

NATIONAL HUMAN DEVELOPMENT REPORT 2001

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SOCIAL EXCLUSION AND HUMAN INSECURITY in FYR MACEDONIA

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FOREWORD

MACEDONIA NATIONAL HUMAN DEVELOPMENT REPORT – 2001

SOCIAL EXCLUSION AND HUMAN INSECURITY IN MACEDONIA

It is a great honour for me to pen a few introductory comments for this – the fourth National Human Development Report issued by the UNDP office in Macedonia. The dual themes of the 2001 NHDR - social exclusion and human insecurity – are very apposite for Macedonia given the difficult circumstances that it has faced over the past decade which have been compounded over the last five or so years by new and unexpected events. My sincere congratulations to the team of national experts from the University of Sts. Cyril and Methodius, Institute for Sociological, Political and Juridical Research in Skopje led by Dr Ilija Todorovski for all their hard work.

The twin themes of the NHDR explore the dimensions of the often traumatic personal, family, community and collective feelings of insecurity and social exclusion that exist in Macedonia. Naturally the two themes are closely intertwined and deeply embedded in the soul and psyche of Macedonians of all ethnic origins which is not altogether unexpected given the tumultuous recent past. The analysis in the Report focuses objectively on the problem of insecurity related to unemployment, employment and the work place; social exclusion of the rural population and economic insecurity in the work force

originating in the transition process, insecurity deriving from environmental threats, inter-ethnic relations, lack of personal security associated with petty crime, lack of judicial protection, insecurity in dealing with state administrative organs and legal insecurity, as well as the exclusion that accompanies these circumstances. The problems of social exclusion and human insecurity are as real and present to any Macedonian as they could possibly be. Over the ten year period since 1991, the country has been passing through, and continues to undergo, a painful and deep transition to a market economy that has led to a massive rise in unemployment, a sharp fall in family incomes, diminution in official support services and a rise in general poverty levels – widely based and extremely troubling for a large proportion of the population. Along with this has been, not expectedly, a marked increase in the real and perceived levels of fear and stress on the individual and families. Prolonged unemployment is a personal tragedy for all those individuals and families affected and has recognizable and well known social and psychological consequences. We touch on this aspect in some depth in the NHDR 2001.

Compounding the pangs of economic transition – which alone has led to serious traumatic experiences for even the average person in the street – and not only the poorest and most deprived - has been the juxtaposition

of an unfortunate series of internal and external events which have fed the general feeling of insecurity of the populace. These included the break-up of former Yugoslavia – the traditional trading partner of Macedonia; the onset of international economic sanctions on FRY (in 1994) which also had a deep adverse impact on Macedonia; the humanitarian crisis in Kosovo (1999); the incipient civil war within Macedonia (2001) – all of which has bred acute feelings of insecurity and fuelled the potential for deeper ethnic conflict. It is a tribute to the peoples and to the government of Macedonia that the worst scenario of internal conflict has not materialized despite the evident challenges that the country has faced. In spite of this these events have left their mark.

The second theme of this NHDR is the problem of social exclusion – which affects all persons to a degree but has had a major effect on two groups in society – the Roma and the inhabitants of outlying rural villages – and especially the hill communities. There is clear and incontrovertible evidence in the report on the extent of the subtle and overt discrimination against the Roma community in Macedonia in terms of access to education and health facilities, housing, employment opportunities and so on. For the inhabitants of the more mountainous (hill communities) and isolated areas in Macedonia there are different facets of social exclusion stemming largely from their geographical isolation.

These and many other aspects of daily life in Macedonia are captured vividly in this NHDR – which is undoubtedly one of the most serious and substantial studies that has emerged on this topic in recent years. The NHDR is an excellent testimony to the quality of academic research in Macedonia – in terms of its objectivity and its capacity to generate new information. It poses challenging questions for the national and local authorities and provides some useful suggestions of a policy nature for consideration. In this sense the NHDR is a very well balanced document. While it challenges it also looks for solutions. The NHDR is concerned with issues which are central to the concerns of the international community and not least the United Nations.

One of the most useful innovations in the NHDR was the conduct of an Opinion Poll – of a representative selection of some 1200 persons spread across a wide cross section of ethnic groups and people from all walks of life including a sample of businessmen. The results of the Opinion poll have been woven into the text of the

Report and provide useful insights into the dimensions of human insecurity and social exclusion.

The Report itself took almost a year to prepare and was a casualty of the recent circumstances in the country and the region – so it has a very special poignancy. Understandably, the 2001 armed conflict had immediate adverse effects on the human security and social cohesion. The complexity involved in assessing the root causes and ripple effects on the social and institutional fabric of the country merit separate extensive in-depth analysis. Rather than risk desultory and possibly misleading treatment of that issue as a mere sideline to this Report, we intend to consign the entire subject to the next issue of the NHDR.

We believe that the NHDR 2001 could become a useful reference source for a debate on some of the issues of social exclusion and human insecurity in Macedonia – that is our hope. Likewise UNDP will be closely looking at the Report to seek guidance on how its future country programmes in Macedonia can be designed.

I commend this Report to all serious students and to the people of Macedonia and to the many friends of the United Nations in Macedonia as a serious attempt to look at these two important themes of the every day scene in Macedonia. It is also hoped that the 2001 NHDR will provide a spur to some much needed reforms in central and local governance – and not least in the role of local governments for services delivery in Macedonia.

Finally I wish to extend my appreciation to the technical support for this Report provided by UNDESA – and the assistance of Peter Gudgeon – Interregional Adviser and to Ms Vesna Bisheva – in the UNDP office here in Skopje. To all members of the team – many congratulations.



Raquel Ragragio – UNDP Resident Representative in Macedonia





INTRODUCTION AND OVERVIEW

CHAPTER 1

INTRODUCTION AND OVERVIEW

1.1 BACKGROUND

Themes of the NHDR - marginalization and alienation

The 2001 National Human Development Report for Macedonia contains two thematic subjects that are closely interrelated, namely human insecurity and social exclusion and investigates the growing phenomenon of alienation and the marginalization of a substantial proportion of the Macedonian population and the insecurity in the period of transition. The subject matter of the Report derives from the present rather complex economic, social and political situation in Macedonia stemming in part from the transition to a market oriented economy and radical changes in the economic and political systems. **(See BOX 1.1)** These unfavorable tendencies limited the space for obtaining solutions to other problems facing the citizens of

Macedonia, including the adverse consequences in terms of the quality of life of the citizens. The UNDP team of experts and the research team from the Institute for Sociological, Political and Juridical Research have determined that the analysis should focus on the problem of insecurity related to the subsistence (informal economy); unemployment, employment and the work place; social exclusion of the rural population and economic insecurity in the work force originating in the transition process, insecurity deriving from environmental threats, (unsettled) inter-ethnic relations, lack of personal security associated with petty crime, lack of judicial protection, insecurity in dealing with state administrative organs and legal insecurity, as well as the exclusion that accompanies these circumstances.

The 10 years of stagnation preceding the transition period was characterized by no growth in the gross domestic product, indicating that the system based on social ownership could no longer produce positive economic effects. This was exacerbated by other negative development tendencies, such as geographically unbalanced development which widened the gap between rural and urban areas, pollution of the environment at a time of growing industrialization of Macedonia, rising ethnic tensions etc. All of these elements raised the level of economic insecurity and social exclusion for the citizens of Macedonia even before the onset of the transition process. The transition to a market economy included privatization of state owned enterprises and major changes in the mode of operation of government along with the introduction of political pluralism. It was expected that the new economic concept based on private ownership, which offered a more efficient framework for entrepreneurship than social ownership along with liberalization of the business environment would ensure more rapid development of the Macedonian economy. It was expected that the new political system would offer more openness and choice of alternative policies for solving the existing problems. Unfortunately, at the very beginning of the transition, the Yugoslav Federation disintegrated (1991/1992) and Macedonia started its existence as a unitary state, facing external political and economic pressures from day one. These pressures, as well as negligence in the process of privatization and economic restructuring, significantly reduced Macedonia's gross domestic product in the first few years of transition, led to a decline in the standard of living and an increase in the percentage of the poor. The privatization process also inevitably widened the social gap among the population and led to the creation of "haves and have nots".

1.2 CONCEPTS OF HUMAN INSECURITY AND SOCIAL EXCLUSION

Defining the concepts

In this NHDR, two categories of the human situation are examined - insecurity and social exclusion. While **insecurity** is relatively easy to define as a feeling of concern or fear of unwanted consequences, discomfort, uncertainty... **social exclusion** is subject to various interpretations. Social scientists still cannot agree on a unanimous definition of social exclusion. The big question is whether and to what extent it is related to poverty. Some of them try to make social exclusion clear by describing in single simple sentence "who is in and who is out".

"Excluded are those who are not included."

In fact it is the best description so far, because it leaves the space for new theories and new perceptions of exclusion which are now beginning to emerge. According to Ladislav Rabusic -

"Social exclusion is nowadays defined as the failure of certain systems of belonging which are regarded as fundamental for the functioning of society. In this way it is a process of marginalization and isolation."

Definitions of social exclusion

There are at least three interpretations of the concept of social exclusion:

- social exclusion related to social rights, i.e. barriers to the exercise of these rights
- social exclusion as a condition of social or normative isolation from the rest of society
- social exclusion as a condition of extreme marginalization, especially pronounced in multi-cultural societies
- In addition - self-exclusion is considered another type of exclusion. People who were not satisfied with the conditions in the group or state, just left it, excluded themselves from it.

Exclusion and Inclusion – two sides of the same coin

In this report, social exclusion is simply defined as lack or reduced opportunity for some social strata to realize their rights or satisfy their basic needs which in a modern epoch they possess as humans, because the state, as a co-ordinator of overall social development has not created conditions for their realization. The question here is: who can be considered as excluded? Which groups? The answer is quite simple: anyone could be excluded, any social group and even any state. So, a group may be excluded by the majority on any grounds: color, language, ethnic origin, profession, appearance, ability to perform some actions etc. If some

of the social strata are in a position to readily obtain employment or have easy access to educational institutions and health centers they are among the "included". Conversely those groups that face problems or obstacles to do the same can be considered as among the "excluded".

Exclusion depends on current and historic social circumstances. For example, the unemployed in Holland or Germany receive huge unemployment benefits, but at the same time suffer from a degree of social exclusion on account of being unemployed. Here one can see that social exclusion does not necessarily imply that a person or group is in poverty.

The concept of social exclusion is closely related to the concept of social confinement i.e. social exclusion is conceptually derived from social confinement. Social confinement is a process whereby groups attempt to maintain control over resources of any type by limiting access to them. Then process is based on the power of a group to deny or hinder access to resources (goods, services or opportunities) to other groups. (Robert. E. Goodin, *Inclusion and Exclusion*, Archives Europeennes de Sociologie, 37/2, 1996

1.3 RESEARCH METHODOLOGY AND APPROACH TO THE STUDY

Research Tools – Opinion Survey and analysis

The research tools used in compiling this report included general and specific methods of social science, such as analysis and synthesis, statistical methods, comparative methods and others. The source material included technical literature in the respective fields, various reports, technical assessments, an examination of the legal, statutory and internal regulations of various entities, statistical data and various polls and interviews conducted in the past. Perhaps the most important feature is the use of a Public Opinion Poll on the

concepts and real effects of insecurity and exclusion. (See **BOX 1.2 below**) and a survey on business confidence which was presumed to be adversely affected in an insecure environment.

Interview Survey on business insecurity

In order to empirically confirm such an assumption, a survey has been conducted which included interviews with the top managers or the owners of 30 enterprises, selected according to four criteria: (1) size of the enterprises (2) the economic activity performed; (3) the ownership status and (4) the location in the country.

Opinion Survey of different groups in society

BOX 1.2

In order to obtain the most current information on the feeling of insecurity and exclusion among the Macedonian population, and to find out which of the many problems facing Macedonian citizens cause the most insecurity, an **Opinion Poll** was conducted among 1,199 respondents in the period between 18 to 30 December 2000, using a nationally representative multi-stage random sample of the population aged 18+. The Sample was based on the 1994 Census results provided by the National Statistical Office for the population aged 18+ taking into consideration population composition according to age, sex, family status, education, national affiliation, profession, professional status, type of settlement, size of settlement, residential area and type of housing of the respondents. The statistical reliability was strengthened by stronger representation of underrepresented groups, such as Roma (ethnic affiliation) or residents of hills and mountain communities. The results of this survey are summarized in the ANNEX and are embedded in the text of the Report. These include the comments of various respondents on their perceptions of social exclusion and insecurity.

1.4 ORGANIZATION OF THE NHDR

The Report itself has 13 thematic areas arranged in three main clusters, namely Human Insecurity and Exclusion arising from

- A. Economic factors including the transition to a market economy;
- B. Interpersonal and social and community relations and
- C. Political and Institutional factors – governance and related aspects.

In each of these areas, the individual chapters describe (a) the current conditions, (b) the underlying causes of the indicated conditions, and (c) possible solutions, i.e. what should be done in the future to improve the situation in a given area/sector. The goal is to reduce the

insecurity felt by the citizens due to dysfunctional social relations in various areas of society and to reduce social exclusion, if there is any, in the respective areas.

The Policy spin-off

The final section of the Report is focused on the policy implications. With this in mind, the NHDR is aimed at assisting the various social entities, such as the Government, political parties, non-governmental organizations and others, to find solutions and approaches to reducing social exclusion and improving security. It offers some views on how to overcome the existing unfavorable situation, as well the modalities of participation of the international organizations and foundations in this process.

1.5 AN OVERVIEW OF MAIN FINDINGS AND CONCLUSIONS

Extent of insecurity and exclusion

The data available from the Opinion Poll indicates that almost every citizen of Macedonia feels some kind of insecurity derived from the societal context or circumstance. The insecurity in the transitional period (over the last decade) is much higher in comparison to the previous period. The absolute strongest origin of insecurity is due to unemployment. The next type of insecurity derives from low and/or irregular remuneration, followed by inadequate social assistance. In general, causes related to subsistence (or obtaining the means to make a decent standard of living) dominate (about 80% of the total number of responses) in Macedonia.

On the other hand, the citizens in Macedonia feel some security in respect to the low rate of classical criminality, high coverage of free education, the very comprehensive and ramified system of pension- disability insurance, etc. But, the feeling of insecurity is highly prevailing.

In Macedonia there is also considerable social exclusion implying the inability of citizens to exercise all rights that they are entitled to, i.e. impeded access or no access to the various services or goods. The most excluded categories are the unemployed, residents of hill and mountain villages and the Roma. Many of them are unable to secure even sufficient quantities of food, and

are also facing impeded access to health and education services. To some extent the excluded categories are the Albanians and Turks, persons with lower education, to lesser extent the women, and there is a form of political exclusion based on party affiliation. The excluded categories feel more insecurity in life and work than those in the non-excluded population categories.

Some causes – privatisation failures and adverse consequences of macro-economic policy

The most significant causal factors of economic exclusion and insecurity dates from the very beginning of the transition period and when Macedonia broke away from the Yugoslav federation and lost the Yugoslav market. The embargo imposed by the international community on FR Yugoslavia (1992-1995) as well as the oil embargo from Greece in the same period badly affected the economy and led to a real sense of international alienation and isolation by the people and government. Nevertheless it is the internal factors which had more of a negative influence on Macedonia's economy including the essential failures in restructuring its production base. This reflects the selected model of paid privatisation which resulted in a low assessed price for social capital (associated with enterprises) and ineffective state control of the process such that the enterprises were privatized mainly by the managers from the previous period, who otherwise were not characterized by high management capacities.

Macroeconomic policy was also characterized by essential shortcomings. While the restrictive monetary and fiscal policies, have resulted in a macroeconomic stability (low inflation, stable exchange rate etc) the over-emphasis on the stabilization (and restrictive) component of macroeconomic policy, resulted in decrease of economic activity, fall in personal incomes and loss of economic potential. Additionally, the high degree of liberalization of foreign trade which was a condition for cooperation with the IMF, created more negative than positive effects. As a result to this, Macedonia had a dramatic fall of its overall production and GDP, amounting to 70% in comparison to 1990. On the one hand, this had a significant impact on the decline of wages, on the other it caused an increase in unemployment, increasing in that way the number of a relatively poor population whose opportunities for purchasing food, for good quality education, construction of infrastructure and protection of the environment were reduced. There were also public health consequences, with significant increases in morbidity.

Lack of vision and strategy and shortcomings in the political system

In addition to the economic causes, there is a general lack of conception and readiness to adopt a well-conceived strategy of development of the other important sectors of society and especially those with acute problems left over from the previous system such as the

social sectors, rural development and environment. Not unsurprisingly, ethnic tension derives from the insufficient integration of persons belonging to different ethnicities, in contrast to the insecurity of ethnic Macedonians that is mainly based in the different birth rates (especially in the ethnic Albanian community) which change the ethnic map of Macedonia.

However, the more profound problems come from the inefficient functioning of the political system and the governmental and party structures which have never built a realistic development strategy and the parliamentary system which was not designed to allow for political inclusiveness and prevent constraints on abuse of power. Specifically, there was no political factor established with the power to dismiss the Assembly, allowing it to be politically comfortable and less active towards the Executive Cabinet, which was also allowed to be less effective.

Local government has almost been marginalized. On the other hand, the citizens, Trade Unions and non-governmental organizations were not prepared to play an active role in the changes, more particularly to exert an influence over the state authorities towards improvement of their decisions, since they did not possess the necessary level of political culture and were not politically organized to act efficiently.

1.6 SOME SOLUTIONS

The ongoing reform processes in Macedonia includes the introduction of a multi-party system or political pluralism, privatization and contemporary forms of management with the newly privatized economic enterprises. However, the incompleteness and in some cases internal contradictions in the reform processes still generate crises in Macedonian society, making it unsuitable for entry into the European Union. In that context, the more important solutions would be focused on the following:

In the economic sphere, there would need to be a switch in the strategy from a stabilization-restrictive economic policy to a developmental one, giving priority to

unemployment rather than maintaining a low inflation rate. The improvement of the status of the employees could be expected through establishment of a Court for Labour Disputes and strengthening the Trade Unions in Macedonia both in organizational and financial terms.

In the area of rural development, the development of urban centers should be changed by improved urban planning and investment in processing industry and services.

In addition, in the area of welfare, social relief will be reduced through credits for economic activation of recipients.

In the *field of environmental protection* it is necessary to strengthen the capacity of state institutions responsible for environment protection, improve existing legal regulations and its approximation to EU legislation as well as introduce up-to-date economic management systems.

In the *area of relaxation of ethnic relations* and reduction of ethnic tensions, the following measures should be undertaken:

- pass laws that will regulate the use of languages of the nationalities, the use of the symbols of the nationalities and the development of well-defined national symbols;
- develop a humane population policy oriented towards the interests of the child;
- raise and standardize the educational level of the members of certain ethnic communities, etc.

In the *area of personal security*, training of the police to undertake activities of preventive nature will be necessary.

In the *area of judicial protection*, it is needed to establish more courts and larger number of judges, change court procedures and introduce appropriate criteria for their remuneration and temporary appointment based on achieved results.

Over the longer term what is extremely significant is to *raise the level of responsibility and proficiency of the state authorities* by establishment of a public administration and public policy faculty in the national universities and within the governance apparatus. In order to make the government function effectively it is necessary to *raise the level of political culture*. This would apply, in respect to the national political institutions and include the possibility to dismiss the Assembly by the President of the Republic. At the local government level, it is necessary to *significantly increase local competencies*.

Finally, in this context is the need to build a *developmental strategy based on the concept of sustainable development*.

THE ECONOMIC TRANSITION, MACROECONOMIC ISSUES AND SOCIO-ECONOMIC INSECURITY – SOME OBSERVATIONS

ALTERNATIVE VIEWS ON THE PATH OF REFORMS

Opposing paths to reform

Since, the onset of the process of economic transition in Macedonia, two basic views have existed with regard to the time needed for this process. The possible consequences, with respect to the social and economic security of the citizens were also a matter of confrontation. Those who advocated shock therapy or fast change, believed that the transition, in its initial phase, will cause increased unemployment and a reduction of the social and economic security of the citizens, but also believed that by strengthening the private sector, the unemployment will begin to drop while the social and economic security of the people will begin to grow. As a response to the expected social costs of higher unemployment, the creation of a minimal social fund was suggested. On the other hand, the followers of the gradual approach, or slower change, indicated that the shock therapy will

cause mass long term unemployment with huge consequences for the standard of living of the citizens. In that context, they paid special attention to the possible pressure on the budget of the country – with respect of social security requirements for the unemployed.

The social impact of macroeconomic policy

Economic transition involves two parts, namely macroeconomic stabilization, liberalization of prices and markets and institutional and structural reforms. which have been underway for a relatively short period of time, while the other component (privatization, restructuring of the enterprises, consolidation of the banks and the redefinition of the role of the state) are still in the realization phase. Both parts are expected to have major consequences for the social and economic security of the people.

The privatization model in Macedonia

Macedonia has conducted a model of paid privatization, or case-by-case privatization. It was believed that fast (mass) privatization would be more acceptable and more fair with respect to the equality aspect in the distribution of the so called societal ownership and in that way it would minimize the exclusion of a large number of citizens from the privatization process. Nevertheless in reality, many citizens employed in the public sector: education, science, health etc, have remained outside this process.

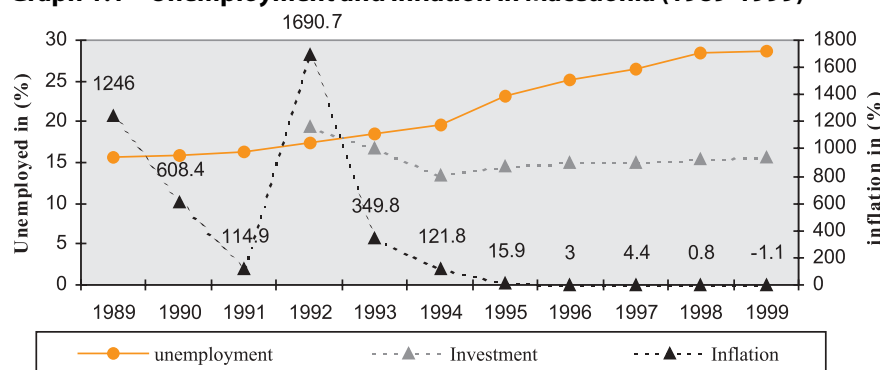
By selecting the model of rapid paid privatization, equality in the distribution of the socially owned assets was sacrificed for “the future economic efficiency” of the enterprises. This model caused several types of exclusion of ordinary citizens. **First**, foreign investors were favored over domestic investors on account of the fact that there was insufficient domestic capital available for investment purposes. **Second**, after foreign investors did not show special interest (except for the natural monopolies), the privatization process had to be continued with “our own resources” through the reduction of the price of the capital and other benefits. In order to privatize a large number of enterprises, the managerial buyout was favoured in which the management teams were given large concessions, thus placing them in a more advantageous position than the rest of the employees. **Third**, not infrequent was the case where the managerial teams applied various pressures on the employees so that these latter would give up their shares against their will.

By December 31st 1999, 1488 enterprises have been privatized, with a total capital value of over 4.1 billion DEM and involving approximately 216,000 employees. In the process of privatization are another 181 enterprises, with an estimated value of 439.0 million DEM. Another 57 (recorded) enterprises remain to be privatized, with an estimated value in the amount of 74.4 million DEM.

Macroeconomic policies as a generator of social and economic insecurity

The basic anchors of macroeconomic stability in Macedonia are: 1) the low rate of inflation (maybe one of the lowest in the transition countries), 2) stable exchange rates and 3) the low budget deficit, which on average is about 2% of the GDP of the country. The goal to keep *inflation* to a low level has been completely achieved. In spite of the fact that inflationary expectations still exist, it can be said that stable prices have largely contributed to the basic function of the free market mechanism – successful allocation of productive resources. Economic theory (Philips’ curve) reminds us that in the short term, a trade off between low inflation and higher unemployment exists. For the period from 1989 to 1993/94 (a period related with the formation of the free market economy in Macedonia), no significant conclusions can be derived in relation to the movement of the rates of unemployment and inflation. However, for the period from 1995 and onward, we can conclude that as a consequence of the adoption of deflationary policies (fiscal and monetary) we have a constant growth of unemployment in the country. (see [Graph 1.1](#)).

Graph 1.1 Unemployment and inflation in Macedonia (1989-1999)



Source: Derived from data from the State Statistical Office

One must not forget that the growing *unemployment* in the last decade is a result of other economic and non-economic factors as well.

1. The present intensity of unemployment in Macedonia is directly related to government policies from the pre transition period of low unemployment. Thus, due to over-employment, potentially higher labor

productivity was sacrificed and the economy suffered. Thus “short sighted” government politics resulted in the massive layoff of excess workers in the transition period.

2. The new measures of the government, directed toward the reduction of personnel in the public

administration, also have a strong influence on the unemployment rate in the country.

3. The adverse economic structure, i.e. the inappropriate development of labor intensive production (especially the processing industry and the complex of agricultural industries) as well as the insufficient exploitation of the existing production capacities lead towards rising of the unemployment rate.
4. The reduced work force as a result of ownership creates conditions for rising unemployment in the country.
5. The weak intensity of construction and infrastructure works and the low level of mobility of the work force are important factors that determine the unemployment rate in Macedonia.

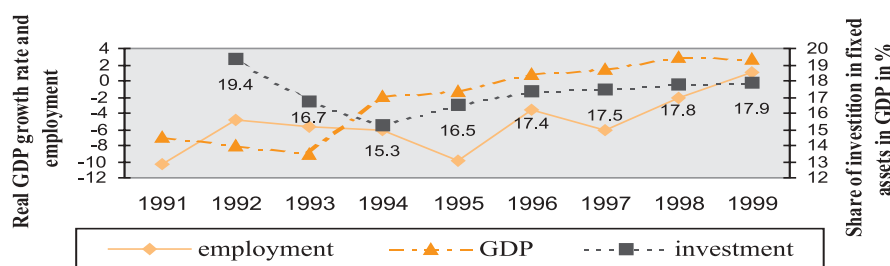
Restrictive monetary policies, along with high interest rates directly impacted on investment activity in the economy. Real active interest rates of the depositing banks in 1999 were, on average, 21.6%, while the real; passive interest rates were 12.6%.

The foreign exchange rate (denar/DEM) has been maintained at the same level as of July 1997, when the last devaluation of the denar occurred.

Regarding the budget of the state, in the last few years the small **budget deficit** completely corresponds to the tempo of the economic activity in the country and is compatible with the criteria set by the Maastricht Agreement (3.0% of GDP). In 1997, the budget deficit was 1.8% of GDP, in 1998, 2.1% and in 1999 was in balance, but without calculating the expenses for the refugee influx from Kosovo and the structural reforms. Public expenditures in 1992 was 42% of GDP, in 1995 44.7%, in 1997 38% and in 1999 36% of GDP. Budget expenditures are dominated by salaries and social transfers.

The over-emphasis on stabilization (restrictive) macro-economic policies has resulted in a lower than expected economic growth. For 1995 the GDP growth was 2 percent points lower than the forecasts, for 1996 – 1.2 percent points, in 1997 3.5 percent points and in 1998 the projection was 2.1 percent points higher than the achieved growth of GDP. In 1999, in conditions of a crisis and war in the region, the projection of the GDP growth deviated from the actual growth by 3.8 percent points (see Graph 1.2). GDP growth for 2000 is 6% and retail price inflation is expected to be 4%.

Graph 1.2 Projected and achieved real GDP growth in Macedonia

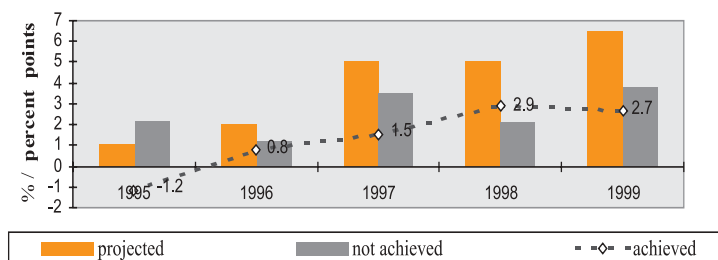


Source: Documents on the Government's macroeconomic policy and National Bank Reports

Graph 1.3 shows the relationship between investment rate, GDP and employment in Macedonia since 1991. While savings are about 8% of GDP, investment as a share of GDP in the last eight years is, on average, 17.3%. Due to the low level of the investment activity, which is a result of the low level of the domestic saving and the high

interest rates for the domestic loans, a more dynamic economic growth still cannot be expected. It is a general conclusion that macro-economic stabilization has not contributed to the growth of the social-economic security of the citizens. It has provided only for their specific "survival", and not for human development.

Graph 1.3 Trend of investments, real GDP and employment in Macedonia (1991-1999)



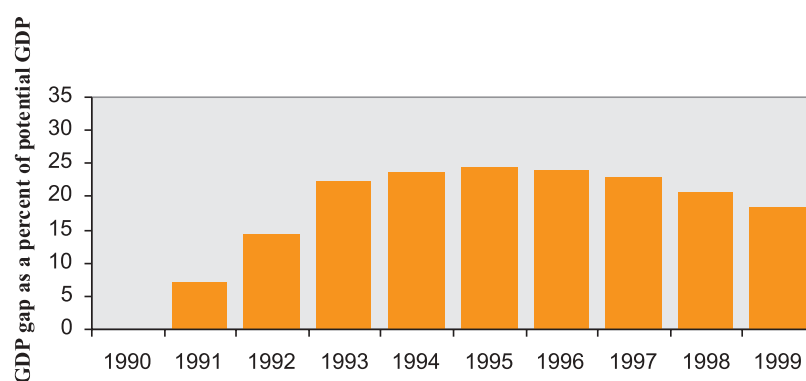
Source: Derived from data from the State Statistical Office and the National Bank of Macedonia

POLICIES FOR SOCIO-ECONOMIC SECURITY

In order to create consistent socio-economic policies aimed at improving the socio-economic security of the population, the following is recommended:

1. Re-examination of the priority of maintaining low inflation rather than low employment (see Graph 4 on trends of the inflation rate and unemployment in Macedonia).
2. Urgent reform of the banking system, restructuring of the banks, bank mergers and creating conditions for entry of foreign capital. This would influence the high active and passive interest rates and high interest rate spreads; it would also restore the lost confidence of the savings depositors.
3. The policy of fixed exchange rate had outlived its usefulness with regard to the stability of the economy. There is a need for greater flexibility of the foreign exchange rate. Considering the fact that the Macedonian economy is small and open economy susceptible to external shocks and with an undeveloped financial system, maybe the most optimal solution would be a determination of a central parity of the national currency, that could vary in the margin of fluctuations ± 5 to 7%. This would enable a more flexible and, generally, macroeconomic policies that would be subjected to the goals for a faster economic growth and structural reforms.
4. We regard that the high liberalization of foreign trade, which is a precondition for co-operation with the IMF causes more negative than positive effects to Macedonia at the time being. It is necessary for the implementation of discretionary non-tariff limits and export stimulation.
5. Reform of both public administration and the salaries of the employees in the public sector.
6. Research confirms that it is necessary to increase the share of capital expenditures in the total public expenditures, to a level of 4% of the GDP, which would support investment in the private sector through intensifying the public investments in the infrastructure. In conditions of existence of a huge gap between potential and real GDP (see [Graph 1.4](#) which shows the effective loss of income/output or GDP in each year since 1990 arising from restrictive economic policies), it is very difficult to determine the real growth rate of investment that would be optimal for continuous (sustainable) economic growth. It is estimated that a gross investment rate of 24-25% will, over a longer period, lead to self-sustainable annual growth of 5-6%.

Graph 1.4 GDP gap in the economy of Macedonia 1991-1999 (loss of GDP – 1990 base)



Source: Based on data from the National Bank of Macedonia.





DIMENSIONS OF SOCIAL INSECURITY AND EXCLUSION

A. ECONOMIC INSECURITY ARISING FROM THE TRANSITION PROCESS



INSECURITY AND SOCIAL EXCLUSION: THE CONCEPTS AND THE EFFECTS OF UNEMPLOYMENT

"Only when the individual is relatively sure that he/she can fulfill his present and future needs and wants, can he feel economically secure, otherwise his/her economic condition leans toward insecurity."

2.1 INTRODUCTION

Insecurity, poverty and deprivation

From the viewpoint of human needs, the most elemental form of *human insecurity* arises from the failure to meet the basic needs of the individual and the family in the form of food, clothing, shoes, firewood, minimum housing, health care, elementary education and employment. (M.Zelenovic *Social Endangerment*, Belgrade, 1987, page 12.) Insecurity of this form is most often identified with the state of poverty. But the definition that describes it as *potential poverty*, is more appropriate to a description of social and material endangerment. Generally speaking, *social exclusion* is an internal,

objective and fundamental determination of social stratification, i.e. it is the main causal factor of structured inequality of individuals or population groups. The inadequate satisfaction or deprivation of basic human needs prohibits the effective functioning of the individual in society and within the family, and jeopardizes both survival and integrity. This is also a limiting factor for the development of the country. Such a situation arises from the high level and persistent unemployment that exists in Macedonia. This chapter explores some of the characteristics of social exclusion and insecurity arising from unemployment.

