualities of housing in urban and rural areas are already in force, and lay down the criteria for the distribution of social housing. New guidelines for housing design have also been prepared. The Ministry of Architecture and Construction has made a forecast of housing construction up until 2015. This plan calls for a steady growth in the construction of new housing until 2005. The maximum annual amount of new housing built in this period is expected to reach 6750 square metres, exceeding the maximum level reached in 1991. After 2005, the rates of new housing construction will stabilise - by 2010 in cities and 2015 in rural areas. Later, the annual amounts of new housing will decrease, and the construction industry will focus more on the maintenance and renovation of the existing housing. By 2015 per capita amount of available housing is expected to reach 28 square metres, exceeding the present levels in medium-income European states by 10%.

The system to register the Belarusian households needy of new housing was created under Soviet rule, characterised by a paternalistic housing policy. The assessment of the economic status of households is difficult, because there is no practice of declaring incomes. In addition, there are a lot of legal loopholes making it possible for the applicant to under-declare incomes or assets.

The development of real estate lending is inhibited by a number of organisational and legal problems. It is unclear, for example, if it is possible to

evict a debtor from his/her housing while the Housing Code guarantees a minimum amount of housing for every individual, of which no-one can be deprived. It is also uncertain who should cover the cost and maintenance of the housing before a new owner has assumed its ownership.

Despite economic difficulties, the incentive-based housing policy has brought some improvements. Investments in housing construction had reached 27% of total investments in 1998 and represented 47% of the total cost of all construction works. The share of investments in housing construction by state-run enterprises had reduced to 30%. The annual amount of newly built housing had increased from 1.9 million square metres in 1995 to 3.6 million square metres in 1998. Per capita amount of housing had also grown, from 19.5 square metres in 1995 to 20.2 square metres in 1998. The number of households recognised as needy of new housing had reduced from 624,000 at the end of 1995 to 585,000 at the end of 1998.

If considered in isolation from the overall macroeconomic situation in the country, the results of the new housing policy appear sufficiently good. However, growth in the per capital amount of housing and revival of the construction industry have been accompanied by a drop in the living standards, the existence of multiple exchange rates and the constant weakening of the Belarusian rouble throughout 1998. The fall of the rouble has been caused by a number of factors, including the long-term housing loans at reduced interest, which have contributed to inflation, even though there has been no direct rouble emission to support the housing sector.

The maintenance of housing is one of the biggest problems facing the country. At present, more than 60% of all housing is privately owned. However, it is just the residents of private, village-type homes who are paying the full cost of their maintenance. The owners of privatised flats are paying as much as the tenants of those flats, and rely on the services of state-run housing maintenance agencies. The residents of such flats presently cover no more than 20% of all maintenance costs. Although it is planned to have the residents of city flats pay 50% of the total maintenance costs, many citizens will be unable to afford them, and will have to apply for state housing subsidies. The impoverished country finds it increasingly difficult to afford the maintenance, repair and renovation of its housing. Neither the population nor the state have enough money to cover these costs. The problem is particularly bad in rural areas and small towns.

2.9. Building a civil society and fighting crime

The civil society in its present form began to grow as Belarus embarked on the transition from its total-

itarian past to a socially oriented democratic law abiding state. The euphoria of the first year of sovereignty inspired the hope that the civil society would provide an environment for the strengthening of democracy, progress of the market system, growth of civil and political liberties, economic development and constant improvements in popular living standards.

However, the events of the 1990s showed that the birth of the civil society is a long and difficult process, and its role in democratic changes is complex and sometimes controversial. The development of the civil society had several phases:

- Acceptance of the civil society as a new reality for post-communist countries;
- Creation and development of civil society institutions in a new environment;
- Search for solutions to problems encountered at the growth stage of the civil society.

The acceptance of the civil society went in several stages.

At first, the growth of the civil society was based on the assumption that the progress of democracy directly depends on the advancement of civil activity and formation of civil society institutions. This idea is very common in Western political science. The followers of this approach exaggerated the role of the civil society, stating that the expansion of civil activity 'was definitely a positive sign and likening the civil society to democracy. This perception is based on a distorted view of the civil society as a consolidated institution which opposes the state and puts pressure on government in order to promote democracy and market reforms.

However, the actual development of the civil society showed that this approach has been oversimplified. In fact, civil society organisations do not only promote democracy, but can also create numerous tensions within the community. The experience of Russia, Belarus and many other post-communist countries suggests that the civil society is not necessarily a democratic medium. Its political orientation can be liberal-democratic, neutral and even pro-socialist and supportive of authoritarianism.

Recently, therefore, Belarus turned to the UNDP concept of the civil society, which reflects the shared experience of many different countries and offers a well-balanced approach in the context of the transition towards sustainable development. The UNDP concept was approved at the International UN conference on governance for sustainable human development and social equity, which took place in New York in July 1997. Many ideas expressed by this concept were reflected in the National Sustainable Development Strategy of the Republic of Belarus. The concept is based on the unity of the state, the private sector and civil society. All elements play a decisive role in achieving sustainable human development. The state supports sustainable

development by creating a favourable political and legal environment, the private sector by creating jobs and generating wealth, and the civil society by promoting partnership in addressing economic, social and political objectives. Because each of these three elements has its strengths and weaknesses, they should focus on productive partnership and co-operation with each other, rather than confrontation.

The development of the civil society in Belarus reflects the above ideas. This process is highly dynamic. The number of NGOs has increased from 800 in 1996, to 1,115 in 1997 and 2,540 in 1998. The civil society comprises a multitude of different organisations, including trade unions, charities, foundations, political parties, co-operatives, consumer unions, associations of employers, industrial and commercial associations, professional organisations, advisory centres, mass media, youth and women's associations, etc. United around common objectives, civil society organisations represent an important social resource promoting the growth of state, private sector and non-governmental organisations.

According to the non-governmental organisation "United Way", there is a total of 2,540 NGOs, active in the following areas:

• State, Self-Government, Law	5%
• Women's Organisations	2%
• Consumer Rights Protection	2%
• Health and Health Services	3%
• Culture and Arts	10%
• Youth and Children's Organisations	6%
• Science	4%
• National Minorities	2%
• Education	8%
• Organisations of Military Servicemen, Veterans of the Armed Forces and Law Enforcement Agencies	3%
• Associations of the Disabled	4%
• Human Rights	4%
• Professional Association	4%
• Social Support and Rehabilitation	9%
• Sports, Recreation and Tourism	10%
• Mass Media	1%
• Hobbies, Leisure Interest	4%
• Chernobyl-related Issues	3%
• Environmental Protection	3%
• Economics, Private Enterprise	3%
• Other	9%

Civil society institutions observe the developments in society and ensure adequate balance between the government and private sector. They are actively involved in the monitoring of environmental pollution, extraction of natural resources, and social irregularities. They also promote economic development, greater equity in the distribution of public wealth and assist in creating opportunities for the growth of public living standards.

Civil society institutions support popular involvement in economic and social activity, and help people organise into powerful interest groups that could put pressure on government. They can play an important role in minimising the potentially negative social impact of economic instability and failures of the market reforms. Civil society institutions are in the best position to provide social services that could not be offered by the market, such as support of ethical and moral values or providing the public with current information about the state of the natural environment. The latter has been successfully done by Chernobyl-related NGOs.

Most NGOs are based in the capital of Belarus. Minsk (see fig. 2.9.1).

Civil society institutions can significantly increase their impact on the nation's social, political and economic development by working in partnership with the government and private sector. For example, they can promote economic development by creating an entrepreneurial environment, which is critical for the establishment of a market system. Trade unions, enterprise and industrial associations, political groups, the Chamber of Commerce and Trade, the media, interest groups and other elements of the civil society can affect the privatisation process by preventing the loss of jobs as a result of ownership reform and participating in making decisions with regard to the privatisation and restructuring of former state enterprises. The civil society is already affecting the privatisation process by insisting on its greater transparency and predictability for investors. The associations of employers draft laws, advise the government and private sector on the procedures of privatisation, and formulate small business support and development programmes.

Civil society institutions are particularly active in culture, arts, women's and youth movements, as well as tourism and recreation.

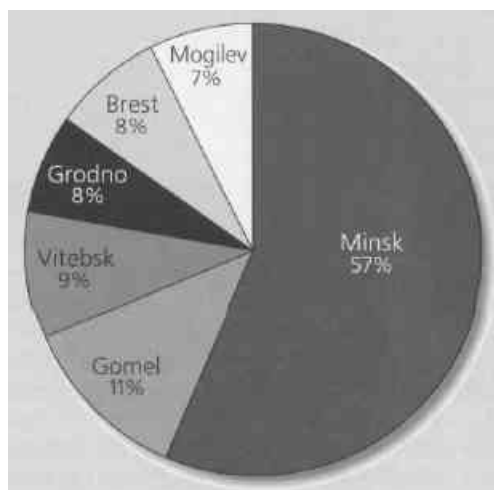


Figure 2.9.1.
Distribution of NGO
by region
Source: NGO directory
/compiled by
A. R. Shibitskaya, Minsk,
SADt Agency, 1998/

The advancement of the civil society is affected by great difficulties and problems. Some of these difficulties are as follows:

- Breaking away from the legacy of a totalitarian past. The civil society is developing in a particular historical context of the post-Soviet period. The old social institutions, namely, the "old" trade unions, women's and youth organisations, veterans' associations, the peace movement, etc., were acting within the framework of the old Soviet systems and occupied the place which the new social institutions are now claiming. Today, these old organisations are finding it difficult to restructure and integrate into the new civil society.

- Widespread social passivity, resulting from the public disillusionment with the economic reforms, economic crisis and poor living standards. In these circumstances, many NGOs are not focusing on building a new life and promoting social change, but on helping the population, particularly its most disadvantaged groups, to survive.

- Lack of an idea that would consolidate the society. The strategic goals - such as building a democratic state, creating a socially oriented market economy, or transition towards sustainable development - are understood differently by different civil society organisations, and particularly by political parties. As a result, the civil society is fragmented, and intolerance to opposing views is not uncommon. Many civil society institutions are driven by egoistic ambitions and show no willingness to work towards achieving public accord. The reasons for this situation lie in the absence of a tradition to achieve compromise through dialogue and a tendency, widespread in some parts of the population, to impose one's views on others.

