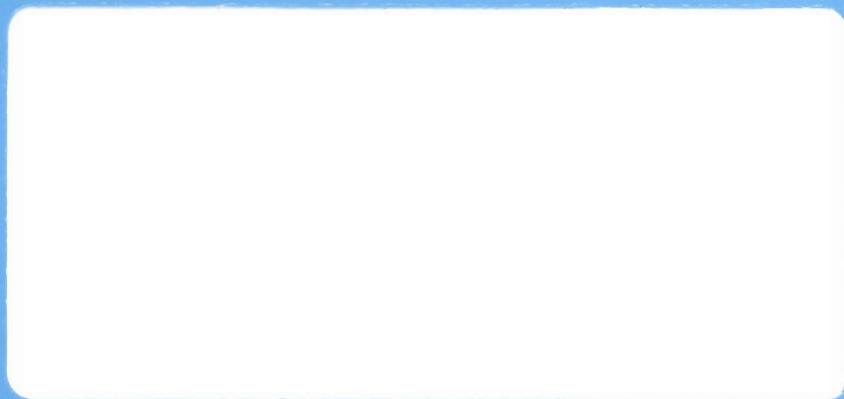




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**ECONOMIC REFORMS AND FAMILY WELL-BEING  
IN BELARUS: CAUGHT BETWEEN  
LEGACIES AND PROSPECTS**

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## EXECUTIVE SUMMARY

The Republic of Belarus is an industrially developed country with good human resources. Nonetheless, the transition to a market-oriented economy has been accompanied by complex and painful socioeconomic processes. Between 1990 and 1994, GDP fell 36 percent, and in real terms the monetary income of the population dropped 21 percent. In 1994 real wages and salaries stood at only 53 percent of the 1990 level.

Social policy in Belarus in 1988-90 displayed all the shortcomings typical of the Soviet social policy system. In fact, there was only one basic strategy: the provision of material support for the needy through numerous channels, including various direct and indirect subsidies. These subsidies distorted the profile of supply and demand. Moreover, social policy tended not to favour rural residents, young people, the handicapped, women and families with many children.

The emerging political and economic realities of the late 1980s and early 90s put serious reform on the agenda. In 1990-1 the groundwork was laid for market reforms. However, the Government approach was quite inconsistent. From January 1992 to July 1993 the Government employed populist policies to guide a "soft" transition to the market. Unfortunately, the Government's economic policies largely mirrored those being pursued in Russia, where the initial economic conditions (and therefore the results of policy) were anything but similar. There was little effort at reform from July 1993 to July 1994, and the quality of life among the population fell as production dropped and hyperinflation set in. In September 1994 a new programme of strict economic measures was adopted.

Social policy has turned out to be the weakest link in the chain: it has simply not been able to keep up with the rapid political and economic changes, the development of democratic institutions and the spread of informal democratic practices. Thus, for example, the drop in real incomes and the increase in the prices of food products have fostered unbalanced diets among many types of families, especially low-income families, one-parent families and families with two or more children. Moreover, the leniency of past Government policies in such areas as labour relations, household income support, unemployment benefits and social security allowances may yet yield negative results, including chronically high unemployment rates.

Demographically, the reaction to the economic crisis has been expressed through an absolute decrease in the size of the population and considerable changes in the typical composition of families, in reproductive behaviour and in mortality and migration rates.

Low real household incomes, problems in the health care sector, the drop in the quality of typical diets, inferior sanitary and hygienic conditions, inadequate housing and the adverse ecological situation are among the factors which have had a negative influence on the health status of the population, particularly children.

Meanwhile, crime is getting "younger". The number of crimes committed by minors or with the complicity of minors climbed by 53 percent between 1989 and 1994.

Unfortunately, in the rapidly worsening economic environment, the reforms have contributed to disarray in the entire economy and a general deterioration in the quality of life among the population. Standard indicators of the state of health care, education and family well-being are growing bleak.

Overall, the crisis in economic and social development appears to be the natural outcome of a lengthy, rather dangerous application of conjectural, opportunistic and populist short-term measures directed at the survival of the economy and the maintenance of national security within a context of rigid internal and external budgetary limitations.

The step-by-step approach to reform ought to be abandoned for a comprehensive course based on a clear definition of property rights, the development of the private sector and of market infrastructure, and the establishment of a system of social protection which can meet the needs of the most economically vulnerable.



## **I. BACKGROUND AND INITIAL CONDITIONS**

### **The Land**

The Republic of Belarus is situated in northeastern Europe, in the watersheds of the Baltic Sea and the Black Sea. It has a surface area of 207,600 square kilometres (around 80,150 square miles), which represents about 2 percent of the territory of Europe. The Republic stretches 650 kilometres from west to east and 560 kilometres from north to south. Belarus is larger than many Western and Central European countries, including Austria, Belgium, Bulgaria, the Czech Republic, Denmark, Greece, Hungary, Portugal and Slovakia.

Belarus shares its 2,969 kilometres (about 1,845 miles) of border with Latvia, Lithuania, Poland, Russia and Ukraine. The borders are situated mostly on flat terrain, which is conducive to good land and water linkages and the development of strong economic ties with neighbouring countries.

The Republic is in the eastern part of the Eastern European Plain. The average height above sea level is 160 metres (around 525 feet). The highest point, Mount Dzerzhinskaya, is 345 metres above sea level, and the lowest, the valley of the Nyoman River in Grodno Province, is 80-90 metres above sea level.

Belarus enjoys a moderate climate. In 1994 the average annual temperature was 6.6 degrees centigrade (about 44 degrees Fahrenheit), with a high of 36 degrees (97 degrees Fahrenheit) and a low of -34 degrees (-29 degrees Fahrenheit). Average annual precipitation is 644 millimetres (25.4 inches).

The country has over 20,000 rivers; the aggregate length is approximately 91,000 kilometres (about 56,560 miles). The longest rivers are the Black Sea basin rivers—the Dnieper and its tributaries: the Berezina, the Pripyat and the Sozh—and a Baltic basin river, the Nyoman. The rivers are used for transportation and as sources of drinking water and energy. Belarus also has around 11,000 lakes, which are concentrated in the North around Vitebsk and northwest of Minsk. The largest lake is the Naroch, which is in the North, in Minsk Province. Mineral springs in various parts of the country yield waters of varying chemical compositions; most have medicinal qualities.

Covering about 36 percent of the total territory of the Republic, forests are a natural feature of the country. Coniferous trees predominate, accounting for two-thirds of the total forested area, including pines (56 percent) and firs (9 percent). The forests are an important

factor in water conservation. They are rich in mushrooms, berries and medicinal plants and are home to many varieties of wild animals and birds.

The flora and fauna of the Republic are preserved and studied in a system of nature reserves and national parks. The largest are the Belovezha Forest National Nature Reserve, the Berezina Biospheric Reserve, the Pripjat Landscape and Hydrological Reserve and the Polesye Radiation and Ecological Reserve. Belovezha Forest National Park alone provides a habitat for about 300 species of animals, including European bison, roe deer, European elk, otter, badger, ermine, beaver, and a multitude of birds.

### **The Government and the People**

The highest legislative body of the Republic is the Supreme Council; members are elected by the people. On 27 July 1990 the Council adopted the Declaration of State Sovereignty, and in March 1994 it passed a new Constitution, which states that Belarus is a "unitary, democratic, social, legal state". According to the Constitution, the president is the head of state and chief executive.

Belarus is divided into six provinces, which are further broken down into 118 rural regions, 102 cities, 109 urban settlements, 25 urban districts, and 1,452 rural counties. Minsk, the capital of the Republic, is a separate administrative and territorial unit.

Minsk has 1.7 million inhabitants. Altogether, 22 cities have a population of more than 50,000 people, including seven cities with 100,000 to 200,000 inhabitants and seven cities with over 200,000 inhabitants. The total population of the country is 10.3 million people, 68 percent of whom live in cities and urban settlements, while 32 percent reside in rural areas. About 80 percent of the population are Belarusian nationals. The population density is 50 per square kilometre. In terms of population, the Republic is larger than, for example, Austria, Belgium, Bulgaria, Denmark, Finland, Greece, or Sweden.

Females account for 53 percent of the total population, and under-15-year-olds for 24 percent. The proportion of the population of working age (16 to 59 for men and 16 to 54 for women) is 55 percent. For every 1,000 people who are gainfully employed, 330 have completed specialized secondary education or higher university education. Women represent 51 percent of the entire workforce. Thirty-nine percent of all economically active women have finished specialized secondary education or higher university education; the corresponding figure for men is only 28 percent.

## **The Economy**

The advantageous economic and geographical position of the Republic, the highly skilled workforce, the existence of some mineral deposits (for instance, potassic salts), the large forests, ample water supply, and favourable soil and climate all meant that by the end of the 1980s Belarus firmly occupied a leading place among the republics of the former USSR in economic development and the quality of life of the population. The economic success of the Republic occurred despite the sad fact that twice during this century the Belarusian people have had to rebuild the country, first following World War I and the subsequent civil war and then again after World War II.

According to an assessment of the UN Development Programme (*Human Development Report 1994*, New York: Oxford University Press), the Republic of Belarus is an industrially developed country with good human resources.

The economy of the Republic benefits from a mature industrial sector, a diversified agricultural sector, an advanced social infrastructure and an extensive transportation network.

At the beginning of 1994 the total length of public roads was 50,500 kilometres (about 31,360 miles), of which 49,500 kilometres, or 98 percent, were hard surfaced. The aggregate length of public rail lines in use was 5,600 kilometres, including 900 kilometres of electric railway. There were 2,600 kilometres of inland waterways. The total length of major oil pipelines was 2,900 kilometres, and of major gas pipelines, 5,000 kilometres.

The country's industrial and agricultural products enjoy wide popularity and generate significant demand not only in home markets, but also abroad. Important products include heavy trucks, tractors, farm machinery, machine tools, electronic devices, television and radio receivers, refrigerators, motorcycles and bicycles, watches, cameras, potassium fertilizers, synthetic fibres, tires, windowglass, furniture, fabrics, clothing and knitwear, footwear, flax yarn, and dairy and meat products. Excluding trade with the Baltic states and the countries of the Commonwealth of Independent States, total foreign trade was worth approximately \$1.8 billion in 1994.

The transition to a market-oriented economy has been accompanied by complex and painful socioeconomic processes. Since the beginning of 1991 and especially during the last two years alarming symptoms have begun to appear in Belarus that are comparable to those prevalent in other countries in transition. In 1994 shortages in fuel and energy supplies emerged. The rapidly rising prices for fuel and energy products have been mainly responsible

for high inflation rates and the resulting crisis in domestic markets. Between 1990 and 1994, GDP fell 36 percent, and in real terms the monetary income of the population dropped 21 percent. In 1994 real wages and salaries stood at only 53 percent of the 1990 level.

The negative economic trends brought on a decrease in employment levels. At the end of 1994 there were 101,200 registered unemployed; this was 2.1 percent of the labour force.

The bad economic situation is further aggravated by the fact that the Government must direct over 10 percent of its expenditures toward overcoming the consequences of the Chernobyl disaster. Twenty percent of the territory of the country has been contaminated by radioactive fallout; in early 1994 the affected area had a population of 1.8 million people (18 percent of the total population), including 498,000 under-14-year-olds. In the nine years since the accident 60,000 people have been moved from the area.

### **Social Policy during the Last Years of Socialism**

Social policy in Belarus in 1988-90 displayed all the shortcomings typical of the Soviet social policy system which had evolved during the years of the establishment of socialism in the USSR, even though Belarus was always considered one of the most well developed Soviet republics. Social policy consisted essentially of ad hoc measures which were undertaken by the central Government and which were intended to increase the well-being of certain groups in society, a sort of emergency treatment for citizens who found themselves in difficult conditions. In fact, there was only one basic strategy: the provision of material support for the needy through numerous channels, including direct and indirect subsidies for food, goods used by children and the elderly, housing, education, health care, and cultural activities and recreation. These subsidies distorted the structure of supply and demand.

The social policy approach was characterized by the paternalist attitude of the Government, the rigid, central role of the Government in the distribution of wealth and in the realization of social rights by individuals, and a financing system based firmly on the Government budget.

Even though, in theory, certain social rights were universal, in practice they depended on an individual's status and place of employment. Indeed, many of these so-called "social guarantees" were no more than empty words. Meanwhile, the achievement of full employment (the main "right" being that of each person of working age to a job) was often in conflict with the actual needs and efficiency requirements of the productive sector. Social

programmes were aimed primarily at solving the problems of urban residents, while the interests of rural populations were frequently either undermined, or simply disregarded. Likewise, social policy did not reflect a consideration of the interests of young people, the handicapped, women and families with many children.

The basic elements and mechanisms of social policy consisted mostly of central Government measures directed at raising the well-being of households through the use of outmoded methods of maintaining and employing public social funds, as well as conservative labour legislation. The system was entirely devoid of consistency; in certain areas it contradicted sound principles for the radical restructuring of an economic and social framework and ignored emerging trends in the composition of households.