2.2 THE CONCEPT OF ECONOMIC INSECURITY

Causes of economic insecurity

There are many causes of economic insecurity for an individual, some of them are: premature death of "the head" of the family, age, injuries and illnesses, unemployment, onset of low salaries, inflation which can reduce purchasing power, natural disasters, personal factors (lack of motivation, ambition) etc. Considering the fact that almost all needs and wants of an individual relate to the capabilities to use certain economic goods and services, one of the most relevant factors that influences the "provision" of economic security for an individual, is the unimpeded access to the market of goods and services, i.e. to the goods and services themselves.

From the point of view of economic security, access of the individual to the market of goods and services would be considered as "unimpeded" only if the individual has the necessary (sufficient) income, essential for the fulfilment of his needs and wants. The greater the income, regardless of whether it comes from salaries, private or state transactions, possession of property etc., the greater the level of economic security. One very important component is the sustainability of the income. In order to consider an individual secure, it is necessary that the individual receives, for a longer period of time, the same or similar level of income.

2.3 SOCIO - ECONOMIC INSECURITY OF THE CITIZENS IN MACEDONIA

The end of the socialist caring society

One decade after the fall of the socialist system and the first attempts to implement the capitalistic social and economic system, we are witnessing the biggest controversies that these two incompatible systems have imposed on "the ordinary people". On the one hand, a system with exceptionally low economic efficiency, but with a great sense for social security of the people - is being replaced by a system that offers high economic efficiency, but with substantial shortcomings with respect to the social security of the citizens.

Recent economic trends

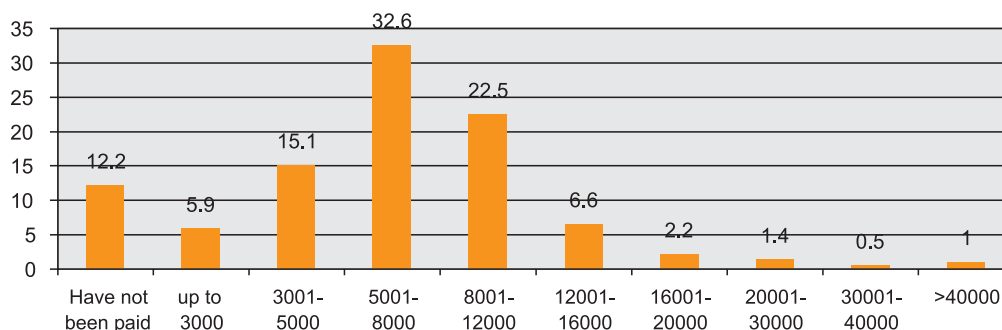
The outcomes from the process of transition show that "the new" social and economic system in addition to being very inelastic with respect to social security of the

population, shows exceedingly bad results with respect to its economic efficiency as well. Real growth rates of GDP for the last 10 years, which, until 1995 have been negative and since 1996 have (at least to the end of the year 1999) not even surpassed the famous 3% boundary, which could at least result in an increase in per capita incomes. The economy faces a high unemployment rate, which in the last five years, according to the Labour Force Survey, was on average 33.4%. Individual (personal) consumption in 1999 has decreased by 1.4 percentage points and is 72.4% of the 1996 level.

Incomes and income distribution

Figure 2.1 below shows that average monthly net incomes are between 6-8000 denars. The distribution of

Figure 2.1 Employed by net salary



Source: State Statistical Office, *Labour Force Survey 2000*

incomes is relatively uneven and the **Gini Coefficient** stands at 0.267. The **Lorenz curve** illustrated in Diagram 2.1 shows that roughly two thirds of the earners receive less than the average.

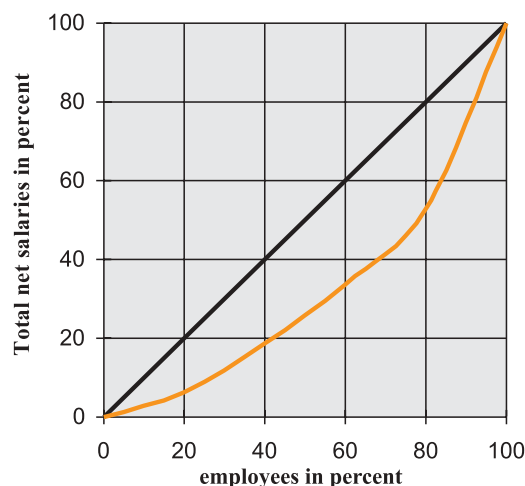
Poverty and social deprivation

The deepening of poverty in Macedonia has resulted in an increasing number of people receiving social aid, which, for the period 1995-2001 increased by 15,132 households to 76,939 households. This represents about 15.3% of the total population of the country (see Graph 2.1)

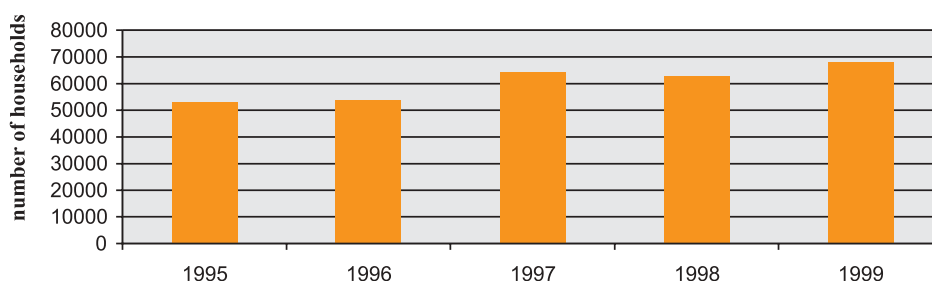
Feelings of insecurity

With regard to social and economic security of the people in Macedonia, the *Opinion Poll* showed that 50.9% of respondents feel a high level of social and economic insecurity. The most common reasons for this were: 1) unemployment (43.55%); 2) high prices (21.2%); and 3) injuries or illnesses (18.8%).

Diagram 2.1 The Lorenz Curve for net salaries of the employed in Macedonia (1999)



Graph 2.1 Number of households receiving social aid



Source: Ministry of Labour and Social Policy, 2001

2.4 THE GENERAL SITUATION AND CHARACTERISTICS OF UNEMPLOYMENT IN MACEDONIA

High level of unemployment

Unemployment in Macedonia, without a doubt, represents one of the most severe economic and social problems facing Macedonian society. Since 1996, according to official statistics, unemployment has averaged at around 30-35% of the Labour Force. See Table 2.1. Compared to the beginning of the transition period it has doubled, which indicates the dimension and severity of the problem. These conditions of high growth of unemployment places Macedonia in the rank of countries with an extremely high unemployment rate in Europe.

Table 2.1. Unemployment rate in Macedonia

YEAR	Unemployment as a percent of the Labour Force
1996	31.9
1997	36.0
1998	34.5
1999	32.4
2000	32.1

Source: State Statistical Office of Macedonia, materials from the round table titled: "Employment and Unemployment in Macedonia, Skopje, March, 2001"

Latent and part-time unemployment

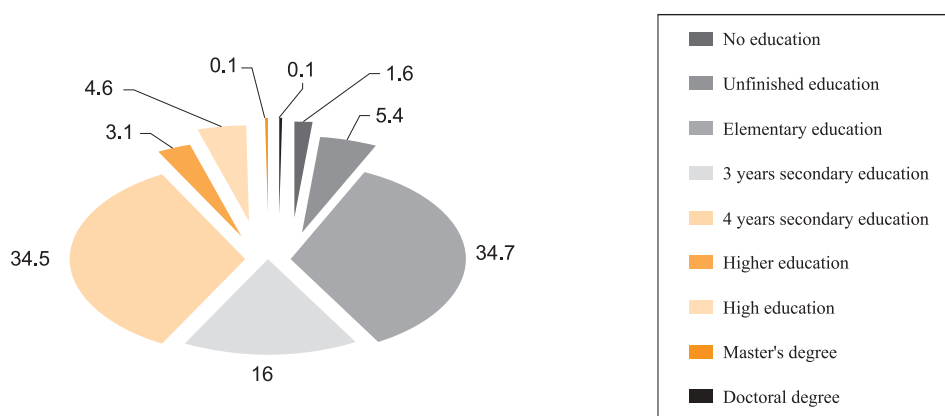
The stated indicators do not reflect so-called "*latent unemployment*", which refers to a relatively large number of employed persons whose remuneration arrives late, is received irregularly, or not received at all, and whose security is uncertain. This feature is elaborated in other parts of the report. Also, there is the *part-time employment*, without insurance benefits, by "cash in hand", that is wide spread but about which there is little or no evidence.

Educational status of the unemployed

An important characteristic of the unemployed population in Macedonia is that they include both the well

educated with both secondary and higher education categories having high unemployment rates. See [Diagram 2.2](#) From these indicators it is evident that every other person among the unemployed has completed three or four years of secondary education. Probably the main problem today is the general preference of students for clerical and administrative jobs, which diminishes their chances of employment in the private sector, which is mainly manufacturing or service - oriented. The percentage of unemployed who have completed elementary education only is significant - 41.7%. This problem could be a difficult obstacle to the process of transformation to the market economy.

Diagram 2.2 Structure of unemployed population by education (%)



Source: Employment Bureau of Macedonia

Length of time unemployed

The waiting time for finding employment is also a relevant indicator of the serious situation for a large portion of the inactive labor force as can be seen in [Table 2.2](#), which shows that the trend in numbers of unemployed people and waiting times for employment are most unfavourable.

The most significant changes pertain to the category of people who are waiting for employment for over a year. They constitute two thirds of the unemployed, which is double the percentage of 1991, when it was 28.5%. There is also a continued increase in the percentage of unemployed waiting for employment for more than four years.

Table 2.2 Waiting time for employment (%)

	1997 Total	1998 Total	1999 Total
Up to 1 year	16.9	17.1	16.2
1 – 2 years	15.9	13.8	12.7
2 – 4 years	23.7	13.7	11.8
Over 4 years	43.6	55.4	59.4

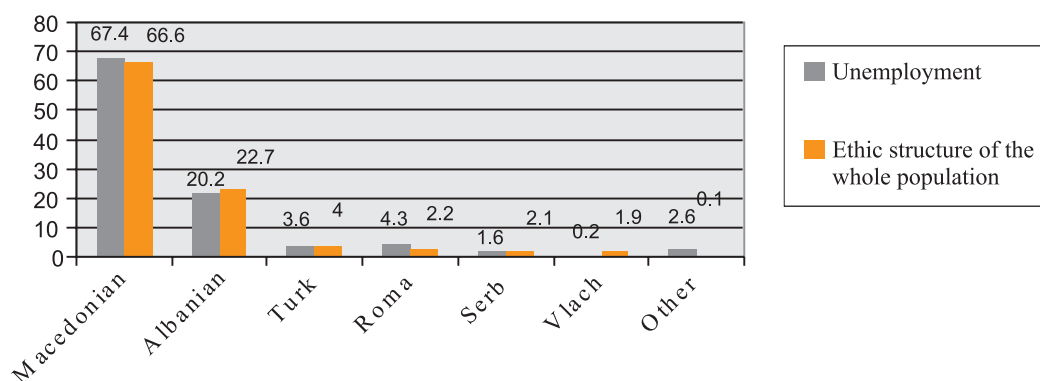
Source: State Statistical Office, [Labor Force Survey](#), April 1999, p.74

Unemployment by ethnic origin

According to the National Employment Bureau, the unemployment rate among the several ethnic groups in Macedonia is approximately proportional to the respective percentages of the ethnic groups in the total

population. Thus no single ethnic group suffers disproportionately from unemployment. One exception is the Roma ethnic group, where unemployment is twice their percentage share in the total population.

Diagram 2.3 Unemployment by ethnic structure and ethnic structure of the whole population (%)



*Source: State Statistical Office, Labour Force Survey, April 1999, p.99
State Statistical Office, Population Census 1994, Volume 13, 1996*

2.5 VULNERABLE GROUPS OF UNEMPLOYED PERSONS

Youth unemployment

Parallel with the growth of overall unemployment, the number of young persons (under 30 years) either unemployed or seeking employment is growing. A high percentage of young people under thirty (48.3%) have probably never been employed. Those between 30 and 40 constitute 26.4%. Most of these are probably between jobs. The young who are waiting for their first job are mostly educated. The fact that they are unemplo-

yed at the most productive age, shows how much society is losing from the investment in professional qualifications and education. Also, a large proportion of the young generation spend their best years waiting for employment, when they can give their best for the society, and are at their maximum in terms of creativity and productivity. This makes them highly dependent on their parents and puts them in a position of acute economic insecurity.

Table 2.3 Unemployed by age

Age/years	Unemployed	Structure
Total	257,485	100.00
under 30	124,454	48.33
30-40	68,072	26.44
40-50	42,393	16.46
over 50	22,566	8.76

Source: State Statistical Office, Labour Force Survey, April 2000, p.63

2.6 SOCIAL AND ECONOMIC POSITION OF THE UNEMPLOYED

Economic insecurity through unemployment

As already indicated, the unemployed as a whole represent a group highly susceptible to economic insecurity, with various degrees of risk.

The unemployed without a secure existence for themselves and for their families, with a high risk of economic insecurity include the unemployed principal earner/providers of the family, self providing mothers, persons with no income that are waiting for employment for a long time etc. Those that manage for a short period of time to get back to the status of employed or those that subsist on the family income are at lesser risk of economic insecurity.

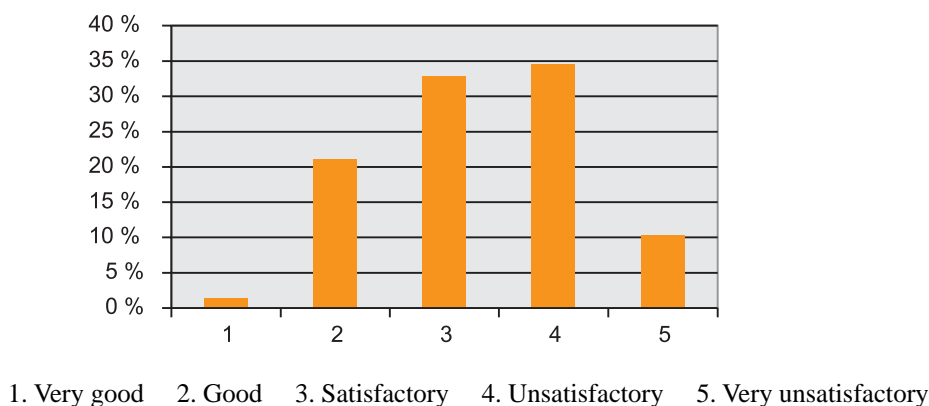
Self-assessment of economic status

According to the *Opinion Poll* on self-assessment of economic status, the following responses were obtained. 44.7% of the total population in Macedonia consider themselves to be in a difficult economic position, of

which 35.5% assess their position as *very* difficult. (See [Diagram 2.4](#)). Among the unemployed, 98% assess their economic situation as difficult. This indicates that there is not only a high sense of uncertainty among the entire population, but it is particularly pronounced among the unemployed (including employees of companies in bankruptcy proceedings). Only a small fraction of respondents indicated that their economic status is good or very good.

A previous study by the [Institute for Social, Political, and Juridical Studies \(ISPPI\)](#) indicated that household consumption among the unemployed and other people without income is limited only to the barest necessities. Approximately one half of their income is spent on food alone. When the expenditures on food surpasses 50% of their total income, under international standards this puts them in the category of the "poor" population. (*Focus on the Poor*, Volume 1. World Bank document, 1999, p.8)

Diagram 2.4 Self-assessment of economic status (%)



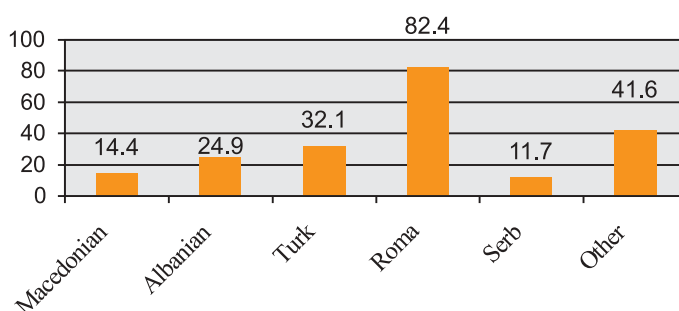
Source: *Opinion Poll on insecurity and social exclusion*, ISPPI

Inadequate nutritional intake

Data on individual self-assessment indicates that 30.6% of respondents are not satisfied in terms of the quality of their nutrition while another 21.2 % of the total respondents and 29.1% of the unemployed are dissatisfied by both quality and quantity, which causes emotional strain and diminishes their personal self-worth. The response

of the ethnic groups in the opinion poll to the question of insufficient food consumption, i.e. insufficiency both in quality and quantity illustrated in [Diagram 2.5](#), suggests that the problem of securing the requisite quantities of food exists among all ethnic groups with significant variation, but it is most severe among the Roma minority.

Diagram 2.5. Insufficient food consumption by quality and quantity by ethnic affiliation (%)



Source: Opinion Poll on Social Exclusion and Insecurity, ISPPI

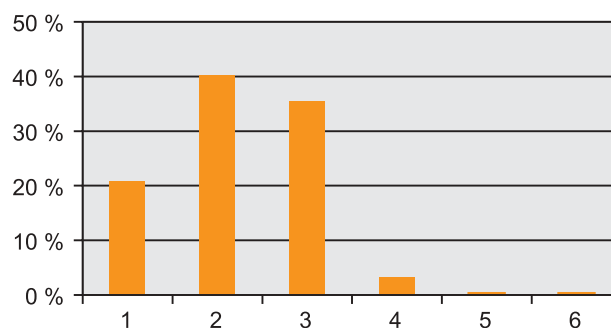
Expenditure on other basic items

The constant decline of personal expenditures for other needs is evident for clothing and footwear, personal hygiene, press, furniture, household appliances etc. The substitution of these needs is seen in the fact that every other citizen among the unemployed is faced with a difficulty when buying clothes and footwear. 34% have declared that they have used their old garments for too long, 10% receive their garments from others. 80% of Roma receive their clothing from humanitarian organisations. One in four of polled citizens is frustrated by the inability to acquire much needed furniture and other more expensive household appliances.

Needs of the Unemployed

Of the unemployed with higher or university education, every other respondent expressed dissatisfaction that in addition to clothing and furniture, they are unable to buy newspapers regularly, while in the past they had all these needs satisfied. This puts them in a position of relative deprivation and degradation. The young among the surveyed feel discouraged and without prospects for the future, because of the inability to secure a number of necessary needs, above all clothing (45%) and also because of their financial dependence on their parents. The citizens that are not in the category of the unemployed and economically endangered and feel that they can afford to buy expensive things, or the even smaller number that can afford almost anything, are an insignificant percentage, as shown in [Diagram 2.6](#).

Diagram 2.6 Ability to satisfy expensive needs (%)



Categories of need

1. no money for food
2. enough money for food but not for clothes and footwear
3. enough money for food clothes and footwear but not for furniture and domestic appliances
4. provides expensive stuff, but not all he/she wants.
5. can afford everything he/she wants
6. no answer

Source: Opinion Poll on Social Exclusion and Insecurity, ISPPI

Reasons for insecurity of the population as a whole

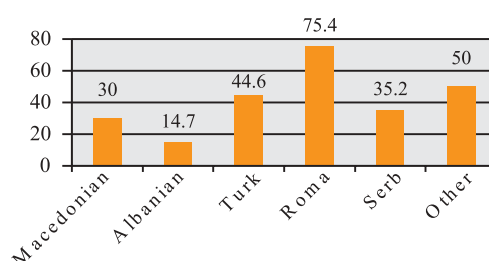
The first reason for economic insecurity of the whole population, namely unemployment was cited by 57.2% of the sample of all citizens. Thus, due to rising unemployment and the worsening economic situation, the feeling of social insecurity is growing and it is spreading among a major part of the population. In terms of the individual perception of their own economic status, one half of the unemployed in Macedonia indicated that their

economic situation is worse in 2000 as compared to the previous two years, compounding the sense of insecurity.

Access to health services of the unemployed

Besides the lack of elementary needs among the unemployed citizens in Macedonia, 38.0% of respondents stated that they have inadequate access to health services. The distribution of responses by ethnic affiliation is as follows:

Diagram 2. 7 Reduced access to health services by ethnic group (%)



Source: Opinion Poll on Social Exclusion and Insecurity, ISPPi

The data presented clearly indicate difficulties in access to health services among all ethnic groups, and among the Roma only a small fraction have access. The respondents indicated this problem also exists in terms of purchasing medical drugs (40.6%), dental appliances (40.9%) and other health services. This situation threatens their health and increases the risk of illness, thereby decreasing the life expectancy.

Access to education

From the aspect of availability of education for their children, 20.7% of respondents indicated concern over financial problems associated with schooling their children. Similar responses were obtained from 29.7% of single mothers and 46.3% of the Turkish population. This problem exacerbates their difficult economic position and insecurity, as children who do not attend school and fail to complete a certain degree of education have less opportunities to find employment.

Social Effects of Prolonged Unemployment

BOX 2.1

The social disparity of the unemployed in relation to the rest of the population, has its impact over social contacts, and creates a feeling of loneliness, alienation, weakening of the family and friend relations, deficit of cultural activities, other recreation and etc, that can be seen from the following examples.

A remark from an unemployed-dismissed from work, intellectual: "What about us that until yesterday were the leading staff in the factories"; or the statement about reduced communications: "The weddings, family feasts and birthdays are rarer and rarer"; or "The people are less happy these days"; a remark taken from one young person: "When the young are facing impoverishment, they tend to get closer to alcohol and drugs".

(From the work of the focus groups for poverty among the unemployed)

2.7 SUMMARY OF THE RELATIONSHIP BETWEEN UNEMPLOYMENT, INSECURITY AND SOCIAL EXCLUSION

The most insecure and deprived

According to the indicators cited in this chapter, largely obtained from the *Opinion Survey*, it is an irrefutable fact that the economic resources of the average unemployed citizen are meager, which makes him/her economically insecure and fails to satisfy even basic needs. However, in the social differentiation by economic insecurity, the most affected are those that are deprived of basic necessities and are at the lowest line of poverty. The most severe deterioration is evident of unskilled workers, those with only minimal education and the 76,939 households which are welfare recipients. Economic insecurity in a wider context places the *welfare recipients* of Macedonian, Albanian, Turk, Roma and other ethnic origins in an almost identical situation, as a result of the equally high degree of endangerment. Most of them are in no condition to move beyond the threshold of poverty, because the unfavorable economic situation excludes them from even the minimum level of subsistence and from the realization of their most basic life functions in society and in the family. However the evidence that the Roma as a social group have the highest level of social exclusion is irrefutable.

We can conclude that after ten years of reforms in Macedonia, important changes have occurred in the social structure of the population, due to the combination of persistently high unemployment, the creation of large social distance between the social group of employed and unemployed persons, and the increasing rise of economic insecurity and social exclusion among certain social groups.

Social programmes for the deprived and unemployed in Macedonia

As already mentioned, the fact that citizens suffer insecurity to the degree of extreme social exclusion is mostly a result of the long-term growing unemployment and constant decline of real income, i.e. impoverishment. The need to improve their social status implies the formulation of social programs and corresponding legal regulations. Persons that have lost their jobs are entitled to monetary compensation for a limited time while unemployed, in addition to other entitlements. (*Law on Employment and Unemployment. Insurance Official Gazette of RM, Skopje, No 37/1997*). Also, since 1992, in addition to the entitlement for one-time assistance and unemployment insurance, there is a new type of welfare benefit in Macedonia called “*welfare protection level*”, based on the government program for assistance of the welfare recipients. (*Official Gazette of RM, Skopje, No 15/1992*) These benefits are utilized by those whose regular unemployment insurance had expired, but who are still unemployed. Although this entitlement has been present for ten years, it is characterized by constant reductions of the financial benefit amount, due to the growing number of recipients and smaller allocations by the state.

On the other hand, higher benefits and longer periods of eligibility could de-motivate the beneficiaries from seeking employment. In a situation of high unemployment as is currently in Macedonia, the optimum period of eligibility for unemployment benefits is difficult to determine. More control is needed to identify those who are employed but nonetheless continue to receive unemployment benefits.

Calculation and adequacy of welfare benefits

BOX 2.2

The amount of welfare benefits is calculated on the basis of the poverty line of 36,000 denars per year, or 3,000 denars per month. According to this methodology, depending on the household size, today the amounts are: 1,700 denars for a single-member household, 2,200 denars for a two-member household, 2,800 for a three-member household, 3,600 for a four-member household and 4,200 denars for a household of five or more.⁹ The unemployed who subsist exclusively on welfare benefits, with total household income of 4,000 denars per month for a larger household or 3,600 per month for a family of four (30 denars per day per household member), are in a very difficult economic situation. Hence, the social welfare benefits as the only support to household with no income is increasingly failing in its aim and purpose. Responses of the surveyed citizens indicate that despite frugality, 49.1% of respondents spend those benefits in the first ten days of the month.

2.8 PROTECTION OF THE UNEMPLOYED AND SOCIALLY EXCLUDED IN MACEDONIA - POLICY IMPLICATIONS

Areas for improvement and attention

The strategic goal of improvement of the situation of the unemployed in Macedonia imposes a need for consistent measures of social policy incorporating activities for economic and social development. The postulated aims must be realised in a short time span, with a mandatory role for the state in:

- Creating a *solid institutional structure for accurate registration* of the unemployed, monitoring conditions in the labour market, discovering changes and problems during employment and proposing appropriate solutions
- Activities for *modernization of the Employment Bureau* as a labor marketplace which will develop and implement supply and demand of labor; implementation of training and education programs for re-training and skills development of job seekers
- *Strengthening of the criteria for securing minimum subsistence payments* for welfare households by establishing a realistic amount of welfare benefits, by proper scaling and allocation of welfare benefits. In parallel, it is necessary to formulate criteria for enabling the unemployed labor force to generate income in other ways and gradually move away from state-provided benefits.
- *Activating subsidy measures for payment of public utility services* for the most impoverished citizens (Roma, self-supporting mothers, old and incapacitated persons, families with many children but no income) enacted by social security structures.
- In view of the advantages of small and medium companies and their capacity to absorb labor, *self-employment solutions* (“help yourselves so others would help you”) are available through mechanisms of investment and credit support to these enterprises. Anyway, this form of employment generation is the priority task of the Government, by investment, credits and training, especially to those receiving social relief for a longer period of time.

EMPLOYMENT AND EARNINGS RELATED INSECURITY (INSECURITY IN THE WORK PLACE)

3.1 INTRODUCTION

The importance of labour

The foundations for any economy – including decisions on and inputs to production, investment and consumption is determined by management and labour. The quality and quantity of produced goods and services depends on the professional management working in the workplace with other occupational groups. Their level of motivation and efficiency are determined by their remuneration and job security including contractual position and so on. It is therefore essential that for the optimum inputs and outputs of the labour component of the economy – the welfare and incentives structure are carefully considered. These in turn are reflective of such aspects as job security, income and remuneration and confidence of the employed in the work place – their prospects and opportunities – all critical factors in the security of the employed. Hence the attention to this element in the NHDR.

Insecurity of Employees

In order to assess if there is financial and job security for the employed, we asked respondents in our special *Opinion Poll* conducted for this NHDR to rank the various types of insecurity they feel. Some 57% of the respondents felt most insecure about becoming unemployed, and 16.2% about the low income received in their employment. This is classed as a highly ranked (second) type of insecurity. In that context, we focused research efforts on the three most important segments of labour relations:

- a) whether regular remuneration is paid in amounts that motivate the employed – if not, what type of insecurity people feel about it;
- b) whether there is job insecurity even if job performance is good and
- c) whether there is insecurity about employee promotions.

3.2 REMUNERATION LEVELS IN MACEDONIA

Basic requirements of employment remuneration

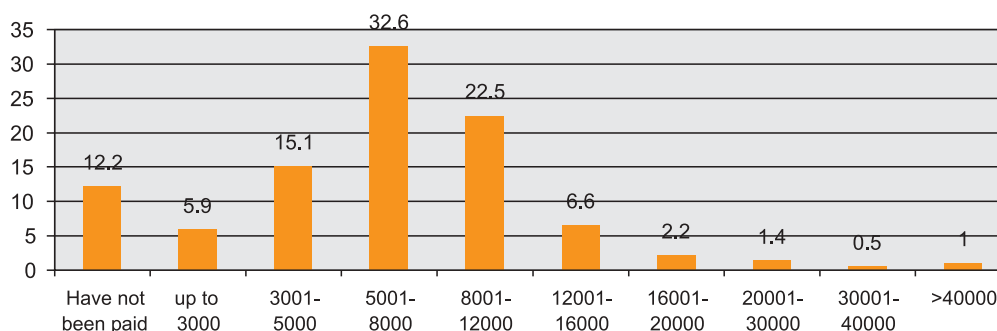
A priori, it would be assumed that the most important segment of security of the employed is to receive a level of remuneration that would at minimum satisfy the subsistence needs of their families. The 2000 Labour Force Survey of the Statistical Office of Macedonia, shows the main categories of employees classified by net pay received from work. (see Figure 3.1). This shows that many of the employed in Macedonia have incomes below the relative poverty line that is 3.000 MK Denars per a person a month (less than 100 DEM).¹

Job remuneration and the income poverty line

Although we have no official data for per capita income to be able to draw exact conclusions about the number of households who live in poverty, other estimations based on available indicators suggest that many of the first four groups in the figure with salaries of 8,000 denars or less, which include 65.8% of the total number of the employed, and some of the group being paid 8,000-12,000 denars, which includes 22.5%, could be considered poor, since the relative poverty line in

Macedonia in August of 2000 was 9,317 denars (around 300 DEM) for a family (household) of four. The reasoning is that unemployment in Macedonia stands at about 32.2%, so most families (households) have only one member employed. It is a characteristic of urban households with lower levels of education, (and these are typically people with lower incomes), to have at least one working member. It is also known from sociological research that most people in Macedonia marry people from the same or similar social stratum, so even if there were multiple sources of income in the households of the former stratum, their income would be low and often below the relative poverty line. Even given the possibility of some of these families (households) having multiple sources of income including the possibility of involvement in the gray economy (which involves about one third of the labour force, according to unofficial estimates), and the assistance that some receive from relatives abroad, and assuming that two-thirds of this population attaining the relative line of poverty, about 40-50% of the employed would still be below the poverty line – and classed as relatively poor people.

Figure 3.1 Employed by net salary in Macedonia (%)
(Proportion in each category)



Source: State Statistical Office, Labour Force Survey 2000

The above observation on the proximity of the average remuneration level to the poverty line is confirmed in the *Opinion Poll*, where respondents were asked to describe their financial capacities. (See Table 3.1). We would point out that the first two modalities, indicate

that the households of the respondents are either below or on the edge of the relative poverty line.

The first category includes persons with not enough money for food. Some of those in the second group, are also people falling below the relative poverty line. These are most (over 45%) of the permanently and temporarily employed people (53%), and most (70%) of the workers in bankrupt companies.

