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## WAYS TO RAISE PEOPLE'S INCOME IN BELARUS

The level of population's income is one of the main characteristics of modern society, which reflects people's welfare, standard of life and degree of satisfaction of individuals with their material and moral needs.

For the population of Belarus the main sources of monetary income are wages, profit from business, social allowances, property income in the form of interest on deposits, rent and others.

The structure of people's income in our country is as follows. The main source of income is wages, which make up more than 60% of the income structure. Thus, changes in wages have a significant impact on the level of income. About 7% of the structure is profit resulting from business activity. Social allowances provided by the government make up about 20% of the income structure. By providing social allowances the government increases the average income but does not stimulate people to work efficiently. Another weak point of mass social assistance is high taxes on enterprises, which cuts their profit.

Despite the relatively high average salary in the country, most workers are paid below this level. While a small group of the population has income which significantly exceeds the average salary in the country, only a smaller part of total income is distributed among its majority. Thus, raising people's income is one of the key issues for the government.

Here are some possible ways of increasing the income of the population.

First of all, the gap in income between the wealthiest and the poorest can be reduced by attracting investment and stimulating business. The government should provide support and preferential credit resources for the implementation of investment projects by attracting foreign investment to the country. This can be achieved by developing free economic zones and by creating a favorable business climate.

It is also necessary to develop government stimulation and legal guarantees for self-employment and entrepreneurship.

Secondly, the existence of cross-subsidies in Belarus gives a distorted picture of the average income. The government holds the tariffs for some public utilities at a certain level in exchange for people's loyalty.

Part of the tariffs unpaid by the population is covered by industrial enterprises. In the long run, cross-subsidization significantly increases production costs and reduces the efficiency of industry. In addition, the comparatively low cost of tariffs for heating and water supply does not motivate population to use these benefits rationally, which further increases the burden on enterprises. In this regard, the new program for eliminating cross-subsidies for 2016-2020 may lead to the growth of real income of the population, the development of a targeted assistance system for those in need. Eliminating cross-subsidies will stimulate the economy and ensure its dynamism.

The development of the financial market may be another way of raising income. For the population, this may provide additional opportunities to invest their savings in effective financial projects. The development of the financial market in Belarus can extend the opportunities for citizens to manage their income efficiently. As a result, the savings rate in the country can increase. This can also lead to extra investment opportunities.

It is also necessary to create basic conditions for the development of such structures as pension funds and insurance organizations in the country. Part of insurance and pension payments is provided by commercial organizations but their contribution is insignificant. By creating more favorable conditions for businesses, the government may provide effective social targeted assistance to citizens in need.

It should be noted that this goal can be achieved only if inflation is kept at a low level. According to the program of social and economic development of the Republic of Belarus for 2016-2020, inflation in 2020 is to be fixed at 5%.

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## **NEW PLAYER ON THE FINANCIAL MARKET**

The purpose of this work is to show the importance of the new international financial center (IFC) in Minsk.

The financial center is the center of concentration of banks and specialized credit and financial institutions that carry out international currency, credit and financial operations, transactions with securities and gold.

Historically, the IFC is not just a block of steep skyscrapers, it is a very deep infrastructure, state institutions that allow markets to function.

The largest financial centers in the world are in New York (the largest market for securities and government debt), Frankfurt (the largest interbank and foreign exchange market), and London (the largest market for monetary derivatives).