- The existence of a radically minded social minority at the grassroots, which tends to be the most socially active, is a significant obstacle to achieving social accord. Plurality, democracy and tolerance are particularly alien to these left- and right- wing extremists. Their actions are marked by aggression and non-acceptance of alternative views. They are the source of permanent tension and confrontation with the state.

These and other difficulties should be addressed by creating a more favourable environment for the civil society institutions to function properly. This will depend on their partnership with the government and support of the private sector.

The steps that should be undertaken to create such an environment are as follows:

- Improving the legal framework and expanding the freedom to establish various types of associations;
- Providing tax and other incentives to support NGOs for corporate and other organisations;
- Creating effective mechanisms that would promote the involvement of civil society institutions in making and implementing decisions on the governmental level.

- Providing financial support for the civil society from the state and private sector.

An active civil society, rich in institutional and social resources, has a great capacity to resolve social disputes without causing violent and dramatic changes within the government and in economic policies. A proper institutional environment reduces the costs associated with economic activity and creates a climate that favours investment and job creation, thereby supporting the transition to sustainable human development.

Combating crime and corruption

Since the end of World War 2, the incidence of crimes in Belarus has increased almost ten-fold. The crime rate had been increasing constantly up until 1996. In 1999, the annual number of registered crimes stabilised, after falling by 3.4% in 1996, increasing by an insignificant 0.9% in 1997 and decreasing by a further 4.3% in 1998.

The growth in the number of registered crimes has always been ahead of the increase in population size. From 1990 to 1998, the size of the adult population increased by 2% and crime by more than 62%. There were 1,200 registered crimes per 100,000 population in 1998, down from 1,275 in 1995.

Of the total number of crimes registered annually from 1994 - 1998, 15.6% were committed by a group of criminals, 8% by or with the participation of juvenile delinquents. In 26.4% of cases, the criminals were acting under the influence of alcohol. 70.2% of all crimes were registered in towns and urban-type settlements. Overall crime disclosure rate has increased from 63.4% in 1994 to 71.1% in 1998, and the disclosure of grave crimes fell from 65.3% in 1994 to 63.3% in 1998.

The proportion of serious crimes registered by the police (premeditated murders, severe bodily harm, rapes, robberies, hooliganism, extortion, fraud and others) decreased from 79.5% in 1994 to 72.3% in 1998.

From 1994 to 1998, the economic crime investigation agencies were registering an average of 4,533 thefts per year, committed through embezzlement, misappropriation of funds or property and abuse of position. Of this number, 1,451 were gross thefts, 4,777 larcenies, 661 involved offering or taking bribes, 2,038 committed through forgery and 211 through violating retail trade regulations.

Other agencies have registered approximately 10,000 different other crimes, such as illegal production of alcoholic beverages, systematic evasion of alimony, and various administrative offences.

Similar to other CIS countries, Belarus is faced by new types of crime and new criminal trends, such as organised crime, economic crime, illegal migration, smuggling of firearms, etc.

Crime is acquiring a clear international dimension. The local criminal gangs are becoming increas-

ingly included in international drug trafficking, sexual exploitation of women, illegal weapons trade and illegal or quasi-legal exportation of raw materials, coloured metals, antique items and pieces of art.

Economic crimes are becoming increasingly dangerous. Many involve false bankruptcies, understatement of profit and tax evasion. The crime situation has been affected by increased alcohol consumption. More than 60% of all domestic crimes are committed in the state of alcoholic intoxication. There is also a clear connection between the consumption of alcohol and the incidence of crimes against the person.

The performance of the law enforcement authorities is judged by the disclosure of grave crimes relative to the total number of such crimes registered over a given period. 16,400 grave crimes were disclosed in 1997, or 55.7% of the total number of registered grave crimes.

603 members of criminal gangs were convicted in 1998 (up 5.9% from the 1997 level), including 160 leaders of such groups and 367 (+19.4%) of their active members. Last year, the authorities investigated 11 robberies, 33 premeditated murders, 157 robberies, and 366 extortion cases. The police also investigated eight cases of abduction and hostage-taking (Article 124-1 of the Criminal Code).

Of 1086 economic crimes registered last year, 118 were in banking and finance, 119 in the private sector and 289 were related to corruption.

The efforts of the law enforcement authorities were also aimed at protecting the economic security of the state, fighting serious crimes which cause damage to the economic interest of the state and public welfare. The police were also involved in the protection of the consumer market, prevention of illegal currency transactions and illegal circulation of goods liable to excise (mostly alcohol and tobacco).

11,600 persons were convicted of economic crimes, including 3,335 persons whose jobs implied personal liability for loss or damage, 1,069 managers of different levels and 210 accounting staff.

After a period of relative stabilisation in 1995 - 1997, there has been an increase in currency forgeries (up 6.2% from the previous year's level). 2,017 attempts to use counterfeit money have been stopped by the police, including 302 involving Belarusian roubles.

Numerous facts of corruption were registered at customs checkpoints. A total of 210 crimes have been recorded, including 29 bribery attempts.

According to established practice, all crimes involving bribery or abuse of power or position are qualified by the law enforcement authorities and courts as corruption-related.

The true extent of corruption is unknown, because only a low proportion of corruption-related crimes is reported. Many analysts believe that the authorities manage to register only 3-5% of such crimes. The statistics on bribery, one of the most

dangerous crimes related to corruption, is as follows. 700 bribery attempts were registered annually from 1994 to 1998. 280 criminal cases were investigated and 267 persons were convicted.

More than 200 crimes involving the abuse of power or position are registered annually. Most of these are never fully investigated.

The lenient attitude of the courts to persons convicted of corruption is a factor that contributes to its growth. In many cases, the courts pass softer sentences than those prescribed by law, and many convicted criminals are released on parole, or sentences against them are delayed. Only eight persons out of 70 convicted of abuse of power or position in 1998 were sent to prison, and only 13 were barred from taking managerial positions in the future. Of 94 per-

sons convicted of bribery, only one-third were sent to prison. Property confiscations were ordered in only 36% of cases, and only 6 persons convicted of taking bribes were barred from working in managerial positions in the future. The persons who give bribes or act as intermediaries generally do not receive prison sentences.

Lack of effective measures to fight corruption is a factor that promotes its growth and the integration of the criminal underworld into government. Criminal gangs are increasingly penetrating the most lucrative sectors of the economy. Corruption also threatens to permeate the state controlling and law enforcement agencies and prevent the enactment of effective anti-corruption legislation. This may result in the politicisation of crime.

INTERNATIONAL PARTNERSHIP FOR SUSTAINABLE DEVELOPMENT

The transition to sustainable development depends on universal partnership aiming to preserve, protect and promote the recovery of the earth's environment. Only such partnership on a global scale can bring prosperity and a secure future to all people and nations of the world.

The economic and geographical position of Belarus, a country in the middle of Europe, its affinity for the Slavic culture and a long history of being part of the former USSR, have affected the nation's geopolitical status, the choice of its national policies and approaches to building alliances with other states. This background is potentially favourable for rapid socio-economic development, based on effective co-operation with neighbouring states.

3.1. Belarus and the world

As globalization proceeds, Belarus is faced by the need to identify its role and position in this process. History offers convincing evidence that individual states can achieve prosperity only by following their own development paths, not the course of other countries. Some experience can be borrowed from others, but this can only be useful if the nation has a unique development strategy, based on the available resources, the nation's economic capacity and mentality.

Any country would like to improve the living standards of its people, enhance the security and health of the nation and achieve its cultural and intellectual prosperity. However, in achieving those objectives, different strategies can be pursued.

Belarus takes the thirteenth place among more than 40 European countries by the size of its land area (207,600 square kilometres), and fourteenth by population size (10.2 million). Its territory is crossed by a major European highway which is highly conducive to international co-operation. Belarus has an advantageous geographical position, which can make it an important link in the economic ties between Western and Central Europe, the CIS and Asia. The upcoming modernisation of the intra-European highway infrastructure in the territory of Belarus will further increase its capacity to build external partnerships.

Belarus' size accounts for 0.9% of Europe's total surface area and 0.15% of that of the world. Its share in the total population of Europe is 1.4% and the world's population 0.18%. The key industries of the Belarusian economy are mechanical engineering, chemistry and petrochemistry, food and light industries, as well as animal, flax and potato farming. Belarus' shares in the global output of some industrial commodities are: potassium salt - 11%, chemical fibres and threads 0.6%, steel and cement - 0.15%, refrigerators 1.3%, televisions 0.4%, woollen fabrics - 1.8%, footwear 0.8%, butter 1.8% and cheese 0.7%. In the agricultural sector, Belarus accounts for 0.3% of the global output of grain, 0.4% of meat in dead weight, 1.1% of milk, 3-1% of potatoes, 0.5% of sugar beet and 8.7% of flax fibre.

Belarus is a small country. It does not have sufficient energy or mineral resources of its own, and has to rely heavily on importing those critical materials. Over the post-war years, Belarus has built a diversified economy with a highly developed manufacturing sector, particularly mechanical engineering, chemical and petrochemical industries, electronics and electrical engineering and a good transport infrastructure. Output capacity exceeds domestic demand, and a large part of the economy is export-oriented.

Prior to the break-up of the USSR, Belarus was exporting almost 80% of its total industrial output, the highest export share in the whole of Eastern Europe. In addition, large enterprises constituted the bulk of the nation's industrial capacity and were designed to meet the demand of the entire Soviet Union and former eastern bloc. For this reason, no standard pro-market reforms - of the type that are already being conducted in the rest of Eastern Europe - would be completely suitable for Belarus. In Belarus, such a reform should assist large enterprises in adjusting to the market system. Similar adjustments are needed in the agricultural sector due to the large number of big animal farms inherited by Belarus from the USSR. For all these reasons, Belarus is extremely interested in restoring and expanding close economic ties with Russia, the CIS and other neighbouring states, as well as regional alliances and international organisations. As a newly independent state, Belarus has acquired a reputation for being a peaceful, neutral, stable and democratic country. It maintains diplomatic and economic links with almost 150 countries.