¹ *The Decree for Conditions, Criteria, Level, Manner and Procedure of Definition and Execution of the Social Subsidy Right. Official Gazette of RM, Skopje, 15/1998, Art. 2-3*

Table 3.1 Financial capacities and satisfaction of minimum needs

	Permanently employed	Temporary workers	Workers in bankrupt companies	Unemployed	Other (farmers etc)	
	1	2	3	4	5	Total
1	10.36%	14.12%	12.90%	29.40%	24.35%	20.77%
2	35.29%	38.82%	58.06%	43.57%	40.00%	40.12%

Source: *Opinion Poll on insecurity and social exclusion, ISPPI*

1. Not enough money to purchase food

2. Enough money for food, but purchasing clothing and footwear is difficult

Level of satisfaction with remuneration levels The results of the *Opinion Survey* on how satisfied the respondents are with the remuneration they receive, suggest that there is strong dissatisfaction. One third (33.6%) are extremely dissatisfied, 23.8% are dissatisfied, while only 10.80% express satisfaction with their remuneration. (See [Table 3.2](#))

Table 3.2 Satisfaction with remuneration levels

Category of response	Total (%)
1. I am extremely dissatisfied by the remuneration I receive	33.6
2. I am very dissatisfied by the remuneration I receive	23.8
3. I am somewhat satisfied	28.4
4. I am satisfied	9.6
5. I am very satisfied	1.2
6. Don't know / No answer	3.4
Total	100.0

Source: *Opinion Poll on insecurity and social exclusion, ISPPI*

Irregular payment of remuneration

This is a major source of dissatisfaction. Despite the fact that 70% of respondents think their remuneration is low, for 18.2% of them it is also paid irregularly. (see [Table 3.3](#)). The last in this series of questions is:

"Does this low and/or irregular remuneration create a feeling of insecurity about life or subsistence?" showed that 73.4% of respondents feel insecure about the fact that their remuneration is low, nonexistent or received irregularly. (See [Table 3.4](#))

Table 3.3 Attitudes to the amounts and regular receiving of remuneration

Category of response	Total (%)
1. I am not paid at all, although I work	1.5
2. My remuneration is low and paid irregularly	16.0
3. My remuneration is good but paid irregularly	2.2
4. My remuneration is paid irregularly but it is low	53.2
5. My remuneration is good, but not commensurate with my efforts	12.9
6. I am satisfied with my remuneration	10.8
7. No answer	3.4
Total	100.0

Source: *Opinion Poll on insecurity and social exclusion, ISPPI*

Table 3.4 Insecurity caused by salaries (low or paid irregularly)

Category of response	Total (%)
1. Yes, very strong feeling of insecurity	24.7
2. Yes, strong feeling of insecurity	22.6
3. Yes, some feeling of insecurity	26.2
4. Yes, little feeling of insecurity	11.4
5. No feeling of insecurity	0.9
6. Satisfied by remuneration received	10.8
7. No answer	3.4
Total	100.0

Source: Opinion Poll on insecurity and social exclusion, ISPPI

Insecurity and the threat of redundancy

The next element of employment insecurity is the problem of maintenance of employment status even assuming good performance or correct fulfillment of duties. In Macedonia, with a high rate of unemployment, keeping a job is imperative because many would not be able to find a new job. Naturally, employees in the commercial sector face greater insecurity about losing their jobs as a result of objective circumstances such as bankruptcy or liquidation of a company, but it is an issue if that insecurity is aggravated by the lack of objective criteria in dismissals or redundancy. For that purpose, we asked the following question: *"In your company, were those laid off as technological or*

economic surplus labor the least capable (least productive) individuals?"

Table 3.5 indicates that employees have frequently lost their jobs through no fault of their own. This is a large factor in employment insecurity. 16.5 % of the respondents indicate that the employees lost their jobs due to economic or technological restructuring of their companies, and many respondents indicate lack of solid (or any) criteria in laying off. Only 8.4 % of the responses indicate that the least capable workers were laid off and five times more often (45.4 % of the cases) were the more capable workers laid off. Thus position in the company and the skills or capability level did not appear to be a major factor determining dismissal.

Table 3.5 Attitudes of employees on job dismissals (%)

Category of response	Total (%)
1. Yes, those laid off were always the least capable (least productive) workers	4.2
2. Yes, those laid off were often the least capable (least productive) workers	4.2
3. Sometimes yes, sometimes no	23.7
4. No, those laid off were rarely the least capable (least productive) workers	13.0
5. No, those laid off were never the least capable (least productive) workers	32.4
6. In our company, only employees whose jobs were eliminated for technological or economic reasons were laid off	16.5
7. No answer	6.0
Total	100.00

Source: Opinion Poll on insecurity and social exclusion, ISPPI

We find a good deal of support for this attitude in the direct question *"As an employee, do you feel insecure that regardless of your work performance you could be laid off at any time?"*, The results (see Table 3.6) unequivocally confirm the conclusion from the previous question that there is significant insecurity among a

relatively large number of the employed in Macedonia in terms of maintaining their employment status. This insecurity arises not merely from the general threat of redundancy but the fact that it does not appear to be related to job performance and capabilities in the company.

Table 3.6 Insecurity caused by job dismissals

Category of response	Total (%)
1. Yes, I feel a great deal of insecurity	34.4
2. Yes, I feel some insecurity	25.4
3. Yes, I feel a little bit of insecurity	29.4
4. I feel no insecurity in that regard	9.6
5. No answer	1.2
Total	100.0

Source: *Opinion Poll on insecurity and social exclusion, ISPPI*

Job security and promotion prospects

The third component of research on insecurity in labor relations was on employee promotion. This component is also a source of insecurity among the employed, although to a lesser degree than the previous two, because differences in rank are relevant but not critical for maintaining the basic subsistence needs. To that end, we asked "In your company, are the workers being currently promoted the most capable ones?".

Responses under the *Opinion Poll* (See [Table 3.7](#)) clearly indicate that in about 50% of the cases those being promoted are not the most capable workers, and in an additional 27% of the cases there are also serious flaws in employee promotions. From this we conclude that in most of the companies there are no clear criteria or practices of promotion according to work performance, and in such situations there is unnecessarily high, but not unexpected, deep insecurity among the employees.

Table 3.7 Attitudes of employees pertaining to promotion

Category of response	Total (%)
1. Those promoted are always the most capable workers	12.3
2. Those promoted are often the most capable workers	5.2
3. Sometimes yes, sometimes no	27.5
4. Those promoted are rarely the most capable workers	27.2
5. Those promoted are never the most capable workers	22.9
6. No answer	4.9
Total	100.0

Source: *Opinion Poll on insecurity and social exclusion, ISPPI*

3.2 EMPLOYMENT AND DISMISSAL IN THE WORK PLACE

Formal employment and educational attainment

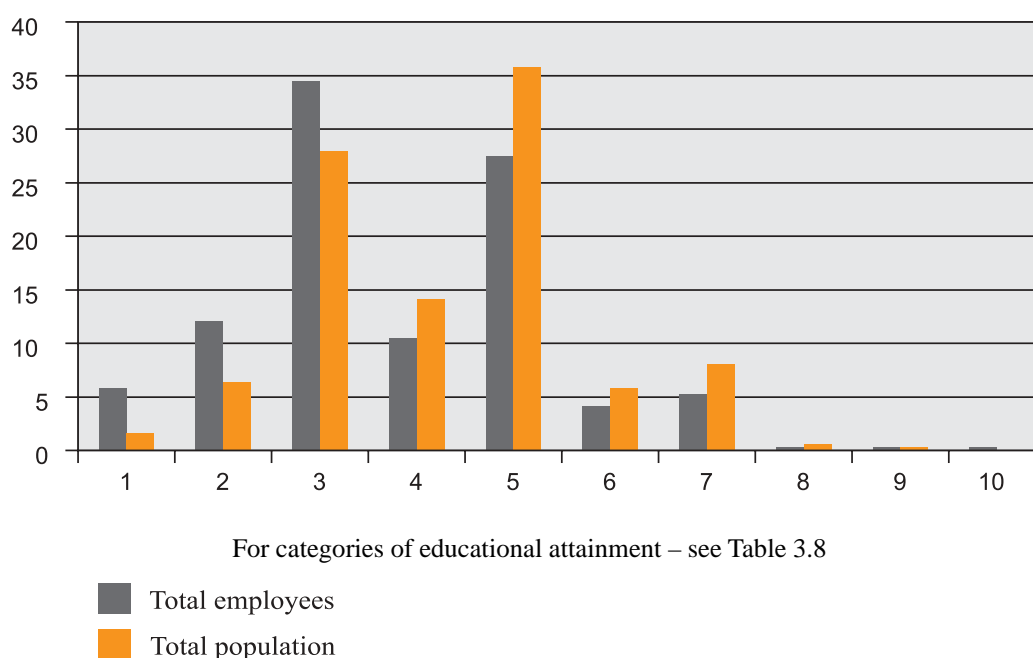
In terms of drawing conclusions on whether some population categories have stronger or weaker opportunities for employment, keeping jobs or promotion, [Table 3.8](#) (and [Figure 3.2](#)) suggests that the lower the level of education the lower the chances of gaining employment. People without education constitute 5.8%, of the total population of Macedonia and only 1.6% of the employed population, i.e. they are underrepresented in the employed labour force by a ratio of 3.5. In contrast, persons with higher education are over-represented in

the employed population by almost a factor of two compared to their percentage in the total population. Therefore, there are elements of exclusion on the basis of education in relation to employment prospects. This finding is however not unusual in terms of the characteristics of employment and the labour market elsewhere in the world since it is well known that the higher the level of educational attainment, the higher the chances of employment and higher remuneration. Also, the employment rate for women is lower than that of men. Women constitute only 38.5% of the employed population.

Table 3.8 Population aged 15 and older by economic activity and level of education

Educational attainment	Total population	Total employed
Total	100.0	100.0
1. No education	5.8	1.6
2. Unfinished education	12.1	6.4
3. Elementary education	34.5	27.9
4. 3 years secondary education	10.5	14.1
5. 4 years secondary education	27.5	35.8
6. Higher Education I degree	4.1	5.8
7. Higher education II degree	5.3	8.1
8. Master's degree	0.1	0.2
9. Doctoral degree	0.1	0.1
10. Other	0.1	-

Source: State Statistical Office, Labour Force Survey 2000

Figure 3.2: Population aged 15 and older by economic activity and level of education in Macedonia

Source: State Statistical Office, Labour Force Survey 2000

Formal Employment and ethnic origins

Table 3.9 indicates that there are differences in the employment rates of different ethnic groups in Macedonia. The employment rate of Macedonians and Vlachs is highest, and that of Roma and Albanians lowest. Ethnic Macedonians constitute 66.6% of the total population and 83.5% of the employed, ethnic Albanians constitute 9.8%

of the employed and 22.7 % of the total population; Roma constitute 0.7 % of the employed and about 2.2% of the total population, which means that the last two ethnic groups are underrepresented in the employed population by a factor of about 2.5 compared to the total population. This indicates that there are differences (i.e. exclusion) of some ethnic groups – Roma, Albanians and Turks with

respect to employment, which means that jobs have been available to a lesser degree than to ethnic Macedonians, for example. It should be noted however that the above statistics refer to formal or recorded employment – and do

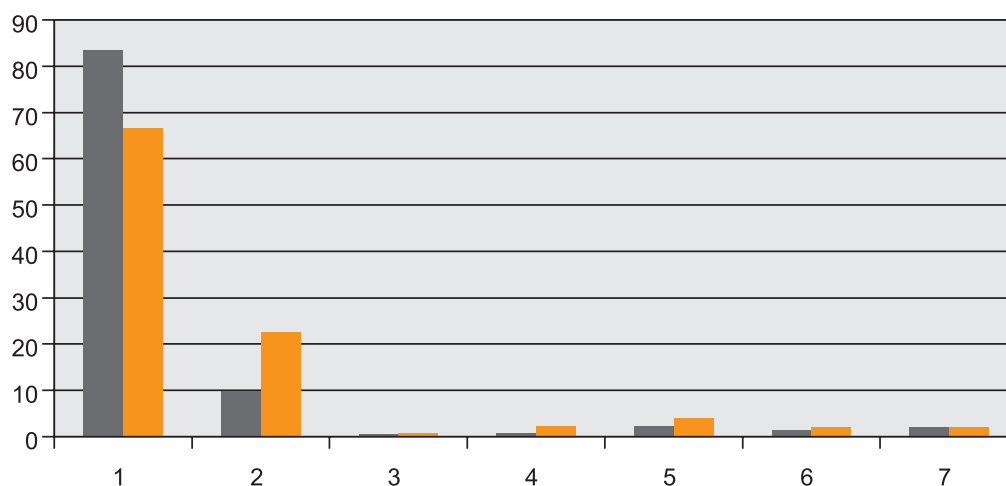
not take into account the fact that a large proportion of the working age population in Macedonia and especially of minority groups are engaged in the informal economy.

Table 3.9 Employees by occupation and ethnic origin

Ethnic origin (Category)		Total employed	Total population
Total		100.0	100,0
Macedonian	(1)	83.5	66.6
Albanian	(2)	9.8	22.7
Vlach	(3)	0.3	0.4
Roma	(4)	0.7	2.2
Turk	(5)	2.3	4.0
Serb	(6)	1.3	2.1
Other	(7)	2.1	2.0

Source: State Statistical Office, Labour Force Survey 2000

Figure 3.3: Employees by occupation and ethnic origin



(See Table 3.9 above for Ethnic Groups)

Source: State Statistical Office, Labour Force Survey 2000

■ Total employees
■ Total population

Political factors in the job market

In Macedonia there is also partisan exclusion, which is principally seen in two domains – layoffs of technological or economically surplus labor and promotion. In the first case, in the poll conducted for this study, 36% of respondents have said that employees have been dismissed for belonging to parties opposing the party in

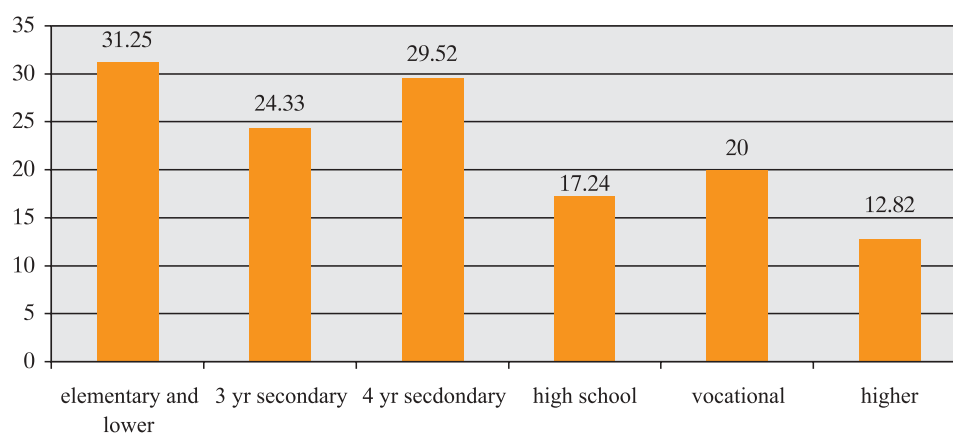
which the manager is a member, and 38% of respondents said that in their companies promotions followed partisan lines, i.e. members of the political party in which the manager is a member have been promoted disproportionately more than those not in the party. Analogous to promotion and termination of employees, there is exclusion based on political affiliation in hiring.

It is amply evident and most widespread in state and local public administration and joint stock companies that have not completed the process of privatization. Such practices would be even more widespread in the absence of limits on new hiring and termination of current employees. Such limits on new hiring in public administration are imposed by international financial institutions, and terminations entail severance packages which administrative agencies cannot afford.

Job and remuneration insecurity and educational attainment

There is a close correlation between the level of education of those already working and the degree of insecurity engendered by their low and irregular wages. The question *Does low and/or irregular remuneration induce a feeling of insecurity about life or subsistence?*, indicated that the higher the level of education, the lower the degree of subsistence insecurity. (See Figure 3.4)

Figure 3.4 Degree of Insecurity of employees by education (%)
(denotes proportion with highest degree of insecurity)



Source: Opinion Poll on insecurity and social exclusion, ISPPi

The questions relating to **relationship between work performance, prospects for lay-off and educational attainment and ethnic origin** yielded the same positive correspondence as indicated earlier. Both variables were closely correlated with the belief that these categories were at higher risk of redundancy regardless of their performance. It is also evident that Roma feel most

insecure, and ethnic Albanians somewhat less than ethnic Macedonians. This could be explained by the fact that a relatively large number of ethnic Albanians work on family farms in villages, and in the cities they are employed with close relatives, so they do not feel that their jobs are threatened.

Table 3.10: Population aged 15 and older by ethnic origin and education

	Incomplete primary	Primary education	Secondary educ.	Higher I degree	Higher II degree	Total
Macedonians	18,6	28,9	41,2	4,2	6,9	100,0
Albanians	20,9	61,3	14,0	2,1	1,6	100,0
Roma	41,7	45,1	12,6	0,3	0,2	100,0

Source: Census 1994: Population by Education, State Statistical Office, Skopje 1994

Some Conclusions on insecurity and the job market

It is apparent from the above that there is a high degree of insecurity among the employed both in terms of the

low and/or irregular remuneration and in terms of job security and promotion prospects. There is exclusion of people with lower education levels and also on the basis

of ethnic origin. The latter overlaps with the former in large part because the different ethnic groups have different educational structures. Roma and Albanians, as ethnic groups with lower education levels, are largely excluded on the basis of low level of education. The differences among the former ethnic groups (compared with the Macedonians) in this respect can be seen in the table above. This can be proved to some extent by the number of employed in the public administration of Macedonia by ethnic affiliation. The number of emplo-

yed ethnic Macedonians in public administration is 88757 or 84.9% of the total number of employed (104532), while the percent of employed ethnic Albanians is 10.2%. If all of the latter with higher education got employed then their percent would increase to 10.7% while the ethnic Macedonians would be represented with 84.4%. According to this, the current structure of employment by ethnic affiliation would not be changed dramatically.²

3.4 HISTORICAL AND TRANSITIONAL LINKAGES WITH GROWING EMPLOYMENT INSECURITY

The abandonment of the socialist system and influence of the transition process

The reasons for the unfavorable conditions of the employed, and of their insecurity, originate in part from a lack of appreciation or understanding about social changes occurring in the period of transition, which results in important oversights related to economics and society, as well as labor legislation.

In the period of socialism (until the 1990's) the **protection of labor rights** was at a relatively high level and very much in line with the capacities of the state. The state paid a lot of attention to the employment dimension of growth, so in the 1960's and 1970's there was substantial labour and employment inducing investment in the economy. That was done by the state and the municipality and the citizens through public loans. In this way the state increased employment through economic instruments. This was accompanied by administrative ways of creating employment, such as the legislative obligation that every enterprise receives a certain number of interns every year, proportional to the number of already employed persons³. The layoffs of workers as technological or economically surplus was generally discouraged. In addition, the workers enjoyed relatively high pension and disability benefits as well as full health insurance without co-payment and free schooling from elementary to university. If one takes into account that the salaries in the 70's were substantially higher than today, it can be said that the employed were offered much higher levels of economic security.

The pre-transition economic crisis in Yugoslavia

During the 1980's Yugoslavia was in a state of crisis. The reason for this was the non-existence of private ownership in many sectors such as industry and mining, the very complicated and insufficiently functional scheme of management within the socially-owned enterprises, in which the most important decisions were made by the *workers council*, which was made up of less skilled and less informed persons with respect to the management structures (the directors). The extensive involvement of the state and municipalities in the election of enterprise directors, in which the dominant criteria was not expertise but party membership, along with the substantial oversights in macroeconomic management and politics generated a growing crisis in the economy. At the company or plant level, there were insufficient criteria for the valuation of the contribution of the work-force and insufficient criteria for rewarding and promotion.

The long economic stagnation (1980-1990) and the various pressures, internal and external, induced a more radical turn toward the establishment of a market economy, firstly through partial, and then through complete rehabilitation of private ownership of personal and productive assets. At the same time, on the political arena, the multi-party system was introduced, i.e. political pluralism. Thus begun the process of transition.

² Note: Public administration employees are the professionals paid by all ministries (education and science, health, internal affairs, etc) regardless they are public servants or experts in specific fields (professors, doctors, etc). **Source:** *State Civil Servants Agency*, Skopje, 2000

³ *Law on Interns, Official Gazette of SRM, Skopje, 3/1978*

Shortcomings of the transition process and impact on employment and human insecurity

One crucial question is what were the significant oversights of the privatization process that started in 1993 and was intensified after 1995. *First*, the state did not succeed in imposing economic and technical criteria in determining the course and speed of privatization. *Second*, the state forced or gave crucial positions in the privatization process to the directors from the previous period, for ideological, political or personal reasons, thus allowing them to keep their management functions on the one hand, and on the other, it increased enormously their rights without a commensurate increase in responsibilities. Party loyalty rather than expertise was dominant, and many of them abused their power for personal goals, neglecting the interests of the enterprises. *Thirdly*, the state failed to establish efficient control of the privatization processes and to intervene during abuses.

Consequences for economic insecurity

Among the consequences of these shortcomings in terms of human security were that it was legally possible for a few "insiders" to buy enterprises at unrealistically low prices thus becoming owners of the enterprises. The employees did not have the right that they had in the "self-management" period, to be informed about current operations of the enterprise, and they lost control over the deals that could harm the enterprise. So, omissions in the *process of privatization* were one of the significant reasons behind the decline of economic activity and consequent drop of the gross domestic product of Macedonia, which resulted (among other things) in significant reductions of employee wages and salaries.

Abandonment of the socialist concept of the welfare state

The deterioration of the economic and employment status of workers was influenced by the fact that in the transition period the previous concept of the welfare state, which in the past had included strong pro-worker legislation and practice of protecting the rights of employees was abandoned to considerable extent. Earlier, an employee could be laid off as technological or economical surplus either if the employer found a job to him/her in some other enterprise or by payment of severance after his/her (employee's) consent. Under the new system, directors were supposed to decide about layoffs of workers on the basis of technological and economic surplus, according to criteria that were however, developed only on paper, by payment of a severance benefit in the amount up to one annual salary (12 monthly salaries)⁴ but without a consent of the

employee. Consequently as it was mentioned in this analysis, the capable workers had been often dismissed since the basis for calculating value-added of a worker did not exist in many companies.

Employment rights and wages - consequences of privatization

One of the more important criteria that should influence the determination of the technological surplus is job performance, and for above-average performance one could get more points, thus reducing the chances of being laid off, but the valuation of job performance was non-existent in many enterprises. Employees lost the right to a guaranteed minimum wage, which had existed for the entire period after World War II. Yugoslavia was a signatory to international conventions which required guaranteed minimum wages for employees⁵, secured through legislation and collective agreements. For example, in the pre-transition period (before the 1990s) the minimum wage payable to employees was 60% of the average wage in a given municipality⁶, while transition legislation established a minimum wage as a basis on which the employer was required to pay social insurance premiums (pension and disability insurance, health insurance etc), but was not required to pay that wage to the employee, i.e. employees could receive much lower wages than their formal "base" wages for computation of insurance premiums⁷. See BOX 3.1 on the rights and benefits of employees.

In view of the above, we are forced to conclude that there is a deterioration in the economic status of employees in this area as well. While there are no large differences in entitlements under pension and disability insurance schemes with respect to the past, differences in entitlements under health insurance are significant.

⁴ *Labour Relations Act*, Official Gazette of the Republic of Macedonia 80/1993, articles 126-133

⁵ *Convention no. 131 on Establishment of Minimum Wages of the International Labour Organization* in 1970, and its Recommendation 136

⁶ *Labour Relations Act*, Official Gazette of the Socialist Republic of Macedonia 45/1977

⁷ For example, if average wages/salaries in a given industry are 300 DEM, the lowest base salary for computation of taxes and insurance premiums would be 200 DEM, whereby the employer would be required to pay about 140 DEM in taxes and insurance premiums (for pension, disability, health insurance etc), while NOT being required to actually pay the employee the base salary of 200 DEM - meaning the net pay received could be 100 DEM or 150 DEM. *Law on Payment of Wages and Salaries in the Republic of Macedonia*, Official Gazette of the Republic of Macedonia 70/1994

Employees now share the cost of health services (co-payment), which was not the case in the pre-transition period. Further, they share the cost of medicines subsidized by the state, or full cost for other medicines. Worse, the state does not supply sufficient quantities of subsidized drugs to pharmacies, so people are forced to buy the drugs at full price from private pharmacies (which is yet another blow to the low standard of living) or do without those medications, thereby risking their health and the health of the members of their families.

Weaknesses of organized labour

In addition, employees were almost without the protection of Labour Unions. In the period of transition, in spite

of indications of abuses in the privatization processes in many enterprises, the Trade Unions have failed to organize workers to protect their rights. There are several labour unions in Macedonia, one of which dates from the former period and is not structured to enable organization of labour, but is focussed on concluding collective agreements only. Other independent labour unions are young organizations, lacking sufficient experience and funding - thus unable to achieve permanent or substantial effects. Even strikes, that had been a valuable tool in the period of "self-management" (up to 1991) have not been practised because in conditions of excessive unemployment and absence of union protection, the workers were afraid of the consequences.

Employee Pensions and Insurance Entitlements

BOX 3.1

Rights and benefits of employees

Employees were insured (covering the premiums from their gross wages/salaries) under pension, disability, health, unemployment and other insurance schemes, which entitled them to the following:

a) entitlements from pension and disability insurance

- a1) old-age pension is a benefit available to men of age 64 and women of age 62 with at least 15 years of pension insurance membership. The highest amount of old-age pension is 80% of the pension base (average pay received by the beneficiary during his/her working life), where more working experience translates into higher pension benefits.
- a2) disability pension is an entitlement available to beneficiaries who lose their ability to work. If the disability occurred in the workplace or is caused by an occupational hazard, the beneficiary is entitled to 80% of the pension base, which is equal to the highest available old-age pension;
- a3) family pension is an entitlement available to family members of an insured in case of death.

Eligibility is as follows:

- spouse, if over a certain age (45 for women, 55 for men) and unemployed, or any age if unable to work;
- children of the late under the age of 15 or under the age of 26 if they are enrolled in full-time studies;
- parents of the insured, if they are unable to perform work.

Family pension is 70-100% of the old-age pension that the insured would be eligible for at the time of his/her death, depending on the number of family members eligible.

b) health insurance entitlements

In Macedonia there is mandatory and voluntary health insurance. The mandatory health insurance covers the principal insured and the members of their families for basic health services in cases of

- 1) illness or injury outside the workplace, and
- 2) injury at the workplace or occupational illness.

The insured is required to cover at most 20% of the price of health services provided. As for medicines, the Health Insurance Fund prepares a list of medicines that employees could obtain by paying at most 20% of the price, while other medicines are available at full price on commercial basis.

In addition, health insurance covers lost wages when the employee is unable to work due to illness or injury, and for women it covers paid absence for pregnancy, childbirth and maternity

c) Rights pertaining to employment

For layoffs, the insured are entitled to benefits, re-training etc

SEE

1. *Pension and Disability Insurance Act. Official Gazette of the Republic of Macedonia, Skopje, 80/1993).*
2. *Changes and Amendments to the Pension and Disability Insurance Act, Official Gazette ...Macedonia, Skopje, 25/2000*
3. *Health Care Act, Official Gazette...Macedonia .. 38/1993 and 46/1993.*
4. *Health Insurance Act, Official Gazette...Macedonia, Skopje, 25/2000*
5. *Labor Relations Act, Official Gazette Macedonia, Skopje, 80/1993*
6. *Employment Act, Official Gazette ... Macedonia, Skopje, 28/1996.*

Unaccountable and financially irresponsible management

For its part, the state did not introduce new mechanisms to control and make directors more accountable in their management of privatized companies. More specifically, responsibility was not foreseen in the Law on Financial Operations⁸ nor in any other law, to sanction or prosecute a director or manager or any other person that devalues the capital of an enterprise. Financial police that would follow the economic performance of those enterprises that face negative financial performance was not introduced. The Public Prosecution Office usually did not react to the violation of the rights of the workers, indicated through strikes. The courts of labor were abolished and thus employees lost the opportunity to exercise their rights through free and relatively efficient courts. The regular court system was expensive for them. On the other hand, the court disputes lasted for a long time and were not an efficient control mechanism. The public defender was introduced in 1996 and had a narrow scope of jurisdictions.

In addition, the enterprises have become indebted due to the high interest rates of the loans that they took on over the period from 1992-1993 and the state on one hand refuses to straighten out the bad debts and on the other hand tolerates the indebted, as well as all other enterprises that failed to pay their obligations towards other enterprises or salaries of their employees. The state did this most probably intending not to increase the number of bankrupted enterprises, which would increase the number of unemployed persons.

Another thing that remains as a negative inheritance from the period of socialism is the lack of criteria for valuation of job performance in many enterprises, the lack of stimuli for good work and criteria for promotion. In spite of the introduction of contemporary models in management of joint stock companies, the Macedonian enterprises do not feature modern management and organization processes.

3.5 SOME SOLUTIONS AND SOME OUTSTANDING PROBLEMS

Revamping the privatization process

The improvement of the economic situation and status of the employed could be sought basically in several directions. In that context, one possible direction for action could be changing macroeconomic policy aimed at creating incentives for increased production (output) and better quality of economic management. A second (and improved) option of increasing output of goods and services would be contingent on the completion of the privatization processes with more control by the state, through introducing higher accountability of managers in the, as yet, incomplete process of privatization. It could be achieved by legal changes according to which managers will bear both financial and ethical consequences for the failure of their enterprises. Otherwise, the privatization processes have been marred by glaring omissions and irregularities in the past and contributed to the negative trends in the Macedonian economy. For the future, these processes should contribute to economic growth for the following reasons. Namely, they strengthen the market mechanism and introduce private ownership to replace social (state) ownership; in

addition to individual private ownership, there are various forms of combining assets, such as limited liability companies, joint stock companies etc, which have long traditions in developed economies. See BOX 3.2 on the Joint Stock Company.

It would be logical to expect that companies managed or controlled by unskilled people would be forced to sell off stock when faced with economic difficulty, so that others could presumably organize the business processes better. Thus, privatization processes and the free market should yield positive economic results in the near future, thereby opening possibilities for increasing wages and salaries of the employees.

Introduction of new management methods

Introduction of modern management and professional staff would be the second factor on which the development of companies would be based. Namely, in the past decade and especially in the past few years a lot of attention has been paid to development of management training in Macedonia, both in the form of regular higher education and in the form of courses taught by speciali-

⁸ *Official Gazette of RM, Skopje, 42/1993*

The joint stock company. Most of the privatized companies in Macedonia are joint stock companies with two bodies with decision making authority – either the board of directors (consisting of executive and non-executive directors) or the managing board and the supervisory board. The management and supervisory functions are clearly separated, whereby managers (executive directors on the board of directors, or members of the management board) have wide-ranging operative authority, while large shareholders have decisive supervisory authority in order to be able to protect their assets from incompetent or unconscionable management of the company. In case of losses or damages, the responsibility of individuals or bodies responsible for the loss is assessed. This division of responsibilities is much more effective than in socially-owned companies where operational authority is concentrated in two organs - the director and the workers' council, in which it is unclear who would be responsible for business failure. The workers council is generally composed of people with no expertise in business logistics. No other organ exists to assess the effectiveness of the above-mentioned two organs (director and council) or to impose some sanctions for losses incurred etc.

SEE:

Commercial Companies Act, Official Gazette of the R M, Skopje, 28/1996.

zed management training agencies⁹. The development of management training and education would create a new cadre of managers to replace the old one, especially in commercial companies. This would lead to changing of attitudes on development of human resources, i.e. introduction of criteria for evaluation of work effectiveness, motivation and promotion, which would provide incentives for the employees to be much more professional and result in increased business effectiveness.

New labour legislation

The security of the status of the employees is certainly affected by the judicial and union protection of their rights. What would substantially improve the quality of judicial protection is establishment of a specialized Court for Labour Disputes, free of charge and expeditious, as it existed up to the beginning of 1990-s in Macedonia. The second one leads towards strengthening trade unions. The development of contemporary economic relations, i.e. relations between employers and employees is unimaginable without a powerful labour union. There is no labour union with such attributes in Macedonia, so one of the priority task would be to create such a union. Powerful unions could protect workers' rights in several ways. First, there is strengthening

of labour legislation and lobbying both the national legislature and internal regulative bodies for introduction of professional standards, especially in state and local public administration, which would reduce exclusion based on political affiliation or nepotism. This does not mean that such exclusion will be eliminated, but it could be reduced to selection among persons with similar levels of professional competence. Thus, introduction of professional criteria in hiring, promoting and termination would reduce to a minimum the possibility that persons with substandard qualifications attain desired positions. Of course, they would also protect workers' standards and would intervene on a case-by-case basis on violations of workers' rights.

Redressing imbalances in the job market – rights based

The last issue in this context is solving the problem of higher unemployment among persons with lower degrees of education, such as certain ethnic groups - the Roma and also ethnic Albanians and ethnic Turks. Namely, it is well established that jobs in the contemporary industrial and postindustrial societies require high levels of education and training. Thus, a relatively large number of people with elementary or below-elementary education (as is the case with 81% of ethnic Albanians over the age of 15 and 87% of Roma over the age of 15) could have a hard time with contemporary economic processes. Solutions of this situation would entail a series of structural reforms in all areas and degrees of education, including affirmative action which would aim for better inclusion of children at all levels, changes in

⁹ Management training at undergraduate and graduate levels is available at the two Faculties of Economics in Macedonia, at the Faculty of Mechanical Engineering in Skopje etc. Graduate management training is available at the Institute for Sociological, Political and Juridical Research in Skopje. There are several specialized management training agencies in Macedonia, one of which targets children and youth.

curricula and syllabi, visual aids for better comprehension etc. More detailed insight into reforms of the education sector are beyond the scope of this analysis; they should be the subject of a separate study, and such studies should be included in the structural priorities of international organization in Macedonia. The latter have already supported similar efforts in the past.