Major social sector requirements, like housing, education, health care and professional training, were satisfied exclusively through public social funds. This limited the need for growth in household incomes, and the Government therefore pursued a policy of restricting such growth. Thus, labour costs remained low, and wages tended to cover only recurrent household expenses, such as outlays for clothing, footwear and food. Low wages meant that there were few incentives for one to engage in highly productive labour, demonstrate initiative, or develop an entrepreneurial spirit. They also meant that scientific and technical innovation, the substitution of manual labour by automation, and improvements in the production environment were economically infeasible.

The labour laws in force in 1988-90 had not been designed to protect the interests of workers during the period of transition to a market economy. They did not furnish sufficient guarantees against unemployment, offer material support to the unemployed, or provide protection tailored to the increasing numbers of workers in the emerging private sector. Instead, their purpose was to maintain full employment. They concentrated on flat income distribution. Active reliance on public social funds allowed many workers to draw wages based not so much on labour input, as on mere physical presence at the workplace. Unregistered employment was a widespread phenomenon.

The centralized approach to social policy both in terms of specific measures and in terms of the sources of funding rendered meaningless the principle according to which an individual must *earn* an income and generate material wealth. This had a negative effect on, for example, the skill-level of workers in public services like health care, education and preschool care.

The resource base for "social protection" was inadequate. Central Government measures aimed at raising the well-being of the population had the lowest priority relative to other areas in the financing of social programmes. There were clearly not enough resources to offer material support to those who were unable to care for themselves. Pensions and allowances were fixed at a low level and could not cover the growing needs of households.

In 1990 about 5 percent of the population had incomes under 125 roubles per month. This placed them below the poverty line. Fifty percent of these people were members of families with many children; 30 percent were members of young one-parent families, and 20 percent were pensioners. At that time the Government provided substantial subsidies for the production of essential goods and some other consumer products, enabling it artificially to keep prices low for such items and thereby conserve the purchasing power of the population.

The lack of proper focus and "systemic" and comprehensive approaches, compounded by the low priority assigned to the funding of social protection, resulted in a number of important discrepancies and defects in the social sector, including the following.

- The very high labour-force participation rate among women (84 of every 100 women were working) and the poorly developed service sector combined to make the average woman's life much more strenuous. Women had to spend approximately 33 hours per week performing household chores.

- The level of education among the population was rising: one of every four economically active individuals had completed secondary or higher university education). Meanwhile, because of changes on the labour market, job-skill requirements were tending to become less complicated: every third worker in industry, every second worker in construction and three of every four workers in agriculture were performing manual tasks which did not require special qualifications.

- Though the number of doctors per 10,000 population was high (45 in 1990), the curative care available and the state of health of the population were relatively poor.

- Measures to protect the environment and prevent ecological degradation should have been enhanced. One-fourth of the Republic's environmental protection facilities were working beyond capacity. Thirty-eight percent of the total arable land needed to be protected or restored, and urban areas were expanding; many rivers were in critical condition.

- Demand for housing was high, but there was a housing shortage, and the quality was poor. In early 1990, 600,000 families in cities and urban settlements (28 percent of all families) were on waiting lists for apartments. About 140,000 families were living in rundown

housing. The average housing surface area per person was 17.9 square metres (about 193 square feet): 15.5 square metres in cities and 22.6 square metres in the countryside.

Because retail prices had been stable for so long, the centralized income policy of the Government that was directed primarily at income growth among low-income households gave rise to several negative trends, including the following.

- The material well-being of "fixed-income" (which in fact meant "middle-income") categories of the population deteriorated. This affected teachers, doctors, scientists, engineers and technical personnel, workers in "cultural" areas, and middle management.

- Because the salaries of managers had not changed in almost 20 years, they did not reflect the actual complexity of the work involved. This resulted in severe problems in the recruitment of qualified management.

- The prestige of skilled labour fell drastically. The wages of nonskilled workers were rising more rapidly than were the salaries of skilled and even highly skilled personnel.

In the late 1980s and early 90s it became evident that the social policy model of the time was out of tune with emerging political and economic realities, such as the changed role of the "centre" in managing social and economic development, the redistribution of resources and responsibilities, the widening of the spectrum of rights and opportunities to which the republics of the (eventually "former") USSR were entitled, transformations in the nature of "ownership", and the slide of new national economies toward crisis and the accompanying fall in the volume of production, rising inflation and growing unemployment. Existing social policies were not adequate to tackle these problems. This put "serious reform" on the agenda.

## II. THE MARKET REFORMS OF 1990-4

It may be helpful to view the general economic, political and social reform process in Belarus in terms of "stages". During the first stage, 1990 to 1991, the groundwork was laid for market reform. The inconsistency of the measures undertaken by the Government at this time was similar to that evident during the Ryzhkov-Pavlov period in Russia.

The second stage of reform, January 1992 to July 1993, was characterized by a "soft" transition to the market that was highlighted by the populist policies of the Government. During this stage the Government's economic policies largely copied the policies being

pursued in Russia. Unfortunately, both the initial economic conditions and the consequences of those policies were anything but similar in the two countries.

The third stage, July 1993 to July 1994, was notable for an absence of market reforms, a plunge in the quality of life among the population, an avalanche-like drop in production, and hyperinflation.

The current stage began in July 1994, with the election of a president and the formation of a new Government.

### **Systemic Reforms**

In early 1990 Belarus undertook systemic reforms, and the course was set for the transition to a market-oriented economy. In October an initial Government programme for the transition was developed and approved by the Supreme Council. The first priority was to implement the extraordinary measures needed to stabilize the economy. It was necessary to overhaul the financial system, strengthen the monetary system, maintain sound economic relations, protect the domestic market, introduce temporary rationing measures, reinforce market structures, and supply the domestic market with goods and services. The programme placed an accent on independence in economic undertakings, including the formation of domestic sources of credit, the development of budgetary and tax systems and the establishment of locally based foreign-trade facilities.

The transition period was expected to last two years, from the fourth quarter of 1990 to the fourth quarter of 1992. However, this initial transition programme relied on a set of uncoordinated measures and an unrealistic assessment of the situation. Moreover, it did not embrace a mechanism for effecting market transformations. Several important areas, including the development of entrepreneurial activities, structural modifications and the creation of market infrastructures, were completely ignored. As a result of these drawbacks and the worsening socioeconomic crisis, the newly won sovereignty of the Republic and other political events, and the practical impossibility of carrying out many of the projected measures in such a short time, this initial programme was abandoned.

A new programme to stabilize the economy and offer social protection to the population was then adopted in May 1991. Unlike its predecessor, this second programme was designed to foster entrepreneurial activities, eliminate monopolies, favour the establishment of a competitive environment and build up market infrastructures.

Unfortunately, it also incorporated contradictory measures, possessed no clearly defined goal and was to be implemented through old command-economy administrative methods. Consequently, this new programme was abandoned even before any concrete initiatives had been undertaken.

Overall, 1990 and 1991 were unsuccessful years in terms of practical reforms. On the other hand, as the transition programmes were being developed, a legislative framework aimed at supporting the reform process was also evolving. The legislative and regulatory milestones of 1991 included statutes defining the economic and political independence of the Republic, laws on privatization, and constitutional amendments establishing the right of private ownership over the means of production, including land.

Meanwhile, the Government was pursuing a price liberalization policy which was relatively cautious compared to corresponding policies in the neighbouring countries of the Commonwealth of Independent States. Indeed, given a small time lag, price dynamics in Belarus were a clone of the price changes in Russia. In 1991 industrial enterprises were allowed to set contracted prices for their products if the raw materials and parts used in the manufacturing process had been purchased at contracted prices, too. Prices fixed by the Government were used in other cases. A plan for the liberalization of retail prices involved a step-by-step approach, whereby Government fixed prices were to be gradually replaced by market prices for all but essential goods and services.

The establishment of new financial institutions proceeded in a rather vigorous manner at this stage. A two-tier banking system was created in which the top tier is represented by the National Bank, while the second tier consists of commercial banks. Several dozen insurance companies were established in 1991. In January 1993 the Belarusian Stock Exchange was inaugurated, and the first trading sessions were conducted.

The market transition implied the necessity to develop and implement measures to prevent a sharp decline in the quality of life among the population and assure the existence of adequate social protection. Thus, the Supreme Council adopted laws in December 1990 to index incomes for inflation and in May 1992 to regulate employment.

The law on employment led to the creation of a public employment service to provide free professional training and retraining, free job agency services and free information on labour market demand and to offer compensation to eligible people who incur financial loss while moving to new jobs. In order to furnish employment insurance coverage and finance

other relevant measures, an employment fund was also instituted. The fund is nourished through revenues from a 1-percent payroll tax levied on all enterprises and organizations.

A retail price system reform launched in April 1993 led to the approval of a batch of new laws that accomplished the following.

- A rise in wages and salaries and, simultaneously, partial tax relief for individuals.
- An increase in scholarships, pensions and other social allowances.
- A boost in allowances for residents in areas affected by the Chernobyl disaster.
- The introduction of allowances for families with children to offset an upswing in the prices for children's goods.
- The establishment of a system to compensate people for the depreciation of their savings deposited with the Russian state savings bank.

Another legislative package in the area of social protection that was approved by the Supreme Council included laws on minimum wages and salaries, on guaranteed incomes, on collective bargaining agreements and on social security.

These laws opened up new approaches in social policy. This was particularly evident in income policy, where the reform presupposed that the payment of wages and salaries would be the responsibility not of central Government agencies, but of enterprises; the only requirement was that wages should exceed the legally guaranteed minimum wage.

In the former Soviet Union, Belarus was one of the republics most closely integrated into the overall socialist economic system. It was thus severely affected by the dissolution of the USSR (December 1991) and the subsequent breakup of economic ties. Moreover, because it does not possess deposits of strategic raw materials, the country ran into considerable difficulties when foreign trade regulations began to change, and the relative prices for imported raw materials, especially energy, started to catch up with world market prices. In addition, the conspicuous absence of monetary and credit discipline or of any agreements on the coordination of monetary and credit policies in the "rouble zone" precipitated huge inflation in Belarus.

The Government attempted to cushion the blow and halt the drop in production and the deteriorating quality of life among the population by directly managing the national economy. To maintain the purchasing power of wages and allowances, price rises for basic consumer goods were controlled.

The Government was not eager to apply structural changes. Most notably, legislation to regulate privatization was constantly being stalled. In early 1993 some limitations were

imposed in the areas of taxation, the budget and credit, but these were softened later in the year when negative social repercussions appeared, probably because of the fall in production.

Even though a number of important reforms was implemented in 1992 and 1993, especially in matters of trade and foreign exchange, these two years were marked by reliance on orthodox economic management methods. The top priority was the cementing of close economic ties with other countries in the rouble zone. This was necessary to prevent further declines in trade, production and quality of life. The Government was therefore more concerned to strike economic cooperation agreements with Russia than to accelerate market reforms and achieve financial stability.

In July 1993 new rouble banknotes were introduced in Russia, thus creating a barrier between that country and the massive flow of old rouble notes that had been flooding in from the other former republics of the USSR. Simultaneously, the Government in Belarus pulled old roubles out of circulation. Gradually, the notes of the National Bank of Belarus became the only legal tender in the Republic; the National Bank issued a decree to that effect on 18 May 1994.

The Government proposed to rescue the economy by signing a treaty with Russia (April 1994) providing for the eventual union of the monetary systems of the two countries and then by forming an economic union with Russia. It assumed that an economic union would offer Belarus access to cheap raw materials and would help reestablish the old economic ties. However, this did not take into consideration the inevitability of price increases in Russia in order to match world market prices. This necessarily entailed similar price rises in Belarus.

The economic system created in 1990-3 remained almost unchanged in 1993-4. Until 1994 the practice of assuring the supply of goods and services through inter-republic agreements was still in place. The distribution of resources through commodity exchanges accounted for only an insignificant fraction of total trade. For instance, in 1993 only 10,000 tons of oil were sold on the Minsk Exchange, the largest exchange in Belarus, although the annual consumption of oil in the country was 16 million tons. As a result around half of the 30 exchanges founded in Belarus had to close.

Social policy from mid-1993 to mid-1994 was limited to six individual increases in the minimum wage, the disbursement of allowances and compensatory payments, and an insignificant effort at indexation that barely affected the level of real incomes. The

Government adopted many populist measures, including price controls for basic food items, in order to stop further deterioration in the quality of life of the population.

Politics became very animated during 1994. In March the Supreme Council adopted a new Constitution, which established the office of president. The presidential election race began. The political activities of parties and movements reached fever pitch. The elections took place in July, and Alyaksandr Lukashenko became the first popularly elected president of Belarus. A new Government was formed; the structures of power underwent a series of transformations, and ministries were completely reorganized.

The aims of the new Administration included the establishment of a "socially oriented market economy" and the pursuit of an independent economic policy. (By this time the impracticality of a Russian-Belarusian monetary and economic union had become apparent.) A programme of strict economic measures was therefore developed; it was adopted by the Supreme Council in September 1994.

The programme is directed primarily at stabilizing output, reining in the inflation rate, maintaining the quality of life and social protection of the population and preventing mass unemployment and pauperization. This was to be achieved by the following.

- The normalization of financial, monetary and credit systems, the pursuit of a flexible price policy which does not rely on Government subsidies, and improvements in financial efficiency throughout the economy.