Belarus can become an authoritative member of the world community by combining the best achievements of the global civilisation with the historical and cultural traditions of the nation. There is a need to modernise the national economy and incorporate the latest scientific and technical achievements. Only then can opportunities be created for sustainable human development and advancement of the social sector. In the beginning of this transition, Belarus should focus on modifying the new demands, typical of members of a new soci-

ety, and developing the human capital and other production resources.

Success in achieving these long-term objectives requires:

- adjusting the economy to globalization, by promoting its inclusion in regional alliances and industrial finance groups;
- maintaining steady economic growth;
- implementing the National Sustainable Development Strategy, within the framework of Agenda-21;
- creating opportunities for the transition to a post-industrial society;
- achieving full convertibility of the Belarusian rouble;
- achieving proper balance of government and non-government ownership, including private properly;
- changing the GDP structure by increasing the share of services;
- transition to free market prices;
- modifying the role of large enterprises in the economy with the view to increase production efficiency;
- promoting the transition to a new, technological-ly advanced post-industrial society of healthy, educated, socially active and professional individuals;

The role of every country in the new millennium will ultimately depend on the quality of the human capital. The latest data published by the UNDP put Belarus in the 68th place by the Human Development Index out of 174 in 1995. Belarus was ranking above Russia (72nd place), Estonia (77th), Lithuania, (79th), Latvia (92nd) and Lkraine (102nd). In 1992, Belarus ranked among countries with a high human development index, similar to Estonia, Latvia, Russia and Ukraine, which took the 42nd, 43rd, 48th, 52nd and 54th place, respectively, by the size of this index. It is quite noteworthy that the Soviet Union ranked 20th to 25th by the size of its Human Development Index. In Belarus, this index declined from 0.869 in 1990 to 0.766 in 1995 and recovered to 0.755 in 1996. It is expected that the Human Development Index of Belarus will continue to grow.

The implementation of all activities directed at improving education, public health, culture, tourism and sport, as prescribed by the socio-economic development concept up until 2015, will increase the average life expectancy of Belarusians. By 2015, the functional literacy rate will reach 50%, approaching the level of the industrialised world. Adult literacy has reached the highest possible level in today's conditions, at 98.6%. By 2015, 50% of all employed will have higher or vocational education. Per capita GDP in 1997 PPP roubles will grow 3.0 - 3.2 times. As a result of all these changes, the Human Development Index, calculated in accordance with the UN methodology, will increase from today's 0.765 to 0.841, and Belarus' rating in the global community will improve still further.

3.2. Foreign trade policies in the wake of globalization

From the sustainable development perspective, foreign trade should promote the integration of Belarus in the global economy without jeopardising its national interest. The Belarusian foreign trade strategy is based on a number of universal principles, such as openness of the national economy, willingness to promote large-scale international co-operation and maintaining a proper balance between export and import. The above statements reflect the nature of the foreign trade policies as a multitude of goals, objectives and activities of the state which lead to the integration of local business entities in the global economy as parties in the generation and distribution of wealth in the global economy. Globalization is a significant development, which has had a major effect on global politics and the economy. However, the impact of globalization on the industrialised and non-industrialised countries has been different. For example, the ratio of global trade to GDP has had a tendency to grow over the past ten years, but in 44 developing countries with a total population of over 1 billion, this figure has been steadily declining. The least developed countries, with ten per cent of the world's population, account for only 0.3% of the global foreign trade turnover. Below are some more facts illustrating the controversial effect of globalization on the world economy:

- More than one-half of developing countries receive no direct foreign investments, while two-thirds of all investments go to only eight developing states;
- The real prices of raw materials in the 1990s were 45% below the level of the 1980s and 10% below the absolute minimum reached during the great depression in 1932;
- Average customs tariffs for industrial commodities imported from the developing states are 30% above the world level;
- Developing countries lose almost \$60 billion of revenue per year because of agricultural subsidies and restrictions on textile imports by the industrialised countries. (Source: United Nations Human Development Report, 1997).

According to the International Institute of Management based in Lausanne, Switzerland, the living standards in industrialised states greatly exceed the average global level (Australia 9 times, Austria 8.9 times, Switzerland 8.7 times, Canada 8.36 times, Norway 8.33 times, Germany 8.2 times, France 8 times, the United States 7.9 times, Spain 7.4 times and Italy 7 times). In Belarus, this ratio equals 1.1 times. The high living standards existing in the West stem from its ability to realise its advantage in labour productivity. A small number of industrialised nations are already consuming one to two thirds of the global output of goods and mineral resources.

The national economic policies during globalization should create sufficient opportunities for the restructuring of the national economy and its integration into the global economic system.

The principal goal of the nation's foreign trade policies is to make Belarus a full partner in the global system of trade and capital flows. Sensible protectionism is an important consideration of the national import policies, and import tariffs are gradually approaching the level necessary for the nation's accession to the World Trade Organisation. The development of export potential also remains a key priority for Belarus. Government policies are aimed at increasing the competitiveness of Belarusian products in the global marketplace, improving the infrastructure of foreign trade and developing a mechanism of export-import lending and insurance.

Exporters are receiving support from the government. To this end, the government is undertaking a series of steps, including institutional changes, financial support and reduced taxation of exporters, lending to exporters and insurance of exports, information support and promotion of Belarusian goods in the international markets.

An import replacement programme is underway, giving more work to Belarusian enterprises and creating new jobs. The implementation of this programme can improve the nation's foreign trade balance and increase its economic security.

Attracting external funding remains an important economic priority during globalization. Direct foreign investments are extremely necessary. Governmental guarantees are provided for loans and credit lines for social projects and projects that bring hard currency revenue. Investment policies should ensure the basic prerequisites to foreign investments, namely, political and socio-economic stability, consistency and predictability of legislation and an operating market infrastructure. Support is offered as a matter of priority to industry investment funds, leasing and trust management companies, enabling control over capital flows and repayment of loans by the investor. Additional measures to encourage foreign capital inflow are presently being considered. These include duty free imports of supplies needed for investment projects, government guarantees against changes in the taxation legislation, abolition of export quotas for companies with foreign investments and introduction of new leasing schemes.

The basis for the present investment policies is laid out in the National Programme to Attract Investments in the Economy of Belarus, industry investment programmes and the Programme of Investments in the Development of Small and Medium Sized Business.

The Belarusian leadership has established working partnerships with international organisations, such as the United Nations and various UN agencies, the IMF, World Bank, and the European Bank of

Reconstruction and Development. The purpose of those partnerships is to assist Belarus in achieving its chosen priorities in the era of globalization. Considerable importance is attributed to Belarus' accession to the World Trade Organisation and expanding co-operation with the Organisation for Economic Co-operation and Development (OECD). The government is convinced that partnership with those organisations is an important factor of success in reforming the national economy and achieving its integration in the global economic system.

Another priority of the nation's foreign trade policy in the globalization era is the customs union with Russia, Kazakhstan and Kyrgyzstan. The progress of integration with Russia in the areas of economics, finance and credit is considered to be of special importance for Belarus, particularly in light of the rapid economic development in Western Europe, North America, Asia and the Pacific region. The leaders of these distinct regions are the United States, Japan and the European Union. Communities of less developed nations are grouping around these leaders. The effect of this tri-polarity of the global economy increased remarkably with the signing of the Maastricht agreement in 1993 and the adoption of NAFTA, the North American Free Trade Agreement. The membership of the United States and Canada in APEC may lead to further economic integration between NAFTA and APEC and the creation of a hyper-market embracing more than one-half of the world economy.

In these circumstances, the union of Russia and Belarus may become an alternative power centre for a number of sovereign states, capable of pursuing an effective policy in the age of globalization. The agreements on economic integration of Russia and Belarus should bring tangible benefits for the economy and individual enterprises of both countries in order for the union to live up to those expectations. The progress of integration within the CIS is also dependent on the ability of the CIS countries to observe the economic agreements to which they are party. Only then could Belarus have realistic hopes of re-launching its large enterprises at their full capacity, receiving regular supplies of materials from Russia and other CIS countries and obtaining reliable markets for its products. In addition, economic integration will remove obstacles for the export of Belarusian goods outside the CIS. As a result, Belarus will be able to improve its foreign trade balance, thus removing a long-term threat to its stable socio-economic development.

Certain progress has been achieved in the socio-economic co-operation between Russia and Belarus. In 1998, trade turnover with Russia increased 1.8 times relative to 1995. Export grew 2.1 times and import 1.6 times. There has been a substantial increase in the export and import of industrial commodities, namely, trucks, tractors, metal processing machinery, bicycles, motorcycles, products of the chemical and food industries.

Economic ties are becoming more varied. Co-operation with the individual provinces of Russia is gaining importance, as is cross border trade. In 1998, various Belarusian enterprises had direct economic links with more than 60 different provinces and autonomous regions of the Russian Federation.

The Supreme Council of the Union of Russia and Belarus has approved a common budget of this Union. A co-ordinated action plan has been adopted in the area of foreign trade. Both countries have approved a concept of co-ordinated defence policies, signed a bilateral agreement on telecommunications within the Union and a treaty on equal social rights and guarantees to individuals employed by the Union's managing bodies.

The co-ordinated effort of Belarus and Russia in regulating foreign trade have many directions and are intended to reach the strategic goals of economic integration between the two states. In general, they are directed at the development of mutually beneficial trade links, promotion of bilateral specialisation and co-operation, creation of industrial finance groups and multinational companies and ensuring regular access to goods and capital resources.

The main activity areas for industrial finance groups are microelectronics, diesel machine engineering, chemistry and manufacture of agricultural machinery.

Three industrial finance groups were formed in 1997 - "Formash", "Granit", and "BelRusAvto". Another four industrial finance groups will be created shortly - "Belorusski Avtobus" (Belarusian Bus), "Radionavigatsia" (Radio-Navigation), "Development of Electronics Industries", and "Mezhgosmetiz". The development of these groups highlighted the need for harmonising the legislation that affects their establishment and operation.

The Declaration of Further Unification Between Belarus and Russia, signed in late 1998, opened a new stage in the relations between both countries. A large amount of work has yet to be done to create a single legal environment, a common customs space, civil and taxation codes and formulate similar approaches to foreign exchange and financial regulation.

Continuous implementation of the economic co-operation programme for 1999 - 2008 will be a ben-

efit to the further integration of Belarus and Russia. The programme identifies specific bilateral projects, the mechanisms of their implementation and the actions to be taken to implement joint projects in the key industries of the manufacturing sector, agriculture, transport and communications, research and development, environmental protection and the social sector.