In general, one could be moderately optimistic about the improvement of the economic and professional status of

employees in the near future. There should be gradual alleviation of the insecurity and exclusion of employees as a result of positive repercussions of current economic and educational processes, as well as future well-formulated measures and activities of state agencies and other entities. Foreign assistance and experience would undoubtedly be helpful in strengthening of labour unions and education reform. Both of the former must be priorities in this domain in the following period.

3.6 INVESTMENT IN HUMAN CAPITAL TO CONTRIBUTE TO HUMAN SECURITY

Human investment contributes to security and growth

Investment in human capital results in the biggest positive contribution to economic security of the individual. A recent survey, has shown that an increase of average education (human capital) of 0.68% per year, contributes to a 1.1% annual increase of GDP. An increase in the quantity of human capital can be seen in the increase in productivity, incomes and economic security. The most recent investigations conducted by the World Bank, on the influence of human capital on earnings of the workers in Macedonia, have shown that the average rate of increase in earnings, for each additional year of education, is 7.6%. This is in the range typical for the highly developed countries. From the social-economic aspect, the state should amplify investments in human capital to influence the distribution of income and reduce poverty. Investment in the human capital is made only once, and influences the

distribution of income on a long term basis. On the other hand, transfer payments must be made every year and that way the inappropriate distribution of the income is solidified. Investments in human capital can lead to larger social-economic security and faster economic growth.

Equal distribution of opportunities for the citizens to acquire proper education.

The state must provide equal opportunities for education, i.e. equal distribution of human capital, which is a basic condition for redressing income inequality, and with that the strengthening of the social-economic security of the citizens. The *Opinion Poll* has shown that 68% of respondents believe that the government does not create equal conditions for education for everyone. 15% think that the state does not contribute for this kind of exclusion of the citizens. (See Table 3.11 on educational attainment: 1993-1999).

Table 3.11 Educational attainment levels (1993-1999)

	1993	1994	1995	1996	1997	1998	1999
Elementary school	29258	29629	30085	30413	31070	31556	31212
Secondary school	16094	16788	18446	18552	19000	19987	20172
Higher education	547	534	680	671	528	436	447
University education	2325	2179	2150	2527	2597	2564	3288

Source: State Statistical Office

Need for an active labour market policy

One of the most obvious forms of social-economic exclusion and high social-economic insecurity is unemployment. Unemployment (See Table 2.1 earlier) in Macedonia was 32.4% in 1999 (and for the year 2000, according to the previous results from the Survey on the labour force, the unemployment rate is 32.1%), and is mostly a product of the economic transition. An active policy of the labour force market should include.

1. Help with unemployment and employment management.
2. Direct opening (creating) of new work posts.

Training and retraining of existing human resources is also part of the active labor market policies. However, due to the collapse of labor demand, we think that this activity should be secondary, at this stage of economic development.

Support for employment management

The Bureau for Employment is a public institution with the characteristics of a legal entity, with a central expert office and branch offices. One of the most important functions of the Bureau is to provide information for the available work posts. However, due to the inability to cope with the demand for employment, the Bureau concentrates more on statistical recording of the unemployed. The Bureau, on average, manages to find work for about 1.5 – 2.5% of the total registered labour force in the country annually. In that context, the most effective functioning of the Bureau for Employment is the development of an appropriate *information system*, which will provide information on the state of the labour market.

Prospects for job creation

The *creation of new work* is closely linked to the objective of the government to develop enterprises and small businesses. The NHDR *Opinion Poll* has confirmed the need for this type of state involvement, with 65.5% not even considering opening their own business, and 34.5% stating that they have aspirations for starting their own business but are confronted with various difficulties, among which the most important are: the conditions for credit by the banks, the complicated procedures for opening private businesses and the corruption and the slowness of the government administration. We recommend that the state activates other conventional measures directed toward the creation of new work posts, for example public posts.

Support for employment intensive activities

Despite an active policy on the labour market, the direct influence of the state, in decreasing unemployment and strengthening the social-economic security of the citizens, can be achieved through more intensive support

of the companies that are suffering losses but are vital for the state and the population. In that context, especially significant will be the policy for subvention of the salaries of the employed. The targeting of the corporations will be conducted with the help from the government. Also, very important is the improvement of labour force mobility.

Elimination of restrictive practices and monopolies

In addition to the financial support of the state and assistance with training of potential and existing entrepreneurs, one of the necessary preconditions for *development of entrepreneurship and small business* in Macedonia is the creation of clear and functional legislation on development of competition and elimination of monopolies. Also, it is very important to establish a comprehensive information system (center) with an extensive network of local centers to provide entrepreneurs with access to relevant information on the supply and demand for goods and services, prices, quality and standards etc. Compatibility of the domestic system with foreign systems is also important.

CONCLUSIONS AND RECOMMENDATIONS

At the centre of the efforts for development should be the human being, and not just “fictional” macro-economic indicators, like: GDP, inflation, foreign currency exchange rate, etc. Indeed, economic development, in the end, should result in the improved human social-economic security through human development. People should be allowed to have opportunities and chances to participate in economic activities. An important role is seen of the state in providing jobs, information and greater attention to the human dimension of development in their policy formulation and economic strategies

CHAPTER 4

INSECURITY IN BUSINESS RELATIONSHIPS

4.1 INTRODUCTION

Business insecurity and the transition process

In a period of extended transition to a market economy, there is high insecurity in business relations stemming from the selective and arbitrary attitude of state authorities toward different economic entities - with some favored at the expense of others, the lack of a sound legal

framework, existence of monopolies and deficiencies in competitive and transparent business practices which stifles the successful adoption of a market based economic system. This chapter examines some of these propositions and their bearing on business confidence and insecurity in Macedonia.

4.2 RESULTS OF EMPIRICAL RESEARCH

Opinion Poll findings on business insecurity

In order to empirically assess various assumptions on business insecurity, the NHDR *Opinion Survey* included interviews with the top managers or the owners of 30 enterprises. Their responses enabled the drawing of a number of important conclusions:

a) Insecurity in the period of business formation:

A question was directed at establishing whether there is insecurity associated with the business start-up process itself, i.e. company registration. Eight out of ten interviewees who responded to this question said the

company registration procedure was long and complex, one said the procedure had been somewhat simplified in recent times, and one other said that there are agencies who could undertake, for a fee, all obligations related to the company registration procedure. The conclusion is that there are no critical obstacles to company registration, but the need for consulting services from expert agencies, to navigate the procedures and who charge highly for these services, inhibits some potential entrepreneurs. Further, almost all interviewees thought that the starting of a business is not being stimulated by the state through attractive loans, tax breaks in the initial period or provision of minimum information on market conditions, i.e. recommendations on what business could be started under which conditions given the availability investment capital.

b) Insecurity in the processing of enterprises

1. Most of the interviewees (17 of 30) in their answers confirm the existence of major firms with entrenched monopolistic position in the market based in part on their observations and business relations.
2. The *monopolistic position of some economic entities* derives in part from current legislation (10 of 30) as well as from their already entrenched position in the economy (7 of 30). The latter position does not have its origins in law but is derived from market dominance.
3. The existence of monopolistic economic entities is identified by a majority of firms (19 of 30) as a source of insecurity because of the denial of competitive business practices and their use of market or monopolistic power to prohibit entry of competing firms and to obtain unfair prices or deals or other unfair advantages.
4. On the *need for a legal framework* to enhance business competition and reduce monopolistic power of some companies, respondents gave a wide variety of answers, ranging from the opinion that there are no existing acts (7 of 30); existing legislation is adequate on paper but is frequently not enforced in practice because the law is powerless in the face of the might of the monopolies and the corruption of state authorities.
5. On the *extent of official corruption* in this area, almost 50% of respondents stated that state authorities are either corrupt or make decisions which are not rational or understandable. (issuing work licences to their favourite enterprises or exerting inspection with double standards much and more severe to the owners that do not belong or support the ruling parties). (See [Table 4.1](#))

Table 4.1 Responses on extent of corruption in business affairs in Macedonia

Answers	Interviewed
The state authorities are corrupt	15
There is no state authority corruption, at least not in the field of their work	10
No corruption	1
No corruption, but they are passing unreasonable decision	1

Source: Opinion Survey of Businessmen, ISPPI

6. On the *effectiveness of state institutions* to strengthen the functioning of the market, the respondents mostly indicate that such institutions formally exist, but either function occasionally (10 of 30), or that are not very powerful (usually due to partisan and political reasons) or that they enforce the legal regulations inappropriately (12 of 30). (See [Table 4.2](#)).

Table 4.2 Responses on adequacy of constraints on malpractices

Answers	Interviewed
Business partner does not fulfill obligations	15
Regulations are limited and incomplete	6
Due to unprofessional and corrupt behaviour of the state authorities	6

Source: Opinion Survey of Businessmen, ISPPI

7. Opinion is divided on the *adequacy of staff* in the various institutions and many believe that institutions concerned with business establishment in Macedonia do not have well-trained people. Some of those interviewed (7 of 30) believe that their employers do not enforce their authority due to various undefined pressures.
8. It may be concluded that there is *no healthy market or business formation climate* in the country. This is reflected in the belief that there is no legal security or sanctions (16 of 30) underpinning business relations in Macedonia. An illustration in that direction would be the answers to the question posed on - if, generally speaking, they feel insecure and why. (see below).
9. However, it is also interesting to see the answers to the question, which examined another dimension of the *sources of insecurity* in business relationships. (See Table 4.3). Asked to what extent there is honesty and professionalism in relations among business (economic) entities, the majority of respondents are doubtful or uncertain that it exists.

Table 4.3 Responses on extent of honesty/dishonesty in business

Answer	Interviewed
There is honesty, but it is directed more toward already known business partners, than toward new ones	7
There is honesty to a small extent	6
The competition does not allow professionalism	1
There is no honesty	11
The smaller the economic entity the more dishonest it is	1

Source: Opinion Survey of Businessmen, ISPPI

4.3 CONCLUSIONS AND POLICY RECOMMENDATIONS

From the above it follows that there is a relatively high degree of insecurity in business relationships, which implies the following general observations relevant to investment, employment prospects and social stability.

Towards improved regulation of monopolies

Monopolies in Macedonia have been established in the pre-transition period and are a result of the non-existence of anti-monopoly legislation or practice almost to the moment of the interview.

The first legislation that fully regulates important aspects of monopolistic activity was enacted in the year 2000.

There are several types of monopolies in Macedonia – legal, regulatory and state monopolies (See - *Classification in the paper by Dr. Petar Naumovski: Macedonian Anti-monopoly Law*, MAGNAT, Skopje, 2001, p. 17-24).

The *legal monopolies* exist in several industries where the state had established enterprises, which have subsequently been privatized, and they constitute monopolies by virtue of being either the largest or the only producer in the industry, surrounded by a large

number of small providers of products and services. According to the interviewees in the *Opinion Survey*, examples of such entities are the chromium smelter “Jugohrom”, zinc and lead smelter “Topilnica”, electric power generation company “REK”, the company for iron and steel semi-finished goods “Rudnici i Zelezarnica” etc. Among the *regulatory monopolies* the most significant are the import and export quotas in foreign trade, or, for example, rights of Macedonian construction companies to work in the EU regulated by an agreement for trade/economic cooperation with specific countries and awarded through the competent line ministry.

State monopolies exist in several areas. These are monopolies where the national or local governments impose limitations in the utility sector (water, electric power, telephone communications etc.) where there is a ceiling on company profits, and services must be extended to the broadest scope of consumers, without any discrimination. According to the interviewees, these monopolies are quite common in Macedonia. The

telecommunications company TELECOM, the oil refinery OKTA, the electric power company ESM are classic examples of such monopolies, as are the water and sanitation utility companies in the municipalities. The interviewees point out that the state (national government) is a monopoly in itself, through its public procurement apparatus. According to the interviewees, monopoly companies sell their products and services at higher prices, thereby eroding the competitiveness of the Macedonian economy, and also choose sub-contractors and partners using subjective criteria. Natural monopolies (such as those for production of rare raw materials, oil etc) are not characteristic of the situation in Macedonia.

Inadequate and corrupt official management systems

There are multiple reasons behind the inappropriate actions by state government organs that result in insecurity among the commercial entities. Civil servants have not had basic professional training, which affects their technical skills, and also the rules which regulate labor issues in the civil service lack motivational and promotion criteria. In addition, there are weaknesses in the political and judicial systems, which are further elaborated in other parts of the National Report. It becomes clear then, that the civil servants could become corrupted and unaccountable.

Poor regulatory framework

Insecurity among businesses also derives from frequent changes in regulations that govern commercial or economic issues, which is a result of the lack of development strategy for the economic and societal development. The political system is also weak. These segments are elaborated elsewhere in this National Human Development Report.

Rapid privatization without adequate safeguards

The lack of professionalism and good business practices is a result of the swift industrialization after World War II, which failed to create a business tradition. Frequently, business affairs were resolved through involvement of political party or state administration organs, and problems were resolved in informal and random ways. Thus, the operation of free market mechanisms and professional associations was largely pushed aside, leaving little room for the building of a business ethic.

Insecurity in business relations

The insecurity in business relationships by itself reflects the general business environment in which business processes take place in Macedonia, namely that of restrictive practices and abuse of monopoly power. The insecurity of business relationships, is an important feature of the business environment, encourages the migration of business activity toward the gray economy and the associated fringe areas with some characteristics of the market economy but dominated by vested interests. For example reflecting the close linkages between politics and business and partial subjection of the market and the legal system to political influences etc.);

The above factors lead to a reluctance on the part of the common citizen to start a new business, as well as a reluctance on the part of foreign investors to invest in Macedonia under market conditions that are not reflective of developed market economies;

- This keeps the unemployment rate high;
- The high unemployment rate keeps social tensions high. Pressures of the unemployed on institutions providing social assistance is growing, and their willingness to act in the gray economy zone is pronounced;

Poor social conditions influence the increase of crime and affect the political stability of the country.

Some suggestions on reducing the influence of negative factors

The most significant solutions for reducing the negative influence of factors that cause insecurity among business entities may be found in several directions:

- completion of anti-monopoly legislative regulation. In 1999 and 2000, several anti-monopoly laws were enacted or entered into force, such as the Limiting of Competition Act, Unfair Competition Act ¹ and Consumer Protection Act. ² A Monopoly Administration was established within the Ministry of Trade.
- The effects of this legislation and the monopoly registration are yet to be evaluated;
- all exit solutions related to improvement of the civil service and political system are elaborated in more detail in other parts of the National Human Development Report;
- the development of professional associations should be one of the priority tasks in the near future, including the establishment of business standards, good business practices and professional ethics.

¹ Both are published in the Official Gazette, Skopje, 80/1999

² Published in the Official Gazette, Skopje, 63/2000

CHAPTER 5

INSECURITY CAUSED BY ENVIRONMENTAL HAZARDS

5.1 INTRODUCTION

The right to a clean and secure environment

One of the basic human rights, determined by the Constitution of Macedonia is the right to live and work in a healthy environment. This chapter of the NHDR examines this proposition and the extent of insecurity arising from a real or perceived threat from environmental hazards.

Extent of environmental awareness

Macedonia faces many misunderstandings and misconceptions on the various facets of the environment and issues of environmental quality. From the legal aspect (lack of legal regulations), from the economic aspect (in times of economic crisis and diminished production, investment in preserving the environment will be much lower), from the psychological aspect (the lowered standards will force the citizens to forget or set aside environmental issues), from the sociological aspect (there is insufficient “critical mass” that will encourage individuals or the public to stand-up for the benefits of a “healthy environment”), the political aspect (environmental issues in the programs of various political parties

are mostly lip service), ethical aspect (environmental ethics or the ethical responsibility for the environment is yet to be established) and other aspects. This is despite the fact that the time is near when issues concerning the quality of the environment for Macedonia will become very serious, and the insecurity of the citizens due to a deteriorating environment will become more severe.

Range of environmental conditions in Macedonia

The quality of the environment in Macedonia is not uniform. **Table 5.1 in the Annex** at end of this chapter shows the extent of pollution and toxic gas emission levels in the urban centers and regions in Macedonia. The official categorization of the areas with environmental/ecological problems is based on the *levels of environmental hazards* (moderate, significant, critical). The areas with little or no environmental hazards lie mainly in the protected parks and reserves (see **BOX 5.1**). The areas considered as the most endangered and insecure from the environmental quality viewpoint in the country are the urbanized areas of Skopje, Bitola Tetovo and Veles. (See **BOX 5.2**).

The insecurity of the citizens from an environmental aspect is not uniform throughout the entire territory, which is consistent with the **Zoning Plan** of Macedonia. 18% of the territory is classified as having significant natural heritage with natural riches and rarities with relatively high environmental quality and includes 6.6% belonging to preservation areas, which comprise: 3 national parks with total territory of 108,338 ha or 4.2 %; 3 areas with special natural characteristics, total territory of 2,338 ha or 0.1 %; 14 floral and animal species out of the natural reserves, total territory of 2.709 ha or 0,1 % and 48 monuments of nature on territory of 56.850 ha or 2,22 %.

Part of the population in Macedonia, settled in the areas designated as completely underdeveloped in the Zoning Plan in the country (Azot, the region of Belasica, the region of Vlasino, German-bilin region, Gorna reka-Gostivar, Debarca, Kozjak region, Kopachka, Konec-Lakovica region, Kotor region, Mariovo-Mijachko region, Malesija, Mariovo and Plachkovica region) can be considered free from environmental hazard, as there are no findings of deterioration in the basic environmental quality factors.

Environmental Conditions in major towns in Macedonia

BOX 5.2

In Skopje smog conditions have had serious after-effects on the health of the population, especially for children and the elderly. This situation on occasions renders Skopje unsafe for living from the viewpoint of air quality, as indicated by data from 1999 which shows the number of days with concentrations of SO₂ (4 days) and smoke (134 days) over the maximum allowed concentration.

In Veles, the existence of the lead smelter plant and its absolutely inappropriate location makes the city a high public-health-risk urban center with a high presence of general polluting matter and specific vapours, fumes, and lead, zinc and cadmium deposits. The index of morbidity for respiratory illnesses has increased over 180% since the opening of the smelter plant. There are significant changes noted in the soil quality in Veles as a result of polluted air, where phyto-toxicity indicators are 1.5 to 3.6 times over the limits. This reflects on agricultural products in the polluted region. For example, the quantities of lead in lettuce is from 17 to 27 times, and of cadmium even 40 times over the limit. Heavy metals are present in the grass, clover and hay in quantities 23 times over the limit.. The previously elaborated points indicate that in Veles the lead and zinc smelter creates a very dangerous living environment for the inhabiting population and the workers.

Emissions of hazardous substances in the air in Veles

Monitoring station	Days of concentration of SO ₂ > MAQ,	Days of concentration of smoke > MAQ,
VELES	MAQ = 150 µg/m ³	MAQ = 50 µg/m ³
1. City hall	19	55
2. Filter station	0	124

Source: Air Quality in Macedonia, RHMZ, 1999

In Bitola the major problem is the operation of REK, which uses coal as a basic raw material for production of electric power. The population in the immediate vicinity of the factory is exposed to health risks (lung and heart diseases), and the surrounding rural settlements of REK-Bitola have observed a continuing depletion of livestock, disturbance in the equilibrium of the land, which has resulted in the complete relocation of the village of Biljanik.

In the Polog valley near Tetovo (village Jegunovce), where the chemical-metallurgical plan "Jugohrom" is located, unfiltered fume emissions released into the atmosphere pose a problem. The high quality agricultural land in this area is contaminated by the accumulating hazardous air components that remain in the soil or endanger the ground water, pose special danger for the population of Skopje that receives drinking water from the spring "Rasche" whose safety zone is in the immediate vicinity of the Jegunovce village.

Source: NEAP, Separate Study "Air Quality", 1996

5.2 INDICATORS OF ENVIRONMENTAL QUALITY AND HAZARDS

Scaling factors and variables to measure environmental hazards

The official indicators on the basic quality factors of the environment (water, air and soil), are best suited to show and confirm the insecurity of the citizens with respect to their severity. Some of the influences on these scaling factors are reviewed below.

Population growth and urbanization as an environmental insecurity factor

The intensive and uncontrolled process of urbanization, and the de-agrarianization of the population caused enormous concentration of the population in major cities and severe de-population of the rural areas. There are five cities in the country with over 50,000 inhabitants (according to the 1994 Census). Skopje (444,760); Bitola (86,176); Kumanovo (94,589); Prilep (71,889) and Tetovo (65,318). (See BOX 5.2). The process of concentration of population in the major cities is reflected in the increase of population density from 74 (1981) to 81 (1994) inhabitants per square kilometre. The immense differences in population migration from “ecologically” clean to “ecologically” indigent but economically more developed areas, has caused more than half of the population to live in something over a quarter (27.9%) of the total territory of the country. It is an indicator of the degradation of living and working conditions, not as a problem for the entire country, but very important for individual areas (especially in the western part of the country). High concentration of population by itself cannot be deemed a major hazard to the environment unless it combines with the influence of other factors (building of industrial plants at inappropriate locations, inadequate and insufficient infrastructure development, increase in the number of transport vehicles, etc.) to have a serious impact on the quality of the environment.

Increasing population density in rural areas

The increasing density of population in some rural areas has resulted in cutting and destroying of forests on a large scale with a resultant loss in protective cover and in soil fertility. These conditions are monitored along with insufficient rural infrastructure development, especially the supply of drinking water, lack of sanitation network etc.

It can be concluded that demographic growth, monitored in relation to the environment is a very complex and difficult problem. It impacts on insecurity through inadequate living conditions in designated overpopulated areas – to a degree that is considered inappropriate for living and working.

Air quality and environmental insecurity

Air quality data collected from 20 different monitoring stations in the country by defined parameters (mainly concentration of SO₂ and smoke), indicates that the most critical problems are located in specific areas (“critical spots”) where about 46% of the population of the country are exposed to health risks from industrial air pollution, small exhaust chimneys and from motor vehicles. The critical spots are: Skopje, Veles, Bitola and Tetovo. The increased number of motor vehicles, the aging motor pool, low vehicle maintenance, usage of low quality fuel that results in higher emissions of lead and lead solvents, SO₂, NO_x, CO, vaporous organic solvents, smoke and other particles, are the main reasons for air pollution in densely populated cities. The indicators for the past five years (1990-1995) have shown that vehicles have annually emitted 12 tons of lead, 6,500 tons of vaporous hydro-carbonates, 25,500 tons of CO and 23 tons of NO_x.

The most common consequence of poor air quality are respiratory illnesses among the population (Table 5.2). Data from the table indicate a decline in the number of

Table 5.2: Respiratory acute contagious illnesses

Year	1995	1996	1997	1998	1999
Diseased	8.399	13.681	8.600	6.510	6.946
Mb/100.000	432.9	706.3	428.9	324.6	341.9

*Source: Report on implementation of the preventive health care program in Macedonia in 1999.
National Health Care Institute, Skopje, 2000*

cases, which would lead to a conclusion that this issue is effectively dealt with. However, this is not a result of measures undertaken to improve air quality, but a consequence of idling of many industrial facilities.

Water quality as an environmental hazard

Drinking water with controlled quality is provided to approximately 99% of the households in cities and in villages that are connected to city networks. This constitutes approximately 65.% of the total population. The data on quality of drinking water (monitored through 29 parameters) in city areas show that physically and chemically inappropriate sites are 5.2%, and bacteriologically inappropriate are 2.7%. In rural areas, physically and chemically inappropriate are 20.0%, and bacteriologically inappropriate are 30.0%. The quality of the surface waters (that has been monitored until 1999 at

60 monitoring spots, and today at only 21 spots) is not satisfactory in general. For a comprehensive assessment of the extent of harmful and hazardous substances in the surface waters of Macedonia – see [Table 5.3](#) in the Annex to this chapter). [Table 5.4](#) (below) shows the extent of untreated wastewater discharges by type in 1998.

Problems of water contamination

The **city sewage systems**, which collect sanitary and industrial wastewater, are the largest contaminators of surface and ground waters. (See [BOX 5.3](#)). Except for partially built collector systems and treatment stations on Lake Ohrid (120,000 equivalent inhabitants), Lake Prespa (12,000 equivalent inhabitants) and Lake Dojran (6,000 equivalent inhabitants), other facilities of this kind are at the project proposal stage (Skopje, Bitola, Strumica, Prilep and others).

Mining and Industrial Wastewater Contamination

BOX 5.3

The most serious problem with the contamination of water sources is the discharge of untreated wastewater from mines and industry, as well as wastewater from populated areas and cattle farms. The quality of the water in the medium and the lower part of the Vardar river course, the rivers Pchinja, Bregalnica and Crna, is highly unsatisfactory. In addition to the increased organic and microbiological contamination, of great concern is also contamination with hazardous materials such as chromium, iron, cadmium, lead and zinc.

In 1997, a total of 2,118,572 thousand cubic meters of industrial and mining wastewater, most of it untreated, were discharged into the ground, in the public sewage networks, in the water courses, in the reservoirs and lakes. This shows that the conditions of industrial wastewater are alarming, due to direct contamination of the natural sinks with hazardous materials, including mercury, heavy metals, toxic chemical elements and indirect soil pollution. Only 20 industrial capacities in Macedonia have their own wastewater treatment facilities. The total capacity of these systems can treat only 6% of the total industrial wastewater. Their efficiency is minimal, the treatment is basically mechanical, and very little physical, chemical and biological treatment is conducted.

Table 5.4: Wastewater (untreated) from industry and mining

Total 000 m3	Discharged (untreated) in 000 m3				
	Into the ground	Public sewer	Watercourses	Reservoirs	Lakes
2.118.572	14.196	29.165	2.022.723	51.064	1.424

Source: Statistical Yearbook, State Statistical Office, 1994 and 1998.

Soil quality as an environmental hazard

The fast process of urbanisation in the cities entails usage of vast tracts of land for housing; land development mostly by wasteful usage of space; growth and physical merging of suburban settlements with cities (this is characteristic of Skopje, Kumanovo, Prilep,

Ohrid and Strumica) and illegal construction with endangerment of the environment. It is estimated that about 0.5 % of the agricultural land is lost in this manner every year.
The usage of chemicals in agriculture that have negative effects on soil quality, and therefore on agricultural

products (artificial fertilizers and plant protection means) has tended to decrease in recent years

(Table 5.5). Multiyear control of chemical residues shows that there are no detected quantities harmful to people.

Table 5.5 Use of chemicals in agriculture

Year	Total tons/year	Artificial fertilizers tons/year	Plant protection agents tons/year
1993	24,911	24,252	659
1997	17,527	17,021	506

Source: Statistics Yearbook, State Statistical Office, 1998

Food products as an environmental risk

Sanitary-chemical analysis of health suitability of foods made on 35,916 samples has shown that 5.6% have defects that directly relate to the health of the people. The analysis of food products in regard to chemical contamination has shown presence of pesticides in every examined sample, high concentration of heavy metals, presence of additives that are not on the approved list, concentration of mycotoxins above the allowed limits, and in one sample the presence of antibiotics was detected. The samples have tested negative for presence of hormones.

Domestic and non-domestic toxic and solid waste as an environmental hazard

Every waste disposal facility in the country poses a serious threat to the environment (the most critical waste disposal facility is Vardarishte landfill), because they cause soil degradation, pollution of the surface and ground waters and emissions of toxic and explosive

vapours (Table 5.6 - Annex). Therefore, the immediate vicinity of any waste disposal facility presents a risky living and working space. The storage of municipal waste is arranged at temporary facilities lacking sanitary and technical measures for protection. The only exception is Drisla landfill in Skopje, which still experiences technical difficulties in its functioning. Particular risks are disposal facilities for sterile materials in the active lead, zinc and copper mines, and the facilities for industrial waste, because hazardous materials (179,142,325 tons per year) are stored uncontrolled in the plants and nearby areas, or are disposed of along with municipal waste.

Toxic materials and sanitary waste deposited with municipal waste represent a particular hazard. Sanitary waste is especially dangerous because it can be a carrier of various infectious and skin diseases, and may lead to incidence of unidentified diseases.

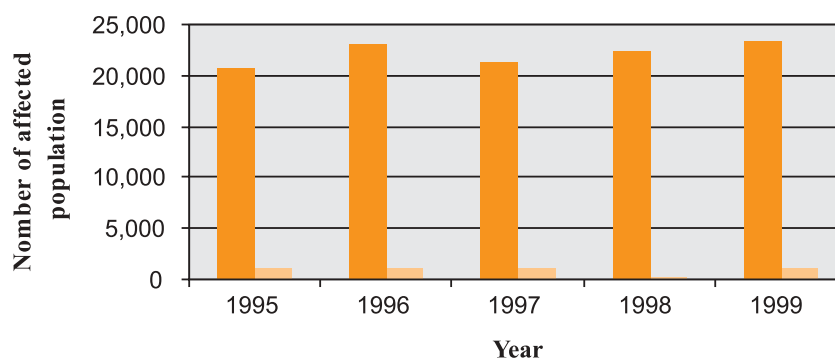
5.3 POPULATION HEALTH AS A RESULT OF ENVIRONMENT QUALITY

Mortality

General mortality during the period 1983-1993 has an oscillatory trend and varies from 6.9 to 7.8 per 1,000. The total number of deaths in the country in this period has a growth pattern from 14,066 to 15,591. In the “ecologically” risky areas, the general rate of mortality deviates from the national rate. Higher mortality rates

than the national average are observed in Bitola, Kavadarci, Kumanovo, Ohrid, Prilep, Veles, and lower rates in Skopje, Tetovo and Shtip. **No direct correlation has been established between mortality rates and environmental quality.** Data on number of patients in 1995-1999 is shown in Figure 5.1.

Figure 5.1: Number of patients 1995-1999



*Source: Report on implementation of the preventive health care program in Macedonia in 1999.
National Health Care Institute, Skopje, 2000.*

The ten most common acute infectious diseases are given in Table 5.7 below. There are indications of correlation of morbidity with environmental conditions,

especially for respiratory diseases due to poor air quality, and intestinal diseases due to poor water quality.

Table 5.7 Most frequent acute infectious diseases in 1998 and 1999

Disease	1998		1999	
	Number of patients	Mb / 100,000	Number of patients	Mb / 100,000
Enterocolitis	9710	484.3	8666	426.5
Varicella	5155	257.1	5520	271.7
Hepatitis A	1061	52.9	1845	90.8
Alim. toxic infections	1899	94.7	1818	89.5
Unknown hepatitis	684	34.1	1416	69.7
Scabies	906	45.2	1250	61.5
Scarlatina	422	21	517	25.4
Brucellosis	531	26.4	460	22.6
Salmonelloses	365	18.2	359	17.7
Parotitis			316	15.5
Dysentery	388	19.3		
Total	21121	1053.2	22167	1090.9

*Source: Report on implementation of the preventive health care program in the Republic of Macedonia in 1999.
National Health Care Institute, Skopje, 2000.*

5.4 OPINIONS ON HEALTH AND ENVIRONMENTAL HAZARDS

Attitudes to the environment

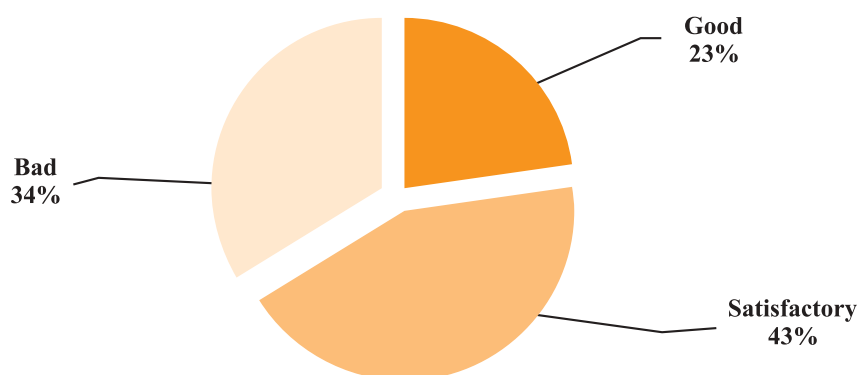
(based on the Opinion Poll)

- Environmental quality is a very important issue for 67.6% of the citizens, which indicates that a significant portion of the population thinks about this issue as an element of daily life.

- Insecurity from environmental degradation is not considered a problem by 67.1% of respondents. However, 16.8% have ranked it in the first three categories of insecurity, which indicates awareness among part of the citizens on the importance of environmental quality.

- Constitutional and legal rights with respect to the environment are known to some extent to 44.3% of respondents (of these, 45% are with post-secondary and 44.6% with higher education), while 34.2% do not know anything about these rights, which indicates insufficient awareness in this area.
- The citizens' assessment of the environmental situation is given in [Figure 5.2](#). Although indicators of environmental quality show degradation, 43.4% think that the situation is satisfactory, which is probably a result of insufficient information on the actual state of the environment.