- The normalization of foreign economic relations, further liberalization of foreign trade activities, and the stabilization of trade, the balance of payments and the exchange rate of the national currency relative to foreign currencies.

- Tighter linkages between incomes and productivity and a greater focus in social policy on support for the neediest and the most vulnerable members of society.

- Better enforcement of Government regulatory measures and improved management of the economy.

- Greater stability in selected sectors of the economy.

The programme is now being implemented, and it is too early to examine results; indeed, some parts of the programme have not yet been initiated. Nonetheless, conditions have begun to change. The decline in production has slowed; there has been some foreign investment, and the inflation rate has partially decreased. Progress has been made in institutional reform and privatization. The Government has liberalized prices. In preparation

for the legislative elections in spring 1995, new parties were appearing, and "old" parties and political movements were active throughout the country.

The following overall conclusions may be drawn concerning general economic, political and social changes in Belarus in 1990-5. For a long time a noticeable feature of the country has been the conservatism of political and economic elites, as well as among the population. Belarus has demonstrated the least resolve among the former republics of the Soviet Union to commit itself to thoroughgoing economic reform and the transformation of social institutions in line with a market economy. This can be accounted for by the comparatively good social and economic situation in the country both before and immediately after the dissolution of the USSR. The decision was initially taken to embark on a course of slow, gradual reform. However, the earlier relative advantage quickly dissolved, and in the meantime, negative economic phenomena had come into play. These phenomena are especially conspicuous in a comparison of Belarus with Russia or the Central European and Baltic countries, all of which are economically and geographically similar to Belarus.

Social policy has turned out to be the weakest link in the chain: it simply could not keep up with the rapid political and economic changes, the development of democratic institutions and the spread of informal democratic practices.

### **Institutional Reform and Privatization**

Institutional and structural reform has proceeded slowly in Belarus and has therefore not significantly influenced the living standards of the population. Many questions remain on land ownership, privatization and inheritance laws. Few laws are geared to stimulating the development of the private sector, the share of which in the economy is very low in Belarus relative to the situation in other former republics of the USSR: only 5 percent compared to 12 percent in Kazakhstan, 20 percent in Azerbaijan, Moldova and Ukraine, and 40 percent in Armenia, Lithuania and Russia.

There has been a formal declaration recognizing the right of private ownership, but this has not been accompanied by the identification of mechanisms to realize this right. For example, privatized shopkeepers do not usually own the shops in which they conduct their business, since the right of private ownership does not extend to the land on which privatized enterprises are physically located. Contractual arrangements do not exist between enterprises and investors, or between owners and non-owners. The Government policy

approach toward property rights is subject to change without notice. The recent property law is vague, contradicts other domestic legislation, as well as international law, and does not outline clear procedures concerning rights and remedies.

Even the basic legislative foundations contain glaring gaps and loopholes. For example, in 1991-2, when privatization originally became possible because of a provisional regulation adopted by the Council of Ministers, the right to purchase was first offered to the personnel of the companies to be privatized. Thus, 50 very important enterprises were privatized mainly by transforming them into so-called "people's enterprises", that is, by assigning them to the personnel of the enterprises. However, the sale prices for these enterprises were calculated not according to the market, but according to the assets of these enterprises as gauged through an examination of the account books of the enterprises themselves. This meant that many large companies were sold for very little.

Following a public reaction against this approach to "privatization" and the corruption which accompanied it, an ad hoc parliamentary commission was established to investigate the issue. In mid-1992 privatization was suspended through a decree of the Supreme Council pending the adoption of a new law, which was finally approved only in January 1993.

Henceforth, the accent shifted to "popular" or "voucher" privatization, by which each adult receives a number of "privatization cheques" to exchange for shares issued following the restructuring of state-owned enterprises and their conversion into joint stock companies. However, this type of privatization was not clearly defined. It therefore occurred only at enterprises where privatization had been initiated before the adoption of the new law. As before, preference was assigned to the personnel of the enterprises to be privatized. By mid-1993 only one of 53 nationally prominent enterprises had been purchased by an individual.

In October 1993 a new regulatory framework was instituted, giving impetus to further privatization.

In all, 308 municipal-level and 76 national-level enterprises were privatized in 1991-3. In late 1993 these companies employed only 2.1 percent of the total labour force.

A jump in the rate of privatization was planned for 1994. One-fifth of all Government assets were scheduled to change hands. The basic approach was supposed to rely on the transformation of small- and medium-sized companies into open joint stock companies. The jump was only on paper, however. Even those enterprises in which the Government was the actual owner were deemed to have been privatized. On 1 August 1994 the average holding of the Government in the assets of large enterprises was about 90 percent; yet, these

enterprises were still considered private companies. Moreover, even this nominal privatization slowed in 1994, mainly because of the resistance represented by the collectivist outlook of the majority of the leaders and the population.

The Supreme Council, in adopting the law on privatization, was focusing more on principles of equity and justice, rather than on the creation of an efficient economy. This is the reason one-half the assets of each enterprise is supposed to be transferred to new owners practically gratis under the voucher system. However, the complicated nature of voucher privatization has rendered the preparations for privatization unnecessarily difficult. The first vouchers were issued only in April 1994, though the privatization law had been passed in January 1993. Up to November 1994 no regulations existed on voucher auctions, and the auctions were postponed until 1995. Consequently, this approach to privatization has so far been a cul-de-sac. By November 1994 only 5 percent of the eligible population had received vouchers, and only 12 percent of these people had used the vouchers to invest in enterprises.

By the end of 1994 about 90 percent of all property was still under Government control. This has had repercussions on the already difficult macroeconomic situation. Given the delays and the problems, it seems only natural that privatization has not had an influence either on the quality of life of the population, or on overall socioeconomic conditions.

### **III. SOCIOECONOMIC CHANGES DURING THE 1990-4 REFORM PERIOD**

Economically and socially, Belarus was one of the most prosperous republics in the former Soviet Union. It occupied a leading position among the 15 republics in many indicators of socioeconomic development. It was fourth in national income per capita, third in industrial production, second in agricultural production, first in total retail trade and volume of for-a-fee services and third in life expectancy, and it had the second lowest under-5 mortality rate. In 1994 Belarus ranked 40th among the 173 countries included in the human development index of the UN Development Programme and was considered to benefit from a high level of human development. Among the former republics of the USSR, Belarus was below only Russia and the Baltic states in this respect.

### **The Economy**

Industry and agriculture occupy the leading positions in the economy. In 1990 Belarus accounted for only 3 percent of the total population of the USSR, but it represented 4 percent of the national income, 4 percent of total industrial output and 6 percent of total agricultural output. Belarus was popularly known as the "assembly line" of the Soviet Union. It manufactured 10 percent or more of all Soviet tractors, motorcycles, television sets, refrigerators, woollen fabrics, footwear, and chemical fibres and fabrics, and it produced 4 percent of the eggs and over 7 percent of the meat, milk, butter and potatoes of the USSR.

Beginning in 1991, shortly after the onset of the market transition, the problems in the Belarusian economy began to accumulate. Because it had been highly integrated into the economic system of the USSR, the country was extremely dependent on supplies of energy, raw materials, spare parts, consumer goods and many other products from former Soviet republics, especially Russia. Up to 70 percent of the fuel and raw materials it required had to be imported from the former Soviet republics. Likewise, major markets for Belarusian products were situated outside the country. Belarus exported 32 percent of its output in chemicals and petrochemicals, 53 percent of its output in machinery and machine tools, 31 percent of its light industrial products and 29 percent of its food industry products.

Another difficulty was the significant reliance of the economy on the production of military equipment. Because of this bias, the country lagged in the production of consumer goods and other products designed to satisfy the needs of the people and make their lives easier, more productive and materially and spiritually richer and more fulfilling.

Belarus was plagued by environmental problems caused primarily by large-scale chemical and petrochemical production and the existence of vast cattlebreeding compounds which, as a rule, were not equipped with adequate waste processing systems. A bad situation was made even worse by the Chernobyl disaster, which contaminated 20 percent of the territory of the country with radioactive fallout. As much as 10 percent of annual Government expenditure has gone to the cleanup effort.

Finally, the Belarus economy exhibited all the shortcomings of a centralized command-management system: lack of decisionmaking skills at lower administrative levels, absence of effective incentives to assure steady increases in productive efficiency and an exaggerated emphasis on Government priorities, interests and goals at the expense of the needs of individuals.

By 1994 the rapid growth in the prices of fuel, raw materials and energy had generated high inflation rates and a crisis in production. The extent of the economic problems become manifest with a glance at changes in selected indicators over 1990-4 (Table 1).

Table 1: INDEX OF SELECTED MACROECONOMIC INDICATORS  
(1990 = 100, 1991-4)

	1991	1992	A: 1993	B: 1994	B/A
GDP	98.8	89.3	79.8	64.0	80.0
Industrial output	99.0	89.7	80.7	65.1	80.7
Agricultural output	95.1	87.0	90.3	77.3	85.6
Construction	100	87.5	72.0	59.0	74.0
Freight transport	97.8	79.8	62.8	46.6	74.2
Passenger transport	95.7	88.7	84.3	69.8	82.9
Capital investment	104.1	74.2	63.4	47.5	74.9
Total retail trade	91.9	71.7	61.5	50.4	82.0
Gainfully employed population	97.5	94.9	93.7	89.8	95.9

Source: Ministry of Statistics and Analysis.

The 20-percent drop in GDP between 1993 and 1994 (the largest such drop in the previous four years) can be largely accounted for by a 19-percent decline in industrial output, the largest single component of the economy. The most seriously affected sectors were the production of construction materials (down 32 percent) and light industry (down 20 percent). Overall, the production of consumer goods fell by 16 percent between 1993 and 1994.

Agricultural output faded as well. A 23-percent decrease in crop production and a 6-percent slump in cattlebreeding were registered in 1993-4. The quality and quantity of fixed assets in the farming sector are deteriorating at an alarming rate.

The wind-down in production was exacerbated by waning capital investment, which shrank by 25 percent in 1993-4, generating a 26-percent plunge in the volume of construction by entities of all sorts.

The cumulative effect of rising inflation was one of the most negative phenomena of 1990-4. This can be demonstrated by a comparison of GDP deflators which measure the aggregate average annual growth in prices. This indicator stood at 203 percent in 1991, 1,178 percent in 1992, 1,270 percent in 1993 and 2,447 percent in 1994. Government credit policy,

the growth in nominal incomes and the fees for public services and goods (especially fuel) contributed significantly to rising inflation.

The plummeting exchange rate of the Belarusian rouble remains a destabilizing factor. Owing to certain steps taken by the National Bank of Belarus and the Government that were directed at the liberalization of the foreign exchange market and the promotion of foreign economic activities, in early 1995 the exchange rate was adjusted and then stabilized. Unfortunately, however, there is no guarantee that this is anything more than a temporary solution, since the causes of the weakness of the rouble still exist. One cause is the unfavourable balance in trade and balance of payments. In 1994 the external trade deficit reached 187 billion roubles (\$50.8 million at the average weighted exchange rate for 1994). The negative balance was due mainly to the deficit in trade with Russia.

The deterioration in the traditional economic ties of Belarus began with the declaration of economic reforms in the former USSR. Steps taken by the relevant authorities in the Soviet Union were ineffective in hindering the deterioration, which became particularly rapid following the dissolution of the USSR and the onset of the transition to a market-oriented economy. The Belarusian Government sought to maintain a viable national economy by developing bilateral relationships with republics of the former Soviet Union. This initiative helped prevent a more dramatic skid in production. Other countries of the former USSR began experiencing more serious drops in production as far back as 1991-2. This is demonstrated by data on GDPs (Table 2).

The dependence of Belarus on the other countries of the former Soviet Union for fuel and energy became a very acute issue at this time. The flow of fuel and energy into Belarus

Table 2: PERCENTAGE INDEX OF GDPs IN SELECTED FORMER SOVIET REPUBLICS  
(In Percentages Of The GDP Of The Previous Year, 1991-4)

	1991	1992	1993	1994	1994 as % of 1990
Belarus	99	90	89	80	64
Russia	87	81	88	85	53
Ukraine	88	86	86	80	52
Lithuania	87	66	75	100.6	43
Latvia	92	66	80	100.6	49
Estonia	88	68	98	97	57

Source: Ministry of Statistics and Analysis.

slowed significantly due to rapid price increases. As a result, by 1994 the output of domestic oil refineries had fallen to 14 percent of the level in 1990. The corresponding figures for primary petroleum products and the production of automobile fuel and petroleum products for the chemical industry were 32 percent, 40 percent and 29 percent, respectively. Electric power generation decreased by 21 percent between 1991 and 1994.

Tumbling demand and the soaring prices for raw materials led to cuts in the output of chemical products, machine tools and light industrial products. The output of mineral fertilizers plunged by 50 percent, from almost six million tons to just under three million tons; of chemical fibres and threads, by 52 percent, from 453,200 tons to 217,300 tons; of metal-cutting machinery, by a factor of 2.5; of industrial presses, by a factor of more than six; of heavy trucks, by 51 percent, from 42,000 to 21,300 units; of tractors, by 57 percent, from 100,700 to 42,900 units, and of fodder harvesters, by a factor of seven, from 9,503 to 1,429 units. The output of many important consumer goods also dwindled. For instance, the production of cotton fabrics fell by a factor of 3.4; of woollen fabrics, by a factor of 2.4; of carpets and rugs, by a factor of 2.3; of leather footwear, by a factor of 1.8; of colour television sets, by four times, and of bicycles, by more than one-half. The production of food items fell by 37 percent, mainly because of a decline in the output of meat, cheese, food oils and margarine and because of erosion in imports of fodder.