The positive trends in the economic co-operation between Belarus and the CIS are reflected in Table 3.2.1.

The economic integration within the CIS could be deepened through the following actions:

- Facilitating payments between various companies by ensuring the convertibility of the CIS currencies and stabilisation of exchange rates;
- Access of foreign banks to domestic financial markets, granted by all CIS states on a mutual basis;
- Promoting co-operation in the creation of efficient mutual settlements systems;
- Modification of policies with regard to VAT and excise on exports and imports;
- Development of progressive forms of co-operation in investments, manufacturing, commerce and trade, credit and finance.

The deepening of trade and economic relations with the European Union is an important priority in the era of globalization. The principal objective for Belarus is to obtain free access of its goods to EU markets, by negotiating appropriate export quotas and enabling the adaptation of domestic economic policies to EU standards.

Trade and economic ties with the neighbouring states - Poland, the Baltic States and other countries of Central and Eastern Europe, are extremely significant. Foreign trade policies in relation to those states are based on bilateral and multilateral agreements.

While pursuing a multi-directional foreign trade policy, Belarus is expanding its trade and economic links with south-east Asia, particularly with China. Other targets of such expansion include the Middle East, Africa and Latin America. Bilateral agreements are being signed, official and business contacts maintained, and continuous efforts are being made to improve legislation in order to facilitate such ties.

By implementing a national foreign trade policy in the era of globalization. Belarus is working

Table 3.2.1

CIS exports and imports, US \$, million				
	1995	1996	1997	1998
Exports to the CIS	3026.8	3763.6	5378.9	5107.2
Share of total exports, %	63.0	66.6	73.7	72.8
Imports from the CIS	3676.8	4570.1	5817.0	5506.5
Share of total imports, %	66.1	65.9	66.9	64.7
CIS trade balance	-650.0	-806.5	-438.1	-399.3
Share of overall foreign trade balance, %	85.5	62.6	31.6	26.7

towards increasing its presence in external markets, and its integration in the world economy as a full and equal partner.

3.3. Sustainable development initiatives of the Republic of Belarus

The real advancement of Belarus towards sovereignty and transition to the globally accepted market system depends on its inclusion in the world economy based on a multitude of international agreements and conventions.

The Belarusian governmental institutions, scientific community and non-governmental organisations have some experience in co-operating with international organisations and specialised agencies of the United Nations in the field of environmental protection. The list of those organisations includes the OECD, IAEA, etc. Belarus is also a partner in international co-operation in implementing numerous international agreements. In November 1996 it became a nuclear-free zone.

As a founding member of the United Nations, Belarus has a number of international commitments and bears its share of responsibility for the development of an international strategy to minimise the impact of human activity on the environment and facilitate sustainable human development world-wide.

The concept of sustainable development was brought about by the realisation that the earth has limited resources for continued economic growth and that irreversible changes may happen in the global environment. This concept is gaining acceptance in Belarus, because it reflects the basic interests of its people. Belarus agrees with the recommendations and general principles adopted in 1992 by the Rio Summit and regards the transition to sustainable development as extremely important. Such a transition will ensure that the nation's socio-economic objectives are addressed in a balanced way, that the natural environment is properly protected and that the natural resources are preserved to meet the needs of the present and future generations.

The effective involvement of Belarus in addressing the issues of sustainable socio-economic and environmental development on a national level is the primary duty of the National Commission for Sustainable Development, established by the Decree of the Cabinet of Ministers No. 197 of March 20, 1996, in light of the resolutions and recommendations of the Rio Summit.

The main responsibilities of the National Commission include:

- Considering proposals that affect the formulation and implementation of the National Sustainable Development Strategy;
- Co-ordinating the actions of all ministries and agencies of the central government relating to the formulation of projects and programmes that aim to promote sustainable development;

- Producing information materials (i.e. reports and action plans) to be submitted to the UN Commission for Sustainable Development;

- Analysing reports and information submitted by various ministries and agencies of the central government vis-a-vis their actions in the area of environmental protection, a key factor of sustainable development.

Of all transitional economies, Belarus is one of the most vulnerable to environmental effects. It is being confronted by serious obstacles on its path towards sustainable development. The government of Belarus has been able to invest limited resources to address some of the most urgent social and environmental problems, including those related to the Chernobyl nuclear disaster. Some of the new challenges that appeared over recent years are particularly difficult. They are related to the implementation of conversion projects, execution of international agreements on conventional forces and nuclear disarmament and minimisation of the effects of the Chernobyl nuclear accident.

Belarus was the first country of the CIS to formulate a national strategy of sustainable development, which was approved at the beginning of 1997 by the National Sustainable Development Commission and the Presidium of the Council of Ministers.

The strategy considers the present socio-economic and environmental situation and is based on the analysis of internal and external factors. The document offers scientific solutions to a multitude of problems faced by the nation which are closely connected with global developments. It defines the main problem areas, sets global objectives and priorities concerning the long-term socio-economic development of the nation and provides appropriate recommendations to government and non-governmental organisations.

The strategy is based on the existing legislation on environmental protection, which is being updated on a continuous basis, and the relevant international agreements and conventions. The authors of this document relied on the international experience, support from international organisations, as well as the recommendations, principles and indicators suggested by the UN Commission for Sustainable Development.

The strategy defines the goals, objectives and model of sustainable development, identifies the national resources, conditions and targets for such development and suggests a system of socio-economic, environmental and organisational indicators describing this process.

The National Sustainable Development Strategy regards the environment as a key priority and emphasises that the rational exploitation of the natural resources and environmental protection should improve economic and social activity. In turn, human activity should not deteriorate the natural environment, but contribute to its improvement. Natural resources should be used economically in

the interests of human development. Every member of society should have a high income, a healthy living environment and an understanding that the living conditions of the future generations should be no worse than those of his own. To this end, the economy and society should become more friendly to the environment. A transition to a new culture is necessary, a culture that would be compatible with the available natural resources.

An international conference on the sustainable development of countries in transition took place in April 1997 at the initiative of the Belarusian government, put forth at the 49th session of the UN General Assembly. Assistance in conducting this conference was provided by the UNDP, UNECE, UNEP, Federal Ministry of the Environment, Youth and Family Policy of Austria, the Ministry of Environment and Energy of Denmark, and the Executive Secretariat of the CIS.

The participants in the conference were ministers and senior officials of the ministries of economy and environment of 39 countries, as well as representatives of the UN Secretariat, UNDP, UNECE, UNEP, WHO, IAEA, UNIDO, OECD, OSCE, International Monetary Fund, World Bank, Executive Secretariat of the CIS, and other organisations.

The informal atmosphere of the conference facilitated the free exchange of views and experience among the participants and the debate on issues relating to sustainable development and environmental protection in transitional countries. The conference adopted a final document with specific recommendations aimed at achieving sustainable development in countries with transitional economies.

The international conference on the sustainable development of populated areas and territories in Minsk in November 1998 was conducted at the initiative of the Belarus National Commission for the Development of Populated Areas. The conference was organised by the Ministry of Architecture and Construction and the UNDP Office in Belarus with the support of the National Fund for Fundamental Research and the European Humanities University.

The purpose of the conference was to formulate a common approach of the ruling authorities and non-governmental organisations to the sustainable development of populated areas and to develop recommendations on this issue. In their reports and presentations, the participants stressed the importance of the sustainable economic, environmental and social development of populated areas as a key priority of the present moment.

The concept of sustainable development in populated areas is increasingly gaining support in Belarus and within the CIS. The acceptance of this approach is reflected in a number of documents adopted at the national and international levels, namely, the Urban Development Charter of the CIS (1998), the National Concept and Strategy of Sustainable Development, the General Concept of Territorial

Division of the Republic of Belarus, and Programme of Urgent Steps Towards the Sustainable Development of Populated Areas.

Belarus has established a National Commission for the Development of Populated Areas and inter-ministerial regional working groups to implement a policy of sustainable development in populated areas. These institutions co-ordinate the transition to sustainable development and promote dialogue between central and local governments, governmental and non-governmental organisations. A number of successful urban development solutions have been found, and several projects have been implemented. The National Commission for the Sustainable Development of Human Settlements has approved a national sustainable development concept for Belarusian towns and cities.

Successful transition to sustainable development depends on effective international co-operation on the global and regional levels. The Republic of Belarus, a state in the middle of Europe, surrounded by countries with transitional economies, has proposed to create a regional centre for sustainable development for Eastern Europe and the CIS. The functions of such a centre could be as follows:

- Proposing solutions to sustainable development issues to be incorporated in all national, industry and regional socio-economic development programmes. Such programmes could be implemented in Belarus, in co-ordination with the neighbouring states (Russia, Ukraine, the Baltic states, Poland, etc.);
- Formulating recommendations for the national and regional sustainable development strategies;
- Justification of regional industry structures, considering the needs of the neighbouring states;
- Co-ordinating poverty eradication policies within the East European region;
- Recommending optimum consumption levels of the basic natural resources to ensure sustainable development;
- Summarising the experience of different countries in formulating sustainable development strategies and programmes;
- Formulating and implementing joint projects addressing sustainable development issues;
- Information support in addressing the issues of sustainable development;
- Participating in the drafting of regional and national socio-economic development programmes conforming with the principles of sustainable development;
- Attracting domestic and foreign investments in sustainable development;
- Educating the general public on sustainable development, supporting the non-governmental organisations active in this area;
- Introduction of educational courses on sustainable development in university and secondary school syllabuses;
- Producing educational and information materials on sustainable development;

- Organising domestic and international seminars, conferences and meetings addressing sustainable development issues;

- Providing advisory, technical and financial support to all economic administration authorities in implementing the sustainable development concept.

The transition to sustainable development will require further efforts from the government and third sector and their involvement in upgrading the international legislation, drafting new agreements and clarifying the existing ones. Such efforts will gradually harmonise the national legislation with the international standards in this area.