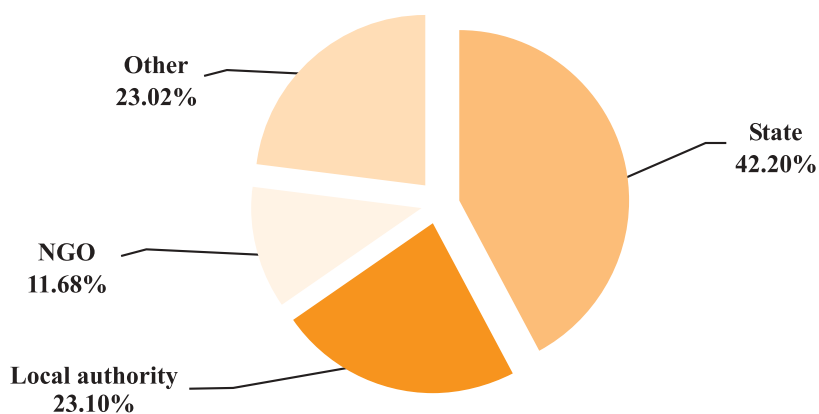
Figure 5.2 Environmental situation (citizens' opinions)



Source: Opinion Poll, ISPPI

- The responsibility for the current environmental situation is perceived to be with the state institutions, but also with other entities, which indicates an opinion that state institutions are the agents which should be more responsible and active in resolving environmental issues. The opinions are given in [Figure 5.3](#)

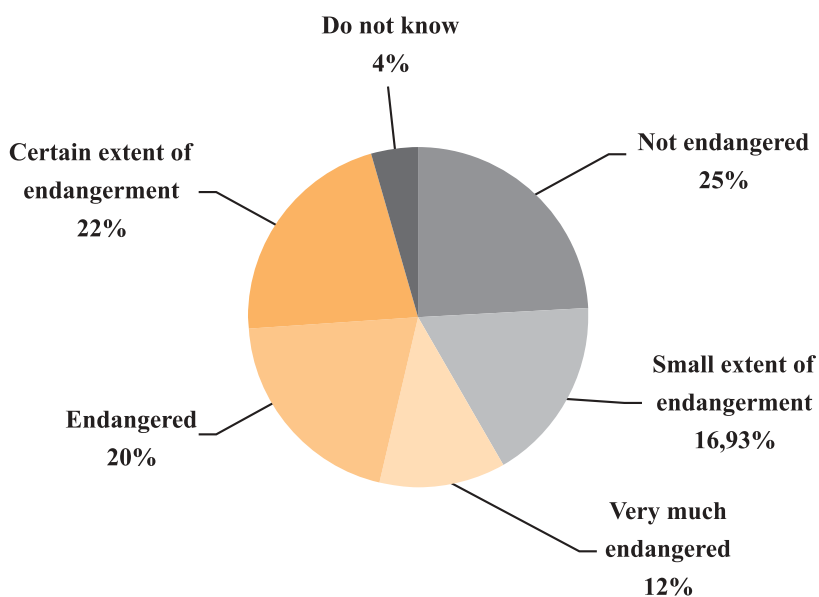
Figure 5.3 Institutional responsibility for the environment (citizens' opinions)



Source: Opinion Poll, ISPPI

- Insecurity of the citizens as a result of the disrupted quality of the living environment expressed as a degree of perceived environmental endangerment, shown in [Figure 5.4](#).

Figure 5. 4: Degree of Insecurity due to environmental problems (citizens' opinions)



Source: Opinion Poll, ISPPI

Insecurity from environmental degradation is not considered a problem by 67.1% of respondents. However, 16.8% ranked it in the first three categories of insecurity, which indicates awareness among citizens of the importance of environmental quality.

- The poll indicates that 33.4% of the citizens think that air pollution in their environment is high; only 9.0% think that there is no air pollution, which means that the problem is present and well understood.
- High water pollution was indicated by 30.9% of respondents, while only 8.3% have said that there is no water pollution, which means that the population is aware of the water pollution problem.
- On the issue of soil pollution, 28.2% of respondents have indicated high soil pollution, while 11.2% have said that there is no soil pollution. This is a sign that serious thought is given to soil quality.
- Results of the poll where 30.6% of respondents identify health problems as insecurity related to environmental quality supports the absolute priority of measures and activities for improvement of the current environmental situation in order to improve the health of the citizens of Macedonia.

Views on causes of environmental hazards

According to the Opinion Poll, the reasons for poor environmental quality lie in:

- Insufficient capacity of state institutions in charge of this matter (mostly the Ministry of Environment and Physical Planning). Failure to undertake

specific measures for resolving problems caused by direct polluters (such as the lead and zinc smelter in Veles, which is being shut down and restarted without specific solutions).

- Existing legal regulations, whereby environment protection and improvement is treated in over 120 laws and regulations, without clear allocation of competencies, i.e. rights and responsibilities. For example, water quality protection is regulated by the following:
 - **Constitution of the Republic of Macedonia (Official Gazette no. 52/91)**
 - **Spatial Planning Act (Official Gazette no. 4/96)**
 - **Environment and Nature Protection and Improvement Act (Official Gazette no. 51/2000)**
 - **Water Resources Act (Official Gazette no. 4/98)**
 - **Water Classification Decree (Official Gazette no. 18/1999)**
 - **Decree on Classification of Water Streams, Lakes, Reservoirs and Ground Waters (Official Gazette no. 18/1999)**
 - **Rules on Quality and Sanitary Fitness of Drinking Water (Official Gazette no. 5/1984), etc.**
- Insufficient awareness among part of the citizens and other entities (politicians and decision makers) on the importance of environmental quality, especially health considerations as a key factor for a healthy and able population.

- Financial capacity of the state to implement specific projects for improvement of the basic qualitative factors of the environment: water, air and soil, in view of the fact that expenditures on environment protection were very limited - around 1% of GDP. (*Source: NEAP Separate Study – Environmental Management. 1996*)
Nonetheless, environment protection projects started in Macedonia in 1998 with a total budget of 12,878,620 DEM, and in 1999 20,439,093 DEM, with combined domestic and

foreign financing. (*Source: Annual report of the Ministry of Environment of Macedonia, 1999*).

There is still no commercial financing of environment protection by commercial banks and companies. Environment protection projects are mostly financed out of budgets (state and local). That is not sufficient. By way of illustration, the monitoring system for surface water quality in Macedonia costs 4,861,680 DEM; for air pollution costs 5,207,600 DEM; installation of wastewater purification stations in Bitola and Prilep costs 375,000 USD.

5.5 PROPOSED POLICIES AND ACTIONS TO MITIGATE ENVIRONMENTAL HAZARDS

Specific measures

In order to change the current treatment of environment problems, it is necessary to undertake specific measures and concrete steps, commensurate with the economic resources of the state and in accordance with principles of sustainable development.

- It is necessary to strengthen the capacity of state institutions competent and responsible for environment protection, improvement of existing legal regulations and adaptation to EU legislation with the aim of making sound and qualified decisions on environment issues.
- Building and strengthening awareness through the education system (particularly through application of the Aarhus Convention) on the importance of the environment, i.e. the relevant rights, obligations and responsibilities. In that regard, NGO activities should be supported, assisted and directed.
- The National Environmental Action Plan (NEAP) has established that the solution of the public health problems related to environment quality is a primary issue and should receive first priority in the activities to improve living and working conditions. Indicators on the influence of poor environment quality on the public health point to at least three areas in the country (Skopje, Veles and Bitola) that need solutions.
- Improvement of air quality should be effected by improving the efficiency of existing systems for purification of waste gases from industrial and energy systems, replacement of obsolete technologies, phasing-out of fuels with high pollutant content, phasing-out of leaded gasoline, substitution of ozone-depleting fluids and full monitoring

of air quality in the state in order to identify and prosecute polluters.

- Water quality should be secured by mandatory installation of pre-treatment station for all types of wastewater before discharge into sewer systems or water streams. Springs should be protected by establishment of sanitary zones. Rasche spring should be especially strengthened, and regional and other pipe systems and networks should be rehabilitated.
- The problem of solid waste should be overcome by construction of landfills for safe disposal of municipal solid waste, industrial waste and any type of hazardous solid waste. This effort should begin with rehabilitation of illegal landfills (particularly Vardariste landfill) and finishing the Drisla landfill.

Priority areas

The proposed measures should be undertaken according to the needs, with the following priorities in mind:

- Protection of the city of Veles from the lead and zinc smelter
- Installation of wastewater purification facilities in Skopje and Bitola
- Revitalization and protection of Lake Dojran
- Finishing of Drisla landfill and rehabilitation of Vardariste landfill

In the current circumstances of social and economic development of the state, it seems that implementation of these proposed activities is possible if aid and support is secure from international institutions - technical assistance as well as direct financial intervention is required.

HEALTH

Table 5.1 Environmental problems in Macedonia

Town	Pollution of soil, ground and surface waters by mining, metallurgy and industry	Toxic gas emission
Skopje	++	+++
Berovo		+
Bitola	+++	+++
Valandovo		
Vinica		
Gevgelija		+
Gostivar		+
Debar		
Demir Hisar		
Kavadarci	+	+
Kicevo		++
Kocani		+
Kratovo		+
Kriva Palanka	++	+
Krusevo		
Kumanovo		++
Makedonski Brod		
Negotino		+
Ohrid		++
Prilep		++
Probistip	++	
Radovis	++	+
Resen		+
Strumica		
Sveti Nikole		
Tetovo	++	++
Titov Veles	+++	+++
Stip		+

+ *Moderate*; ++ *Significant*; +++ *Critical*

Source: Analysis and program for industry management, NEAP, 1996

**Table 5.3 Quality of surface waters in Macedonia
(harmful and hazardous substances)**

Watercourse - monitoring station	harmful and hazardous substances							
	Iron mg/l Fe	Manganese mg/l Mn	Lead mg/l Pb	Zinc mg/l Zn	Cadmium mg/l Cd	Chromium mg/l Cr+6	Nickel mg/l Ni	Copper mg/l Cu
1 Reka Vardar - Radusa	33.84	6.64	0.11	2.19	0.16	7.99	0.71	3.92
2 Reka Vardar - Taor	112.10	29.10	0.30	12.69	0.32	4.27	1.78	5.09
3 Reka Vardar - Nogaevci	77.43	21.12	0.29	21.73	1.26	2.64	1.45	5.56
4 Reka Vardar - Demir Kapija	36.32	8.24	0.24	6.54	0.33	1.13	0.96	3.77
5 Reka Vardar - Gevgelija	24.17	4.26	0.30	1.93	0.23	1.21	1.19	3.39
6 Reka Lepenec - Cesma	47.93	9.29	0.16	1.39	0.17	1.42	1.32	4.05
7 Reka Lepenec - Ustie	35.01	24.89	0.22	11.69	0.21	1.56	0.94	4.65
8 Reka Lepenec - Pred vliv vo Vardar	24.69	10.62	0.22	2.99	0.16	0.52	1.01	3.58
9 Reka Pcinja - Pelince	72.48	18.67	0.11	1.29	0.09	0.39	0.87	3.28
10 Reka Pcinja - Katlanovska Banja	74.23	37.11	0.18	3.69	0.23	0.57	1.14	4.06
11 Kriva Reka - Trnovec	45.07	23.41	0.19	3.50	0.11	0.73	1.17	2.46
12 Reka Bregalnica - Istibanje	30.76	19.80	0.07	17.56	0.22	0.58	1.34	3.08
13 Reka Bregalnica - Ubogo	80.50	10.83	0.31	11.07	0.17	0.60	0.85	3.30
14 Crna Reka - Skocivir	266.48	103.46	0.13	9.84	0.64	0.87	1.40	3.81
15 Crna Reka - Palikura	46.90	7.73	0.23	1.91	0.24	1.03	1.41	4.33
16 Reka Eleska - Brod	226.10	177.73	0.34	66.86	2.24	0.76	2.12	3.02
17 Reka Strumica - Novo Selo	145.96	113.35	0.18	5.81	0.20	0.51	1.58	4.47
18 Reka Crn Drim - Spilje	14.46	8.40	0.12	24.90	0.28	0.61	1.14	3.11
19 Reka Radika - Boskov most	2.33	6.67	0.00	1.40	0.11	0.31	0.29	1.61

Source: Results from monitoring surface water quality in Macedonia, RHMZ 2000.

Table 5.6: Landfills for solid and industrial waste in Macedonia

Urban area	Distance from city (km)	Quantity (m3/day)	Industrial waste (m3/day)	Municipal waste (m3/day)
Skopje	15.00	1,500.00	400.00	1,100.00
Ohrid	25.00	335.00	63.00	272.00
Tetovo	3.00	330.00	90.00	240.00
Kumanovo	9.00	300.00	50.00	250.00
Kocani	6.00	290.00	80.00	210.00
Bitola	17.00	250.00	80.00	170.00
Veles	6.00	228.00	75.00	153.00
Stip	5.00	210.00	40.00	170.00
Gostivar	4.00	175.00	35.00	140.00
Gevgelija	5.00	160.00	100.00	60.00
Negotino	6.00	150.00		150.00
Prilep	13.00	120.00	100.00	20.00
Kavadarci	4.00	110.00	30.00	80.00
Struga	5.00	100.00	30.00	70.00
Vinica	2.00	76.00	6.00	70.00
Strumica	15.00	65.00	20.00	45.00
Resen	5.00	35.00	3.00	32.00
Probistip	3.00	34.00	4.00	30.00
Krusevo	0.50	28.00	9.00	19.00
Star Dojran	12.00	25.00	1.00	24.00
Bogdanci	3.00	20.00	5.00	15.00
Kratovo	11.00	16.00	6.00	10.00
Mak. Brod	4.00	16.00	6.00	10.00
Valandovo	5.00	12.00	12.00	
D. Hisar	20.00	11.00	6.00	5.00
Total		4,596.00	1,239.00	3,357.00

Source: Solid hazardous waste management, Separate study for NEAP, 1996..

B. SOCIAL AND COMMUNITY RELATIONS



SOCIAL INSECURITY AND SOCIAL EXCLUSION OF THE RURAL POPULATION

6.1 INTRODUCTION

Economic and Social importance of the rural areas

86.7% of Macedonia is rural and home to 40.2% of the population. Agriculture is the main economic activity and rural households represent a significant portion of productive capacity (73% of arable land, 90% of livestock, 96% of tractors), and play an important role in the economy. Many villages have suffered from demographic, economic and social decay over the past decade. Approximately 60% of the villages are affected by de-population, particularly the sensitive hill and mountain regions. The socio-economic structure of rural areas affects the level of social insecurity and social exclusion.

Today's rural social problems do not arise solely from the economic transition (although the latter is one of the factors of negative influence), but are a result of the

inherited levels of economic and social development from past years. These problems were present before the transition, and are present in rural areas today.

Insecurity and exclusion of the rural population

The rural population in Macedonia is facing meagre incomes and lack of basic infrastructure facilities in rural communities. The recent study "*Strategy, Policy and Management of development of rural areas in Macedonia*" (implemented at the Institute for Sociological, Political and Juridical Research in Skopje) indicates that 40.2% of the rural population has no income from farming, 36.1% are not satisfied by the level of farming income, only 21.6% are partially satisfied and 1.6% are fully satisfied.

Perception of the current personal situation in rural areas.

According to the *Opinion Poll* on “Social Exclusion and Insecurity of the Citizens of Macedonia”, conducted for this NHDR, 92.8% of the respondents in rural areas put their position in the lower part of the scale (on a scale of 1 = “poor” and 10 = “rich”). The configuration of rural communities is a factor influencing the self-assessment of the current economic situation. In that sense, the most sensitive group to suffer from the decline in the standard of living are respondents from hill and mountain communities, where 96.2% of respondents are in the lower part of the scale (1 to 5), while 91.0% of respondents from villages situated in the plains have also

assessed their economic situation in that part of the scale.

Assessment of the decline in rural standards of living

The decline in the rural standard of living does not equally impact the way of life in different communities. For example, in more developed communities there are opportunities for increase in purchasing power, while in others (economically underdeveloped) the tendency is to reduce the already low expenditures on food, clothing, footwear, schooling of children, health care etc. This conclusion is largely derived from responses to the question “*What modality (response) best describes the financial situation of your household?*”

Table 6.1 Financial situation of households

	Settlement configuration		
	Plains villages	Hill and mountain villages	City/urban areas
Not enough money for food	16,72%	42,75%	19,69%
Enough money for food, but difficult to buy clothing and footwear	38,51%	47,33%	39,56%
Enough money for food, clothing and footwear, but not enough for expensive items	42,39%	8,40%	36,97%
Can afford expensive items, but not anything they want	1,49%	1,53%	4,37%
Can afford anything they want	0,60%	0,00%	0,14%
No response	0,30%	0,00%	0,27%
Total	100,00%	100,00%	100,00%

Source: Opinion Poll on insecurity and social exclusion, ISPPi

Problems of the Hill and Mountain Villages

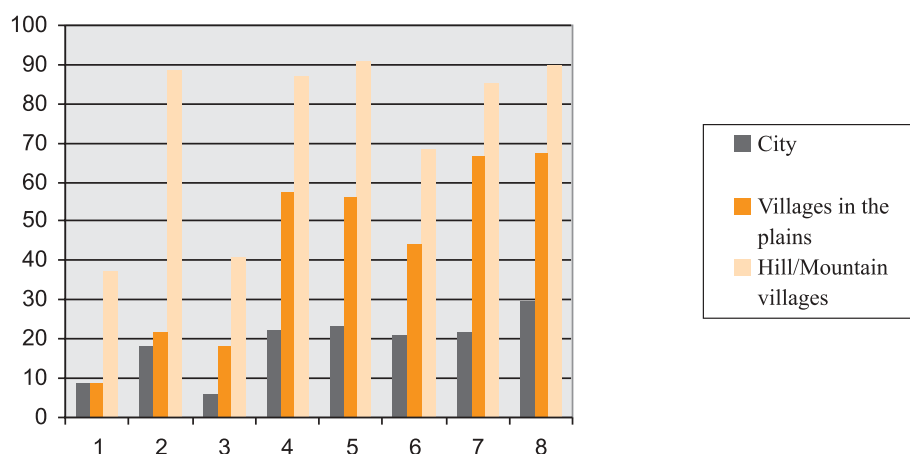
BOX 6.1

In the hill and mountain villages in Macedonia, the Opinion Poll shows that 43% of respondents stated that they do not have enough money for food, while 47% stated that they have enough for food but not for clothing and footwear. The dissatisfaction with income derived from agricultural activities is due to the fragmentation of land plots (average 2 ha), obsolete technology, low-quality land cultivation, lack of organized marketing, etc.

Perception on access to services in rural areas Most people think that villages in the hills and mountains have too little access to services from: medical institutions (88.6%), secondary schools (87.0%), social welfare and

local government (68.7%), judiciary (85.5%) and culture institutions (90.1%). That can be better illustrated by the following graph: - See [Graph 6.1](#)

Graph 6-1. Level of non-availability of public services in rural areas/in comparison with the cities/



KEY:

1. Drugstores, 2. Medical (health) centers, 3. Primary schools, 4. Secondary schools, 5. Centers for social care, 6. Local government organs, 7. Judiciary/courts, 8. Cultural facilities

Source: *Opinion Poll on insecurity and social exclusion, ISPPi*

6.2 MAJOR FACTORS CONTRIBUTING TO SOCIAL EXCLUSION IN RURAL AREAS

Factors contributing most to the insecurity and exclusion of the rural population in Macedonia are:

- Basic infrastructure needs of rural areas remain unsatisfied – poor roads, irregular bus service, lack of supply of necessities, insufficient drinking water, non existent sewage network etc;
- Lack of access to educational institutions and basic health services, including primary health care, particularly for the people living in the hills and mountains;
- Inadequate access to markets and market information, which renders small farmers unable to get better prices for their products and raw materials.

Access to services

In general, the rural population is dissatisfied by the social and local government services available in Macedonia. This particularly pertains to **secondary schools, social welfare centers, local government, judiciary and culture**. Half of the poll respondents have said that there is inadequate access to those services. The degree of non-availability to services provided by enterprises and institutions grows with the increase in altitude and remoteness of the villages from

municipal centers. Thus the altitude and configuration of the terrain is a factor that influences the degree of social exclusion of the rural population.

Availability of transport and access and quality of services

Transportation and the remoteness of rural communities from urban areas seriously influences the level of access and quality of services available to the rural population. In Macedonia, there are still many rural communities with poor living conditions and commonly neglected villages. It follows from the analysis that there is a high level of insecurity among the rural population and in particular those with lower incomes.

Undoubtedly, almost the entire rural population is in a position of exclusion with the exception of those closest to major urban areas. An especially high level of exclusion exists in relation to the hill and mountain population, on account of the lack of infrastructure and non-availability of the various educational institutions, health centres etc. as well as the high concentration of poor old-people households, who cannot utilise the natural resources they have.

6.3 CAUSES OF SOCIAL EXCLUSION

Neglect of rural communities

The absence of appropriate village development policies, such as building of infrastructure (roads, bus service, shops, infirmaries, schools) and problems of agricultural production (high prices of inputs, uncertainty in marketing of agricultural products, loans on unfavorable and uncertain terms, neglect of the development of cooperatives, removal of subsidies) and inadequate social policy for the farmers is a significant negative element in the development of rural areas in Macedonia.

The reasons for the difficult situation in agriculture and in rural areas in general (and thus social insecurity and exclusion) originate in the inconsistency of legal regulations. The laws contain norms difficult to read through the prism of the new Constitution and not adapted to the changes in social and economic reality. This is particularly significant in laws pertaining to land use, inheritance, cooperatives, value added tax, agricultural activities, redefinition of family farms etc.

Poorly defined agrarian policy

The absence of a clearly defined agrarian policy, particularly towards farm households, creates insecurity and uncertainty about the farming business among farmers. This is evident from the abandonment of farming by the young and most vital segments of the agricultural population, and abrupt “evacuation” of many communities. According to the study “The Influence of Industrialization on Social Processes and Change in the Villages of Macedonia”, the main reasons why the young do not want to go into farming is “*lack of desire and interest*”, “*farm revenues are too small*”, “*farm work is hard and painstaking*”. By permanent settlement in urban and suburban communities, they are

forced to abandon farming or to under-utilize available agricultural capacity.

In 1996, only 229,000 ha or 48.7% of the total arable land (461,000 ha) in the private sector is in use. The dynamic demographic de-agrarianization and uncontrolled migration from villages to cities did not result in a reduction of the number of farmers (individual farming households). Thus, in Macedonia, the number of private farms increases from 156,676 in 1960 to 178,087 in 1994, a 13% increase.

Inadequate investment policy in the rural sectors

Macroeconomic policy has no appropriate agrarian policies with respect to access to credit, pension schemes, development of cooperatives etc. The relative share of investment in individual farming with respect to total investment in Macedonia is very low (7.2% in 1997), while the share of agriculture in the GDP is 10.7%. With respect to availability of credit, diverse loans are offered at interest rates ranging between 7% and 14%, with maturity from 1 to 8 years, grace periods up to 2 years and applicant's own resources 20-50% of the total value of the venture. According to the Pension and Disability Insurance Act, only farmers with tax liability on income from farming activities may pay contributions for pension and disability insurance, and thereby attain the right to pension benefits. The average pension benefits of farmers is 30% lower than average pension benefits in Macedonia, while benefits of retired farmers eligible under the Old Age Insurance Act are full 50% lower.

In the period 1990-2000 there was a slump, even neglect, of the development of agricultural cooperatives. This environment is not favorable for farmers and the rural population, and is reflected as a stagnation in agricultural production.

6.4 CONSEQUENCES OF RURAL NEGLECT

Rural out-migration and de-population

One of the main consequences of the neglect of rural areas and their intense sense of exclusion is the **uncontrolled rural exodus** which has resulted in emptying of rural areas and de-vitalization of the rural population. In contrast to 1948, when 72% of the population lived in villages, today 40% of the total population lives in villages. According to the 1994 Census, 121 villages

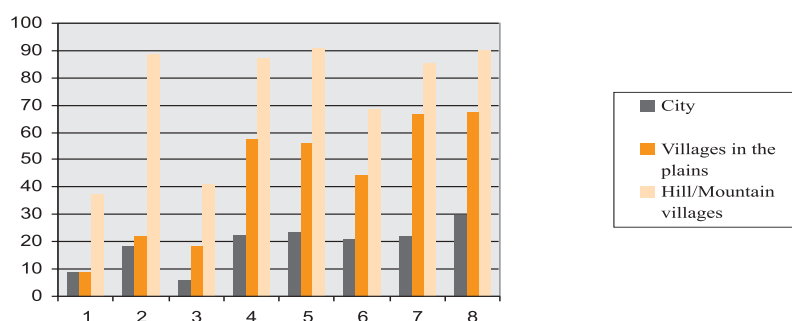
have been completely de-populated (i.e. no inhabitants live there). A particular problem are the 360 villages with fewer than 50 residents which account for 20.6% of the villages in Macedonia. Within this group, it could be expected that some communities, particularly villages with up to 10 residents, will become completely de-populated. There are 104 such villages.

Special problems of the hill communities

The number of population living in hills and mountains is decreasing significantly, which means accelerating out-migration. In Macedonia there are 14 compact undeveloped regions or areas that include several communities with pronounced low level of economic activity, inadequate economic and public infrastructure, high migration and low population density. In these regions the population fell by 70% from 92,646 in 1948

to 27,598 in 1994. The data indicate that the degree of unequal regional development implies larger regional variations in public services provision, access, opportunities and thereby the level of social security and social exclusion. What makes the problems of villages particularly difficult is the significant proportion of elderly and illiterate in the total population. Mostly young and vital segments of the population are leaving the villages, leaving the older and less educated behind.

Graph. 6.2 Changes of rural population according to the age structure



Source: Statistical Review No. 126 Skopje, 1982. The 1994 Census of Population, Households, Dwellings and Agricultural Holdings in Macedonia, Book I, Skopje, 1996

Changing demographic structure – leaving the vulnerable behind

The share of young people aged 0 -19 years in the total rural population is shrinking. The change in the share of people aged 65 and over illustrates even more vividly the process of ageing of the rural population and especially in the hills, mountains and compact undeveloped regions. Rural households consisting of elderly persons are becoming a serious economic and social problem and accentuating the under-utilization of capacity (arable land) available to these households. In the social area, the main element is little income or no income generated by these households. In such circumstances, the level of maintenance of the household deteriorates, investment in agricultural production drops, and housing facilities fall into disrepair. In the hills and mountains, 40% of households do not cultivate their land.

Housing conditions in rural areas

Housing conditions in rural areas, and particularly in the hills and mountains, are very poor. Most houses are built of stone and mud, stone and straw or stone and mortar.

Decline in education standards and school facilities

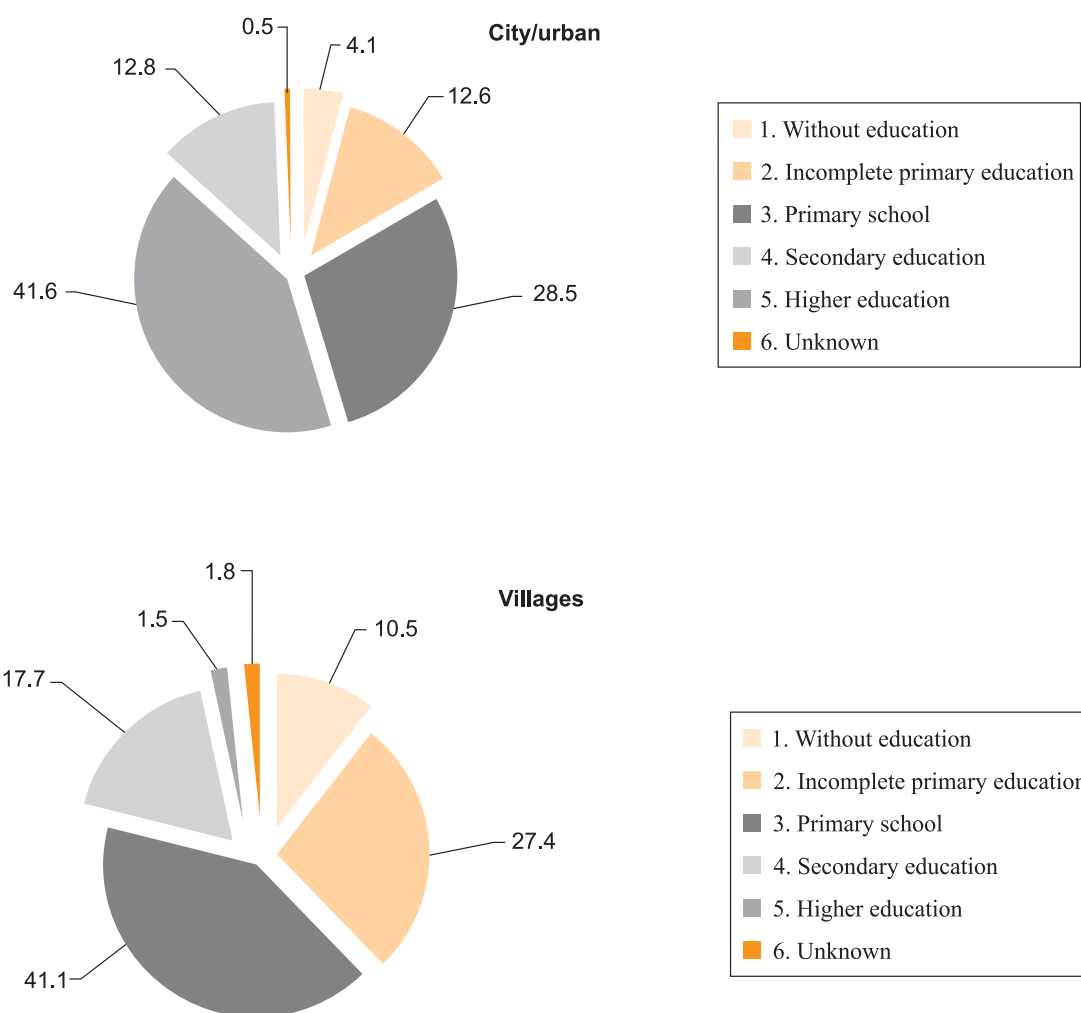
The rural areas are also characterised by low levels of education and literacy as compared to the urban areas. Among the illiterate and persons with no education there is a distinct gender bias. Women are significantly more represented in the following groups: illiterate (73%), those with no schooling (73%) and incomplete elementary education (57%), while men are significantly represented in the following groups: secondary education (68%), higher education (73%). There are few people with higher education among the population in the hills, mountains and compact undeveloped areas. Mostly, the population there has no schooling or incomplete elementary education. There are several reasons for this, the main among them being: migration of the young and more educated population, inadequate access (or no access) to educational institutions, insufficient commitment to improvement of the schooling of the young, isolation of the compact undeveloped areas and mountain communities etc.

Table 6.2 Comparative level of literacy of urban and rural population – 1994

Literacy	
Literacy rate of urban population (%)	96,7
Literacy rate of rural population (%)	91,4
Difference	-5,3
Literacy rate of women in urban areas (%)	94,8
Literacy rate of women in rural areas (%)	86,9
Difference	-7,9

Source: Population by Vital, Ethnic, Educational and Economic Characteristics Book 1; Statistical Office of Macedonia, Skopje, 1996.

Diagram 6.1. and 6.2. Level of education among the population in 1994



Source: Population by Vital, Ethnic, Educational and Economic Characteristics, Book 1. Statistical Office of Macedonia, Skopje, 1996

Other factors leading to rural under-development

The stagnation of economic development in rural areas has resulted in more poverty and deterioration of the social security of the rural population. The transition towards a market economy and privatization has also caused a significant drop in their real standard of living.

This is reflected in the level of social development. Due to the increase in the cost of living and diminished purchasing power, the rural population is increasing expenditures on food, housing, heating, lighting, health and hygiene. Households are forced to reduce savings and expenditures on clothing, footwear, furniture etc.

6.5 POLICY RECOMMENDATIONS FOR PROMOTING RURAL AREAS

Qualitative improvements to reduce the economic and social exclusion of the rural population

Among the possible initiatives to improve the prospects for the rural areas are:

Change of bias of development of urban centers towards development of the space, in order to reduce local and regional variations in infrastructure and economic development. Particular attention should be given to development of infrastructure (road connections to municipal and rural centers, supply of drinking water and access to basic necessities existence of at least one general store), as a precondition for dynamic economic and cultural rural development which will secure better standards of living for the residents.