In the agricultural system of the former USSR, Belarus specialized particularly in the production of flax, potatoes and livestock products. There was a number of huge cattlebreeding compounds. Soviet central authorities annually allocated about four million tons of fodder to Belarus, in exchange for which Belarus provided meat and dairy products. The amount of meat supplied for other Soviet republics by Belarus reached as high as 340,000 tons per year, or around one-third of the Belarusian output. The amount of dairy products furnished exceeded two million tons annually, or over 30 percent of the local output. When the allotments of fodder were discontinued, cattlebreeding slacked off. This led to a decrease in work for processing plants for meat and dairy products. Between 1990 and 1994 the large-scale production of meat products fell by 47 percent, from 889,100 tons to 474,900 tons; of butter, by 54 percent, from 159,100 tons to 73,600 tons, and of cheese, by 47 percent, from 65,000 tons to 34,600 tons. The export of livestock products practically stopped. In 1994 the country exported 29,700 tons of meat, or about 6.3 percent of domestic output, and 210,300 tons of dairy products, or around 6 percent of local output.

The situation was made even worse by the "mutual nonpayment crisis". In order to preserve production levels, it was quite common for enterprises to agree to replace direct payments by other arrangements, such as bartering, or the maintenance of foreign exchange reserves in bank accounts in the importing countries because of exchange rate problems and other difficulties. These arrangements eventually led to rapid growth in the "mutual" debts among enterprises within Belarus and to steady accumulation in the external debt of Belarus, owed mainly to Russia for energy and fuel supplies. In early 1995 the debt of Belarusian companies to enterprises in the Commonwealth of Independent States stood at 5.8 trillion roubles, while enterprises in the former republics of the USSR owed Belarusian enterprises 1.9 trillion roubles. Taking into account the "mutual" debt of Belarusian companies, the aggregate amount owed by Belarusian "debtors" was 18.2 trillion roubles, and the aggregate debt owed to Belarusian "creditors" was 24 trillion roubles, while GDP was only 20.3 trillion roubles. The negative balance between debtors and creditors reached 5.4 trillion roubles, which meant that major producers in Belarus were actually incurring losses.

Production costs grew quickly because of high price increases, especially for fuel and energy. In the cost structure of enterprises, the share of production costs rose from 75 percent in 1990 to 84.9 percent in 1994, including the boost in the cost of fuel and energy from 5 percent to 35.7 percent (Table 3). This and the plunge in output caused many enterprises to run short of working capital. The share of profits in sales fell from 17 percent to 14 percent. At the same time, the share of wages and salaries in costs dropped from 13.3 percent in 1990 to 5.1 percent in 1994, and the share of depreciation fell from 9.4 percent to 0.9 percent.

Table 3: ENTERPRISE COSTS AND PROFITS  
(In Billions Of Roubles At Current Prices, 1990 And 1994)

	1990	1994	% Change
Sales	4.2	25,352.6	6,036
Costs	3.0	19,813.7	6,605
Production costs	2.3	16,821.8	7,314
Depreciation	0.3	178.3	594
Wages and salaries	0.3	1,010.5	3,368
Profits on sales	0.7	3,444.4	4,921

Source: Ministry of Statistics and Analysis.

The situation was similar in other branches of the economy. Thus, by 1994 Government budget revenue had gone up by a factor of 17.9, while inflation jumped by a factor of 23.2, and GDP (at current prices) climbed by a factor of 19.5. The erosion in efficiency in industrial production, especially in terms of profitability and the share of value added, was clearly undermining the revenue base of the Government budget and was thereby also cutting into the funding for branches of the economy financed through the Government budget.

The major importance of foreign trade in the economy can be explained by the structure of production and by the practice in the former USSR of relying on Belarus to supply certain products to the other republics. In 1990, exports of mineral fertilizers accounted for 73 percent of local output, 38 percent going to the Commonwealth of Independent States (CIS) and 35 percent to other countries. Of the total production of tires for heavy trucks and agricultural machines, 73 percent was exported. The corresponding figure for trucks was 91 percent; for tractors, 96 percent; for road-construction and road-maintenance machinery, 94 percent; for refrigerators and freezers, 85 percent; for television sets, 77 percent; for carpets and rugs, 73 percent, and for light industrial products and wood processing products, 30 to 40 percent.

Belarus imported petroleum, gas, metal, timber, cement, and various raw materials and spare parts.

In 1990 the balance in trade with CIS countries was positive, reaching 2.3 billion roubles. Exports to these countries were valued at 17.2 billion roubles, while imports from the CIS cost 14.9 billion roubles. Exports to non-CIS countries were worth 1.8 billion roubles, while imports cost 4.9 billion roubles, leading to a negative balance with these countries of 3.1 billion roubles. Total exports therefore amounted to 19 billion roubles, and total imports to 19.8 billion roubles, for a negative overall balance in trade of 0.8 billion roubles.

By 1994 the value of exports to CIS countries had dropped by a factor of 17, while imports from these countries had fallen by a factor of 12 (Table 4). For trade with non-CIS countries, the corresponding figures were 3.6 and 13. The balance in trade with CIS countries was a negative 1.5 trillion roubles, while the figure for non-CIS countries was a positive 1.3 billion roubles. The overall balance was a negative 187 billion roubles, or about 1 percent of total external trade.

Table 4: SELECTED ECONOMIC INDICATORS  
(1990-4)

	1990	1991	1992	1993	1994
Total unemployed (000s)	--	2.3	24.0	66.3	101.2
As % of total employed	--	0.05	0.5	1.4	2.1
Real monetary income per capita (% of previous year)	--	101.2	80.0	115.0	85.0
Average real monthly wage (% of previous year)	--	104.0	87.6	93.9	65.7
Consumer price index (% of previous year)	--	194.1	1,070.8	1,290.2	2,321.0
GDP (% of previous year)	--	99.0	90.0	89.0	80.0
Total retail turnover (% of previous year)	--	92.0	78.0	86.0	78.0
Government revenue (roubles, billions)	15	26	296	362	6,493
Government expenditure (roubles, billions)	14	24	314	417	7,109
Budget deficit (roubles, billions)	--	--	18	55	616
Deficit (% of GDP)	--	--	2	5	3
Revenue (% of GDP)	--	--	--	34.9	32.0
Total external trade (roubles, billions)	--	--	1,093.9	1,294.2	20,262.2
Exports	--	--	551.8	589.0	10,037.6
Imports	--	--	542.1	705.2	10,224.6
Balance	--	--	9.7	-116.2	-187.0
Total trade with CIS (roubles, billions)	--	--	772.1	758.5	13,689.9
Exports	--	--	366.3	330.7	6,092.1
Imports	--	--	405.8	427.8	7,597.8
Balance	--	--	-39.5	-97.1	-1,505.7
Total trade with non-CIS (roubles, billions)	--	--	321.8	535.7	6,572.3
Exports	--	--	185.5	258.3	3,945.5
Imports	--	--	136.3	277.4	2,626.8
Balance	--	--	49.2	-19.1	1,318.7
Total capital investment (% of previous year)	--	104	71	85	75
Production	--	104	60	87	69
Nonproduction	--	104	93	84	83

Source: Ministry of Statistics and Analysis.

### The Quality of Family Life

The total monetary income of the population as a percentage of GDP was 58 percent in 1990, 44 percent in 1993, and an estimated 59 percent in 1994. However, during the same period GDP decreased by almost one-half, and the inflation rate in 1993-4 was high and climbing. Despite social protection measures undertaken by the Government, this resulted in a deterioration in standards of living, especially among the poor. It also led to a drop in real income per capita and a rapid rise in the number of people whose income was at or below

the poverty line, the so-called "minimum consumer budget", or MCB (Table 5). These adverse changes have strongly affected especially those segments of the population that receive support through the Government budget or social protection funds.

Table 5: MONETARY INCOMES AND THE "MINIMUM CONSUMER BUDGET"  
(1990-4)

	1990	1991	1992	1993	1994
A: Per capita monthly income (roubles)	199	386	3,298	49,130	97,065*
B: Per capita monthly MCB (roubles)	125	247	2,068	32,106	90,039*
B/A	62.8	63.9	62.7	65.3	92.8
People w/incomes at or below MCB (total, 000s)	510.0	1,340.1	1,448.4	2,551.0	5,485.3
% of total population	5.0	13.1	14.0	24.6	53.0

Source: Ministry of Statistics and Analysis.

\* Adjusted for currency changes.

The structure of monetary incomes underwent considerable change between 1990 and 1994. The share of the wages and salaries of workers, collective farmers and Government employees in total monetary income dropped from 73 percent in 1990 to 53 percent in 1994, and the share of revenue from the sale of agricultural produce decreased from 5.3 percent to 3.6 percent. At the same time, the share of pensions and allowances rose from 14.3 percent in 1990 to 16.2 percent in 1994. In 1990 the share in total income of income from entrepreneurial activities and income from sources in addition to primary employment was a very insignificant 1.7 percent. By 1994 the share had reached 24.3 percent of total monetary income.

Thus, three main sources of income accounted for 90 percent of the total monetary income of the population: wages and salaries, income from entrepreneurial activities and sources other than primary employment, and pensions and allowances.

While nominal monetary income jumped by a factor of 4,900 between 1990 and 1994 and by a factor of 19.4 between 1993 and 1994, the respective figures for wages and salaries were 3,500 and 16.4; for pensions and allowances, 5,700 and 22, and for entrepreneurial sources of income, 12,200 and 32. Between 1990 and 1994 the rate of growth of income from entrepreneurial activities was two times higher than the rate of growth in the aggregate consumer price index; the relevant gap in these two growth rates over 1993-4 was 38 percent.

The Government price liberalization policy, the cut in Government subsidies for the production of basic food items and the price increases for the raw materials, fuel and energy used in production all generated soaring prices for consumer goods and services, especially over 1993-4 (Table 6).

Table 6: THE AGGREGATE PERCENTAGE CONSUMER PRICE INDEX  
(In Percentages Of The Relevant Figures For The Previous Year, 1991-4)

	1991	1992	1993	1994	% Change, 1990-4
Food items	220	1,176	161	2,584	10,700
Nonfood items	202	1,022	1,018	2,018	4,200
Alcoholic beverages	126	986	1,074	2,392	3,200
Services	169	923	1,539	2,284	5,500
Aggregate	194	1,071	1,290	2,321	6,200

Source: Ministry of Statistics and Analysis.

As a result of the downturn in the volume of production, the increase in prices and the policy pursued by the Government to prevent mass unemployment, real monetary incomes dropped by 21 percent between 1990 and 1994, while real wages and salaries sank by 47 percent. In 1990 the minimum wage was 26 percent of the average wage; by 1994 the corresponding figure was only 10 percent.

Income gaps among the population became more and more pronounced because of the slump in production, the emergence of forms of ownership other than state ownership and the inadequacy of the legislative framework. Household statistics show that among families in 1990 the average income of the highest income decile was three times greater than the average income of the lowest income decile; by 1994 it was five times greater. The six lowest income deciles received 47.3 percent of total family income in 1993, but only 41.5 percent in 1994.

Under the influence of the general economic situation and because of the ebb in real incomes, the profile of consumer spending has changed considerably. Between 1990 and 1994 the share of family expenditure on clothing, home appliances and other nonfood items fell from 47 percent to 28 percent, and family expenditure on services dropped from 12 percent

to 10 percent; savings as a percentage of total income decreased from 10 percent in 1990 to 1.5 percent in 1994.

Food takes up the largest share of family expenditure. The average family used 33.7 percent of total consumption outlays on food in 1990; by 1994 the share was 57 percent. Food took up 60 percent of the income of families in the lowest income decile; for families in the highest income decile the figure was 48 percent. Because the prices for food have grown more quickly than have incomes, families have gradually raised their consumption of cheaper but less nutritious foods (Table 7). The consumption of meat and fish products, eggs and fruit has declined, while the consumption of relatively cheaper milk and dairy products, potatoes and bread has increased (Table 8). The average annual calorie intake per family member in 1994 was 2,929 kilocalories, that is, about the same as the average in 1990 (2,959 kilocalories); meanwhile, the allowance recommended by the Food Hygiene Institute of the Ministry of Health is 3,200 kilocalories.

The typical food items consumed by families differ depending on family size and composition. In 1994 the average consumption of meat and meat products per family member among families with four or more children under 16 years of age was 52.9 kilogrammes, which is 14.6 kilogrammes (22 percent) less than the average among all families (Table 9). The

Table 7: PRICE CHANGES FOR BASIC FOOD ITEMS  
(In Percentages Of The Relevant Prices For The Previous Year, 1991-4)

	1991	1992	1993	1994	% Change, 1990-4
Bread and cereals	245	1,451	1,367	2,830	13,700
Pork	237	1,535	2,317	2,091	17,600
Beef	292	981	2,210	2,373	15,000
Poultry	169	1,214	2,311	2,187	10,400
Milk	204	919	1,425	4,614	12,300
Butter	227	1,293	1,796	2,197	11,600
Eggs	203	1,443	1,626	2,318	11,000
Sugar	259	1,772	1,877	1,804	15,500
Potatoes	514	520	386	1,873	1,900
Vegetables	254	798	658	3,316	4,400
Fruit	224	1,115	884	5,094	11,200

Source: Ministry of Statistics and Analysis.