Achievement of these goals depends on the following actions:

- Participation of Belarus in creating basic international legislation regarding sustainable development;

- Liberalisation of trade and integration of Belarus in the European and global economic systems;

- Enhancement of international co-operation in the exchange of environmentally friendly technolo-

gies and production of instruments and tools used in environmental protection; promotion of the international exchange of information and reorganisation of public administration in order to maximise the nation's potential to use its existing resources efficiently;

- Improving co-ordination in implementing international agreements on environmental and socioeconomic issues;

- Conducting an efficient transport and transit policy in accordance with the geopolitical interest of the state;

- Increasing the country's involvement in the proceedings of general and specialised international organisations;

- Achieving proper balance between the national, regional, and global security systems;

- Increasing the role of the international community in addressing long-term environmental, scientific, medical and social issues in light of the efforts to minimise the effects of the Chernobyl nuclear accident on Belarus.

LOOKING INTO THE FUTURE

The main dilemma facing the world community on the eve of the third millennium is the choice of a strategic development path. Such choices have to be made by every single country, and the world community at large. The former socialist states are not the only countries in the state of transition. The entire world is also undergoing major changes. Important discoveries are expected in the coming century in science and technology - significant developments are immanent in society and the economy, affecting the ability of different nations to form equal relationships amongst themselves. All of these transformations can have a truly global effect.

Recently, globalization has affected many aspects of the socio-economic and cultural life of different nations. The world economy is becoming ever more coherent and integrated. A new, global community is growing, which, however, is not always conducive to the equal and peaceful coexistence of different nations, but frequently leads to increasing gaps between the rich and poor, strong and weak. The result of such a process is increasing social and cultural disparities and the pattern of domination, subjection, exploitation and violence that still exists in the relations between different nations.

On the eve of the new century, humanity is being faced with many challenges. At stake is not just the progress of the global civilisation, but its very survival. A new development model must be found, a model that would keep and restore the earth's resources, not diminish them, and one that would decrease the existing disparities in the living standards throughout the world, not deepen them.

4.1. Human development objectives in the new millennium

Ever since the moment of its birth, humankind has been preoccupied with the search for the best ways of development. The coming of a new millennium is more than a mere change of dates. The year 2000 is not just another anniversary to be celebrated by mankind, however significant it might be, but a unique occasion for all countries and nations to review their past development and look into the future.

In 1987, the UN Global Environment Commission published the report "Our Common Future", bringing the need for a new civilisation development model to the global agenda. The importance of sustainable development was then suggested for the first time to the world community. The report stressed the responsibility of the industrial world for the crisis and its role in finding a solution to it.

At the United Nations Conference on the Environment and Development, which took place in Rio de Janeiro in 1992, the heads of states and governments from 178 different countries and representatives from numerous international and non-governmental organisations accepted sustainable development as a key priority of global development. The conference also proposed a policy to promote global co-operation, directed at achieving several important goals, including a healthy natural environment and economy for all countries and nations, laid out in a comprehensive document known as Agenda-21.

As it approaches the new millennium, the Republic of Belarus is facing new, complex challenges coming from within and outside. A proper response to these challenges depends on the nation's ability to formulate and implement an adequate state policy. It is becoming extremely important to identify the correct long- and short-term priorities that would reflect new global trends, and particularly the world's transition to a post-industrial society. Such consolidated priorities have been proposed by the National Sustainable

Development Strategy, approved by the Presidium of the Council of Ministers in 1997, and the Socio-Economic Development Concept of the Republic of Belarus up until 2015.

The basic goal of the transition to sustainable development is to raise popular living standards to a level approaching that of the industrialised nations of Western Europe. This objective could be achieved by building a modern, highly efficient economic system conducive to high labour productivity and responsive to scientific and technological advancements. It is generally accepted that such a system can only be based on market relations. However, the acceptance of the market in the Belarusian society is not universal. Many believe - quite rightfully - that the transition to the market is constrained not only by the enormous heritage of the administrative command system, but also by the dominance of the collectivist mentality, underdevelopment of private ownership, particularly of land, lack of effective local self-rule and prevalence of vertical links (between the state and individual) over horizontal ones (between different individuals).

A large number of Belarusians accept the supremacy of the state and expect the state to look after their well-being. It is not possible to abandon these ideas overnight. A long period of transition will be needed to build the basics of a full-scale market economy and a new socio-economic structure conducive to high labour productivity, economic efficiency and growth of popular living standards. It is becoming extremely important to avoid the negative impact of economic growth on the natural environment.

The long-term strategy of economic development should imply the transition to a post-industrial society. Such a transition should reflect the local conditions and lead to higher living standards, a better living environment and a new, pluralistic economy responsive to scientific and technical progress with a high degree of state involvement in its development and transformation. Given the existing socio-

economic situation, it would be incorrect to rely on the free market as the sole solution to all of the existing problems. The role of the state still remains very high, if not decisive. For a certain period of time, government regulation will inevitably prevail over market self-regulation.

The definition of the national goals and factors that restrict the country's long-term development still remains an important function of the state, along with the setting of priorities and deadlines for achieving those goals. The national interest covers such goals and priorities that ensure the nation's security and long-term survival, particularly protecting labour, preventing foreign expansion, maintaining decent popular living standards, increasing the nation's human and natural resources. Achievement of those goals depends on the availability of resources and the correct choice of mechanisms to maximise achievements while operating under the existing constraints.

The national interest implies consistent efforts to maintain the people's desire and ability to support themselves, protect the sovereignty of the state and the nation's cultural identity, expand the national wealth and creative potential and ensure the nation's inclusion as a full member of the global community of nations.

The National Sustainable Development Strategy reflects the key socio-economic and environmental priorities of the general public and proposes ways of achieving those objectives within the framework of existing constraints, limitations and threats.

The National Sustainable Development Strategy defines the long-term objective of such progress in accordance with the principles put forth in the documents approved by the UN Conference on Environment and Development. The sustainable development of Belarus should lead to stable socio-economic advancement and ensure the protection of the natural environment and resources. Only in this way could the needs of the present and future generations be met, and the interests of the other states be duly considered.

The achievement of this goal will be a long process. Its successful completion will depend on consistent efforts to stabilise and improve the economy, which is a prerequisite to sustainable development. Additional steps will have to be taken at all stages to deal with the after-effects of the Chernobyl nuclear accident.

The quality of life is the measure of the society's well being and success of the economic reforms. The quality of life is a combination of numerous factors, including real wage levels, public consumption structure, state of the housing sector, well-being of families, development of public health, average life expectancy, level of educational attainment, working conditions, degree of human rights protection, guarantees of personal security and the state of the living environment.

The concept of socio-economic development up until 2015, drafted in 1998, defines the transition

towards a post-industrial society as a key landmark of the state's socio-economic policy.

The presidential decree "On Promoting the Growth of Industries based on Modern and High Technologies", and the governmental instructions enacted as a follow-up to this document, have defined the key industries and technologies to be developed as a matter of priority up until 2010. Many of these technologies are critical for the post industrial society and include information and electronics, notably information and telecommunications systems, microcircuit and microsensor equipment, equipment, large integral circuits, microelectronics, computer technologies and automatic design and management systems. Other important entries on this priority list are technologies using concentrated energy flows, development of new materials applied in micro- and nanoelectronics, biotechnologies, etc.

In industrial policies, emphasis is made on the development of research-intensive industries and resource and energy efficient technologies. This approach will bring the national industry to a new stage of development, as defined by the industrial policy priorities laid out in the national industrial development programme for the period 1998 - 2015, which was approved by the president of Belarus last year.

The National Sustainable Development Strategy and other long-term forecasts and programmes provided the platform for the draft concept of the socio-economic development of Belarus up until 2015, which outlined the long-term prospects of the Belarusian state, economy and society. The concept is based on the analysis of the starting conditions, particularly the state and current trends in the socio-economic development of Belarus and its role in the world community. The analysis also considered numerous factors of economic growth, including the natural, technical, industrial and human resources and the conditions of foreign trade. The concept identifies the long-term socio-economic development priorities, namely the transition to a post-industrial information society and a socially oriented market economy. The concept formulates the immediate goals of Belarus' social and economic development, based on these long-term priorities, and suggests an action plan to ensure the achievement of such goals.

4.2. Transition to a post-industrial society

The end of the second millennium was marked by unprecedented technological advancements, tantamount to a new industrial revolution. The role of education, science, information and culture has become more important than ever before. The rapid growth in labour productivity caused most of the work force to migrate into the services sector. Routine manual labour is being replaced by creative

occupations. Today, there are three or four intellectual labourers per every manual worker. The development of biotechnologies may soon bring about a revolution in agriculture.

Technological advancement deepens the globalization of the world economy - a process that has its positive and negative effects. The benefits of globalization result from the deepening of specialisation and international division of labour, leading to increased labour productivity and reduction of costs and prices. The direct consequence of such changes is accelerated economic growth and higher living standards.

At the same time, globalization is making the economies of the world more open than before. It is increasing competition for control over the global markets, thereby deepening the economic disparities and international tensions. On the other hand, globalization is also a boost for international economic partnerships.

Greater economic disparities result from the fact that most benefits of globalization are reaped by the most economically advanced and wealthy states. As a result, the differences in the per capita incomes of these states and less developed countries are increasing, making international conflicts more and more likely. At the same time, competitive advantages in a post-industrial world can be created only as a result of technological advancements. However, new technologies require massive financial and human resources, which no single state can provide on its own.

It is frequently suggested that national sovereignty is losing its significance as a factor of economic growth and that economic advancement is becoming increasingly dependent on the country's inclusion in a coalition of several states. The combined economies of those states can acquire greater autonomy and have a substantial impact on the world economy. In the industrial age, economies could remain competitive by maintaining their own scientific and technological potential. In the post-industrial age, this is no longer enough. Today, isolation inevitably leads to technological backwardness and can lead any state off the mainstream development path.

International co-operation is gaining importance, and so is the division of labour among multinational companies. The rapid advance of collaboration in science and technology is making the multinational companies, not states, the key players in the international exchange of goods and services. New industrial cycles are being built within the foreign trade system, with the national economies as their integral parts. As a result, economic frontiers are being formed in addition to the existing national borders. These frontiers divide the markets among the multinational companies, and frequently do not coincide with interstate borders. The economic capacity of many multinational companies is comparable to the GDP of some nation states. Therefore, some politicians see globalization as a threat to

national sovereignty. Despite these concerns, globalization has already become a reality and must be taken seriously.