In parallel with the construction of basic infrastructure, reforms should be undertaken in other areas to significantly improve the quality of life in the villages:

- Establishment of more direct and more efficient health care in rural areas and special attention to emergency medical services for the residents of villages in the hills and mountains.
- Sustainable access to drinking water and appropriate sanitary facilities.
- Better access and improvement of education of children living in villages in the hills and mountains by maintenance of schools, school residences, free meals and health care, in order to keep the children in the education system; organized transportation of rural children to secondary schools.
- Ensuring the exercise of entitlements to social security (pension, disability and health insurance)

for all persons engaged in agriculture. Pension and disability insurance should cover all members of the household whose primary activity is agriculture, regardless of tax liability.

- State subsidy of pension, disability and health insurance for farmers living in villages in the hills, mountains and compact underdeveloped regions.
- Support to measures and procedures for expansion of landholding (lease, concession, credit).
- Development of a (formal and informal) social assistance scheme for the very elderly and feeble persons, and organization of family care services and care within the family.

The state and local governments must actively promote the development of rural communities and coordinate their efforts in securing investment for infrastructure, favorable loans for agricultural production, tax relief for the hill and mountain villages and the modeling of regional features of the rural communities..

- Preparation of a national strategy for development of rural areas, where priorities of comparative and strategic advantage would be established through scientific analysis.

In this context the first priority should be improvement of rural infrastructure, especially roads connecting the villages to urban centers and water pipes. The other priorities could be the better access and improvement of education of children living in villages in the hills and mountains and giving full pensions to agriculturists.

CHAPTER 7

HEALTH CONSEQUENCES OF THE TRANSITION IN MACEDONIA

7.1 INTRODUCTION

Health consequences of transition - the high risk groups.

Alienation and marginalization of a significant portion of the population along with social and economic exclusion and human insecurity signify the ten-year period of transition in Macedonia. So far, insufficient studies have been made of the negative influence and consequences on the health of the population due to the worsening of their social and economic situation and living conditions. Increasing psycho-social stress as well as reduced physical accessibility of health protection and health services, including medicines, is another major concern for certain risky and vulnerable population categories. This especially pertains to the following categories with increased risk for health deterioration:

- Unemployed workers, especially those with long and chronic unemployment;
- The poor population, especially in the under-developed and rural areas;
- Elderly people in general, particularly those with lower pensions and income or social aid users, and especially those that live alone;
- Children and young people that terminated their education early and the children on the street/street children;
- Women in the reproductive period in general, and particularly women in some risk groups;
- Migrants from other countries and refugees, and internally displaced persons;
- Members of ethnic minorities, especially Roma, Macedonian Muslims etc.

Very vulnerable groups

Those groups which are especially susceptible to social exclusion and have reduced opportunities for employment and education (including their children) are usually under special risk. The latent or open discrimination and hostilities which they often face, can damage their health. In addition, the communities usually marginalize and reject people that are sick, handicapped or emotionally vulnerable, such as users of child dormitories, persons that come from prison or psychiatric hospitals. Persons with problems related to physical and mental health often have difficulties to obtain appropriate education or to earn for living. The probability is much greater that handicapped children will live in poverty, especially if stigmatic conditions are present, such as mental illnesses, physical incapacity, or diseases like tuberculosis, epilepsy, alcohol dependency, AIDS etc. The people that live on the street and those that suffer from several of these problems, have the highest rates of early mortality.

Empirical evidence of the adverse health consequences of economic insecurity and social exclusion

The results of scientific research and epidemiological studies clearly indicate the close connection between the

deteriorated social and economic conditions, especially unemployment, social and economic exclusion and increased human insecurity and the psychosocial stress, on one hand, and certain indicators of the deterioration of the health of the population, on the other hand. One of the most important indicators is morbidity due to cardiovascular diseases, malignant neoplasms and other diseases, mental breakdowns and suicides, growth of alcohol dependency, smoking and drug addiction etc.

This section of the NHDR shows the connection between certain social and economic factors and conditions and the health of the people in Macedonia, through an analysis of the available data regarding the demographics and health statistics of morbidity, the changes in the efficiency, organization and the activity of the health services, the changes and amendments in the legislation and the current reforms in the area of health and health insurance, as well as information from the literature and other relevant sources. Based on the findings and the results, directions and suggestions are given on appropriate strategies and programs directed toward mitigating and overcoming the adverse conditions and problems related to the health and health protection of the population.

7.2 INFLUENCE OF SOCIAL AND ECONOMIC FACTORS ON THE HEALTH OF THE POPULATION

Social origin of diseases

The incidence of chronic non-contagious diseases and epidemiological studies point to the social background of many illnesses and their connection with lifestyles and work patterns. Such findings imply that the social environment should be included in the concept of diseases. The characteristics of certain population groups (structured by age, sex, occupation, unemployment, place of residence and living conditions, social and ethnic beliefs etc) could also be connected to the incidence, frequency and distribution of certain diseases. The finding that a lot of the chronic diseases can never be explained exclusively by one factor, has resulted in the appearance of a multi-causality theory of illnesses, which places special emphasis on social relations and conditions and social stress. Social and economic factors at all levels of society have an impact on individual decisions and on

health itself. Although each individual is responsible for his/her own lifestyle with respect to nourishment, physical activity, smoking and excessive alcohol consumption, certain social and economic factors and circumstances are beyond the control of the individual.

Linkages between economic well-being and health

There is ample evidence of the close connection between low economic standards of living and a series of indicators of negative health. GDP per capita in 1997 in Macedonia, was US\$1722, but it must be noted that there are big differences in the development and economic status between different municipalities in addition to differences in economic standing among different categories and social strata.

Many diseases and causes of death are more frequent the lower one goes on the social hierarchy ladder. The level of health is a reflection of the economic unfairness and the effects of uncertainty, fear and lack of social integration. The unfairness has many forms and can be absolute and relative. It can include: deficient household, living in unsuitable housing conditions, insufficient and irregular nourishment, insufficient education in the adolescent period, incapacity due to industrial injury or uncertain employment etc. These adversities tend to concentrate in the same group of people and their effects are cumulative. The longer the period of living in stress creating economic and social circumstances, the greater the psychological burden and consequences for these people, and the lower the chances that they will have a long life.

Unemployment and health

Unemployment has a substantial negative influence on the health of the population, increases death rates, causes changes in the lifestyle, physical and mental health deterioration and an increased utilization of the health services which is corroborated by the results of numerous investigations. Unemployment in Macedonia is still very high and in 1999 was 32.4%. In 1997 the unemployment rate in Macedonia was 36.0%, higher than the rates in a lot of countries in Europe and the region. The loss of work or short term unemployment is a stressful event and represents a risk factor for health deterioration compounded by economic and financial difficulties, indebtedness, but also physical consequences, loneliness, reduction or loss of social contacts, sense of rejection. Unemployment has a major influence on the functioning of the family, as well as to the distribution of resources in it, to the health of its

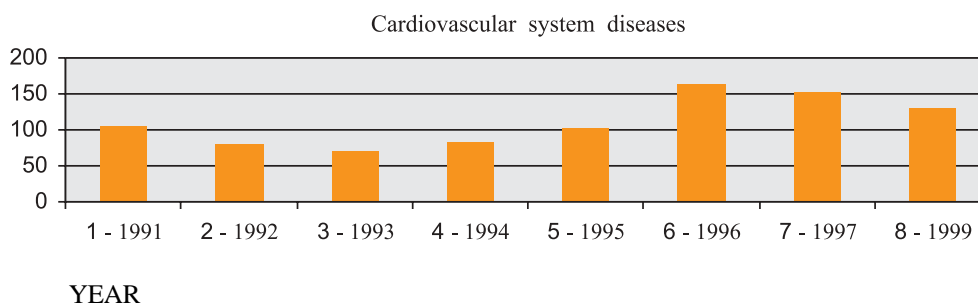
members etc. Research has shown higher death rates of wives of unemployed husbands, higher risk for separation and divorce, domestic violence, unwanted pregnancy, complications during pregnancy, higher mortality at birth, slower growth and development of the babies and higher mortality as well as increased exploitation of health services.

Psychological threats, fear and depressive symptoms appear as a universal companion of the unemployment. The changes that occur in the neuro-endocrine and the immune system, as a reaction to stress increase the sensitivity to new and activate the existing diseases. Studies connected with the “closure of factories” have shown that the rate of hospitalisation of unemployed people increases which is usually interpreted as an indicator of deteriorated health.

NOTE: At the global level a connection has been sought between economic and health indicators, with unemployment being the foremost economic factor.

***Brenner (USA)** has documented the almost instantaneous effect on health (especially mental) of unemployed, reflected in the increase in the number of patients received by psychiatric institutions and the increase in suicides. Unemployment also leads to an increase of the number of chronic diseases. Cardiovascular diseases reach their peak two years after a jump in unemployment. Thus economic recession and transition and associated unemployment increase the sensitivity to illnesses. The death rates in all classes of society, are higher with the unemployed than with employed people. That relates especially to the increased mortality due to cardiovascular diseases, lung cancer, accidents and suicides.*

Graph 7.1: Cardiovascular system diseases recorded in primary health care services in Macedonia in the period from 1991-1999 (rates per 1000)



Source: National Public Health Institute

Nourishment and health

Adequate nourishment is essential for the promotion of the health and the welfare of the population. The lack of food and its insufficient diversity can cause malnutrition and diseases related to insufficient nourishment. Social and the economic conditions also influence the quality of the nourishment depending on the level in the social hierarchy, which points to the inequality in health. The basic difference in nourishment between the social classes is the source of nutritional products. The poor compensate for lack of fresh and biologically valuable food with products of maize, potato, animal fats and cheap processed foods. People with low incomes, such as young families, elderly people and the unemployed have lesser opportunities to eat well and correctly. One important social indicator is the *percentage of household incomes spent on nourishment*. According to the reports of the richest countries such as USA, Canada, Australia, an average household spends less than 15% of their income for food, while in the underdeveloped countries that percent is greater than 50% and somewhere even 80%. In Macedonia, food expenditure accounts for 41.1%, drinks 4.6% and tobacco 3.2% of overall household expenditures.

Another indicator of the nourishment of the population is the *energetic value of food per capita*, which is calculated on the basis of the estimated production of food, exports, imports, losses and consumption of other foods. The average per capita consumption of certain food products is also calculated, as well as the movement of the consumption of fats, especially animal fats, as one of the more significant risk factors for health deterioration. In Macedonia, the price of “the monthly basket” of food products, necessary for the correct nourishment of one family of 4, during one month, is approximately equal to an average monthly salary in the economy.

Poverty, social exclusion and health

The availability of emotional and practical social support varies with social and economic status. Poverty can lead to social exclusion and isolation. The social cohesion - presence of mutual trust - and respect in the local community and wider in society - helps prevent cardiovascular diseases and mental disorders. The processes of social exclusion and the level of relative deprivation in society has a strong influence on health and premature death.

7.3 MAJOR INDICATORS OF HEALTH CONDITIONS IN MACEDONIA

Demographic and vital indicators

In the last few decades in Macedonia a process of demographic transition has been occurring toward intensive aging of the population. In the period from 1991-1999 the share of persons older than 65 increased from 7.3% in 1991 to 9.7%. See Table 7.1 (Annex at the end of this Chapter) on demographic indicators. This, in turn leads to changes in the qualitative and quantitative health and social problems.

The **life expectancy** in the period 1997-1999 was 70.4 years for men and 74.7 for women, or in average 72.5. Indicators in Macedonia are comparable to middle-income countries. **Birth rates and infant mortality** are still high but decreasing, and general population mortality is relatively low but growing. The birth rate decreased, from 17.1 per 1000 in 1991 to 13.5 in 1999, and the **general mortality rate** in the same period increased from 7.2 to 8.3 per 1000. As a result, in the period from 1991-1999 the **natural population growth**

fell from 0.9% to 0.5% per year. (See Table 7.2 (Annex) on Vital Indicators)

Mortality and the causes of death

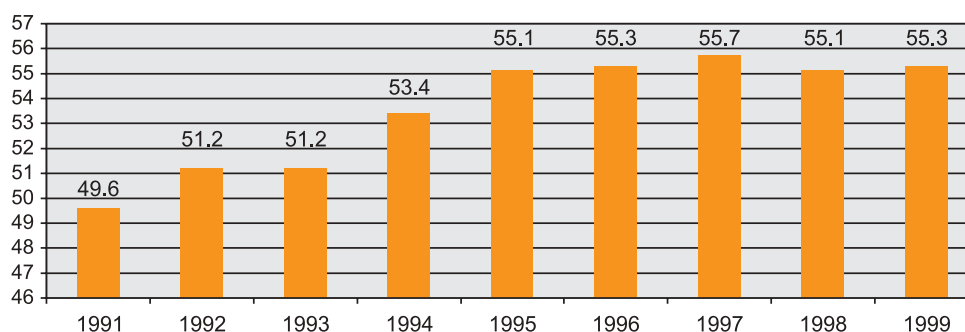
The rates of general mortality of the population in Macedonia in the period from 1991-1999 shows constant growth and slight changes in the prevalence of certain causes of death (see Table 7.3 Annex on most common causes of death). The leading causes of death are diseases of the heart and blood vessels and malignant tissues, which jointly make up 72.5% of all causes of death in 1999 as compared to 1991 when they made up 64.6%. The increased mortality rates represent a serious problem, which is probably due to adverse social and economic conditions and the presence of numerous risk factors in a substantial portion of the population in Macedonia. Among the most significant risk factors we should mention are the incorrect lifestyle, inappropriate nourishment and obesity, insufficient physical activity and exercises, smoking and the increased alcohol

consumption, psychosocial stress, unemployment and the deteriorated social and economic living conditions, as well as the environmental pollution.

Maternal mortality in the period from 1991-1999 is relatively low (under 15 of 100,000 born babies) which is a good indicator for the efficiency of health protection during pregnancy and of the mothers during the first few weeks after delivery. The **mortality rate of infants** (up to one year of age) has significantly reduced in the last

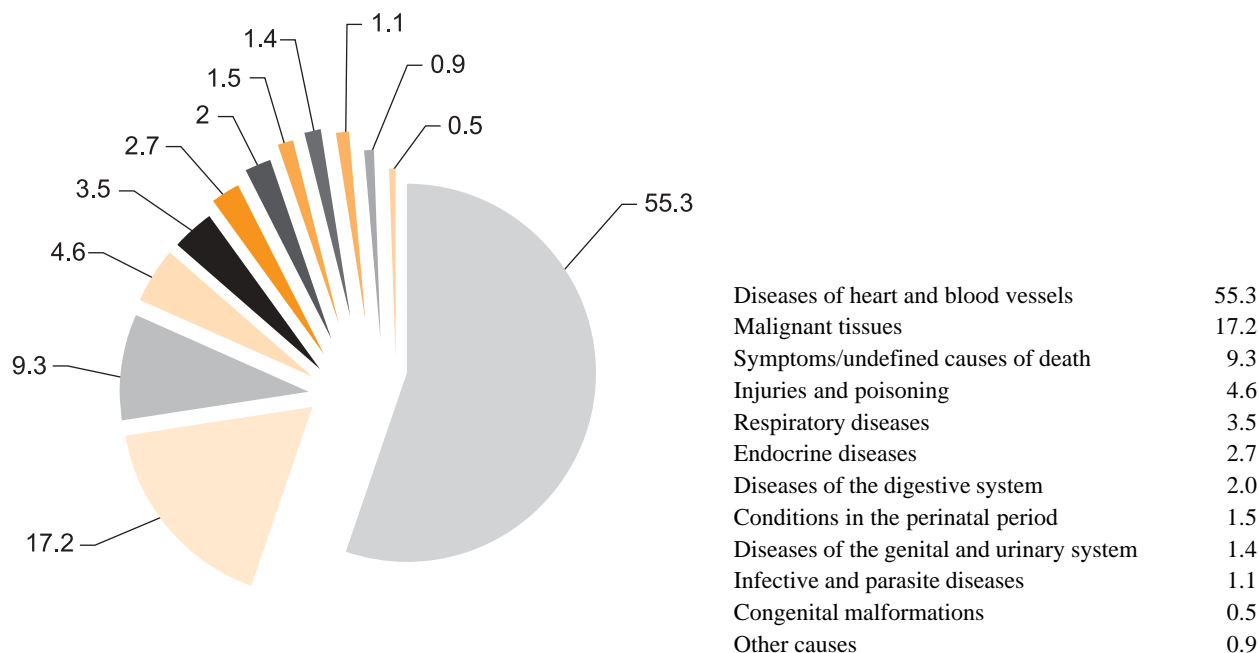
few decades, from 107 per 1000 in 1963 to 28 in 1991 and 15 in 1999. This is a result of several action programs directed toward reduction of infant mortality. Macedonia has more favorable demographic and vital indicators as well as longer life expectancy and lower maternal mortality rates than many of the countries of eastern Europe with a higher per capita income. However, in comparison to the developed countries these data are still unsatisfactory. (See [Table 7.4](#)).

Graph.7. 2: Diseases of heart and blood vessels as a percent of total causes of death 1991-1999



Source: National Public Health Institute

Graph 7.3: Causes of death in 1999 (percent)



Source: National Public Health Institute

Table 7.4 Demographic and health indicators for Macedonia and other countries

Indicators	Macedonia (1997-99)	EME ^a	Central and Eastern Europe ^b	Developing countries		
				Columbia	Morocco	Congo
National per capita income (US\$)	1,722	21,183	1,390	1,260	1,030	1,120
Birth rate	13.5	13	11	24	32	49
Death rate	8.3	9	9	6	8	16
Natural growth	5.2	4	2	18	24	33
Population growth 1999 (% annually)	0.6	0.5	- 0.2	1.9	1.7	2.9
Groups 0-14 (%)	22.8	19.4	20.0	35.0	41.0	45.5
Life expectancy (men)	70.4	73	67	66	61	49
Life expectancy (women)	74.7	80	75	72	65	54
Fertility rate	2.1	1.7	2.1	2.7	4.3	6.6
Death of babies (infants)	14.9	8	17	23	57	115
Death of mothers	11	7	29	Estimate of 100-200		

^a EME, countries with established market economy; weighed averages.

^b Without Albania and the former Yugoslav republics; weighed averages.

Morbidity as an indicator of the health condition of the population

Overall morbidity of the population in Macedonia is difficult to determine due to the specificities of the health statistics system. Registered morbidity in PHC units shows a reduction in the first three years of the last decade, and a slight increase in the period from 1991-1999 (See [Table 7.5 Annex on morbidity levels](#)).

Diseases of the respiratory system are leading diseases in the primary health protection, and make up 1/4 to 1/3 of all registered diseases of general medicine and occupational medicine, and from 2/3 to 3/4 of all registered diseases in children from 0-6 years and the health protection for school children and youth. Most of the registered diseases in this category in primary health care are acute short-term infections of the upper respiratory tract which, other than the expenditures for medications and employee/student absenteeism, have no major social health significance or connection with the socio-economic factors of the environment. There is a very intensive growth of registered cardiovascular illnesses in the period from 1993-1999, with rates from 69.0 to 129.6 per 1000 people which is probably largely due to deteriorating socio-economic factors and living conditions among some risk groups and the population in general. The registered hospital morbidity in 1996 is dominated by respiratory diseases (16.4%), cardio-

vascular diseases (13.2%), diseases of the digestive system (11.8%), injuries and poisoning (7.7%) etc.

Intestinal contagious diseases still exist at an unacceptably high level, especially in the rural areas that have inadequate water supply and wastewater drainage, leading to some diseases have epidemic proportions (dysentery, hepatitis type B etc.). The prevalence of tuberculosis (TBC) fell from 163.2 per 100,000 in 1980 to 79.4 in 1993, was followed by a slight increase so that the rate in 1997 was 83.3, and in 1999 was reduced again to 70.3. The incidence of TBC in the last few years is still a few times higher than the rates in the developed countries in Europe and the world. AIDS was registered for the first time in Macedonia in 1987 and since then 56 HIV positive cases are registered, most of whom have already died.

Several indicators show the increased usage of alcohol, tobacco and drugs in Macedonia which is usually a response to social divisions and downward social mobility which worsens subsequent inequalities in the health. Several surveys in elementary and high schools show alarming signs in the use of alcohol and smoking, as well as drugs among the young people of Macedonia. The higher rates of smoking and the very low rates of smoking termination are related to social deprivation

expressed by various indicators, including bad housing, low income, unemployment, homelessness etc. Smoking is a great expense for the low income groups and an important contributor to bad health and premature death.

Immunization

In the past few decades the programs for immunization included 92-98% of the susceptible. In 1992, the level of

inclusion was less due to transportation blockades, which resulted in a lack of vaccines. Immunization is implemented continuously against diptheria, tetanus, cough (pertusis), chicken pox, parotitis and rubeola, as well as against hepatitis B and influenza in cases of epidemic indications. This contributed to the eradication or control of most of those diseases through significant reduction of the number of the sick.

7.4 ORGANIZATION AND CAPACITY OF THE HEALTH CARE SERVICE

Network of health organizations and physical accessibility of health services

The system of health protection in Macedonia is organized on three levels: primary, secondary and tertiary health protection. Macedonia has a relatively wide network with a total of 146 public health organizations in 1999. 60 are at the level of primary health protection (18 primary health care centres with 10 outpatient clinics stationary units, 16 medical centers, 7 health stations and 9 independent pharmacies), 38 organizations are at the second level - secondary health protection (16 general hospitals, 6 special hospitals, 6 centers for curing and rehabilitation, and 10 institutes for health protection), and 48 organizations are on the tertiary level (25 clinics, of which 19 in the clinical center - Skopje and 7 at the dental clinical center, 15 institutes at the Medical faculty-Skopje, 4 special hospitals, the National Institute for Medical Rehabilitation and the National Institute for Health Protection-Skopje. The health service is distributed at over 1500 field locations, which enable good physical accessibility of the health protection to almost the entire population. The network of medical services in the villages of Macedonia in 1999 comprise 294 health units (one health care station per 5.8 village communities), of which 178 permanently have a team of a doctor and nurses, and 116 health units get visited by a doctor only temporarily.

Private health services

In addition to health care organizations in the public sector, in 1999 there were a total of 516 private doctor's offices registered in Macedonia (of which 86% were located in cities), a total of 377 private dental offices (of which 93% were located in cities) and 391 pharmacy (of which 93% were located in cities).

Level of access to health services

90% of the population can get to a health organization or to get a service from a doctor in his house in less than 30 minutes. In order to increase accessibility and continuity of provision of health services, more than half of the medical units in the villages employ two to three teams of doctors and their associates depending on the size of the population gravitating to that medical unit. However, the physical accessibility of the network and the health protection to the population in the rural areas is at much lower level than in the cities.

Staffing levels

The number of employees in the public health organizations in Macedonia was 23,451 in 1999, of which 17,463 or 74.5% are health workers and 5,988 or 25.5% are non-medical workers. The number of doctors of medicine was 4,449, of doctors of dentistry 1,128, and graduated pharmacists 317, while the number of nurses and other health workers was 10,549.

The provision of health workers with high expert skills is as follows: one public health sector doctor per 455 residents or 2.2 doctors in the public sector to every 1,000 people (or 2.5 doctors total, considering also the doctors in the private sector, to every 1,000 persons), 1 dental worker in the public sector to every 1,795 persons and 1 pharmacist in the public sector to every 6,388 persons. In comparison to the other European countries, the provision of doctors and other health care staff with high expert skills in Macedonia is relatively good and that is a favorable condition for the accessibility and the quality of protection (in 1994 the average number of doctors in the countries of the European community was 3 to every 1,000 persons, while in the countries of central and eastern Europe, 2.4 doctors to 1,000 persons).

The system of health insurance

The Health Care Act of 1991 established three types of health insurance: mandatory, supplemental mandatory and voluntary insurance. Mandatory insurance includes several categories of beneficiaries who may become eligible for coverage on the basis of 23 modalities. They and the members of their families are entitled to basic package of health care. Mandatory health insurance also includes some beneficiaries who are categorized in risk groups because of their age, sex or illness. The new Health Insurance Act of 2000 separates the **Health Insurance Fund** as a separate institution from the Ministry of Health. Changes in the system of health insurance introduced by this new legislation are directed at further restriction of health insurance entitlements and further introduction of co-payments for expenses related to health services, orthopaedic appliances and medications. This could reduce the affordability of health

services and produce harmful effects on the health and economic status of some risk categories of the population.

Current health care reform

Macedonia, after the independence in 1991, inherited a socialized model of obligatory health insurance and a highly decentralized and locally financed system of health protection in the public sector. The main shortcoming of this system was the tendency toward further fragmentation and duplication of health capacities, staff and equipment in neighboring areas, with stark differences and inequalities in the scope and quality of the health services between different municipalities in the country. This system has become unsustainable in the current societal circumstances and the economic crisis and the transition toward market economy. (See BOX 7.1 for key features of health sector reform).

REFORM OF THE HEALTH SYSTEM

BOX 7.1

The process of reform of the system of health protection and the system of health insurance was initiated in 1991 with the change of the societal and political system and the change of health legislation. The Law on Health Protection from 1991 created the possibility for the development of the private health sector, with a subsequent rapid growth of private doctors and dental offices and private pharmacies. This has had a tendency to improve the efficiency and the quality of the health services through the creation of competitive relations between the private and the public sector. The creation of a unique *Health Insurance Fund* in the Ministry of Health, after the abolishment of the self governed communities of interest (SIZ) for health protection on national and local level, in 1991, was aimed at introducing stronger control of the financial resources, maintenance of the function of the health system and prevention of a collapse of health institutions.

Problems with health care reform

It should be pointed out that all the changes in the legislation in this 10-year period have been introduced without prior cost-benefit and cost effectiveness studies, which could lead to negative effects. One of the more significant negative effects is the displacement of the utilization to higher levels of health care system protection and insufficient utilization of the capacities in the general hospitals, which stagnates at about 60%. The intention to maintain the functioning of the public sector

health institutions through issuing of finances for salaries and material expenses in conditions of drastically reduced incomes to the Fund for health insurance, has resulted in reduced motivation of the health workers and a drop in the quality of services.

It should be pointed out that all the undertaken measures and activities only partially and temporarily have mitigated the lack of funds for health care and the problems of the functioning of the health care system during the hard times of transition in Macedonia.

7.5 CONCLUSIONS AND RECOMMENDATIONS ON HEALTH POLICY AND SOCIAL EXCLUSION

Negative health sector effects of the transition process

The changes in the societal and political system and economic transition toward market economy in Macedonia in the last 10 years have contributed to a significant change and deterioration of the societal and economic conditions and factors significant for the health of a relatively large portion of the population especially in certain risk categories. That can have further multiple negative effects on the health of the threatened groups and the health condition of the population in general, which induces the need to develop suitable strategies and programs and to undertake activities to prevent and mitigate the consequences of transition on the health of the population in Macedonia.

Directions and suggestions for suitable strategies, programs and measures

In order to reduce social exclusion, insecurity and deprivation and mitigate the consequences of the transition on the health of the citizens of Macedonia, it is necessary to have a diversity of activities at the national and local levels, conducted by the government and the relevant ministries, the non-governmental national and international organizations, as well as active participation of all sectors. The measures and the activities of the national economic, social and health policies should have the following directions:

- prevention of unemployment and uncertainty at work, as well as reduction of the consequences that occur after loss of work or unemployment;
- legislative protection of the rights of migrants, minority groups, families with small children, unemployed workers and other risk groups, prevention of discrimination and removal of the sources of fear and insecurity;
- increase of the inclusion of the children and youths in the elements of elementary and high school education and improvement of the quality of education;
- reduction of insecurity and uncertainty at work; to allow the citizens to play an active and useful role in the social, economic and cultural life in society and especially in the local community;
- appropriate politics of prices and subsidies to improve the accessibility of qualitative, biologi-

cally valuable and fresh food to the population, as well as strengthening of the knowledge and the culture of healthy nourishment, the skills of preparing and the social value of preparation and joint consumption of the meals in the family.

Health policy

Health policy has to be closely related to the social and economic determinants of health, by accepting and developing of basic elements and principles of the health systems in Europe and other developed countries in the world, such as: solidarity; following and promotion of the quality of health services and evaluation of health technologies; establishment of a system of monitoring with a unified methodology for collecting and evaluation of data, as well as strengthening and integration of the health information system on the national level; provision of economic sustainability by effective utilization of the available resources; strengthening of the human resources by promoting of medical and managerial education; active participation of the population in the activities of the community and making of decisions related to health, as well as strengthening of the individual responsibility of the people for their health; cooperation between sectors with active participation of the other sectors in maintaining and promoting of health and creating safe conditions for work and life; equality (removal of the barriers to equal physical and economic access to health protection) and strengthening of the right of the patients toward a free choice of a doctor, provision of a basic health protection ("benefits package") etc.

Formulation of a National Health Plan

A national health action plan is necessary to reduce the consequences in the community related to alcohol, smoking and drug addiction within the framework of wider social and economic policies, discovering new ways to subject the young, to health and educational measures, in order to reduce addict recruitment and new addiction rates and improve the provision of appropriate services for efficient protection, support and treatment. Measures for protection directed toward the reduction of social deprivation, which is at the root of problems pertaining to prevailing social, cultural and economic conditions, are also necessary.

HEALTH

Table 7.1 Demographic indicators (%) in Macedonia: 1991-1999

Groups of population	1991	1992	1993	1994	1995	1996	1997	1998	1999
Men	50.5	50.5	50.5	50.1	50.4	50.4	50.1	50.1	50.0
Women	49.5	49.5	49.5	49.9	49.6	49.6	49.9	49.9	50.0
Women 15-49y.*	50.9	51.9	51.9	51.3	51.4	52.9	51.1	51.1	52.0
0-14 yr.*	24.0	24.1	24.1	24.9	24.8	24.8	24.2	24.2	22.8
15-19 yr.*	7.9	7.9	7.9	8.4	8.4	8.4	8.3	8.3	8.3
20-59 yr.*	54.9	54.7	54.7	53.6	53.8	53.8	53.9	54.2	54.6
60-64 yr.*	3.8	4.3	4.3	4.6	4.5	4.6	4.5	4.5	4.5
65 + yr.*	7.3	9.0	9.0	8.6	8.4	8.4	9.1	9.1	9.7
Urban	58.1	58.1	58.1	59.8	58.7	58.7	59.6	59.6	59.5
Rural	41.9	41.9	41.9	40.2	41.3	41.3	40.4	40.4	40.5

*percentage within women total

*Source: State Statistical Office***Table 7.2 Vital indicators in Macedonia: 1991-1999**

Vital indicators (per 1000 people)	1991	1992	1993	1994	1995	1996	1997	1998	1999
Live born	17.1	16.2	15.7	17.2	16.3	15.8	14.8	14.6	13.5
Total mortality	7.3	7.8	7.6	8.1	8.3	8.1	8.3	8.4	8.3
Infant mortality*	28.2	30.6	24.1	22.5	22.7	16.4	15.7	16.3	14.9
Natural growth	9.8	8.4	8.1	9.1	8.0	7.7	6.5	6.2	5.2

* Per 1000 live born

Source: State Statistical Office

Table 7.3 Most common causes of death in Macedonia: 1991-1999

Cause of death	Rate per 100,000 people (% of total causes) by year								
	1991	1992	1993	1994	1995	1996	1997	1998	1999
Diseases of heart and blood vessels	359.5 (49.6)	399.3 (51.2)	385.9 (51.2)	434.6 (53.4)	469.9 (55.1)	445.6 (55.3)	464.9 (55.7)	462.9 (55.1)	458.7 (55.3)
Malignant tissues	108.3 (15.0)	108.2 (13.8)	111.4 (14.8)	129.6 (15.9)	129.5 (15.3)	133.5 (16.6)	140.5 (16.8)	147.5 (17.6)	142.6 (17.2)
Symptoms/undefined causes of death	93.1 (12.9)	105.8 (13.6)	102.7 (13.7)	90.5 (11.1)	93.7 (10.9)	75.0 (9.3)	73.6 (8.8)	79.9 (9.5)	76.8 (9.3)
Respiratory diseases	43.1 (5.9)	43.4 (5.6)	35.3 (4.7)	36.6 (4.4)	37.5 (4.5)	39.0 (4.8)	39.6 (4.7)	27.0 (3.2)	29.0 (3.5)
Injuries and poisoning	34.1 (4.0)	31.2 (4.7)	34.5 (4.6)	33.5 (4.1)	28.6 (3.4)	31.0 (3.8)	32.6 (3.9)	35.3 (4.2)	38.3 (4.6)
Endocrine diseases	15.7 (2.2)	15.5 (2.0)	14.8 (2.0)	19.4 (2.4)	18.8 (2.2)	23.4 (2.9)	24.5 (2.9)	22.7 (2.7)	22.8 (2.7)
Diseases of the digestive system	15.7 (2.2)	17.0 (2.2)	16.4 (2.2)	16.2 (2.0)	18.0 (2.1)	15.6 (1.9)	17.6 (2.1)	18.4 (2.2)	16.9 (2.0)
Conditions in the pre birth period	19.5 (2.7)	20.1 (2.6)	16.9 (2.2)	17.6 (2.2)	17.5 (2.1)	13.2 (1.6)	12.1 (1.6)	12.7 (1.5)	12.2 (1.5)
Diseases of the genital and urinary system	9.7 (1.3)	9.9 (1.3)	9.8 (1.3)	11.2 (1.6)	11.7 (1.4)	11.7 (1.5)	10.6 (1.3)	11.7 (1.4)	11.5 (1.4)
Infective and parasite diseases	13.1 (1.8)	14.5 (1.9)	12.6 (1.7)	13.2 (1.3)	12.6 (1.5)	8.8 (1.1)	9.6 (1.1)	9.3 (1.1)	8.9 (1.1)
Congenital malformations	5.8 (0.8)	6.3 (0.8)	4.5 (0.6)	4.6 (0.6)	4.2 (0.5)	3.7 (0.5)	3.5 (0.4)	4.0 (0.5)	3.9 (0.5)
Other reasons	8.0 (1.1)	7.9 (1.0)	7.2 (1.0)	7.4 (0.9)	8.4 (1.0)	5.8 (0.7)	5.9 (0.7)	8.8 (1.1)	7.4 (0.9)
Total (100.0%)	725.4	779.3	752.1	814.2	843.5	806.3	834.8	840.1	829.1

Source: National Public Health Institute

Table 7.5. Morbidity registered in primary health protection and general medicine in Macedonia: 1991-1999

Group of diseases	Rate per 1,000 population							
	1991	1992	1993	1994	1995	1996	1997	1999
Respiratory system	207.9	164.2	139.2	157.3	186.1	198.9	222.2	199.8
Cardiovascular system	104.3	80.6	69.0	83.5	103.3	161.9	153.3	129.6
Neural system*	-	-	40.8	43.8	50.8	18.9	18.8	67.2
Muscular and skeletal system	58.6	42.1	36.5	45.3	49.9	71.4	64.7	59.8
Mental disorder	68.1	49.3	28.2	31.3	35.0	37.4	37.8	35.0
Digestive system	54.1	26.1	31.8	36.7	41.3	54.6	56.3	54.4
Genital and urinary system	29.4	20.5	18.4	20.4	23.8	38.3	38.8	38.7
All other diseases	130.3	101.5	66.1	74.7	81.0	171.4	202.5	157.6
Total in general medicine	652.7	494.3	430.0	493.0	571.2	752.6	794.4	742.1
The morbidity in the PHC	1557.3	1193.5	944	1163	1308	1144	1266	1149.6

* Including sensory diseases

Source: National Public Health Institute

INSECURITY ASSOCIATED WITH THREATS TO PERSONAL SAFETY

8.1 INTRODUCTION

Insecurity arising from the transition process

The common denominator of the countries in transition, is that in the process of their transition from socialism to a civil society, deep changes have taken place in the political and economic order, in the direction towards a market economy, and in their political democracy and promotion of the rule of law. The changes are neither quick nor easy; rather they are slow and difficult, with a series of negative consequences for the citizenry during the changes. Most of these countries faced and continue to suffer from unemployment on a disturbing scale, impoverishment of the most part of the population, perversion of the system of values, contradictions in the standards and models of behavior – consequences that have resulted in lack of prospects for the future, especially among younger generations, frustration, feelings of being lost – conditions that increase the motivation for transgressions and increase the possibilities of committing crimes. That has been confirmed in practice.