Table 8: PROFILE OF AVERAGE ANNUAL FAMILY FOOD CONSUMPTION AND EXPENDITURE (1990-4)

	Consumption (kg per family member)		Change between 1990 & 1994 ("+" or "-")		% of Total Food Expenditure		
	1990	1994	kg	%	1990	1994	% Change
Meat and meat products	84.8	67.5	-17.3	-20.4	28.5	30.5	+7.0
Milk and dairy products	432.3	457.6	+25.3	+5.8	14.2	12.1	-14.8
Eggs (number)	240	220	-20	-8.3	2.5	3.5	+40.0
Fish and fish products	15.3	5.1	-10.2	-66.7	3.4	3.6	+5.9
Sugar*	26.4	28.0	+1.6	+6.1	10.9	12.6	+15.6
Oil and other fats	4.8	4.9	+0.1	+2.1	1.7	3.2	+88.2
Potatoes	116.8	141.0	+24.2	+20.7	1.7	1.2	-29.4
Vegetables	73.3	68.0	-5.3	-7.2	8.6	4.3	-50.0
Fruit	46.1	40.1	-6.0	-13.0	8.2	4.4	-46.3
Bread and pastry	102.9	115.0	+2.1	+11.8	14.5	15.7	+8.3

Source: Ministry of Statistics and Analysis.

\* Including confectioner's sugar.

corresponding figure for the consumption of eggs was 168 eggs, which is 24 percent fewer than the average. On the other hand, the consumption of potatoes was 48 percent higher and of bread and pastry 59 percent higher than the average.

In families in the lowest income decile, the consumption of eggs, meat and meat products, vegetables, and milk and dairy products was 25 percent less per family member than that in average families; the consumption of fruit was 33 percent less than the average;

Table 9: THE PROFILE OF ANNUAL FOOD CONSUMPTION BY SELECTED TYPES OF FAMILIES (In Kilogrammes Per Family Member, 1994)

	Average	Lowest Income Decile	Highest Income Decile	w/Four or More Children	One-parent, w/Three Total Members	w/Income ≤ the MCB*	Average, w/Four Members**	"MCB Standard", w/Four Members**
Meat and meat products	67.5	50.0	79.0	52.9	60.2	64.1	60.8	48.4
Milk and dairy products	457.6	347.6	433.5	453.8	519.3	446.2	443.1	440.2
Eggs, items	220	167	240	168	211	215	197	342
Fish and fish products	5.1	1.7	6.4	5.4	5.3	4.6	4.9	14.3
Sugar, including confectioner's sugar	28.0	23.1	43.2	27.4	31.1	26.8	27.7	24.6
Oils and other fats	4.9	1.9	5.3	4.5	5.1	4.6	4.4	8.9
Potatoes	141	196	135	209	124	142	127	123
Vegetables	68.0	50.7	73.9	63.3	63.1	65.5	63.2	110.5
Fruit and berries	40.1	26.8	51.2	29.1	40.4	37.1	38.0	99.1
Bread and pastry	115	192	194	183	110	114	109	164
Memo item: Average monthly income***	59.8	20.7	115.6	25.2	49.8	49.5	51.7	90.0

Source: Ministry of Statistics and Analysis.

\* The poverty line, the so-called "minimum consumer budget". \*\* The four members include two under-16-year-olds. \*\*\* In thousands of roubles per family member.

of oils and other fats, 260 percent less, and of fish and fish products, 300 percent less. Meanwhile, the consumption of bread and pastry was 170 percent greater and of potatoes 39 percent greater than the average.

An average four-member family with two under-16-year-olds had a monthly income in 1994 of 51,700 roubles per family member, which is around 38,000 roubles less than the "minimum consumer budget" for this type of family. The actual per-member food consumption of such a family differed from the norms embodied in the MCB. For example, the consumption of vegetables, eggs, and oils and other fats was only 49-58 percent of the MCB level, while that of fruit and fish and fish products was 34-8 percent, and of bread and pastry, 67 percent of the MCB amount. The annual per-member consumption of milk and dairy products in such a family was 443 kilogrammes, which was around the MCB level, while that of meat and meat products was 60.8 kilogrammes, which was 11.8 kilogrammes (28 percent) more than the MCB norm.

Thus, the drop in real incomes and the increase in the prices of food products favoured unbalanced diets among many types of families, especially low-income families, one-parent families and families with two or more children. The food typically consumed by the members of such families contains too few vitamins and minerals and too much animal fat and starch. Undoubtedly, if this exposure to poorly balanced and inadequate diets continues for an extended period, it could result an overall deterioration in the health of the population, but especially children.

### **The Social Security System**

Government support for families with children is provided through a system of allowances. In accordance with the law regulating this system, all families with under-3-year-olds are eligible for a monthly allowance equal to 120 percent of the minimum wage. Similar allowances linked to over-3-year-olds are disbursed according to family income and the age of the child. This type of support is offered mainly to low-income families whose aggregate per capita income is equivalent to two or three minimum wages.

Since January 1995 two sets of allowances have been offered to families with children.

1. *One-time allowances.*

- A 90,000-rouble childbirth allowance. A separate allowance is paid for each child if

two or more children are born. (The minimum wage is 60,000 roubles; at an exchange rate of 11,500 roubles per dollar, 90,000 roubles is equivalent to \$7.80.)

- A 45,000-rouble pregnancy allowance for expectant mothers who have registered with a maternity clinic before the 12th month of pregnancy.

2. *Monthly allowances.*

- A 36,000-rouble childcare allowance so that parents can remain at home to care for their children. The allowance is available until the child reaches 3 years of age. It is raised to 45,000 roubles in cases in which alimony is involved and the alimony is not being paid or cannot otherwise be collected.

- A 54,000-rouble "guardian" allowance supplied for childcare in cases involving orphans or children otherwise deprived of the care of their parents. The allowance is available until the child reaches 3.

- A 15,000-rouble allowance for families with children from 3 to 6. The allowance is raised to 18,750 roubles in cases in which alimony is involved and the alimony is not being paid or cannot otherwise be collected.

- A 22,500-rouble allowance for single mothers who themselves have been orphans or have been not been cared for by their parents. The allowance is available for such mothers who have children between 3 and 6.

- A 10,000-rouble allowance for families with children between 6 and 13.

- A 21,000-rouble allowance for families with children between 13 and 16.

- A 30,000-rouble childcare allowance for unemployed individuals who are not receiving pensions or unemployment benefits and who are caring for a disabled under-16-year-old.

- A 45,000-rouble allowance paid for under-16-year-olds with HIV or AIDS.

In addition, families with children and already receiving a monthly allowance are also entitled to monthly "compensatory" benefits of 25,000 roubles for each under-3-year-old and 20,000 roubles for each over-3-year-old.

Government policy toward family allowances can be outlined as follows.

- Allowances as a universal tool of assistance should be maintained as benefits for all eligible families.

- Entitlement for allowances should be limited to children under 16, or children between 16 and 18 who are still in the education system full time.

- Allowances should be paid out at a fixed rate per child. They should not be used as incentives to foster the birth of more children; that is, the per-child rate should not increase with the number of children in the family.

- The system of family allowances should be complemented by family support measures tending to favour equitable income distribution and discourage income gaps. Other types of family support should be developed.

Other allowances also exist, including allowances for the families of military personnel, funeral allowances, allowances and compensatory payments for victims of the Chernobyl accident, allowances for war invalids, sick leave allowances, allowances for the disabled and for individuals who have been crippled or maimed at the workplace, and allowances for individuals suffering from job-related disorders.

Diverse types of nonmonetary assistance, including in-kind benefits, are also being introduced. This assistance typically consists of the provision of free goods and services. Examples include free automobiles for some disabled individuals who otherwise face transport problems, free breakfasts for children from low-income families and free use of public transportation for war veterans and the disabled. Individuals suffering from certain complicated diseases, certain categories of invalids, and under-3-year-olds are entitled to free medicines, while other categories of invalids pay reduced prices for medicines. Newly introduced forms of support include the supply of free meals through special soupkitchens and the distribution of packages of free food. This sort of support is offered for retirees who have no families and who draw small pensions, children in low-income families or families with many children, the families of unemployed individuals, and the homeless.

In general, the existing system of allowances is overly complex and complicated and therefore not very efficient. Moreover, currently available allowances and other social security disbursements are fixed to the minimum wage, which is up to 10 to 20 times less than the average wage. This dooms many recipients of allowances to a life of poverty.

There are also many drawbacks in the system of unemployment benefits. According to official data of the Ministry of Statistics and Analysis, even though unemployment is growing in the country, it remains at a relatively low level. For instance, from early 1993 to early 1994 unemployment grew from 0.5 percent to 1.1 percent of the workforce. During 1994 the number of unemployed rose from 66,300 to 101,200 and at 1 January 1995 was 1.82 percent of the workforce. According to projections of the 1995 National Employment

Programme, by the end of 1995 the number of unemployed will have risen to around 190,000 people, or 3.4 percent of the workforce.

However, while the official unemployment rate is quite low, "hidden" unemployment is widespread. Enterprises are unwilling to fire workers outright, preferring to rely on part-time employment and forced unpaid vacations. For example, according to estimates of the Ministry of Statistics and Analysis, 27.9 million man-days, or 10.6 percent of total worktime, were lost in this way in 1994 in the industrial sector alone. In January 1995, 57,400 individuals were obliged to take unpaid vacations. These temporary solutions foster inefficient employment practices and waste a significant portion of the already scarce public funds furnished as Government subsidies to enterprises which constantly incur losses. Hidden unemployment may affect as much as 8 to 10 percent of the workforce.

By the same token, the phenomenon of "hidden employment" is also emerging, whereby individuals take on two or three unregistered jobs over and above regular employment or engage in speculative commercial activities although they are officially unemployed. In either case these people are avoiding the payment of taxes on their undeclared earnings as well. Sometimes public-sector employees use the regular working hours and resources of their state jobs as a "front" to carry out personal business activities.

These and other problems cannot be solved through the existing system of unemployment benefits. Current legislation makes it very easy to qualify as unemployed. An individual must merely be capable of working, over 16 and under 55 (for women) or 60 (for men), permanently resident in the country, without a permanent occupation, including entrepreneurial activity, full-time education or military service, and be registered with an employment agency. An individual who fulfils these qualifications is eligible for the relevant unemployment benefits and allowances. Other criteria common in developed countries, such as requirements regarding length of the work record and a minimum aggregate earnings level, have been ignored in the Belarusian legislation. Likewise, the grounds for losing eligibility for unemployment benefits are also very flexible. They include dismissal for a violation of workplace discipline, loss of employment as a result of a wrongful act, quitting a job without a sound reason, and failure to submit an income declaration.

The legislation on unemployment benefits does not require a "waiting" period before the end of which a newly unemployed individual cannot register as unemployed. The benefits are disbursed to an individual for 26 weeks during each year of unemployment, calculated from the day of official registration. The benefits can then be renewed at the end

of the year calculated in this way. The 26-week annual disbursement period reflects recommendations of the International Labour Organization almost verbatim. Compared to the length of the disbursement periods in developed countries, the period in Belarus occupies a comfortable middle position.

The level of the unemployment benefit is fixed according to a variety of criteria. In some cases the amount of the benefit is based on the wage at the last place of employment; in others it is tied to the minimum wage. However, absolute limits have been set to between 75 percent and 200 percent of the minimum wage. The absolute limits and the fact that the level of the benefits is not determined according to the length and calibre of the work record seem to favour low-paid and unskilled workers who are not seeking permanent employment. Thus, current practices encourage some people to take advantage of the system.

Overall, the leniency of Government policies in such areas as labour relations, household income, unemployment benefits and social security allowances may yield negative results. Because of the populist measures adopted by the Government in income policy and the support for inefficient enterprises, chronically high unemployment rates may be just around the corner.

### **The Demographic Profile**

Demographically, the reaction to the crisis in the economy has been expressed through an absolute decrease in the size of the population and considerable changes in the typical composition of families, in reproductive behaviour and in mortality and migration rates.

1. *Population growth.* According to preliminary estimates, the population numbered approximately 10.35 million people as of 1 January 1995 (Table 10). This represented a decline of about 21,000, or 0.2 percent, during 1994 and was the first time since World War II that the absolute size of the population had gone down, however slightly.

The dip in the size of the population has been due to natural factors, especially higher mortality rates and a fall in the birth rate (Table 11). This has meant that the population is ageing. Over the five years from 1989 to 1994 the share of 0-to-15-year-olds in the population diminished from 24.5 percent to 23.9 percent, while the share of people over 60 rose from 16.1 percent to 17.4 percent. In 1989 the number of children exceeded the number of the elderly by 849,000, or 52 percent, whereas in 1994 the relevant figure was only 676,000, or 38 percent.