Belarus is preparing to enter the post-industrial stage, and its economic policy is generally in line with the global trends.

Similar to most newly independent states, Belarus is faced by a number of difficult challenges as it is entering the new millennium. For a number of reasons, the countries of the former USSR have lost their once held impact on the global market and have been unable to keep the competitive advantages of their economies. Today these advantages have to be regained. As Belarus is not rich in natural resources, its economic policy should focus on one objective - to ensure that the scientific potential that Belarus has kept from the past is used with maximum efficiency. Such an approach is based on the strategy put forth by this country's leadership, which aims to build a dynamic social market economy responsive to technological advancements.

The concept of socio-economic development up until 2015, drafted in 1998, defines the transition towards a post-industrial society as a key landmark of the state's socio-economic policy. The presidential decree "On promoting the establishment and development of industries based on modern and high technologies", and the governmental instructions enacted as a follow-up to this document, have defined the key industries and technologies to be developed as a matter of priority up until 2010. Many of these technologies are critical for the post industrial society and include information and electronics, notably information and telecommunications systems, microcircuit and microsensor equipment, equipment, large integral circuits, microelectronics, computer technologies and automatic design and management systems. Other important entries on this priority list are technologies using concentrated energy flows, development of new materials applied in micro- and nanoelectronics, biotechnologies, etc.

In industrial policies, emphasis is made on the development of research-intensive industries and resource and energy efficient technologies. This approach will bring the national industry to a new stage of development, as defined by the industrial policy priorities laid out in the national industrial development programme for the period 1998 - 2015, which was approved by the president of Belarus last year. One of the targets set by this programme for the period 2006-2015 is to build an efficient manufacturing sector and prepare for the transition to a post-industrial economy.

It should be acknowledged, however, that implementing all elements of the technological policies laid out in various programmes and concepts will not be an easy task. In order to achieve at least some of the most essential goals proclaimed by these documents, Belarus will have to abandon many of the existing stereotypes of economic behaviour and

make its industry more responsive to the global technological advancements. Some parts of the Belarusian industry may have to be rebuilt completely in order to ensure their technological compatibility with the industrial world.

As seen from the programmes approved over recent years, the government fully understands that in a world which is rapidly moving towards greater integration, the isolation of any country or corporation from the global industrial links may lead to the technological degradation of the economy. However, the state industrial policy has not just been aimed at avoiding such isolation. It was also meant to protect the country from being reduced to playing a subordinate role in the global industrial links. Therefore, it was particularly important to maintain the nation's scientific potential and its capacity to develop the technologies that are critical to its economy and vital for the advancement of research-intensive industries. In the long term, this approach can not only lead to sustainable economic growth, but also promote job creation for skilled workers, extensive wealth generation, higher wages, and consequently, better living standards. In addition, research-intensive industries could become growth points in the nation's economy, as they are key to the competitiveness of its different sectors.

Owing to the protectionist policy of the state towards the manufacturing sector, Belarus has been able to maintain the leading role of its research intensive industries in the manufacturing sector. In 1998, the engineering and metal processing industries accounted for 23.1% of total industrial output. The automotive, tractor, agricultural machinery and radioelectronic sectors employed 57% of all manual and skilled workers in engineering. One-fifth of all employees in this industry are working in the electronics and radioelectronics sector. The fact that Belarus has succeeded in keeping skilled personnel in the key industries is a remarkable achievement. However, the decline in industrial output, which took place from 1991 to 1994, has led to an excess of skilled workers and engineers. As a result of this development, labour productivity in the processing industries is four to six times below that in the industrial world and two to three times lower than in the new industrial states.

By relying on domestic scientific potential, Belarus encourages the flow of progressive technologies from outside, thereby ensuring the nation's involvement in the global integration process.

On the international level, particular importance is attached to integration within the Commonwealth of Independent States.

However, despite a common history and close economic and technological ties that had formed within the former USSR, the reintegration of the newly independent states is extremely slow and inconsistent. The level of economic co-operation in the region has not gone beyond creating a free trade zone, even though the efforts to promote the intra-

CIS integration have been quite substantial. Five CIS states - Belarus, Kazakhstan, Kyrgyzstan, Russia and Tajikistan - have so far made the greatest progress in this direction. The integration between Russia and Belarus has reached an even more advanced stage.

The Union of Belarus and Russia opens great opportunities for joint programmes and initiatives leading to scientific and technological advancements. A common budget of the Union, which was first formed in 1998, will make the funding of interstate programmes in this area more reliable than before. The Union presents a unique opportunity to raise the technical level of the key industries of both countries by taking advantage of the high levels of integration between the economies of both countries. If successful, such an alliance would help both - Belarus and Russia to overcome their technological lag behind the industrial world.

Industrial finance groups involving the large companies of both countries could become an effective tool of resource mobilisation toward technological advancement. A favourable environment and legal guarantees offered for such commercial alliances contributed to their growth. Some of the largest industrial finance groups are Formash, Granit, and BelRusAvto.

A system has been created to co-ordinate scientific and technical co-operation within the CIS. Some institutions working in this area are the Interstate Committee for Scientific and Technical Development, Inter-State Scientific and Technical Council, International Association of Academies of Sciences, International Council for Scientific and Technical Information and the Inter-state Economic Committee.

The principal areas of scientific and technical co-operation within the CIS are as follows:

- Development and realisation of scientific and technical research programmes;
- Joint exploitation of unique scientific and technological facilities;
- Personnel training;
- Exchange of scientific and technical information.

Belarus is deeply involved in various co-operation projects with other countries. The basic mechanism that promotes Belarus' inclusion in the global economic system implies the participation of individual companies and government in the joint ventures. The joint ventures MAZ-Man and Ford-Union are good examples of such projects.

Belarus has chosen a difficult path of integrating into the world economic system. It has been able to avoid falling under the influence of any of the three centres of political and economic power - the United States, the single Europe, or Japan. It remains committed to promoting integration within the CIS, which, according to the Belarusian president, can become a fourth global power centre with a high degree of self-sufficiency. The success of the transition to a post-industrial stage lies in the combination of the global experience of the market system and the cultural and spiritual traditions of the Belarusian people.

Appendix

Table 1

Human Development Index								
	Life expectancy at birth (years)	Adult literacy rate (%)	Enrollment ratio for all levels (%)	Real GDP per capita (US \$)	Life Expectancy Index	Educational Attainment Index	GDP Index	Human Development Index
1993	69.2	98.3	72	4962 ^a	0.737	0.895	0.819	0.817
1994	68.9	98.4	72	4428 ^b	0.732	0.896	0.729	0.786
1995	68.6	98.5	72	4398 ^b	0.727	0.897	0.690	0.771
1996	68.6	98.6	73	5205 ^b	0.727	0.904	0.822	0.818
1997	68.5	98.6	74	5941 ^b	0.725	0.904	0.940	0.856
1998	68.4	98.7	76	6563 ^b	0.723	0.911	0.956	0.863
^a Actual ^b Expert assessment Note: 1998 per capita income in PPP dollars was estimated at \$6037, using UNDP methodology								

Table 2

Profile of Human Development											
	Life expectancy at birth (years)	Maternal mortality rate ^d	Population per doctor	Scientists and technicians (per 1000 people)	Enrollment ratio for all levels ^a	Enrollment ratio tertiary education		Daily newspapers (copies per 100 people)	Televisions per 100 people	GDP per capita (% of previous year)	GDP per capita (thousand roubles)
						Total (%) ^b	Female (%) ^c				
1990	71.1	22	247	140	74	26	27	29	32	-	4.2
1991	70.7	31	246	141	74	25	27	24	34	98.7	8.4
1992	70.3	21	242	143	73	25	26	18	34	90.0	88.9
1993	69.2	20	235	145	72	28	29	17	33	92.0	951.9
1994	68.9	19	231	144	72	29	31	19	32	87.4	1720.2
1995	68.6	14	230	142	72	33	35	14	31	89.9	11600.0
1996	68.6	22	223	144	73	36	37	12	31	103.1	17884.1
1997	68.5	26	221	150	74	38	42	14	32	111.8	34679.2
1998	68.4	28	225	159	76	41	45	15	32	108.6	64689.0
^a Students enrolled in all levels of education as % of the population aged 6-23. ^b Students enrolled in tertiary education as % of the population aged 17-18. ^c Female students enrolled in tertiary education as % of women aged 17-18. ^d per 100,000 live births.											

Table 3

Profile of Human Distress									
	Unem- ployment rate (%) ^a	Ratio of incomes of highest 20% to lowest 20% of households	Female wages (as % of male)	Average annual rate of inflation	Years of life lost to premature death (per 100000 people)	Casualties from road accidents (per 100000 people)	Intentional homicides by men (per 100000 males)	Reported rapes (per 100000 women aged 15-59)	Sulfur and nitrogen emissions (kg of NO ₂ and SO ₂ per capita)
1990	-	-	-	-	-	113	9	19	65
1991	0.05	-	-	183.5	-	113	8	17	66
1992	0.5	-	78.4	793.5	-	105	10	18	48
1993	1.4	2.8	-	617.1	-	87	13	17	40
1994	2.1	3.7	-	683.1	-	87	12	17	32
1995	2.7	3.8	79.1	268.4	-	89	13	14	26
1996	3.9	3.7	81.0	119.4	-	90	16	14	24
1997	2.8	3.7	80.8	140.1	-	86	17	15	20
1998	2.3	4.2	-	148.6	-	85	18	14	19
^a - at 31 December									

Table 4

Weakening Social Fabric									
	Priso- ners (per 100000 people)	Juveniles (as % of total prisoners)	Intentional homicides by men (per 100000 males)	Reported rapes (per 100000 women age 15-59)	Drug crimes (per 100000 people)	Divorces (as % of marriages contract- ed)	Births outside mar- riage (%)	Single female- parent homes (%)	Suicides by men (per 100000)
1990	156	4.2	9	19	4	35	8.5	13.4	34
1991	177	3.8	8	17	5	40	9.4	-	36
1992	231	3.6	10	18	8	50	9.8	-	40
1993	305	3.2	13	17	14	55	10.9	-	48
1994	363	3.1	12	17	14	58	12.1	-	53
1995	391	3.2	13	14	15	55	13.5	-	56
1996	416	2.4	16	14	20	68	14.9	-	65
1997	444	2.3	17	15	28	68	16.2	-	62
1998	496	3.0	18	14	29	66	-	-	63

Table 5

Trends in Human Development						
	Life expectancy at birth (years)	Tertiary full-time equivalent gross enrollment ratio ^a	GDP per capita (% of the previous year)	GDP per capita (thousands of roubles)	Total education expenditure (as % of GDP)	Total health expenditure (as % of GDP)
1990	71.1	17	-	4.2	4.9	3.5
1991	70.7	17	98.7	8.4	5.8	4.0
1992	70.3	17	90.0	88.9	6.6	5.3
1993	69.2	18	92.0	951.9	6.8	6.6
1994	68.9	20	87.4	1720.2	7.0	7.0
1995	68.6	22	89.9	11600.0	6.8	5.2
1996	68.6	24	103.1	17884.1	6.2	5.4
1997	68.5	24	111.8	34679.2	6.5	5.1
1998	68.4	26	108.6	64689.0	6.6	5.2

^a as % of population aged 17-18.