Associated with this is an increase in crime and other socio-pathological phenomena in all countries in transition, albeit with different intensities, depending on the heritage and other events – wars, blockades, embargoes etc.

The importance and intensity of conventional crime

The crime that violates the basic values of the people: life, bodily integrity, property, home etc., undoubtedly is very closely related to, and determines the feeling of, security in the lives of the citizens. In line with that, the 2001 National Human Development Report encompasses the segment of insecurity of the citizens from the point of view of crime. Considering the general focus, this part of the research was primarily directed at crime that pertains most directly to the citizens, the crime that imposes a need for special protection of the citizens themselves, special protection of their homes, the

imperative not to be absent from home for a longer period of time, avoiding to go out at night, avoiding certain regions, streets – the crime that most directly influences and determines the quality of life of the people, i.e. influences their feeling of security and safety.

Definition of criminality

Criminality is the phenomenon of acts of crime (acts defined in the Criminal Code) committed over a period of time on a given territory. Criminality in Macedonia, according to statistical records, may be observed at three levels – reports (acts of crime reported to competent authorities), indictments (acts of crime for which indictments have been filed against specific perpetrators) and convictions (acts of crime whose perpetrators have been found guilty in a prescribed procedure

according to the Criminal Procedure Act). In view of the demands and goals of this part of the NHDR, we will focus on reported crime, since that is the closest to its real dimensions.

Associations with organized crime

It is noted that in the observed period there is a significant increase in various types of organized crime. For example, there is evident rise in smuggling of arms, cigarettes, drugs, and lately human trafficking. All of these types of crime affect the safety and security of the citizens in a general sense, but not directly. They do not produce fears of direct threat to their lives, property and do not determine the quality of life. Hence, the analysis is directed only to conventional crime as a determinant of the quality of life.

8.2 CRIMINALITY IN THE TRANSITION PERIOD

Social cost of transition – sustained level of criminality

The cost of the process of transition in Macedonia has been unemployment rates of enormous dimensions (in 2000, the *Bureau of Employment* in Macedonia registered 361,322 unemployed) and the intense poverty of most of the population where one whole segment belongs to the category of poor citizens. 76,939 families utilize social benefits, or are dissatisfied with their

earnings if they have work, and uncertainty if they would keep their job. This in turn is reflected in the scope, dynamics and structure of crime in the country over the last decade. The data on reported crimes in the period from 1990 to 1999, (see Table 8.1) show a tendency of crime to increase (on average there is an increase of 50% with respect to the base year) and stabilization of crime at a higher level in recent years.

Table 8.1 Reported crimes: 1990 – 1999

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
14624	13429	17419	22816	20813	19969	19452	19277	20582	19382

Source: Statistical survey, reported, indicted and convicted perpetrators of criminal acts in 1999, no.2.4.017, p. 10, State Statistical Office

The analysis of the data regarding the dynamics of the internal structure of crime in the period under observa-

tion shows that the increase is largest and most noticeable in crimes against property as can be seen in Table 8.2.

Table 8.2. Reported property crimes: 1990-1999

1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
4335	3735	6821	10924	9613	9482	10481	10685	11513	10378

Source: Statistical survey, reported, indicted and convicted perpetrators of criminal acts in 1999, no.2.4.017, p. 10, State Statistical Office

The third aspect of the analysis of official crime data was based on the dynamics of criminal acts which are considered to be a determinant of the feeling of safety among the citizens. These are: murders, aggravated bodily injury, light bodily injury, rape, thefts, aggravated larceny, burglary, motor vehicle theft. The data (Table 8.3) show a tendency for increase in only a few types of crime –

aggravated bodily injury, aggravated larceny, burglary, motor vehicle theft – which are more severe crimes, with elements of violence (except motor vehicle theft).

The official data allow three global conclusions about the reported criminality in Macedonia in the last decade, namely (i) the general rate of increase; (ii) rise of crime against property and (iii) rise of violent crime.

Table 8.3. Reported serious and property crimes: 1990-1999

Crime	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999
Murder	77	54	42	50	62	65	58	75	99	80
Serious bodily injury	194	251	227	197	223	266	213	282	309	314
Rape	66	50	48	47	57	46	36	60	60	51
Theft	2329	2016	2035	4369	3675	3518	4275	2558	2735	2526
Aggravated larceny	2613	2205	4932	8461	6953	6243	5819	6753	7001	6216
Burglary	21	19	36	35	48	49	70	165	240	155
Vehicle theft	181	221	403	652	271	334	510	420	484	486

*Source: Data on crime committed by 1995 are obtained from the Office of Statistics .
Other data is taken from State Statistical Office publications: Statistical survey, reported, indicted and convicted perpetrators of criminal acts, Skopje, no. 278; 312; 328; 2.4.017.*

8.3 CRIME IN MACEDONIA – THE VICTIMS PERSPECTIVE (VICTIMOLOGY)

Level and structure of victimization

When crime is observed from the point of view of the citizens – through their personal experience, such *victimological investigations* come closer to gauging the real and very personal dimensions of crime and allow critical assessment of the work of the relevant state authorities, according to the experience of the citizens themselves. The *Opinion Poll* conducted on a sample of 1200 citizens over 18, and for the whole country, provides the basic experiences from the perspective of the victim. The level of crime victimization has been determined in such a way that the citizens reported or expressed whether, in the past five years, they have been victims of some of the crimes that we have considered in our research – car theft, car vandalism, motorcycle or bike theft etc., burglary, attempted burglary, theft of personal effects, sexual crime and bodily injury/threat. The findings from the research have shown that the level of crime victimization in our country, in the last five years, is 23.5%. This means that almost every fourth examinee has reported to being a victim of one or more crimes that were the focus of our investigation.

The structure of the victimization, on the other hand, showed that the most frequently reported crime is burglary. (See Table 8.4). Hence the conclusion that apartment burglary represents the largest risk for the citizens of our country. In addition, a high level of victimization is present with automobile vandalism, theft of personal effects and car thefts. The least reported are sexual crimes, and vehicle thefts.

Table 8.4 Persons experiencing crime in last 5 years

Type of crime	%
Automobile theft	3.7
Theft from an automobile	8.4
Automobile vandalism	19.2
Theft of motorcycle, bike etc.	7.1
Burglary	23.4
Attempted burglary	5.2
Robbery	3.1
Theft of personal effects	12.9
Sex crime	0.3
Bodily injury/threat	6.6

Source: Opinion Poll, ISPPI

Crime and urbanization

Parallel to these findings, the research also showed that urbanization is a significant factor in determining the victimization level. Namely, the highest victimization rate was observed in urban areas - 42.2%, whereas the victimization rate in the rural areas is only 14.6% (which means that the risk of becoming a victim of crime in the towns is three times larger in comparison to the rural areas). This supports the existing theoretical postulates about the relationship between urbanization and the risk of becoming a victim of crime. Furthermore, the research results suggested a certain connection between the victimization level and the area of residence.

Namely, the victimization level is highest in the areas of wealth and lowest in the areas with poorer population. This also reflects the fact that the crimes that were of interest in the research had been primarily motivated by acquisition of material benefits, so it is not unexpected that these crimes feature prominently in the residential areas with predominantly richer population (there are no clearly distinguished areas according to the residential status, in our country). However, the contrary is also true: the perpetrators of crime live mostly in areas where the citizens are poorer, they are frequently unemployed, with low educational and technical qualifications. This is revealed by official crime statistics. (See Table 8.5).

Table 8.5 Victimization Level in Urban Residential Areas (% affectes)

Richer population	30.9
Middle population	23.0
Poorer population	17.8

Source: Opinion Poll on insecurity and social exclusion, ISPPi

Frequency of victimization

In Macedonia, according to the *Opinion Poll* results, one-off (only occurring once and not repeated) victimization dominates (60%). However, on the other hand, the fact that 40% of victimized citizens reported to being a victim of two or more crimes should be considered with all its seriousness and due attention should be given to the *problem of multiple victimization* and the need to enhance the work of the police and other preventive activities, because we are dealing with an exceptionally risky category of citizens.

Period of victimization

According to the time of victimization, it can be concluded that victimization has been most intense over the past two years. In this context, a positive finding is the stagnation of the victimization rate in 2000, which has remained at the level of 1999. (Table 8.6). This stabilization of the level of crime (the crime included in this Report) corresponds with official data on reported crimes.

Table 8.6 Timing of Crime Incidence

Time of last incident	Victimization level
2000	27.8%
1999	27.8%
Before 1999	38.1%
Does not remember	6.3%

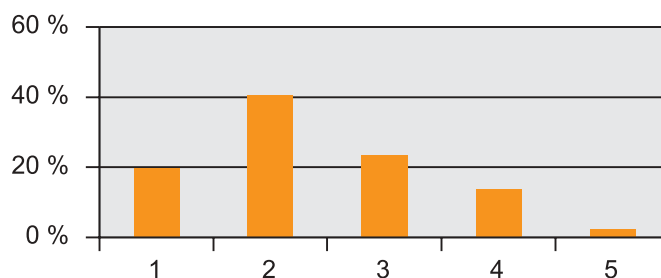
Source: Opinion Poll on insecurity and social exclusion, ISPPi

Fear of crime – an urban phenomenon

Fear of crime or the threat of crime can be considered an indicator of the sense of safety, in our case, from criminal activities.

In that direction, the examinees were asked several questions. To the question how safe they feel when they walk at night around the neighborhood in which they live, the dominant answer was that respondents feel safe to an extent and the least frequent answer was that they

feel very unsafe. The research findings show that the citizens of our country feel relatively safe in their immediate environment and that there is a direct relationship between the safety of the citizens and urbanization. Namely, as much as 40% of respondents from Skopje stated that they feel very unsafe, whereas something like this was expressed by only 6.4% of respondents from rural areas. (See Graph 8.1 and Table 8.7).

Graph 8.1 Sense of safety around the neighborhood

1. Very safe, 2. Somewhat safe, 3. Less safe, 4. Very unsafe, 5. Do not know

Source: Opinion Poll on insecurity and social exclusion, ISPPI

Table 8.7 Safety of the citizens and urbanization (by size of urban center)

Category	Up to 10,000	10,001-50,000	50,001-100,000	Over 100,000	Rural
Very safe	37.5	11.4	12.3	10.9	29.7
Somewhat safe	55.0	41.4	39.9	30.0	41.7
Somewhat unsafe	7.5	32.3	23.8	18.1	19.1
Very unsafe		11.4	22.4	40.0	6.4
Unknown		3.4	1.3	0.9	2.9
Total	100.0	100.0	100.0	100.0	100.0

Source: Opinion Poll on insecurity and social exclusion, ISPPI

The answers to the other question with which we have measured the fear of crime, have confirmed the previously established situation regarding the sense of relative safety of the citizens in our country. Namely, due to personal safety reasons, certain streets, places or people are avoided at night by every other examinee. This avoidance is emphasized mostly in the (largest) cities, and rarely in the villages and little towns. It is more frequently a practice of women (36.9%) rather than men (13.6%), and of the younger more often than the older.

An indicator of the relative safety of the citizens is the estimate of the probability of apartment burglary in the next 12 months. Very few respondents stated that this is very probable. The fear of burglary is more pronounced in the cities (in Skopje- 19.1%) than the villages 6.9%.

Measures for crime prevention

Most respondents, 66.9% said that they do not do anything special in order to protect their homes, that this role is usually assigned to the neighbours, which is another argument in favour of the relative safety of our citizens. Only 3.7% of citizens stated that their home is

insured against burglaries. The explanation for the small percentage of insured homes might be the price of the premium, which for most citizens represents a large expenditure.

Reporting to the police – a measure of confidence

A problem that requires special attention is: the trust of the people in the police. The fact that every third (33%) crime, according to the survey results, is not reported to the police is a problem which should raise some concern and be researched separately. The determination of the reasons for the insufficient trust in the police, regardless of whether this attitude is based on the experience of the people with the inefficiency of the police, should be a basis for undertaking of concrete activities to build up a new quality relationship between the police and citizens.

Social pathological phenomena – drugs and prostitution

The large increase of drug addiction has been the mark of the past decade. However, in the last three years, especially in connection to the war in Kosovo and the presence of foreign soldiers, there is a disturbing

increase of prostitution. This phenomenon disturbs the citizens of our country, and causes fear of being personally affected by these modern menaces. Fear that a daughter or another close person may be involved in prostitution was manifested by 46.3% of respondents. This attitude was mostly expressed by respondents aged between 35 and 44, and rarely by respondents aged 65 or older. The explanation is that the dominant category is an age group that have children who belong in the

group most at risk. However, our citizens manifested more fear from drug addiction, which is possibly due to the fact that it is so widespread with 60.7% expressing a fear that the people close to them might start taking drugs, and 2.6% have expressed that they are already on drugs. On the other hand, respondents show less fear toward the fact that people close to them may be involved in drug trafficking. However, that percentage includes more than half of the examinees - 52.5%.

8.4 CONCLUSIONS

Perceptions on the extent of personal security

The findings from the Opinion Poll is that the citizens of Macedonia feel relatively safe, from the point of view of being threatened by certain forms of crime and fear of certain socio-pathological phenomena – drug addiction and prostitution. Nevertheless, given the level of crime, especially property and violent crime; and the high victimization level of 23.5% and multiple victimization and the expressed fear of prostitution and drug addiction - the need to undertake improved prevention measures is clear.

Towards a national strategy for crime prevention

Certain forms of crime can be avoided or reduced if opportunities to commit these crimes are removed. In that direction, it is necessary to conceive a *national strategy for crime prevention*. Such as strategy could use a “*victimological survey*”, that could be repeated as necessary and be conducted through the International survey of crime victims (organized by the UN in which Macedonia was included in 1996) ¹, which is repeated every fourth year. By continuous following of the level and types of victimization, the problems can be always located and timely interventions in certain segments can be made.

At present special attention should be given to the following issues:

- special training to increase the safety of the high-risk groups (training in case of an armed attack for

persons working with finances - banks, exchange offices etc.)

- undertaking activities in the direction of the formation of a new quality relationship between the citizens and the police. This could be achieved under the assumption that the police force is transformed and affirmed as an authority that protects the citizens and functions as a service to the citizens, and not exclusively as an enforcement authority;
- training of the police to undertake activities of a preventive nature, intended toward people victimized multiple times, as well as to the other citizens, indicating the threats and ways of protection;
- formation of special agencies for providing assistance and support to crime victims
- education of the citizens with regard to their rights and how to protect themselves.

Within the framework of the above conclusions, the assistance of UNDP would be valuable in attracting the attention of the international organizations toward the problem of victimization prevention, as a basis of a policy for improved safety of the citizens. In that respect, a victimological survey should be financially supported, or our country should be included in the International survey of crime victims; as well as other activities, for example aid for the establishment of agencies providing assistance and support to crime victims, specialized training for improvement of safety etc.

¹ The results of this research are not comparable because the approach, scope and depth of research are different, a different sample has been taken and only the capital was included, whereas this time the whole country is included.

INSECURITY DERIVED FROM UNSETTLED ETHNIC RELATIONS

9.1 INTRODUCTION

Foundations for human security and rights

The respect and protection of basic human rights and liberties builds the foundations for the elementary security of a citizen. In order to provide human security in terms of rights and liberties, the state should create an environment in which they can be practiced, set living standards that will enable this and create appropriate mechanisms for their protection. The issue of security is a question of the extent to which the state responds to its obligation to implement the concept of human rights and liberties.

One special aspect of human rights are **minority rights**. When dealing with the issue of insecurity of citizens derived from unresolved ethnic issues, we always think of insecurity with respect to the ethnic group, and not

one specific individual. This is especially important in a country such as Macedonia, where over 30% of the population consists of members of various minority ethnic groups. ([See Table 9.1](#)).

Ethnic structure in Macedonia

The population structure in Macedonia is multi-ethnic, with some variations over time in the percentage share of the different ethnic groups due to purely migration movements (*This is the case with the Turkish nationality, whose number drastically decreased in the period from 1956 – 1970 due to the agreement with the Republic of Turkey for exchange of population through optional change of citizenship*) or combined migration and birth rate movements.

Table 9.1 Population by ethnic group in Macedonia

	1953	1961	1971	1981	1991	1994
Total	1304514 100.0	1406003 100.0	1647308 100.0	1909136 100.0	2033964 100.0	1936877 100.0
Macedonian	860699 66.0	1000854 71.2	1142375 69.3	1279323 67.0	1328187 65.3	1288330 66.5
Albanian	162524 12.5	183108 13.0	279871 17.0	377208 19.8	441987 21.7	442914 22.9
Turks	203938 15.6	131484 9.3	108552 6.6	86591 4.5	77080 3.8	77252 4.0
Roma	20462 1.5	20606 1.5	24505 1.6	43125 2.3	52103 2.6	43732 2.3
Vlachs	8668 0.7	8046 0.6	7190 0.4	6384 0.3	7764 0.4	8467 0.4
Serbs	35112 2.7	42728 3.0	46465 2.8	44468 2.3	42775 2.1	39260 2.0
Other	13111 1.0	19177 1.4	38350 2.3	72037 3.8	84068 4.1	36922 1.9

Source: State Statistical Office Yearbook, 1997

Legal basis for observance of human and ethnic rights

Historically in Macedonia, multi-ethnicity has not been a source of large-scale conflicts or manifestations of aggressive discrimination. From the viewpoint of formal legal treatment and acceptance of international obligations, Macedonia largely complies with the standards of the international community. Macedonia has ratified the International Pact on Civil and Political Rights, the Convention on Prevention and Punishment of Crimes of Genocide, International Convention on Prohibition and Punishment of the Crime of Apartheid, Convention on the Status of Stateless Persons, International Convention on Elimination of All Forms of Racial Discrimination, European Convention in Human Rights and Framework Convention on Protection of National Minorities. Macedonia has signed (but not ratified) the Charter on Regional and Minority Languages.

Macedonian laws contain no provisions that could be interpreted as discriminatory against any ethnic community. Ethnic minorities (under the designation “nationalities”) are mentioned in several Articles of the (former) Constitution (7,8,9,19, 20,29,48,54). The Constitution

stipulates establishment of an *Ethnic Relations Council* as a permanent body of the Assembly of the Republic of Macedonia. Discrimination cases may be directly reviewed and judged by the Constitutional Court (Article 110 of the Constitution).

The rights of individuals of minority ethnic affiliation are regulated by several laws, including under the Local Government Act, Criminal Code, Telecommunications Act, Political Parties Act, Personal Identity Documents Act, Primary Education Act, Secondary Education Act, Higher Education Act. This legislation involves regulation of the use of minority languages, practice of indigenous culture and development of identity, as well as expresses prohibition of any form of discrimination on the basis of ethnic origin. Particular attention is given to providing full primary and secondary education in minority languages. In general, there is a positive approach to the legal regulation of ethnic minority rights. What is generally missing from legal regulations is the treatment of structural inclusion of the multicultural aspect into state institutions and the use of minority languages in local government.

9.2 CURRENT SITUATION (up to end 2000)

Sources of ethnic tension

Despite the basically wide legal framework and the accepted standard derived from international law, ethnic relations represent a persistent source of tension between people, and in the period of socialism the differences in societal, educational and social status were frequently drawn in line with ethnic considerations. Ethnic tensions from the previous period, continue to represent a source of insecurity. According to gathered data, the problem of ethnic relations can be viewed from three aspects:

1. Insecurity derived from the multi-ethnic character of the state which is based on the particular relations and perceptions among members of certain ethnic groups (which results in distrust and sense of being threatened).
2. Insecurity derived from the aspect of belonging to a certain ethnic group and based on the existence of noticeable differences in status of members of different ethnic groups, which is manifested as their greater or lesser social exclusion and insecurity, and
3. Specific social and wider societal exclusion of the members of the Roma with respect to the elements

of exclusion that can be identified in the other ethnic groups (and which cannot be drawn simply along the line of ethnic affiliation).

Individual concerns on ethnic relations

The basic messages, as affirmed by the *Opinion Poll*, from the members of the different ethnic groups (explicitly or through their actions) contain a large dose of mistrust or a sense of being threatened and a sense of discrimination of members of their own ethnic group. The research about ethnic relationships, conducted in Macedonia from 1994-2000 suggest a continuity of these attitudes and their reproduction by school youth. This is confirmed by the NHDR Opinion Poll responses to the basic questions on perceptions of ethnic equality. Very impressive are the statements of the younger members of different ethnic groups. Among the surveyed high school students, only 57.1% think that “*The differences make life more beautiful*”; 69.39% think “*Toward other nations one must always be cautious and reserved even when they are our friends*” and as much as 44% “*hate one of the nationalities*”. (See Tables below).

References:

Sources and factors of ethnic tension in Macedonia in the education, 1997-98, ISPPI.

Research study “*Ethnic tensions in Macedonia*”. ISPPI, 1994 with 1200 examinees

NHDR Opinion Poll 2001

Table 9.2 Are we all equal with respect to our rights and liberties (1994)

	Nationality			
	Macedonian	Albanian	Turk	Total
No answer	0.69%	2.45%	0.00%	1.24%
Yes	65.28%	20.82%	60.00%	50.21%
No	34.03%	76.73%	40.00%	48.55%
Total	100.00%	100.00%	100.00%	100.00%

Source: Research study “Ethnic tensions in Macedonia”. ISPPI, 1994 with 1200 examinees

Table 9.3 In Macedonia everybody has equal rights

	Nationality							Total
	Macedonian	Albanian	Turk	Serb	Roma	Vlach	Other	
Yes	52.97%	11.24%	32.14%	52.94%	14.04%	100.00%	20.83%	40.95
No	36.54%	73.49%	55.36%	47.06%	77.19%	0.00%	79.17%	47.96
Don't know	10.49%	15.26%	12.50%	0.00%	8.77%	0.00%	0.00%	11.09
Total	100.00%	100.00%	100.00	100.00	100.00	100.00%	100.00	100.00

Source: Opinion Poll 2000, ISPPI

Table 9.4 Life would be easier in Macedonia if it consisted of one ethnic Group

	Nationality							Total
	Macedonian	Albanian	Turk	Serb	Roma	Vlach	Other	
Yes	43.36	16.06	1.79	29.41	1.75	0.00	33.33	33.28
No	34.26	61.04	76.79	70.59	42.11	50.00	66.67	43.37
Don't know	22.38	22.89	21.43	0.00	56.14	50.00	0.00	23.35
Total	100.00%	100.00%	100.00	100.00	100.00	100.00%	100.00	100.00

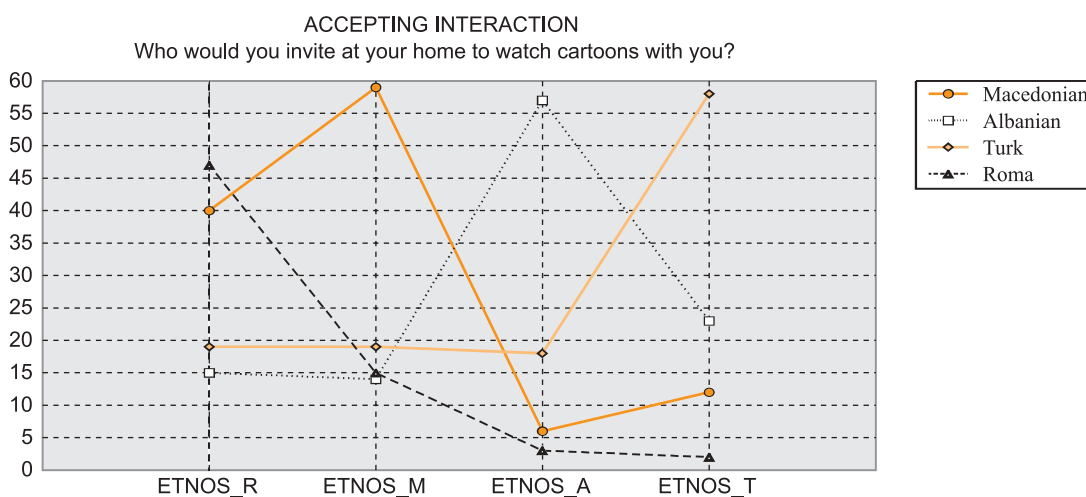
Source: Opinion Poll 2000, ISPP1

The basis for ethnic mistrust

Mistrust on an ethnic basis can be identified exceptionally early among members of all ethnic groups in Macedonia. As early as the age of 10, children have clearly drawn prejudices and negative stereotypes

toward members of other ethnic groups, as can be seen in the response to the question: *Who would you invite at your home to watch cartoons with you?*, which clearly favours the respondents preference for their own ethnic group.

Diagram 9.1 Accepting interaction

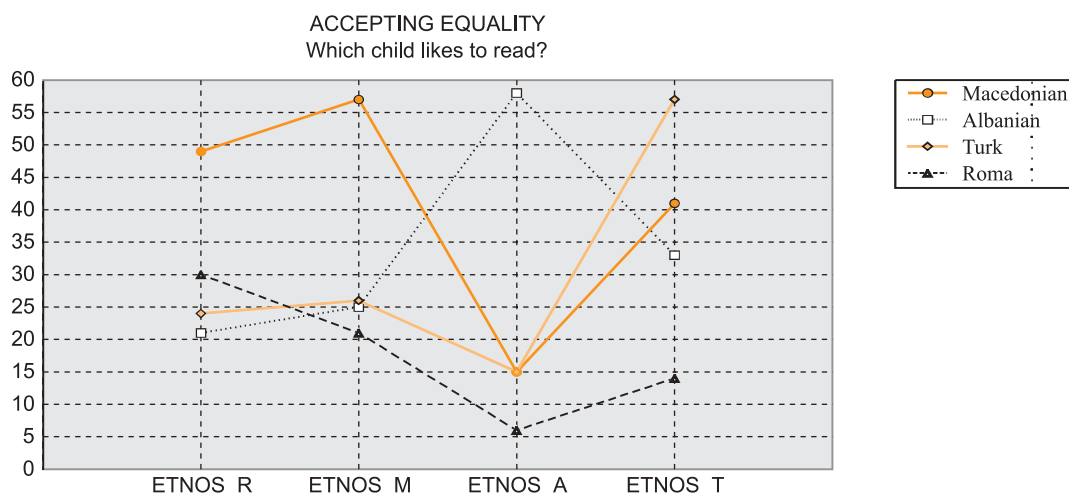


According to the obtained data from the 60 interviewed Macedonians, all of them would invite a Macedonian child to watch cartoons with them, 15-20 would invite children of other nationalities. The Albanian and the Turkish children would never invite Roma children, whereas the Roma children, in addition to members of their own ethnic group, in most cases would invite children of Macedonian nationality.

Similar are the results obtained from the question *Which child likes to read?*

The children of different nationalities respond that the members of their own nationality would like to read. For the children of the Albanian and the Turkish nationality, again, the Roma children are the ones who like to read the least.

Diagram 9.2 Accepting inequality



Ethnic tensions and linkages with economic and social conditions

Encouraging is the fact that, in the global evaluation of the sources of insecurity, ethnic relations noticeably lag back behind the insecurity derived from unemployment and the low standard of living of the population.

(Opinion Poll 2000). To the question *To what extent do ethnic relationships make you insecure?* only 5% of the surveyed have chosen the modality “very much”, but also only 10% do not feel threatened by the ethnic relationships, whereas 50% of respondents can not give an answer to this question.(Table 9.5).

Table 9.5 To what extent do ethnic relationships make you insecure?

	Nationality						Total
	Macedonian	Albanian	Turk	Serb	Roma	Vlach	
Very much	4,93%	5,22%	7,14%	17,65%	0,00%	0,00%	5,00%
Somewhat	9,48%	17,67%	19,64%	23,53%	0,00%	0,00%	11,43%
Average	12,14%	22,09%	7,14%	5,88%	14,04%	25,00%	13,93%
Little	10,11%	12,85%	5,36%	17,65%	5,26%	0,00%	10,34%
Not at all	11,50%	8,03%	5,36%	17,65%	1,75%	25,00%	9,92%
No reply	51,83%	34,14%	55,36%	17,65%	78,95%	50,00%	49,37%
Total	100.00%	100.00%	100.00%	100.00	100.00	100.00%	100.00

Source: Opinion Poll, ISPPI

According to these statements, from the point of view of ethnic relationships, the *most insecure* are the members of the Albanian and the Serbian nationality, and the *most secure* are the Roma.

The presented data show that a large part of the population in Macedonia do not feel comfortable with the multi-cultural composition of the country, members of certain nationalities have a sense of inequality, discrimination and unequal disposition of the state toward them, and most people (of all ethnic groups) harbor a lot of distrust, fear and negative stereotyping.

Reasons for ethnic uncertainty

The reasons for the continued reproduction of these perceptions and feelings can be found in several areas, some of which relate to all members of all ethnic groups in Macedonia, and some relate to the relationships between members of certain ethnic communities (for example, the majority Macedonian population and the largest minority– the ethnic Albanians).

Identification with the nation state

One of the basic sources of insecurity is the question of identity and identification of Macedonia as “my own”

country. The question of identity, as the most important, is raised with respect to relations of the members of the two largest ethnic communities in Macedonia: the ethnic Macedonian and the ethnic Albanian, however, lately this question is raised also by members of other ethnic communities (especially Vlachs, Serbs and Turks). The source of ethnic tension and insecurity derived from ethnic relationships could be located in the insufficient integration of the persons belonging to different ethnicities: (*According to the data obtained from the research on the identity of the Macedonians and the Albanians in the Republic of Macedonia, conducted in the Institute for Sociological and Political and Legal Research in 1999/2000*).