Table 10: CHANGES IN POPULATION SIZE  
(In Thousands, 1990-4)

	1990	1991	1992	1993	1994
Total, beginning of the year	10,259.3	10,260.4	10,280.8	10,345.7	10,367.3
Total change during the year	+1.1	+20.4	+64.9	+21.6	-20.7
Natural change	+33.1	+17.4	+11.1	-11.2	-16.5
Migration	-32.0	+3.0	+53.8	+32.8	-4.2
Total, year-end	10,260.4	10,280.8	10,345.7	10,367.3	10,346.6

Source: Ministry of Statistics and Analysis.

There are significant differences in age patterns among urban and rural residents; in cities and urban settlements pensioners account for 14.8 percent of the total population, while in rural areas the figure is 33.3 percent. The share of people of working age—16 to 59 for men and 16 to 54 for women—is 60.1 percent among males and 45.4 percent among females. There are 113 women for every 100 men; however, among people under 40 the number of men is greater than the number of women. This age-gender structure of the population has been influenced by factors such as war, postwar industrialization and urban development, and the rise in mortality among men.

2. *Birth rates.* From the early 1980s to the mid-90s there have been two major reversals in birth trends. A noticeable growth in the birth rate in 1983-5 has been followed by a sharp decline in the mid-1990s. In 1989 the birth rate per 1,000 population was 15; by 1994 it had dropped to 10.8. Thus, between these two years the overall birth rate fell by 28 percent.

One factor in the reduction in the birth rate has been an erosion in the number of women in the most active childbearing age group of 20 to 29 (Table 12). From 1989 to 1994

Table 11: CHANGES IN MORTALITY RATES AND IN BIRTH RATES  
(Per 1,000 Population, 1990-4)

	A: 1990	B: 1993	C: 1994*	C/A (%)	C/B (%)
Births	13.9	11.3	10.8	77.7	96.6
Deaths	10.7	12.4	12.5	116.8	100.8

Source: Ministry of Statistics and Analysis.

\* Estimated.

Table 12: WOMEN IN THE MOST ACTIVE CHILDBEARING AGE GROUPS\*  
(1989-94)

	1989	1990	1991	1992	1993	1994
15-to-39 (000s)	1,915	1,922	1,916	1,914	1,922	1,928
% of total female population	35.4	35.4	35.3	35.2	35.2	35.3
20-to-29 (000s)	781	765	742	726	717	709
% of total female population	14.5	14.1	13.7	13.4	13.1	13.0

Source: Ministry of Statistics and Analysis.

\* The data refer to the beginning of each year.

the number of women in this age group receded by 72,000, or 9.2 percent. Over these five years the number of births per 1,000 women aged 20 to 24 dropped by 19 percent and per 1,000 women aged 25 to 29 by 27 percent (Table 13).

The number of second and third children in families diminished by 34 percent from 1989 to 1993. As in most European countries, the two-child, two-parent family has become the pattern in Belarus since the mid-1980s. However, from 1989 to 1993 the birth rate declined from 2.0 to 1.6 births per woman of childbearing age, which means not so much that women were refusing to have children, as that they were probably putting off childraising until better times. This may be taken as yet another sign of the worsening socioeconomic environment.

More alarming in terms of serious problems looming ahead for mothers, children and society is the rise in the number of young mothers. The share of mothers under 20 climbed

Table 13: CHANGES IN BIRTH RATES BY THE AGE GROUP OF THE MOTHER  
(Per 1,000 Population, 1989-93)

	1989	1990	1991	1992	1993	1993/1989 (%)
15-to-19	39.9	41.6	45.2	45.6	43.3	108.5
20-to-24	181.6	178.6	168.0	164.2	147.2	81.1
25-to-29	109.4	103.0	88.1	86.1	80.3	73.4
30-to-34	50.2	47.4	39.5	36.8	34.5	68.7
35-to-39	18.2	17.1	14.4	13.3	12.2	67.0
40-to-44	4.3	3.9	3.2	3.0	2.6	60.5
45-to-49	0.2	0.2	0.2	0.2	0.2	100.0

Source: Ministry of Statistics and Analysis.

from 9.2 percent in 1989 to 13.4 percent in 1993. Presumably, this phenomenon is closely allied statistically with the escalating share of births among single mothers, from 7.9 percent to 10.9 percent.

The drop in the birth rate has been due partly to a wider use of abortions as opposed to other methods of birth control. In 1993, 212,700 legal abortions, including "mini-abortions", were registered. Per 100 live births this amounts to 181 abortions. In 1989 this rate had been 163, and in 1985 it was 119. Over 73 percent of all abortions involve women aged 20 to 34. This is most distressing, since abortion entails potential deterioration in a woman's health.

3. *Marriage and divorce.* In the coming years the birth rate is expected to sink even further due, among other things, to a drop in the number of marriages and an increase in the number of divorces.

Analysis of marriage patterns demonstrates that the marriage rate—the number of marriages per 1,000 population—began a slow decline in the 1980s, falling from 10.1 in 1980 to 9.7 in 1990: a 4 percent drop over ten years. This trend has become even more pronounced in the 1990s. In 1993, 7.9 marriages were registered per 1,000 population; this is 19 percent fewer than the corresponding number for 1990. Only 58 percent of men and 67 percent of women enter their first marriage when they are under 24. The main reasons for the skid in the marriage rate are economic instability and an appalling lack of housing.

4. *Mortality and life expectancy.* Since the 1960s the mortality rate has been mounting steadily. This is accounted for by the considerable ageing of the population (Table 14).

Table 14: CHANGES IN MORTALITY RATES BY AGE GROUP  
(Per 1,000 Population In The Respective Age Groups, 1989-93)

	Total Population		Men		Women	
	1989	1993	1989	1993	1989	1993
0-to-4	2.9	2.7	3.3	3.1	2.5	2.2
5-to-14	0.4	0.3	0.6	0.4	0.3	0.3
15-to-19	0.8	0.9	1.1	1.2	0.5	0.5
20-to-39	1.9	2.5	3.0	4.0	0.9	1.0
40-to-59	8.4	10.5	12.8	16.1	4.6	5.5
Over 60	45.1	52.1	54.4	62.3	40.4	46.6
Total mortality rate	10.1	12.4	10.7	13.3	9.7	11.6

Source: Ministry of Statistics and Analysis.

Differences in the age-gender profile of the population explain the relatively higher mortality rates registered in rural areas. In 1993 the rural rate was 20 per 1,000 population, while in urban areas the rate was only 9 per 1,000. Relative to 1989, these rates represent a rise of 24 percent and 26 percent, respectively. At the beginning of 1994, 29 percent of all rural residents were over 60; among urban dwellers the figure was 12 percent.

The main causes of death among adults include cardiovascular disorders (49.5 percent), malignant tumours (14.6 percent), and accidents, murders, suicides and other "external" causes (10.5 percent). These three reasons accounted for 75 percent of all mortality. From 1989 to 1993 there was a jump in the mortality linked to certain causes (Table 15).

Table 15: SELECTED CAUSES OF MORTALITY BY AGE GROUP  
(In Absolute Numbers, 1989-93)

	Age Group	1989		1993		1993/1989 (%)	
		Men	Women	Men	Women	Men	Women
Nervous & sensory disorders	5-19	51	39	71	43	139	110
	20-59	227	159	358	216	158	136
	over 60	79	141	127	191	161	135
Digestive disorders	20-59	495	214	693	282	140	132
	over 60	671	741	795	807	118	109
Accidents & poisonings	20-59	4,226	731	5,825	1,131	138	155
	over 60	668	508	1,127	654	169	129
Suicides	5-19	50	16	72	19	144	119
	20-59	1,434	265	1,871	287	130	108
	over 60	289	155	417	219	144	141
Murders & other violent deaths	5-19	29	14	40	16	138	114
	20-59	385	155	631	227	164	146
	over 60	45	58	89	68	198	117

Source: Ministry of Statistics and Analysis.

The relatively high mortality rates among men in the 20-to-39 and 40-to-59 age groups imply not only a growth in the number of orphans, but also a greater risk of considerable deterioration in the quality of life among the families, especially the children, of these men.

The infant mortality rate climbed from 11.8 per 1,000 live births in 1989 to 12.5 per 1,000 in 1993. The largest swell in the infant mortality rate was registered in rural areas,

where the rate went up from 12.5 to 14.1 per 1,000 (a 13-percent jump) between 1989 and 1993. Regionally in 1993, a greater than average infant mortality rate (14.3) was registered in Gomel Province, the City of Minsk (14.2) and Brest Province (13.1). The highest absolute level in 1993 and the greatest rate of increase between 1989 and 1993 in the infant mortality rate were found in rural areas in Gomel Province (19.1 and 29 percent, respectively) and Mogilev Province (15.0 and 33 percent, respectively); these are the very provinces most affected by the Chernobyl disaster.

The main causes of infant mortality are perinatal disorders (32 percent of deaths), congenital anomalies (30 percent) and respiratory system disorders (15 percent). The largest increase in infant mortality due to perinatal disorders was registered in Mogilev Province; to congenital anomalies, Gomel, Minsk and Mogilev Provinces, and to respiratory disorders, Brest and Vitebsk Provinces, but especially Gomel Province (280 percent).

The upturn in mortality, especially among men and under-1-year-olds, has caused an appreciable decline in life expectancy among both men (from 66.8 years in 1989 to 63.8 years in 1993) and women (from 76.4 in 1989 to 74.4 in 1993).

5. *Migration.* Because of significant movements of people among countries, the fluctuations between gains and losses in the population due to migration have been considerable (-16,000 in 1986, +26,000 in 1989, -20,000 in 1990, +66,000 in 1992, +38,000 in 1993 and an estimated -4,000 in 1994). In 1993 Belarus experienced a net inflow of people from practically all the other former republics of the USSR. Most of these immigrants came from Russia (13,000 net inflow), the Baltic states (10,000) and Kazakhstan (4,000). A rather large influx was registered from the Middle Asian republics (5,000 net inflow), the Transcaucasian republics (4,000) and Ukraine and Moldova (3,000 each). The absolute majority of these immigrants were expatriates returning to Belarus. The breakdown of immigrants by nationality yields the following figures: Belarusians: 47.2 percent, Russians: 36.1 percent, Ukrainians: 9 percent, Poles: 2.2 percent, Jews: 0.4 percent, and "others": 5.1 percent.

Emigration from Belarus to countries outside the Commonwealth of Independent States sharply declined after a peak in 1990. The number of emigrants to such countries was 14,700 in 1989, 34,100 in 1990, 22,000 in 1991, 9,700 in 1992 and 6,900 in 1993. This type of emigration also changed in terms of most important destination. In 1989-90 over 90 percent of these emigrants went to Israel. In 1993, 52 percent went to the US, and only 35 percent went to Israel. From 1990 to 1993 emigration to Israel fell by a factor of 14, while emigration to the US rose by a factor of seven and to Germany by a factor of five.

The number of potential emigrants is growing because of the economic crisis, rampant inflation, the threat of unemployment, and deterioration in the quality of life of the population. Reasons more people are not emigrating include poor knowledge of foreign languages, lack of the professional "interactive" skills common in a capitalist economy, the poor competitiveness of the workforce, and the restrictive immigration policies in place in a number of foreign countries.

Internal migration since the end of the 1980s has been characterized by a drop in the movement of people into the cities (+58,000 in 1989, +25,900 in 1990, +29,300 in 1991, +39,600 in 1992, and +27,900 in 1993). This is explained primarily by the difficult socioeconomic situation, the emergence of unemployment, the difficulties of finding permanent jobs in the cities, and the growth in the costs for private housing.

### **Health Care**

Low real household incomes, the drop in the quality of typical diets, the lack of modern diagnostic equipment in hospitals and clinics, the shortage of other medical equipment and qualified medical personnel, especially in rural areas and small cities, the general slump in the availability of inexpensive, over-the-counter medicines, the high prices for imported medicines, inferior sanitary and hygienic conditions, inadequate housing, the unfavourable ecological situation: all these and other factors which are customarily associated with poverty have had a negative influence on the health status of the population, particularly children.

At the end of 1993, 2.2 million people over 15, representing 28 percent of the population, and 531,000 children under 14, or 23 percent of the population, were registered at health clinics. There were 2.5 million cases of morbidity among children in 1993, accounting for 38 percent of total morbidity. Relative to the situation in 1989, total morbidity had risen by 3 percent and morbidity among children by 14 percent. For every 100 children, there were 108 cases of morbidity in 1993.

The leading cause of morbidity was respiratory disorders (about 60 percent of all cases), including grippe and acute respiratory diseases, which accounted for 90 percent of all cases of respiratory disorders.

There has recently been a resurgence in the number of cases of certain disorders. In 1993 there were 16,000 cases of acute gastrointestinal infections (9,600 cases among children),

6,300 cases of salmonellosis (2,100 cases among children) and 9,100 cases of viral hepatitis (3,400 cases among children).

Tuberculosis has once again become a serious concern. In 1993, 3,816 new cases of pulmonary tuberculosis were diagnosed, representing 37 cases per 100,000 population. About two-thirds of all cases involved men, and almost one-half of the new cases involved individuals in the 20-to-40 age group. More than one-third of the patients had an advanced form of tuberculosis. In all, 16,079 people with tuberculosis were registered at specialist clinics (156 cases per 100,000 population), including 258 children under 14. In 1989 there had been 16,463 cases, including 214 children.