Table 6

Human Capital Formation									
	Secondary enrollment ratio (%) ^a	Scientists and technicians (per 10000 people) ^b	R & D scientists and technicians (per 10000 people)	Expenditure on research and development (as % of GDP)	Upper secondary graduates (as % of population of normal graduate age)	Tertiary graduates (as % of population of normal graduate age)	Science graduates (as % of total population)		
							Total	Female	Male
1990	74	140	57	2.1	91.3	20.1	46.3	30.6	63.6
1991	74	141	48	1.3	90.7	22.0	49.3	33.5	67.1
1992	73	143	30	0.9	89.3	24.6	53.5	35.0	72.9
1993	72	145	27	1.0	81.3	27.1	52.3	33.3	72.7
1994	72	144	23	0.9	79.0	24.2	52.9	37.8	69.1
1995	72	142	21	1.0	79.0	22.9	49.9	31.8	72.7
1996	73	144	21	0.9	83.2	23.1	51.5	40.4	63.1
1997	74	150	22	0.8	82.8	23.5	44.9	28.0	64.9
1998	76	159	21	0.8	86.0	24.6	40.2	24.7	58.8

^a Enrolment in secondary, vocational and upper secondary institutions as a proportion of the total population aged 6 to 23.

^b Persons with specialised secondary and tertiary education employed in the public sector (at 31 December).

Table 7

Status of Women										
	Life expectancy at birth (years)	Average age at first marriage (years)	Maternal mortality rate (per 100000 live births)	Secondary net enrollment ratio ^a	Upper secondary graduates (as % of females of normal graduate age)	Tertiary full-time equivalent gross enrollment ratio (%) ^b	Tertiary natural and applied science enrollment (as % of female tertiary)	Women in labour force (as % of total labour force)	Administrators and managers (% of females at 31 December)	Parliament (% of seats occupied by women)
1990	75.6	22.0	22	99.6	93.9	16.5	13.7	54.4	-	4.0
1991	75.5	21.9	31	98.8	94.7	16.5	13.2	54.4	-	4.0
1992	75.4	21.8	21	95.5	92.0	16.3	12.1	53.6	-	4.0
1993	74.4	21.7	20	95.7	83.1	17.7	12.2	53.5	39.3	4.0
1994	74.3	21.7	19	93.3	79.2	20.3	9.1	53.9	42.6	4.0
1995	74.3	21.6	14	84.6	79.2	22.7	9.9	54.5	43.5	4.0
1996	74.3	22.9	22	95.2	84.2	22.2	11.2	53.6	44.6	14.0
1997	74.3	22.1	26	91.2	76.6	25.1	7.8	53.4	45.5	14.0
1998	74.4	22.1	28	91.5	86.2	26.9	8.6	53.1	45.5	13.5
^a Of females aged 14 - 15.										
^b Of females aged 17 - 18.										

Table 8

Female-Male Gaps								
	Life expectancy at birth	Population	Secondary enrollment	University full time equivalent enrollment	Natural and applied science enrollment	Labour force	Unemployment	Wages ¹
1990	114	113.1	108	94	95	119	-	-
1991	115	112.9	111	94	94	120	401	-
1992	116	112.7	108	88	88	115	438	78.4
1993	117	112.6	106	94	92	115	197	-
1994	117	114.2	101	100	95	117	176	-
1995	118	114.2	102	106	98	120	180	79.1
1996	119	113.0	103	88	86	115	176	81.0
1997	118	114.0	98	110	51	115	199	80.8
1998	119	114.4	98	108	51	113	200	-
¹ at December								
Note: All figures are expressed in relation to the male average, which is indexed to equal 100. The smaller the figure the bigger the gap, the closer the figure to 100 the smaller the gap; and a figure above 100 indicates that the female average is higher than the male average.								

Table 9

Health Profile											
	Years of life lost to pre-mature death (per 1000 people)	Deaths from common diseases (as % of all causes)	Deaths from malignant cancers (%)	AIDS/HIV		Alcohol consumption (litres per adult) ^a	Adult smokes (% of population)		Population per doctor	Public expenditure on health (as % of total public expenditure)	Total expenditure on health (as % of GDP)
				HIV-infected people	AIDS cases		Male	Female			
1989	-	90.1	16.6	12	-	-	-	-	246	-	-
1990	-	83.2	16.0	14	-	5.7	-	-	247	7.4	3.5
1991	-	80.1	15.7	12	-	6.3	-	-	246	9.8	4.0
1992	-	79.9	16.1	21	-	6.1	-	-	242	10.7	5.3
1993	-	80.3	14.6	10	8	7.9	-	-	235	11.0	6.6
1994	-	80.2	14.5	5	7	7.1	52.8	3.0	231	13.1	7.0
1995	-	80.3	14.5	8	7	6.7	54.8	3.6	230	14.9	5.2
1996	-	80.4	14.2	1021	6	7.3	54.7	4.6	223	17.3	5.4
1997	-	81.3	14.2	653	2	7.7	53.4	4.8	221	15.2	5.1 ^b
1998	-	78.6	14.2	554	4	7.2	54.9	4.6	226	14.1 ^c	5.2 ^c
^a Pure alcohol per capita.											
^b At public expense.											
^c Public expenditure on health and physical education.											

Table 10

Education Profile										
	Enrollment ratio for all groups (% age 6-23)	Upper-secondary full time equivalent gross enrollment (%)	Upper-secondary technical enrollment (as % of total upper secondary)	19-year-olds still in full-time education (%)	Tertiary full-time equivalent gross enrollment ratio (%)	Tertiary natural and applied science enrollment (as % of total tertiary)	Expenditure on secondary education (as % of all levels)	Public expenditure per tertiary student (PPP\$)	Total education expenditure (as % of GDP)	Public expenditure on education (as % of GDP)
1990	74	-	-	-	17	64	-	-	4.9	4.4
1991	74	-	-	-	17	63	-	-	5.8	4.5
1992	73	-	-	-	17	60	-	-	6.6	5.3
1993	72	-	-	-	18	58	-	-	6.8	5.9
1994	72	-	-	18	20	48	-	-	7.0	5.9
1995	72	-	-	19	22	47	-	-	6.8	5.5
1996	73	-	-	20	24	40	-	-	6.2	6.1
1997	74	-	-	19	24	32	-	-	-	6.5
1998	76	-	-	20	26	34	-	-	-	6.6

Table 11

Communication Profile												
	Including cable radios (per 100 people)	Televisions (per 100 people)	Annual cinema attendance (per person)	Annual museum attendance (per person)	Registered library users (%)	Daily newspapers (copies per 100 people)	Book titles published (per 100000 people)	Printing and writing paper (per capita)	Letters posted (per capita)	International telephone calls (minutes per capita)	Telephones (per 100 people)	Motor vehicles (per 100 people)
1990	34	32	11	0.4	47	29	28	-	29	-	17	5.7
1991	35	34	9	0.3	46	24	24	-	27	-	18	6.2
1992	35	34	5	0.2	44	18	23	-	22	-	19	6.7
1993	33	33	3	0.3	44	17	28	-	16	-	19	7.2
1994	33	32	2	0.3	43	19	32	-	15	-	20	8.2
1995	32	31	1	0.3	43	14	31	-	13	-	21	8.8
1996	31	31	1	0.3	43	12	37	-	13	-	23	9.8
1997	31	32	1	0.3	43	14	52	-	13	6.1	24	10.7
1998	30	32	1	0.3	44	15	60	-	12	6.3	25	12.2

Table 12

Employment										
	Labour force (as % of total population)	Percentage of labour force in:			Future labour force employment ratio	Earnings per employee annual growth rate	Earnings disparity: ratio of earnings of upper half to lower half of labour force	Percentage of labour force unionised	Weekly hours of work per person in manufacturing	Expenditure on labour market programmes
		Agriculture ^a	Industry	Services						
1990	53.2	19.5	30.9	37.3	-	-	-	-	-	-
1991	52.0	19.0	31.2	38.3	-	-	-	-	-	-
1992	50.3	20.4	30.5	38.4	-	-	-	-	-	-
1993	49.8	20.1	29.6	40.9	-	-	-	-	-	-
1994	48.6	19.5	29.0	42.8	-	-	-	-	-	0.2
1995	45.9	19.7	27.6	44.9	-	-	-	-	-	0.3
1996	46.1	18.0	27.5	46.3	-	-	-	-	-	0.4
1997	45.9	17.4	27.6	46.9	-	-	-	-	-	-
1998	45.5	17.0	27.6	47.3	-	-	-	-	-	-
^a Including forestry.										

