

Simple budgetary arithmetic

After last year's shake-up, the economy is stabilising but changes are afoot...

By Anatoly Romanenko

This year, inflation has dropped 10-fold compared to the similar period of last year. The foreign trade balance is now positive, making the exchange rate of the Belarusian Rouble more foreseeable. People seem to be forgetting about the previous lack of foreign currency.

Economic stabilisation is the result of a severe policy adopted by the National Bank and the Government, which restricted internal demand and placed restrictions on budgetary expenditure (via emission). Some unpopular measures were necessary, including a temporarily 'hold' on raising salaries. As a result, inflation has been held within 2 percent per month on average. It should stand at 19-22 percent by the end of 2012, with consumer prices rising no more than 12 percent next year. "We forecast that, in 2013, the index of consumer prices shouldn't exceed 12 percent — from December 2012 to December 2013," notes Alexander Yaroshenko, Belarus' Deputy Economic Minister.

He admits that it won't be easy to achieve, since unpopular measures will be required, including greater public contribution towards utilities (35 percent of the actual cost); Belarusian tariffs



Improving of level of life reflects clearly on the range of products and purchasing power

will be moving towards Russian levels.

However, salaries may be raised for those working in the budgetary sphere. In 2012, these rose twice, with more corrections possible before the year's end. "Incomes are rising," states Maxim Yermalovich, Belarus' Deputy Finance Minister. "Our task is to ensure 5 percent real growth

in incomes." He explains that, in future, the Belarusian Finance Ministry plans to be guided by three criteria: a balanced budget; preservation of salaries; and restoring public sector incomes (in the last three years, these have lagged behind private sector incomes).

Salary levels have long been a stumbling block

among economists, who agree that it's necessary to enhance standards of living by raising salaries to at least \$500 a month (the average was less than \$400 in early 2012) but differ in their opinion of how to achieve this.

It may seem an easy task to raise the average salary to 1,000 Euros per month, changing the scale of prices

and shifting the social burden from the shoulders of the state to the public while maintaining a balanced economy. However, Chinese goods are competitive worldwide primarily due to the use of relatively cheap labour. A sharp rise in salaries in Belarus would lead to a rise in the core cost of producing goods, which could easily lead to a

fall in export sales.

Various opinions are held, with the Government adhering to the position that salaries should rise only where labour efficiency increases, noting that this will preserve the equation of the state budget while restricting inflation. Boris Panshin, a professor at the Belarusian State University, tells us, "Salaries should stimulate workers to be more efficient." He also believes that, to avoid a 'brain drain', attractive salaries must be offered to skilled workers. "It's much easier to find investments, acquire new equipment and open a new plant than to find the necessary number of highly qualified personnel," he explains.

Another approach stresses the need for structural economic reform across Belarus, determining key branches while expanding GDP and enhancing standards of living. Georgy Grits, Deputy Chairman of the Belarusian Scientific and Industrial Association, notes, "We need to reduce budgetary spending. However, it would be wrong to reduce financing in all areas simultaneously. To give a little to everyone is almost the same as not to give anything to anyone. We must drastically reduce the number of those receiving while enhancing the efficiency of use of budgetary funds."

New book-navigator for those doing business

By Polina Olekhovich

Doctor of Philosophy at Oxford University David Faulkner, who is also an Honorary Professor at the University of London, presents his *Mergers and Acquisitions* business textbook

Mr. Faulkner's 14th book details the processes of mergers and acquisitions in 26 chapters. It begins by exploring the vision of financiers and then looks at the opinion of strategic managers. The textbook even takes into account how culture and various mentalities can affect business. A team of Belarusian translators has been selected to convert the book into Russian. However, Mr. Faulkner notes that the book doesn't make easy reading, being full of complex academic language and requiring concentrated reading.

The book was only published in June in the UK but enjoyed a presentation in Belarus on August 1st. In fact, since July 10th, Magna Carta College (founded by Mr. Faulkner, who is its dean) has been helping run an MBA (Masters in Business Administration) in International Management at the Vitebsk, Grodno and Baranovichi State



Business textbook will be checked at practice

Universities, as well as at the Belarusian Institute of Jurisprudence.

Vadim Titov, Magna Carta College's Executive Director, tells us that Belarus is becoming a centre of training for top managers across the CIS. Course fees cost up to £17,000, with 35 percent discounts envisaged and 100 percent loans offered at reasonable

terms.

Mr. Faulkner donated his first copies of the textbook to the National Library and the BSU library at his book launch and, to ensure that students gain access to a classical English education, Magna Carta College plans to organise contemporary business libraries at each Belarusian university-partner.

Scientists see sufficient achievements

By Vasily Anikeev

Azerbaijan plans to launch satellite with Belarusian technology

Azerbaijan is hoping to launch its own satellite. During his visit to Minsk, Mahmud Kerimov, the President of the National Academy of Sciences of Azerbaijan, noted, "We are considering using Belarusian technology."

Azerbaijan already has plans to develop co-operation with Belarus in other areas, with Mr. Kerimov particularly praising the success of Belarusian scientists regarding LED-technology. "This is one of the spheres in which we could collaborate," he explains. Azerbaijan is showing great interest in Belarusian science, with a joint working party set up. "Belarusian science is taking a leading

role, so we could learn a great deal," believes Mr. Kerimov.

Ziyad Samedzadeh, Chairman of the Economic Policy Committee of the Azerbaijani Milli Medzhilis (Parliament) and the head of the inter-parliamentary working group, notes that Belarus is developing dynamically. He particularly mentioned the agro-industrial complex, which is developing well, and noted that the launch of the Belarusian satellite indicated that the nation has joined the 'space states'.

Minsk hosted a session of the working party on issues of Belarusian-Azerbaijani co-operation, discussing production of new goods at joint enterprises. Mr. Kerimov took part, alongside the heads of Belarus' NAS, discussing promising areas of co-operation.