Between 1989 and 1993 the incidence of measles soared by a factor of 20, from 77 cases to 1,519 cases; of whooping cough by around 200 percent, from 332 cases to 718 cases; of salmonellosis by 43 percent, from 1,494 cases to 2,144 cases, and of contagious parotitis by 15 percent, from 5,139 cases to 5,900 cases. No cases of diphtheria were registered in the country in 1989; in 1993 there were 36 cases.

Immunization coverage has declined due not to the unwillingness of parents to have their children vaccinated, but to a lack of vaccines (Table 16).

Table 16: IMMUNIZATION AMONG CHILDREN  
(In Percentages Of The Relevant Group, 1989-93)

	1989	1990	1991	1992	1993
Tuberculosis (at birth)	93.8	92.4	87.7	88.1	89.4
Diphtheria (age 1)	90.0	89.2	89.4	89.9	90.5
Whooping cough (age 1)	86.6	85.5	85.9	86.5	86.9
Poliomyelitis	90.0	89.9	89.9	89.9	90.5
Measles (age 2)	96.7	96.2	95.0	93.7	95.6

Source: Ministry of Statistics and Analysis.

The incidence of new cases of "psychic disorders" mounted from 23,500 in 1989 to 24,400 in 1990 and 25,400 in 1993. The total number of people registered with such disorders at specialist clinics in 1993 was 185,100, including 38,800 children. Among these people, 122,800 were registered with the diagnosis "alcoholism" or "alcoholic psychosis", down from

156,900 in 1989, while 1,200 were registered with the diagnosis "drug addiction" or "addiction to toxic substances", up from 613 in 1989.

It is well known that high levels of morbidity, especially among children, have been detected in areas affected by the Chernobyl disaster. At the end of 1993, 453,000 children in these areas were under medical observation. The overall incidence of morbidity among "Chernobyl children" was 12.5 percent higher than it was among children nationwide, while the incidence of blood and hæmatopoietic disorders was 68 percent higher; of endocrine, metabolic and immunological disorders, 90 percent higher, and of osseous, muscular and connective tissue disorders, 17 percent higher. Functional disorders of the cardiovascular system were detected in 40-60 percent of the children who had been exposed to radiation. In contaminated areas, the incidence of congenital anomalies was 15-20 percent higher than it was nationwide.

Thyroid cancer presents a special problem. According to data of the Radiological Medicine Research Institute of the National Academy of Sciences, there were two cases of thyroid cancer among children in Belarus in 1986, three cases in 1988, six cases in 1989, 31 cases in 1990, 56 cases in 1991 and 91 cases in 1993.

The number of disabled and handicapped people in Belarus is growing. According to the Ministry of Social Protection, at the beginning of 1994 there were 397,000 registered invalids, or 3.8 percent of the total population, including 17,000 congenital invalids under 16. In 1993, 87,000 people were officially recognized as disabled or handicapped. Between 1990 and 1993 the number of invalids rose by 12 percent, and the number of invalid children swelled by 75 percent.

Health care services in Belarus are run by the Government. In 1993 there were 42.5 qualified doctors and 124.8 hospital beds per 10,000 population. The corresponding figures in 1989 had been 40.6 and 135.4. In 1993 there were 43,900 doctors in the country, including 11,229 general practitioners and 4,666 pædiatricians. Relative to 1989 the number of general practitioners had grown by 591, while the number of pædiatricians had fallen by 369, or 7 percent. Even though the incidence of certain diseases is on the rise, the number of hospital beds has decreased; in 1993 there were 128,700 hospital beds, which was 9,500, or 7 percent, less than the number in 1989. The number of hospital beds for children was 18,000, which was 2,100, or 12 percent, less than the number in 1989.

In 1993 expenditure on health care and physical development amounted to 84.5 billion roubles (3.6 percent of GDP), 47.7 billion, or 56 percent, of which was allocated through the

Government budget. Funding also comes from state, cooperative, trade-union and other public enterprises and organizations, as well as from collective farms. In 1993 these other sources provided 36.8 billion roubles, or 44 percent of total sectoral expenditure. The per capita expenditure on health care and physical development in 1993 was 8,197 roubles at current prices, or 6,650 roubles at 1990 prices.

### **Education**

The national education system consists of 4,843 preschools, 4,971 general primary and secondary schools, 253 technical schools, 145 special secondary schools, 39 institutes and universities, and 385 extracurricular institutions. Between 1989 and 1993 the number of preschools declined by 446 (8.4 percent) and of general primary and secondary schools by 503 (9.2 percent), while the number of technical schools climbed by 4 (1.6 percent), of extracurricular institutions by 17 (4.6 percent) and of higher education institutions by 6 (18.2 percent). There were 163,600 teachers and tutors working in the system, 82 percent of whom had completed higher education.

Preschool education, the first level of the national education system, is carried out at home by families or in special institutions. According to newly adopted education policy, all preschools in the country are to employ Belarusian as the classroom language by the end of 1995. As of 1 January 1990, 1,356 preschools (26.1 percent of the total) were fully Belarusian-speaking; by 1 January 1994 the number had grown to 3,277 (68.6 percent of the total).

The number of preschools and the number of children enrolled in them have been dropping in recent years (Table 17). This has been caused by the introduction in 1991 of a partially paid maternity leave entitling a mother to keep her job but care for her child at home until the child reaches the age of 3. For many families this eliminated the need to enrol their children in crèches or nurseries within kindergartens.

Of the total number of children enrolled in preschools, 38.4 percent attend kindergartens and crèches subsidized through the Government budget, while 61.6 percent attend institutions financed by enterprises and organizations. In December 1994, around 220,000 children attended preschools funded through Government budgetary resources.

The daily per-child cost of meals in preschools in November 1994 was 2,400 roubles and in December, 3,000 roubles. The monthly cost of maintaining a child in a preschool in December was 231,000 roubles; however, parents actually paid out just 6,400 roubles, which

financial foundations seem to have prolonged a transition crisis. Expert assessments of the effectiveness of systemic reforms in Belarus are not complimentary (Table 19).

Table 19: EXPERT ASSESSMENTS OF SYSTEMIC REFORMS

Systemic Reform	Assessment
Macrostabilization	Negative
Price liberalization	Conditional (+/-)
Privatization	Very negative
Economic restructuring	Negative
Modifications in the role of Government	Negative

Source: Ministry of Statistics and Analysis.

Overall, the crisis in economic and social development appears to be the natural outcome of a lengthy, rather dangerous application of conjectural, opportunistic and populist short-term measures directed at the survival of the economy and the maintenance of national security within a context of rigid internal and external budgetary limitations. Unfortunately, Belarus is far behind in market-oriented socioeconomic reform with respect to Central Europe, the Baltic states and Russia.

### **Urgently Needed Government Policy Changes**

Among the urgently needed changes in Government policy are the following.

- The step-by-step approach to the implementation of reforms ought to be relinquished in favour of a comprehensive course based on two focal points: first, a clear definition of property rights, the distribution of ownership throughout society and the development of the private sector and of market infrastructure, and, second, the establishment of a purposeful system of social protection catering for the needs of the most economically vulnerable.

- Systemic reforms should be accelerated, especially macroeconomic stabilization, structural transformation and privatization (the privatization of small businesses and land and a restriction on voucher privatization).

Data of the Ministry of Statistics and Analysis for 1990-4 show the number of children in full secondary schools rising. Enrolment rates in primary, junior secondary and full secondary schools vary. In city schools they are an average eight times higher than they are in rural schools. Full secondary schools in urban areas have the highest enrolment rates, while rural primary schools have the lowest.

The quality of secondary education will hopefully be enhanced by the introduction of new types of secondary schools, such as gymnasiums, lyceums, "colleges", and higher level technical schools. The number of these types of schools has grown to 100, and over 85,000 pupils are being educated in these schools.

Given the context of the transition to a market-oriented economy, a special place in professional and technical education is occupied by the need to raise the efficiency and improve the quality of the training and retraining of personnel in order to establish a system of special public social guarantees recognizing the importance and the priority of education. This system should offer some protection to younger generations from the vagaries of the free market by enhancing the employment potential of school-leavers and providing the retraining required because of structural changes in the economy and in society.

### Crime

In 1994, 120,300 crimes were registered, representing a surge of 180 percent over 1989. There were 25,300 felonies, or 250 percent more than in 1989; these included 5,700 robberies (180 percent more) and 672 rapes and attempted rapes (a decrease of 16 percent).

Crime is getting "younger". The number of crimes committed by minors or with the complicity of minors climbed by 53 percent between 1989 and 1994 (Table 18). Assault, battery and extortion predominate in the profile of teenage crime. The serious increase in the

Table 18: THE NUMBER OF CRIMINALS APPREHENDED  
(1989-94)

	1989	1990	1991	1992	1993	1994
Total	39,158	42,400	43,925	52,300	58,743	66,073
Adults	16,822	17,795	17,955	20,773	23,174	25,340
Minors	6,046	6,623	6,767	7,742	8,003	8,501

Source: Ministry of Statistics and Analysis.

crime rate among children and teenagers can be explained by the difficult economic situation, which has become manifest in the accumulating problems connected with employment and the organization of leisure activities among young people, as well as by the general deterioration in standards of living.

#### **IV. POLICY ASSESSMENT**

##### **The Successes and Failures of Government Policy**

Having determined a wide-ranging programme of economic reform, the Government decided to implement it slowly, stage by stage. Unfortunately, in the rapidly worsening economic environment, the reforms have contributed to disarray in the entire economy and a general deterioration in the quality of life among the population. The systemic and institutional reforms have been suspended indefinitely, depriving the people of tools which might have been used to help them see to their own development and the satisfaction of their needs. The other possible outcomes have thus been replaced by shrinking real household earnings, a decline in the purchasing power of individuals and families and narrowing levels of consumption. Numerous goods and services are gradually becoming inaccessible to the public. Stratification in personal incomes has become more pronounced; the chasm between Government workers and the self-employed is especially impressive. Mass impoverishment is raising its head. Economic and social activity has come to a standstill. The mortality rate is on the rise. The material basis of public health care and education has been sharply reduced, generating adverse effects on the quality of the free services provided to the population. The access to normal public services is becoming increasingly restricted. Standard indicators of the state of health care, education and family well-being are growing bleak.

The shifts in the social profile of the population are significant: new political and economic elites are crystallizing within representative Government institutions, such as Parliament and the executive branch, in banks and financial institutions, and through various foreign and joint ventures. In the process of transformation, farm labourers and highly skilled workers have lost the most. New economic elites and those who control monopolies have been the winners.

Hidden unemployment and hidden employment have become more widespread. The composition of the unemployed is being modified. More and more frequently, young men under 18 and secondary school dropouts are not finding jobs. Common among the unemployed are females aged 30 to 39 who have completed secondary education or higher education, who have 11 to 25 years of work experience, who are raising one or two children, and who seek a permanent occupation.

Negative effects of the policies pursued by the Government include a deterioration in basic macroeconomic indicators, a decline in the volume of external trade with both the Commonwealth of Independent States and foreign countries, considerable fluctuations in the inflation rate and a drop in the volume of investment.

Meanwhile, Government subsidies to keep down the prices for basic consumer goods are reaching 25 percent of total Government expenditures, thus restricting the Government's freedom of action in making new investments. By the same token, funds available to enterprises have been spent on boosting wages and personnel incomes. Government tax policy, general economic instability and the high degree of risk have stifled both private and foreign investment.

Price controls and the high inflation—often at 20 to 30 percent per month and sometimes exceeding 50 percent per month—have produced a completely distorted pricing system characterized by irrational relative prices.

Privatization has not been able to gather momentum. The transfer of property ownership from the state to private hands has not occurred at a scale significant enough to reduce the state-controlled sector of the economy and Government economic regulation. Thus, the Government monopoly in the supply of fuels has created total paralysis in the energy sector.

The problems of today's Belarusian economy are numerous and multifaceted. They include dependence on Russia for energy and fuel, the lack of budgetary resources and external revenue, low export potential, all-time lows in demand, supply and investment, the need to organize the domestic production of many types of goods, inflation, unemployment, deterioration in the quality of life of the population, and the difficulties associated with the inadequate institutional infrastructure and the application of new Government policy.

This last factor has had an overriding importance. Uncertainty regarding the strategic economic and social choices which will be implemented and the prolonged absence of strong

Table 17: PRESCHOOLS AND PRESCHOOL ENROLMENTS  
(1989-93)

	1989	1990	1991	1992	1993
Total	5,289	5,350	5,304	4,988	4,843
Kindergartens	762	747	785	1,047	1,350
Kindergarten-nurseries	4,377	4,468	4,422	3,891	3,461
Crèches	150	135	97	50	32
Places (000s)	638.8	574.9	578.0	569.2	562.4
Enrolments (000s)	652.3	608.0	561.9	485.0	475.1
Place utilization rate (%)	102.1	105.8	97.2	85.2	84.5
Enrolment rate among children 1-6 (%)	72.0	67.6	62.8	55.1	55.2

Source: Ministry of Statistics and Analysis.

covered only 2.8 percent of the expences. The parents of children attending kindergartens and crèches financed by enterprises paid the same amounts.

