

should be reconstructed and the procedure of going through the customs and getting visa should be simplified.

Belarusian President A.G. Lukashenko said that rush of tourists was being expected in Belarus, because of its advantageous geographical position. But I dare say it costs nothing without developed infrastructure. Egypt, Libya, and Algeria lie at the same sea. But the rush of tourists is observed only in Egypt.

What for did I make my report? I wanted to point at the advantages and foibles of the country. Although I quite understand it'll hardly change anything. But I wanted to remind you of the uniqueness of Belarus, her striking nature, and unique history.

И.А. Даниленко
БГЭУ (Минск)

INFLATION IN BELARUS: THE WAYS OF SOLVING THE PROBLEM ИНФЛЯЦИЯ В БЕЛАРУСИ: ПУТИ РЕШЕНИЯ ПРОБЛЕМЫ

Инфляция присуща всем экономическим системам, независимо от уровня их развития и методов управления национальной экономикой. Для стран с трансформационной экономикой, таких, как Беларусь, инфляционные процессы представляют собой острую проблему, являясь одним из наиболее существенных препятствий на пути стабильного экономического развития. В статье выдвинуто предложение, что в антиинфляционной политике необходимо уделить особое внимание тем методам борьбы с инфляцией, которые проводятся Национальным банком Республики Беларусь.

An acute problem of the Belarusian economy is a high inflation rate. Actually, Belarus occupies the first place amid the CIS countries in terms of inflation. Certainly, to develop its economy successfully Belarus should change this situation.

A long-term inflation is disastrous for the economy. Its main negative effect is the redistribution of resources. When inflation is moderate, it's possible for the economy to maintain the existing level of production, but with the rate of inflation approaching 100 % a year, economic growth is principally impossible. Now the situation is changing. The inflation rate in the Republic of Belarus in 2003 was only 25,4 % of the GDP. This inflation rate is considered to be too high. It's common knowledge that the growth of the inflation is

caused by a lot of different factors. There are two negative trends existing in our economy that are of major importance.

The first one is emission, the process which is basically used by the National Bank to buy currency in, but the buying of currency in great amounts is quite dangerous. Moreover, the National Bank uses emission to fill the financial gap, since the country has a record balance-of-payments deficit.

Credits of National Bank, which are used to subsidize unprofitable enterprises and non-efficient sectors of the economy. It causes a great disproportion between the amount of money and manufacturing facilities.

There are a lot of different methods to slow down inflation in the economy. The most powerful method is the rigid monetary policy of the National Bank. A well-thought policy of the National Bank will be the most important tool in the struggle with inflation. The National Bank has a lot of methods to influence inflation: state bonds release, reduction of direct credits into the budget, rigid target policy. The first step towards implementing this policy is to make the Belarusian National Bank independent. Though it's autonomous by law, according to the old Soviet tradition it has to fulfill all decisions of the Government. The National Bank must implement tight monetary policy to prevent the inflational growth. And it will be possible to achieve a situation of financial stability enabling the monetary accommodation mechanism to work efficiently only when the rate of inflation does not exceed the monthly level of 0,5 percent. For instance, the drop of an average monthly inflation increase to 3,6 percent in 2003 and has radically changed the situation in the monetary sphere that allowed a quite easy shift to a single Belarusian ruble rate in relation to hard currency. A considerable devaluation of the official rate did not provoke a serious inflation.

Whether or not Belarus will manage to restrain inflation in future, depends on a number of factors: The repayment of old credits, including currency credits given to unprofitable enterprises; the recovery of trust to the National Bank and the short-term bonds for a normal functioning of the stock market; the successful targeting policy aimed at inflation parameters by the National Bank; the dedollarization of fiscal relations, at least with Russia; the elimination of market development limitation regulations and the encouragement of competition; raising public utilities prices to the level of their cost price.

Progress, at least partial, going in these directions will give the Belarusian economy room for maneuvering and an opportunity for the monetary supply growth rate to surpass the inflation rate from time to time.