Table 13

Unemployment												
	Unem- ployed persons (thou- sands) ^a	Unemployment rate (%)					Unemploy- ment bene- fits expen- diture (as % of total govern- ment expendi- ture)	Incidence of long- term unemployment (as % of total) ^b		Regional unem- ployment disparity (25% worst regions versus 25% best)	Ratio of unemployment rate of those not com- pleting secondary school to rate of those with complete secondary education	
		Total	Total including discour- aged workers	Female	Youth (15-24)	Male youth (15-19)		More than 6 months	More than 12 months		Males	Females
1990	-	-	-	-	-	-	-	-	-	-	-	-
1991	2.3	0.05	-	0.06	-	-	-	-	-	-	-	-
1992	24.0	0.5	-	0.7	-	-	-	-	-	-	-	-
1993	66.3	1.4	-	1.6	-	-	0.04	28.3	3.8	-	-	-
1994	101.2	2.1	-	2.4	-	-	0.2	30.9	9.4	-	-	-
1995	131.0	2.7	-	3.3	-	-	0.1	26.4	15.7	-	-	-
1996	182.5	3.9	-	4.6	-	-	0.1	35.4	15.4	-	-	-
1997	126.2	2.8	-	3.4	-	-	0.2	31.0	24.5	-	-	-
1998 ¹	105.9	2.3	-	2.9 ¹	-	-	-	26.2	18.7	-	-	-
^a At 31 December. ^b Period of unemployment. ¹ Estimate.												

Table 14

Wealth, Poverty and Social Investment								
	GDP per capita (% of previous year)	GDP per capita (thousands roubles)	Share of industrial GDP (%)	Income share		Social secu- rity benefits expenditure (as % of GDP) ^a	Total edu- cation expenditure (as % of GDP)	Total health expenditure (as % of GDP)
				Lowest 40% of households	Ratio of highest 20% to lowest 20% of house- holds			
1990	-	4.2	38.2	-	-	8.2	4.9	3.5
1991	98.7	8.4	40.3	-	-	10.9	5.8	4.0
1992	90.0	88.9	38.5	-	-	13.1	6.6	5.3
1993	92.0	951.9	29.0	26.4	2.8	13.7	6.8	6.6
1994	87.4	1720.2	27.9	23.4	3.7	12.4	7.0	7.0
1995	89.9	11600.0	28.3	23.5	3.8	14.8	6.8	5.2
1996	103.1	17884.1	30.7	24.1	3.7	11.3	6.2	5.4
1997	111.8	34679.2	31.1	23.9	3.7	-	6.5	5.1
1998	108.6	64689.0	31.1	22.6	4.2	-	6.6	5.2
^a Public expenditure on social support.								

Table 15

Urbanisation								
	Urban population (% of total)	Urban population annual growth rate (%)	Population in largest cities ^a (as % of urban)	Population in cities of more than 1 million (as % of urban population)	Population in cities of more than 1 million (% of total population)	Major cities with highest population density		Population exposed to 60+ decibels of road traffic noise (%)
						Population (thousands)	Population per km ²	
1990	66.2	1.8	62.7	23.8	15.7	-	-	16.2
Minsk	-	-	-	-	-	1606	7283	-
Brest	-	-	-	-	-	267	5643	-
Vitebsk	-	-	-	-	-	354	4803	-
Gomel	-	-	-	-	-	502.7	4511	-
Grodno	-	-	-	-	-	276	3458	-
Mogilev	-	-	-	-	-	360	3500	-
1991	67.0	1.2	62.7	23.8	15.9	-	-	16.2
1992	67.6	1.0	62.7	23.7	16.0	-	-	16.2
1993	67.9	1.1	62.6	23.7	16.1	-	-	16.2
1994	68.2	0.7	65.3	23.6	16.1	-	-	16.2
1995	68.6	0.3	65.1	23.6	16.2	-	-	16.2
1996	68.9	0.2	65.1	23.6	16.3	-	-	16.2
1997	69.3	0.3	65.2	23.7	16.4	-	-	16.2
1998	69.8	0.5	64.1	24.0	16.8	-	-	16.2
1999	70.3	0.5	67.5	24.2	17.0	-	-	-
Minsk	-	-	-	-	-	1729	6727	-
Brest	-	-	-	-	-	300	6250	-
Vitebsk	-	-	-	-	-	367	4406	-
Gomel	-	-	-	-	-	515	4518	-
Grodno	-	-	-	-	-	309	3226	-
Mogilev	-	-	-	-	-	371	3747	-
^a Cities with a population of 100,000 or more. Note. At 1 January								

Table 16

Demographic Profile									
	Estimated population (thousands) ^a	Annual population growth rate (%)	Total fertility rate	Fertility rates over time (1992 as % of 1960) ^b	Contraceptive prevalence rate (%)	Dependency ratio	Population aged 60 and over (%)	Life expectancy at age 60 (years)	
								Male	Female
1990	10211.4	0.6	1.959	71	-	-	16.3	15.8	20.2
1991	10212.5	0.1	1.796	65	-	-	16.7	15.5	20.1
1992	10232.9	0.2	1.750	63	-	-	16.9	15.4	20.3
1993	10297.8	0.6	1.607	58	-	-	17.3	14.6	19.4
1994	10319.4	0.2	1.514	55	-	-	17.4	14.6	19.3
1995	10297.2	-0.2	1.386	50	-	-	17.5	14.3	19.5
1996	10264.4	-0.3	1.316	47.6	-	-	17.7	14.2	19.3
1997	10236.1	-0.3	1.223	44.2	-	-	18.3	14.0	19.4
1998	10203.8	-0.3	-	-	-	-	-	-	-
^a Resident population at 1 January. ^b Total fertility rate in 1958-1959 = 2.764.									

Table 17

Natural Resources Balance Sheet									
	Land area (thousand km ²)	Population density (persons per km ²)	Arable and permanent cropland (as % of land area)	Grasslands (as % of land area)	Forest and wooded land (as % of arable land area)	Irrigated land (as % of arable land area)	Internal renewable water resources per capita (1000 m ³ per year)	Annual fresh water withdrawals	
								As % of water resources	per capita (m ³)
1990	207.6	49	30.1	15.2	35.6	2.4	8.3	3.4	281
1991	207.6	49	30.1	15.2	35.7	2.3	7.6	3.7	283
1992	207.6	50	30.2	15.1	35.7	2.2	6.0	4.5	266
1993	207.6	50	30.1	15.0	39.6	2.1	7.5	3.4	256
1994	207.6	50	30.7	14.3	39.7	2.0	8.7	2.7	236
1995	207.6	50	30.7	14.3	39.9	2.0	6.7	3.0	204
1996	207.6	50	30.7	14.2	40.1	1.8	7.2	2.6	186
1997	207.6	49	30.4	14.4	40.1	1.9	7.2	2.6	188
1998	207.6	49	30.4	14.4	40.3	1.9	7.4	2.4	181

Table 18

Environment and Pollution										
	Sulfur and nitrogen emissions (kg of SO ₂ and NO ₂ per capita)	Share of global emissions (greenhouse index)		Pesticide consumption (metric tons per 1000 people)	Nuclear waste from spent fuel (metric tons per km ²)	Hazardous and special waste production (metric tons per km ²)	Generation of municipal waste (kg per capita)	Population served by municipal waste services (%)	Waste recycling (as % of total waste) ^a	
		Absolute share (%)	Per 10 million people						Paper and cardboard	Glass
1990	65	-	-	-	-	-	281	-	77.2	85.4
1991	66	-	-	-	-	-	296	-	77.9	83.1
1992	48	-	-	-	-	-	287	-	68.9	72.3
1993	40	-	-	-	-	-	270	-	67.9	38.9
1994	32	-	-	-	-	-	256	-	76.4	77.3
1995	26	-	-	-	-	-	253	-	76.2	71.6
1996	24	-	-	-	-	-	243	-	76.9	75.4
1997	20	-	-	-	-	-	245	-	77.7	62.7
1998	19	-	-	-	-	-	252	-	78.1	70.9
^a As % of total resources										
The major cities with the highest concentration of sulphur dioxide in 1998 were Orsha (12 microgrammes per m ³), Gomel and Mozyr (10 microgrammes per m ³ each).										

Table 19

National Income Accounts												
	Total GDP (billion roubles)	Agricultural production (as % of GDP)	Industrial production (as % of GDP)	Services (as % of GDP)	Consumption		Gross domestic investment (as % of GDP)	Gross domestic savings (as % of GDP)	Tax revenue (as % of GDP)	Central government expenditure (as % of GDP)	Exports (as % of GDP)	Imports (as % of GDP)
					Private (as % of GDP)	Government (as % of GDP)						
1990	42.9	22.9	38.2	27.9	47.3	23.7	26.8	29.0	25.0	33.0	46.3	44.1
1991	86.6	20.0	40.3	27.5	46.4	21.0	29.2	32.6	21.0	28.0	37.0	33.6
1992	917.0	22.3	38.5	26.9	51.1	15.4	32.0	36.0	27.0	34.0	59.8	58.3
1993	9858.7	16.7	29.0	39.5	58.0	17.8	41.0	25.8	30.0	43.0	66.1	82.9
1994	17814.5	13.1	27.9	43.2	60.2	20.1	32.9	19.4	31.0	40.0	70.9	84.1
1995	119813.1	15.2	28.3	40.0	60.4	19.3	25.1	20.9	25.0	33.0	50.0	54.8
1996	184173.9	13.5	30.7	38.5	59.5	19.9	24.5	21.0	24.0	30.0	48.3	52.2
1997	356079.3	12.1	31.1	36.8	56.8	20.3	26.7	23.1	-	-	61.1	67.4
1998	662369.9	10.2	31.1	36.8	58.8	19.5	26.1	-	-	-	60.8	67.6

Table 20

Trends in Economic Performance								
	Total GDP		GDP per capita annual growth rate (%)	Average annual rate of inflation (%)	Exports (as % of GDP)	Tax revenue (as % of GDP)	Direct taxes (as % of local taxes)	Overall budget surplus/deficit (as % of GDP)
	Billion roubles	Annual growth rate (%)						
1990	42.9	-	-	-	46.3	25.0	42.4	-
1991	86.6	-1.2	-1.3	183.5	37.0	21.0	51.2	-
1992	917.0	-9.6	-10.0	793.5	59.8	27.0	41.1	-2.0
1993	9858.7	-7.6	-8.0	617.1	66.1	30.0	46.7	-5.6
1994 ^a	17814.5	-12.6	-12.6	683.1	70.9	31.0	46.5	-3.6
1995	119813.1	-10.4	-10.1	268.4	50.0	25.0	57.3	-2.8
1996	184173.9	2.8	3.1	119.4	48.3	24.0	52.0	-2.0
1997	356079.3	11.4	11.8	140.1	61.1	-	-	-2.3
1998	662369.9	8.3	8.6	148.6	60.8	-	-	-1.1
^a Including local currency denomination.								

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