Belarus has maintained the possibility for all children to receive free regular education, which is assured through general primary and secondary schools, gymnasiums, lyceums, special professional schools and special "colleges". At the beginning of the 1994-5 school year there were 4,971 such schools, including 871 primary schools, 1,165 junior secondary schools, 2,756 full secondary schools, 56 gymnasiums, 23 lyceums, 2 "colleges" and 98 schools for disabled children. Relative to 1990-1, this represented a decline of 354 schools, or 7 percent. The decline was due to a reorganization in primary and junior secondary schools and to school closings in the areas of the country contaminated by the Chernobyl disaster. On the other hand, the number of full secondary schools grew by 6 percent from 1990-1 to 1994-5. This was due to normal process of merging schools and rationalizing the system throughout the country.

There are 3,710 rural primary and secondary schools in Belarus, accounting for around 75 percent of the total number of such schools. They include 1,115 junior secondary schools and 1,722 full secondary schools. Rural schools present a rather special problem. Most are characterized by low enrolments, dissatisfaction among teachers and pupils because of the work and study environment, and a pitiable lack of material resources. Efforts are under way to develop and introduce new types of rural schools that more closely reflect regional, cultural, national and other needs.

- The conditions for an energetic and massive surge in private enterprise among the population must be created. The majority of the population has no entrepreneurial spirit, lacks the required financial and material resources and is not well informed. This could be remedied through comprehensive Government support for entrepreneurial activities and a more flexible fiscal framework for business.

- A new system of social protection should be seconded by incentives to stimulate active citizen participation. The entire social sector must be reformed so that there will be a direct connection between redistributed social wealth and the input and productivity of labour. This presupposes the establishment of pension funds, the development of medical insurance schemes, and modifications in the regulations governing housing construction.

- Government income policy ought to be altered to change the role of the minimum wage and implement the indexation of wages.

- The system for the protection of the poorest, including the disbursement mechanism for unemployment benefits, should be overhauled. The existing method of raising allowances, scholarships and social payments implies an increase in the minimum wage that helps the more affluent groups in society. The method spurs inflation, resulting in a redistribution of resources that does not favour the poor. It might be possible to solve this problem through the establishment of a universal social protection system which would be targeted based on the level of income of potential beneficiaries. The procedure for determining the amount of unemployment benefits has to be modified. A system whereby employers who fire employees must cover the cost of unemployment benefits should be introduced.

- Employment and labour market policy should aim at fostering economic activity, the creation of new jobs and the identification of solutions to the problems linked with the adaptation of the young to the new working environment.

## ANNEX: ADDITIONAL TABLES

Table A-1: DEMOGRAPHIC DATA  
(1980-94)

	1980	1985	1989	1990	1991	1992	1993	1994
Birth rate (per 1,000 population)	16.0	16.5	15.0	13.9	12.9	12.4	11.3	10.8*
Death rate (per 1,000 population)	9.9	10.6	10.1	10.7	11.2	11.3	12.4	12.5*
Average life expectancy: males	65.9	67.4	66.8	66.3	65.5	64.9	63.8	--
Average life expectancy: females	75.6	77.2	76.4	75.6	75.5	75.5	74.4	--
Registered population (000s)	9,591.8	9,929.0	10,151.8	10,211.4	10,212.5	10,232.9	10,297.8	10,319.4
Actual population (000s)	9,621.8	9,968.9	10,199.7	10,259.3	10,260.4	10,280.8	10,345.7	10,367.3
0-4 age group (%)	7.7	8.1	8.1	8.0	7.8	7.4	7.1	6.6
5-18 age group (%)	22.5	20.6	20.6	20.9	21.0	21.2	21.4	21.6
Over-60 age group (%)	13.8	14.4	16.1	16.3	16.7	16.9	17.3	17.4
Net balance in migration (000s)	--	--	+25.9	-19.6	+30.4	+66.0	+38.0	-4.2*

Source: Ministry of Statistics and Analysis.

\* Preliminary data.

Table A-2: HOUSEHOLD COMPOSITION AND FAMILY STABILITY  
(1980-93)

	1980	1985	1989	1990	1991	1992	1993
Marriages (per 1,000 population)	10.1	9.9	9.6	9.7	9.2	7.7	7.9
Second marriages (per 1,000 population)	2.7	3.5	3.9	3.8	3.7	3.2	3.3
Divorces (per 1,000 population)	3.2	3.1	3.4	3.4	3.7	3.9	4.3
Under-18-year-olds in divorced families (000s)	28.2	--	31.6	31.6	35.9	38.8	45.0
Fertility (no. of children per woman of childbearing age)	2.01	2.08	2.03	1.96	1.80	1.75	1.61
Single mothers (% of all mothers)	6.4	7.1	7.9	8.5	9.4	9.8	10.9
Mothers under 20 (% of all mothers)	8.8	7.6	9.2	11.0	12.3	12.9	13.4
Abortions (per 100 live births)	129.3	118.6	162.8	178.5	177.4	182.2	180.2

Source: Ministry of Statistics and Analysis.

Table A-3: MACROECONOMIC TRENDS  
(1989-94)

	1989	1990	1991	1992	1993	1994
Annual GDP growth per capita (%)	--	--	98.7	90.0	89.1	79.7
Annual growth in industrial production (%)	104.6	102.1	99.0	90.6	90.0	80.7
Budget deficit/GDP (%)	--	--	--	2.0	4.0	3.5
Current account balance (\$, millions)	--	--	--	64.0	-367.9	-136.1
Annual inflation (consumer price index, 1989=100)	100	104.7	203.2	2,176	28,071	651,586
Inflation by quarter (consumer price index, 1989=100)						
1st quarter	100	--	--	1,017	6,496	156,266
2nd quarter	100	--	--	1,699	12,356	287,680
3rd quarter	100	--	--	2,352	24,530	653,589
4th quarter	100	--	--	3,635	68,918	1,507,958

Source: Ministry of Statistics and Analysis.

Table A-4: GOVERNMENT REVENUE AND EXPENDITURES  
(In Percentages Of GDP, 1990-3)

	1990	1991	1992	1993
Revenue	36.3	30.8	32.4	28.7
Expenditure	34.0	29.0	34.4	33.0
Social sector	15.9	16.9	19.4	17.3
Health care	2.6	2.9	3.7	3.6
Education	4.5	4.6	5.3	4.6
Family and maternity allowances	--	--	--	1.0
Social security and unemployment benefits	3.6	1.4	0.7	1.0
Pensions	6.2	6.4	5.7	6.0

Source: Ministry of Statistics and Analysis.

Table A-5: EMPLOYMENT, INCOME, PRICES AND CONSUMPTION  
(1989-94)

	1989	1990	1991	1992	1993	1994
Total employed (% of population able to work)	90.5	90.2	88.4	86.1	84.6	--
Official unemployment rate at year-end (%)	0.0	0.0	0.05	0.5	1.4	2.1
Annual real wage index (1989=100)	100.0	110.8	115.3	100.9	94.7	64.6
Minimum wage/average wage (%)	30.3	26.1	21.3	19.4	14.1	9.2
Average pension/average wage (% , in December)	37.0	25.7	38.8	21.8	37.2	34.5
Minimum pension/average wage (% , in December)	15.2	16.9	31.6	16.2	22.9	25.1
Allowance for child under 3/average wage (%)	--	--	--	--	10.2	7.3*
Price index for food and nonalcoholic beverages (1989=100)	100.0	102.9	226.0	2,607.0	39,500.0	977,037.0
Price index for milk and dairy products (1989=100)	100.0	100.5	205.7	2,144.0	31,615.0	1,003,583.0
Price index for rents and utilities (1989=100)	100.0	100.0	100.0	829.0	15,737.0	303,128.0
Price index for fuel and energy (1989=100)	100.0	100.0	100.0	744.0	14,004.0	339,350.0
Index of medical service fees (1989=100)	100.0	100.0	103.3	829.0	9,257.0	204,827.0
Index of education fees (1989=100)	100.0	100.0	100.0	2,112.1	19,061.7	200,624.4
Average bread consumption per capita (kg.)	109.0	102.9	103.2	101.3	102.0	80.2
Average consumption of meat and fish products (kg.)	16.3	15.3	12.0	8.6	5.3	--
Average consumption of milk and dairy products (kg.)	435.7	432.3	423.8	419.4	411.6	--
Per capita calorie intake (kilocalories)	2,959	2,865	2,804	2,729	2,755	--

Source: Ministry of Statistics and Analysis.

\* For the first nine months of 1994.

Table A-6: UNEMPLOYMENT AND THE REAL WAGE INDEX BY QUARTER  
(1992-4)

	1992				1993				1994			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Official unemployment at quarter-end (%)	0.09	0.14	0.30	0.50	1.00	1.10	1.30	1.40	1.70	1.80	2.00	2.10
Quarterly real wage index (1989=100)	74.6	89.0	92.6	118.3	111.7	107.4	107.8	85.3	63.7	74.7	68.5	61.6

Source: Ministry of Statistics and Analysis.

Table A-7: INCOME DISTRIBUTION AND FOOD EXPENDITURES  
(1989-94)

	1989	1990	1991	1992	1993	1994
Index of real per capita income (1989=100)	100	112.1	112.2	89.6	103.5	87.5
Income inequality index*	--	--	--	--	0.214	0.254
Household food expenditure/total consumer expenditure (%)	37.5	33.7	35.7	39.0	49.3	--

Source: Ministry of Statistics and Analysis.

\* Gini coefficient of net household income per capita.

Table A-8: INCOME STRUCTURE BY SOURCE  
(In Percentages Of Total Income, 1990 And 1994)

	1990	1994
Remuneration (wages and salaries, including bonuses and other nonsalary income)	73.1	52.5
Proceeds from sale of agricultural produce	5.3	3.6
Pensions, allowances and scholarships	14.8	16.5
Disbursements through the Government financial system	4.4	3.1
Income from unofficial entrepreneurial activities and other activities	2.4	24.3

Source: Ministry of Statistics and Analysis.

Table A-9: CHANGES IN "YOUNG ADULT " AND ADULT MORTALITY  
(1989-93)

	1989	1990	1991	1992	1993
Maternal mortality rate (per 100,000 live births)	24.8	21.8	31.1	21.1	20.4
"Young adult" mortality rate (per 1,000 persons between 10 & 39)	1.5	1.7	1.7	1.8	1.9
Middle-aged adult mortality rate (per 1,000 persons between 40 & 59)	8.4	8.7	8.9	9.3	10.5
Elderly adult mortality rate (per 1,000 persons over 60)	45.1	47.2	48.6	47.9	52.1

Source: Ministry of Statistics and Analysis.

Table A-10: SELECTED INDICATORS OF THE QUALITY OF LIFE OF CHILDREN  
(1980-93)

	1980	1985	1989	1990	1991	1992	1993
Births in clinics and maternity homes	99.9	99.9	99.9	99.9	99.9	99.9	99.9
Immunizations							
Tuberculosis (at birth, % of age group)	--	--	93.8	92.4	87.7	88.1	89.4
Diphtheria (age 1, % of age group)	--	--	90.0	89.2	89.4	89.9	90.5
Whooping cough (age 1, % of age group)	--	--	86.6	85.5	85.9	86.5	86.9
Poliomyelitis (% of age group)	--	--	90.0	89.9	89.9	89.9	90.5
Measles (age 2, % of age group)	--	--	96.7	96.2	95.0	93.7	95.6
Low birthweight infants (% of total births)	4.3	4.4	4.2	4.2	4.2	4.3	4.6
Infant mortality rate (per 1,000 live births)	16.3	14.5	11.8	11.9	12.1	12.3	12.5
Under-5 mortality rate (per 1,000 live births)	19.9	18.0	15.4	15.8	16.2	16.0	16.2
Infectious and parasitic diseases	--	--	1.09	0.74	0.97	0.87	1.34
Respiratory diseases	--	--	1.68	1.67	1.95	1.81	1.91
Accidents, poisonings & violent deaths	--	--	0.38	0.41	0.41	0.46	0.42
5-19 mortality rate (per 1,000 in the age group)	--	0.55	0.54	0.52	0.58	0.57	0.51
Accidents, poisonings & violent deaths	--	0.28	0.30	0.28	0.34	0.31	0.27
Suicides	--	--	0.03	0.03	0.03	0.05	0.04
Preschool enrolment rate (% of age group)	62.1	75.7	83.3	83.1	81.1	75.7	75.5
Primary school enrolment rate (% of age group)	99.2	96.1	91.4	94.3	94.3	93.4	94.4
Secondary school enrolment rate (% of age group)	64.7	63.1	73.4	71.3	71.0	70.1	69.6
Number of adopted children	--	--	--	--	--	--	247
Number of children living with foster parents	12,567	10,158	11,440	10,558	10,329	10,404	10,552
Number of children living in special institutions	6,768	7,510	8,673	8,215	7,613	6,975	7,254
14-to-18-year-olds convicted to prison (per 100,000)	35.6	33.8	32.3	42.5	43.3	45.6	57.4
Crime index (1989=100)	68.3	87.6	100.0	113.8	122.3	145.3	155.4

Source: Ministry of Statistics and Analysis.

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