Among the factors which have a bearing on this are:

1. The *ambiguity of the constitutional definition* of Macedonia as a national and as a civil state (the contradiction between the Preamble of the Constitution) which defines the historical continuum of the one-nationality character of the state (the role and position of ethnic Macedonians in the creation of their own state) and the constitutional provisions which have the citizen as the basic actor (article 2, 8, 9), but also the ethnicity (nationality in articles 7, 8, 48, 78). The inconsistency of constitutional definition (emphasizing the “national” roots of the state on one hand and civil-based institutions on the other) introduces confusion in determining the essential parameters of state structures. The very distinction of nationalities versus the unified Macedonian nation, destroys the model of civic and individualized approach.
2. The non-systematic and inconsistent disposition and resolution of the *use of languages* (existence of a Law on use of the Macedonian language, but non-existence of a Law on the use of the languages of ethnic minorities). The present situation causes, on the one hand, the perpetual raising of the issue about the use of the languages of the nationalities in the framework of everyday contact of citizens with the state structures and the central government authorities (raised by the members of the Albanian nationality) and the increase of the number of children of certain ethnic communities that do not speak or speak very little of the Macedonian language, as the official language (especially noticeable in the Albanian, but also in the Turkish and Serbian nationality).
3. The ethno-national definition of the *symbols of the state* - especially the text on the state anthem, and to an extent the state flag (that correspond only with the ethnic Macedonians) without an appropriate legislation that would regulate the use of symbols related to other ethnic communities, which in practice causes complete disrespect of the state symbols by the members of certain ethnic communities in Macedonia (especially the members of the Albanian nationality).
4. Educational and working imbalance in favor of the Macedonian majority community suggested by statistical data: including the educational status of certain ethnic communities and the employed in the state sector and state administration, where the Albanian and the Roma nationality especially lag behind). (*According to data obtained from the research of the identity of the ethnic Macedonians and the ethnic Albanians in Macedonia, conducted in the Institute for Sociological and Political and Juridical Research in 1999/2000*).
5. Modifications of certain laws (Law on Criminal Procedure and Law on Civil Procedure in the parts dealing with the use of languages of the nationalities, the Law on the use of the flags of the nationalities, the provisions for maintaining education records in the Law on Elementary Education) and the practice of (non) application of certain laws (Laws on Local Self Government in the part dealing with the use of languages of the nationalities).

Insecurity of ethnic Macedonians and minorities

The insecurity of ethnic Macedonians is mainly based on their concern over the different birth rates (especially of the ethnic Albanian community) which is expected to change the ethnic map of Macedonia, both regionally and nationally.

Each of the above elements is perceived by the members of the different ethnic communities as an expression of threat to their own ethnic community, its integrity and equal position within the framework and with respect to the state, and as a basis for their permanent insecurity. The lack of a precise statistical record (i.e. record recognized and accepted by everybody) that would reflect the real dimensions of the presented situations adds fuel to the existence of this insecurity. This especially pertains to the lack of sufficient cross-ethnic data in the areas of health, social welfare, employment and the structure of

the state administration, as well as the lack of data regarding per capita income by municipalities.

The existence of inequality (identified from a number of sources and confirmed by the *Opinion Poll*) with respect to employment, social, educational facilities and place of residence – with Albanians concentrated in the rural areas - represents a significant basis for the furtherance of the structure of distrust and insecurity or, when

talking about the Roma population, exclusion from the social and development processes. One result of this type of insecurity is the lack of conviction that their needs and interests can be fulfilled in Macedonia. 18% of the surveyed have stated that they see their future in another state, while 8.2% are absent from the country for one or more years. Of these 66.6% are Macedonians, 26.3% Albanians, 2.7% Turks, 2% Roma.

Source: *State Statistical Office, Book II, Census 1994.*

9.3 THE SPECIAL CASE OF THE ROMA

Of special concern is the position of the members of the Roma nationality (which could be identified as the only factually excluded group on the basis of ethnic affiliati-

on). In this case, the Roma have a high degree of social marginalization and exclusion that moves along the line of failure to fulfill basic needs.

Ethnic influences in higher education

BOX 9.1

Of the 569 regular professors in the institutions of higher education in Macedonia, 528 are Macedonian, 3 Albanian, 4 Vlachs, 2 Roma, 4 Turks, 2 Austrian, 2 Bulgarians, 13 Serbs, 2 Croats, 2 Muslim, 3 have not specified, 2 have specified only regional participation and 1 Yugoslavian, Statistical overview 310, Skopje, July 1998.

Of the total number of books and brochures published in Macedonia in 1997, the relationship is: 76% in Macedonian language, 10% in Albanian, 3.4% in Turkish, 0.1% in Roma, 0.2% in Vlach, 0.2% in Serbian language. In the school year 1998/99, the universities were attended by 88% Macedonians, 5.4% Albanians, 2% Serbian, 1% Vlach, 1% Turks, 0.1% Roma..

Source: *Statistical Overview 31 3, Skopje, October 1998.*

Roma perceptions of income and wealth status

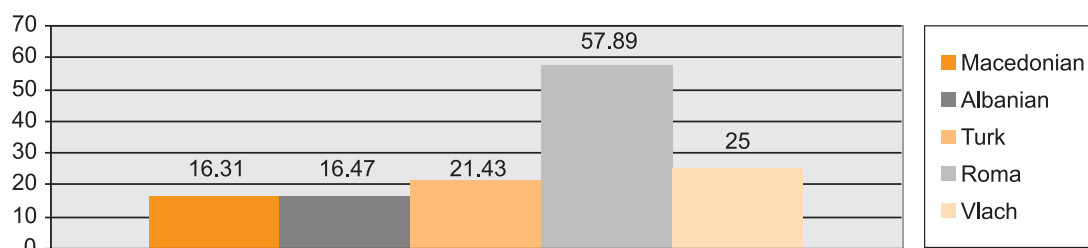
58% of the surveyed Roma see a large difference between the rich and the poor in the nutritional status of the family; 65% feel insecure largely due to their adverse economic position. On the scale of poor-rich, 72% of the Roma select the item 1 (or - very poor). However these views are not only confined to the Roma. This type of insecurity is felt by: 17.5% of the surveyed

Macedonians, 17% Albanians, 35.7% Turks, 29.5% Serbs and 25% Vlach . (see [diagram 9.3](#)).

Roma sense of acute deprivation

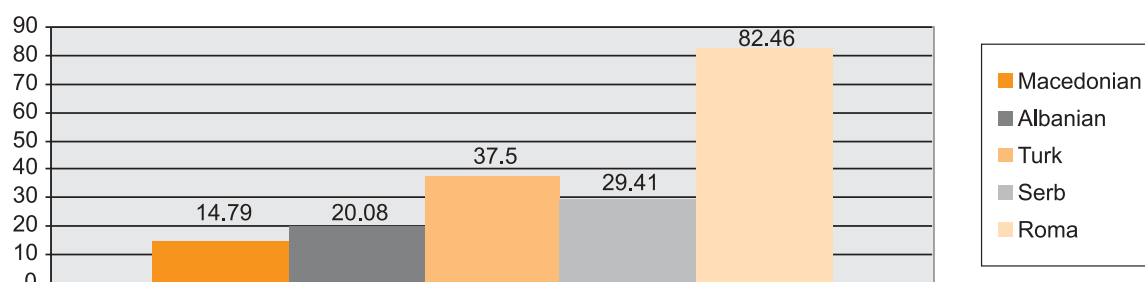
82.5% of Roma cannot afford to buy sufficient food, 65% feel very insecure due to the adverse economic position (see [diagram 9.4](#)) and do not see any future neither in Macedonia nor anywhere else. (see [diagram 9.5](#))

Diagram 9.3 Perceived differences between rich and poor



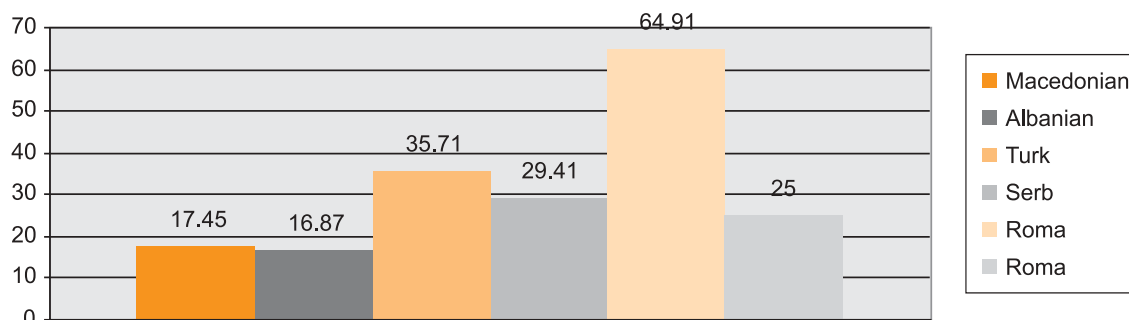
Source: Opinion Poll, ISPPi

Diagram 9.4 I am poor because I cannot buy food



Source: Opinion Poll, ISPPi

Diagram 9.5 The future perspective



Source: Opinion Poll, ISPPi

Roma employment and educational status

Of the total number of employed Roma, only 2% are skilled and 74.5% have only elementary education. Of the Roma over the age of 15 years, 24% are illiterate, 30% have not finished elementary education, while 33% have elementary education. 9.2% of the Roma have high school education but only 0.3% have higher or university level education (which is 0.08% of the total people with university level education). Total infant mortality of the Roma population is 5%. In the Roma nationality, the percentage share of the age group 35 years and older is decreasing and can be easily linked to their low standard of living and low education level.

One special aspect of determination of the insecurity of the Roma is the large percentage that do not have their citizenship status regulated. In fact according to the data from the last Census, 23% of the people with unresolved citizenship status are Roma. In this case also, the basic reason can be sought in the social position of the Roma (non-existence of permanent sources of income, impossibility to pay legal expenses), or education fees. Considering this data, the basic source of insecurity of the members of the Roma nationality can be located in their social position and the low standard of living, i.e. the insecurity of the members of the Roma nationality is related to the element of survival, and not to the element of welfare.

9.4 CONCLUSIONS AND RECOMMENDATIONS

Need for a strategy to address ethnic tensions

The concept of security implies elements of equality and functional non-discrimination. The continuous absence of any of these elements creates a sense of being rejected, neglected or ignored, as a lighter phase of intolerance. In order to overcome the specific situation characteristic for the members of the Roma nationality, it is necessary to formulate a clear strategy on a national level, which will include:

1. raising of the educational level of the Roma
2. creation of new jobs, training and retraining
3. privileged utilization of the health and social institutions
4. provision of housing that satisfies at least the elementary existential needs

Looking at ethnic socio-economic insecurity

With regard to the presented global situation on the position of the members of the different ethnic groups and in order to overcome ethnic relationships as a wider source of insecurity of the population, it is necessary to make changes in the direction of:

1. theoretic and legislative closure of the civic model (through parameters characteristic of Macedonia) in which tolerance, respect of differences and multi-culturalism will be in line with accepted international standards
2. passing of laws that will regulate the use of languages of the nationalities in order to unify the solutions, expand scope of coverage and enable easier application in practice
3. legislative regulation of the use of the symbols of the nationalities and the development of well-defined national symbols
4. development of humane population politics toward the interests of the child and not toward the satisfaction of certain ethnic communities (i.e., regardless of their ethnic or racial affiliation)
5. strengthened measures in the direction of raising of the educational level of the members of certain ethnic communities (in order to harmonize the average at the national level) and appropriate employment
6. creation of conditions for maintaining a statistical record that could facilitate the following of development processes from the point of view of

ethnic affiliation in order to prevent any kind of discrimination and unequal treatment of the citizens

7. training of the administrative, social workers and the staff in the police

The presented data show that the insecurity derived from unresolved ethnic relations is not a dominant type of insecurity in Macedonia, but is a continually present factor which, in the context of the pronounced social and employment insecurity, can be a serious source of ethnic tensions and a possible generator of conflict situations. The possibility to draw the line of social and employment insecurity as well as status differences along lines of ethnic affiliation greatly complicate the problem and requires a more complex and more long-term approach to its resolution.

Conflict resolution and multiculturalism

The state should lead the effort to resolve disputes (through appropriately formulated strategy, further elaboration of constitutionally defined structures and consistent operationalization of legislative regulations). The international community could provide assistance in the presentation of alternative experiences and models of multiculturalism, transfer of know-how techniques in the treatment of the subject (instead of prepared clichés), establishment and development of information networks (which will enable appropriate statistical monitoring of the population structure without the cumbersome and problematic censuses) and development of education programs (particularly in-service training) of state administration officers.

The following priorities can be drawn in this context:

- passing of laws that will regulate the use of languages of the nationalities (both at state and local level) within the various procedures and various levels of the educational process
- developments of programs raising the educational level of the members of certain ethnic communities aimed at surpassing the educational imbalances between various ethnic groups
- special training of the administration and the staff in the police in order to raise the level of ethnic sensibility and civic orientation.

C. POLITICAL AND INSTITUTIONAL INSECURITY



INFLUENCE OF THE POLITICAL SYSTEM ON THE SECURITY OF THE CITIZENS OF MACEDONIA

10.1 INTRODUCTION

The nature of the political system

The political system is a set of institutions whose goal is to influence societal development by creating an environment for action by the various commercial and non-commercial entities in a society and to harmonize and coordinate their actions. In order to assess the functioning of institutions in a political system, one should first assess the general conditions in the societal system. If the development trends of the latter are positive, than this would be partly attributable to the success of political institutions. The successful functioning of the system creates greater security (economic, social etc) among the citizens of the state. Certainly the quality of life, and indirectly the security of the citizens,

does not depend exclusively on internal factors. It is well established that in the era of globalization, all states (and especially the smaller ones) are susceptible to international economic and political forces and trends, as well as regional armed conflicts. Nonetheless, the decisive influence on the situation in a country, especially in the medium and long term, comes from internal political dynamics, and the security (or insecurity) of citizens is directly determined by them. In that context, if we draw from previous insights from this report, we may conclude that Macedonian society has still not managed to incorporate fully (or at least approximately) the mechanisms of functioning of developed countries.

This suggests that institutional transformation in the various sectors of the economy, education, social security etc is not complete.

Welfare priorities and the political entities

The adverse trends in the Macedonian economy are characterized by minimal GDP growth in the past five years, such that GDP is still 40% less than in 1991. In the area of social security, there are even more adverse trends. The system of social security effective until 1998, despite the wide coverage of beneficiaries, was characterized as insufficient due to the low level of unemployment benefits. However this system was replaced by an even more restrictive system which imposes a time limit on the already meager welfare benefits. Also, it cannot be said that decisive reforms have been conducted in the areas of education, health care, judiciary etc. These systems also involve a large segment of beneficiaries, most of whom are offered free (i.e. state-subsidized) services, but they operate in a

manner similar to that existing before the period of transition, i.e. inefficiently. In other words, changes do occur, but not with the intensity and dynamism that would bring about a turning point in the functioning of the whole societal system. Logically, in light of these circumstances, the prevalent attitude is that the operation of institutions of the political system is inadequate.

Thus according to an empirical research, 57.2% of the respondents regard that the Parliament is not effective to a considerable extent or not effective at all. The same opinion holds for the judiciary with 53.7% of the respondents having the same views, and for the Government (Cabinet) among 56.5% respondents. The same unfavourable opinion exists for the local authorities as well, where 67.4 % of the respondents find them too bureaucratic and inflexible and 59.9% describe the municipal staff incompetent and unprofessional. (See: *REPORT of Public Opinion Survey, BRIMA, Skopje November 2000*).

10.2 CHARACTERSITICS OF POLITICAL BODIES AND INSTITUTIONS IN MACEDONIA

Make-up and activity of political institutions

The subjects of this part of the analysis are (a) political parties, (b) central government institutions - the Parliament and Executive Cabinet, (c) the local government, (d) labour unions and (e) the civic sector (i.e. the citizens and non-governmental organizations).

a) Functioning of political parties

Since 1990 with the legal establishment of multi-party system, some 100 parties have been formed, and about 30 of them have participated in government at the national and local levels. Few of them have assumed decision-making roles. One of the main characteristics of the political parties since 1990 and particularly parties participating in government or in the state institutions, is that they have started to follow the democratic rules of the game, i.e. adopt the democratic procedures of western civic societies, and to act more pragmatically towards their established goals. However, even after one decade, the ruling parties act in an environment that lacks sharp political competition.

This favours loyalty over professionalism, such that when there is one party in power, nominees for Ministers in the Executive Cabinet and Members of Parliament are usually among the most loyal and active long-time members, and usually not the best professional experts.

Ruling parties are not structured (or lack the financial resources) to maintain their own research institutes, or at least standing consulting and/or research teams. As a result, over this entire period they have been characterized by a lack of clear vision or clearly profiled concept of comprehensive societal development of Macedonia.

See: *Dr Ilija Todorovski: "The Impact of the State upon the Economic Efficiency of Enterprises", NIP "Glo-bus", Skopje, 1998, pgs, 201-20.3*

b) Functioning of national institutions

The two most important national bodies in Macedonia are the Parliament (Assembly) and the Executive Cabinet. (See **BOX 10.1 below**).

THE ASSEMBLY OF THE REPUBLIC OF MACEDONIA, according to the Constitution is the representative body of the citizens and represents legislative authority. It has the power to enact the Constitution and other laws, ratify international agreements and elect an Executive Cabinet, and to exert political control and supervision over the Cabinet.

The Assembly consists of 120-140 representatives elected at general direct and free elections by secret ballot for a term of 4 years. The law mandates exclusivity of the office of Representative in the Assembly with respect to other public offices or professions. A Representative in the Assembly cannot be recalled, and the Assembly could be dismissed only if the majority of Representatives agrees to it.

According to the Constitution, the executive authority is vested in the Executive Cabinet. It has the power to propose legislation, and is responsible for their implementation after enactment by the Assembly.

THE CABINET is composed of a President (Prime Minister) and ministers. Following the constitution of the Assembly, the President of the Republic is obliged to grant the mandate to form a Government Cabinet to the majority party or parties in the Assembly. The Cabinet is elected by the Assembly, and the Assembly could also hold a no-confidence vote.

Inefficiency in central governance

The concept applied to the bodies of state authority seems modern, although it contains certain flaws that reflect on its operation. These include insufficient attention to technical-administrative objective decision-making and significant sub-optimality in the functioning of all subsystems such as the economic system, social security system, education, health care etc. Reforms tend to be implemented successfully only if designed at the highest level. In these circumstances, most ministries have usually operated and continue to operate in the direction of maintaining the status quo, and as such have not been (and are not) able to initiate development.

Representatives also lack the habit and the opportunities to consult experts. According to an Institute's study (see the Note at the bottom), only 31.5% of the interviewed Representatives in the Assembly had occasional or rare contacts with staff of technical or scientific institutions.

- b) Representatives in the Assembly do not execute their office on a professional basis. They are usually professionals in other areas, temporarily working as Representatives. As such, most of them cannot give their full contribution and fully dedicate themselves to the matters before the Assembly, which are many and varied.

Lack of functionality of the Assembly

The activities of the Assembly are sometimes seriously flawed as well. This could be seen from the following:

- a) Representatives in the Assembly do not use the information facilities available to them. A study showed that on some major issues in most areas they did not have any contact with their constituencies, and in some areas of special interest (e.g. agriculture) the Representatives in charge of that sector had almost no contact with stakeholders over a two-year period. Any contacts were mostly made for the Representatives to present information on what is going on in the Assembly than to listen to the stakeholders and seek solutions together.

The lack of functionality lies in the make-up of the Assembly as well. Namely, Representatives know that they cannot be recalled individually, except by decision of 2/3 of the Representatives in the Assembly, if the Representative has been convicted of a crime punishable by at least a five-year imprisonment, convicted of a crime or other offence that renders him unfit to execute the office of Representative in the Assembly, or for unjustifiable absence from the Assembly for more than 6 months (Article 65 of the Constitution). As well the Representatives know that no one can dismiss the Assembly as a body according to Article 63 of the Constitution, so they are not sufficiently accountable. Studies show that the Assembly is quite passive when it

comes to actions of the Cabinet. Realistically, the Assembly makes little joint efforts with the ministries in initiating legislation, somewhat stronger joint efforts in the drafting of legislation, but there is almost complete absence of any sort of control over the implementation of decisions enacted by the Assembly which the Cabinet has a constitutional duty to implement in practice.

Note: *According to the findings of empirical research under the project "Efficiency of the Parliamentary Democracy" implemented by the Institute for Sociological, Political and Juridical Research, the Ministry of Agriculture has initiated enactment of 80% of the acts in the studied period. The remaining 20% were initiated by Representatives in the Assembly in a very general manner. In the drafting, Representatives were more active, i.e. gave comments to every other act, although no decisive changes were made to any acts under such influence. In the phase of implementation of adopted acts, no activity on the part of Representatives was observed, although some of the acts were not implemented in practice at all.*

Weakness in political motivation and implementation capacity

The direct reasons for the inefficient action of national political institutions lie in the fact that the highest legislative and executive officials did not concentrate enough motivation, responsibility or expertise for efficient implementation of their tasks. The deeper reasons lie in the political environment, i.e. inactivity or lack of pressure on state bodies from the electorate, mass media, various professional associations, labour unions, science and other social factors. The lack of external pressure made room for the indolent attitude of the Assembly towards its obligations and of the Cabinet towards the result of its activities.

c) Functioning of administrative structures

The operation of **administrative organs or public administration** has not been subject to reform in the past few decades and most employees acquired their basic education, training, manners and behaviour under the previous system. There is no valuation of achievement or sanctions on sub-standard performance. So, in terms of expertise as well as motivation, the apparatus is unable to follow modern trends, and thus is unable to assist the ministries in solving their problems in a modern way.

NOTE: *Laws aiming to reform administration were passed in 2000, but the regulations have not been*

completed with by-laws and practiced and for the time being we cannot see any change in behaviour and expertise of the civil servants.

Failings in the Judiciary

The third pillar of government – the judiciary - did not manifest sufficient effectiveness for several reasons. The first is that in conditions of transition and external pressures - the struggle to achieve international status - events were focused within the executive cabinet, the President and the Parliament. Much less attention was given to the judiciary, thereby allowing it to operate less responsibly. Also, in circumstances of not enough accountability and political competition between Parliament and the executive cabinet, there were no conditions for establishment of criteria of responsibility for the judicial authorities because it was correctly assumed that the way out of the crisis should be sought through change in the social status of the executive cabinet and the Parliament of Macedonia. Thus, the judiciary in its current mode of operation is to some extent a factor in the crisis of the state administration in Macedonia and a cause of social insecurity.

d) Functioning of the Local Government

The degree of success in functioning of local government can be seen through two segments - the division of competencies between the central and local government and financing of local government.

Division of competencies- state and local government

In Macedonia, the *state (or central) government* has authority or competence in the following spheres:

- a) establishment (by Constitution and laws) of the structure of government, i.e. to determine that the state government has a national assembly, cabinet with a number of ministries, judiciary, public prosecutor's office etc, and to determine who shall establish these bodies and how they shall be established;
- b) military protection of the borders
- c) in the economic sphere, the state is obliged to
 - define property rights
 - conduct macroeconomic policy
- d) police and internal security
- e) education
- f) health care
- g) social security
- h) culture

- i) zoning
- j) other areas.

Local government, which is composed of 123 municipalities and the City of Skopje (as a community of 7 municipalities), has competencies in the areas of local infrastructure, local public transport, enactment of urban and zoning plans (after obtaining approval from the state) and establishment and management of municipal secondary vocational schools. All of this derives from the *Local Government Act, Official Gazette of R M, Skopje, 52/1995, Article 17-19.*

Non-optimal division of functions and over-centralization

It can be maintained that the division of competencies between the central and local governments is not optimal, in accordance with positive international experience. By the exclusion of local government from spheres such as education, health care, culture, housing, social security etc, great harm has been done to development in these spheres. Over-centralization not seen in any developed western countries and rarely seen in Eastern European countries, burdens the relevant ministries with large operational tasks, such as appointment of principals of elementary schools, provision of school materials etc. Decisions thus made are frequently inappropriate, not based on the specific environment or may be quite subjective. On the other hand, ministries do not have time to perform the tasks they have been established to perform, to conduct assessments and analysis that would yield indicators for strategic development of the relevant sectors. In other words, conceptual tasks are being replaced by mundane ones, which is not conducive to development. On the other hand, this form of decision-making in large administrative systems prevents local government from establishing its own development priorities, thereby

improving efficiency. It also prevents the local population from investing their information and energy in the development of local communities.

Reasons for over-centralization

The reasons for this over-centralization, i.e. narrow definition of competencies, could be sought in a variety of circumstances. First, since 1990/1991, the state was focused on securing an independent and sovereign position, so it was more concentrated on the statehood aspects (borders, national symbols, establishment of state bodies – Assembly, Cabinet, President) and then on external pressures, so that local government was left on the margins. Another reason was the tense relations between ethnic Macedonians and ethnic Albanians. These tensions were more easily controlled at the central state level, among fewer party or state representatives.

Consequences of the weakness in local governance

Another negative product of centralization was inadequate financing of local government. Obviously, local governments and municipalities can function only if they have sufficient funds to cover the needs of the citizens, and if they have fiscal autonomy, i.e. are able to finance a significant portion of the funding from their own sources and manage the finances on their own. The local government in Macedonia has several local sources of income, state subsidies (mostly for infrastructure), donations and local contributions. The system of local financing is characterized by **insufficiency** – a municipality averages 50 DEM per capita, which is not nearly enough, even for current maintenance of infrastructure systems in the cities. Another characteristic is **state intervention**, as 40% of funds in urban municipalities and 95% of funding in rural municipalities comes from central state funds, the result of which is that municipalities are unable to establish their own development priorities.

10.3 THE ROLE OF CIVIL SOCIETY AND NGOs IN POLITICAL PROCESSES

The position of civil society

One of the components of a political system is political culture, i.e. the degree of activity of citizens or interest groups, which can strongly stimulate political processes in contemporary society. Their participation in political processes is regulated by multiple legal instruments and

institutions in every modern state. Citizens evaluate, through elections, the achievements of government representatives at the national and local levels, thereby ensuring that their political representatives cater to their needs, otherwise they would lose the next elections.

Through various forms of direct democracy, such as civic initiatives, citizens' gatherings, referendum etc, the citizens can effect the review of certain issues and impose specific solutions in local policy. Citizens are directly involved in local processes as members of the various bodies of local government, members of school boards, environment protection bodies etc. Through non-government organizations they can influence the level of social assistance, information or education, health care standards, environment protection etc. In Macedonia, citizens do not play a significant role in political processes. Such role would consist of pressure or influence on the Assembly (and the Cabinet, indirectly) to solve their problems, which are mostly related to subsistence – unemployment, low and irregular wages etc. This is a result of the following circumstances:

- ruling parties or state organs lack the capacity to grasp the needs of the citizens; they do not communicate with the citizens, NGOs and other entities;
- the pressure exerted by citizens is chaotic and disorganized, because there are no civic or professional organizations that would articulate the needs of citizens or they are not motivated to act strongly on behalf of citizens. Protests in front of the Government Cabinet building are usually attended by laid-off workers from companies (one company at a time – 100 or 200 in number) or workers who have not been paid for a year. There is no support from all employees in the industry organized through labour unions.
- the strong centralization and division of competencies between the central and local governments, which deprives Macedonian local authorities of many competencies characteristic of local governments in modern

states, prevents citizens from contributing to the development of society, as citizens are usually most active and most directly involved in local organizations and institutions, and as indicated previously these activities are minimal;

- some citizens are not adequately informed of the situation at the national and local levels (for example, between 20% and 30% of the citizens do not know which competencies belong to state authorities and which belong to local authorities). In some communities, the reasons for this is inadequate education, in others it is the inadequate communication connections (there are villages in Macedonia that are difficult to get to). In some cases the reason is poverty, and there is also the frequent change of laws, so some citizens are unable to participate more actively in political processes.

Weakness in the NGO sector

In Macedonia, the non-government sector is undergoing development also, and it is unable to be a cohesive factor among the citizens in these processes. In previous chapters it was also said that labour unions do not play a significant role here.

* * *

From this presentation, it is unmistakably clear that the inadequate functioning of the political system indirectly influenced the creation of insecurity and social exclusion and this reduced the effectiveness of other societal subsystems.

10.4 RECOMMENDATION ON POLICIES AND SOLUTIONS

The mix of policies and support for improved governance

Better efficiency of the functioning of the whole political system could be sought in several directions:

Human development of 1) the citizens; 2) politicians; 3) civil servants

Citizens training – rights and awareness

Starting with the fact that citizens are the ultimate evaluators of political achievement and the entity that could effect change in the current situation, it is necessary to introduce training for their basic political rights and opportunities available in the current legislative

framework in Macedonia, and which will inevitably expand in the future. Training for political action is also needed. The training could be organized by domestic or foreign experts and practitioners, and international institutions.

Politicians and Parliamentarians

Politicians could improve their knowledge of democratic processes in developed countries by visiting those countries or by consulting foreign experts in Macedonia, where again there is room for assistance by foreign and international foundations.

Public administration

Reform of state/public administration is a far-reaching long-term process that implies change of the whole concept of administration in the direction of “state service”, where the state will stimulate, inform and cooperate with entities rather than administer and intervene, as is the case at present. In that context, organizational and personnel changes are needed. This would be the domain of the Government, but changes are also needed in the professional education and conduct of civil servants. In this context, basic professional (undergraduate) education is most necessary, and several international organizations and foundations are working on this. What could improve matters somewhat in this area are short courses for training of the current civil servants, as they could not undergo university training.

Improved functioning of the political system

Three main system solutions could significantly improve the functioning of the political system:

At the national level

- Introduction of a possibility to dismiss the Assembly. The Assembly could be dismissed by the President of the Republic, at the request of the Government Cabinet. This would improve the accountability of the Assembly, and indirectly the accountability of the Government Cabinet. This change could be effected only by changing the Constitution of Macedonia, which is within the purview of the Assembly.
- Establishment of civic committees (composed mainly of experts) at the level of Parliament or the executive cabinet, which would participate in the evaluation of major policies or acts (Constitution, laws) in legislative procedure and would offer

recommendations in order to achieve better legitimacy and popular control. Thus, representative democracy would be partly replaced by participatory democracy, the latter being a higher democratic achievement than the former.

At local government level

- Local competencies should be expanded significantly, particularly those related to education, health care, social assistance to the local population etc. Financing of local governments should be improved by using some of the taxes associated with economic activities (VAT), which would improve the effectiveness of local government, because it would be able to work out local development priorities on its own, introducing a great deal of energy and financial assistance from the local population for local development. Domestic and foreign experts are already working on this. In addition, Equalization Schemes should be introduced strengthening the financial capacity of the poorer municipalities and especially the poorer rural ones.

Introduction of the concept of sustainable development

The problem of the small and financially weak rural municipalities could be solved in no way other than through the concept of sustainable development, which would lead to regional balancing through investment in sparsely populated and poor regions that have significant natural resources (mineral deposits, water potential for construction of hydroelectric power plants and irrigation systems etc). The current stance of these municipalities to join neighbouring urban municipalities is unfavourable, because rural municipalities would again find themselves in the inferior position that persisted until the territorial division of 1996. Funding would again become centralized and investment would go to urban priorities.

Key priorities

The top priority at the time being is the transfer of competencies from central to local authorities, although it is a long-term process and would take at least a decade, it must be initiated now, because the local government cannot function at all. The next priority, might be the elaboration of a feasibility study and launching of a project on sustainable development. The third is to establish citizens' and expert groups among state and local bodies and organs.

CHAPTER 11

INSECURITY OF CITIZENS IN RELATION TO STATE ORGANS

11.1 CHARACTERISTICS OF STATE ORGANS

State Administration

A professional, party-neutral, effective and efficient public administration, in addition to being one of the key pillars of organization of the state, is also of exceptional significance for the direct satisfaction of the needs of the citizens. The State administration is responsible for the preparation and implementation of regulations enacted by legislative bodies and executive organs and can perform complex tasks of integration and coordination of societal development, i.e. secure the basic ingredients for the operation of the many business entities, educational, social, health, cultural and other institutions. Administrative organs have a great deal of authority in the enforcement of human and civil rights as well. People in an urban and industrialized community are dependent on many administrative services in their everyday business. This is a particularly characteristic of a centralized state like Macedonia, where local government is marginalized and almost all public needs of the

citizens are looked after by central state organs. Thus, the citizens receive welfare benefits through the Ministry of Labor and Social Policy, they obtain building permits from the Ministry of Transport and Communications, they obtain financial assistance for surgery abroad from the Ministry of Health etc.. In order to assess the level of satisfaction of citizens from services received by state organs and to identify possible systematic neglect of some categories of citizens, the findings based on research conducted in 1999/2000 by the Institute for Sociological, Political and Juridical Research and the Canadian consulting firm SECOR have been utilized.

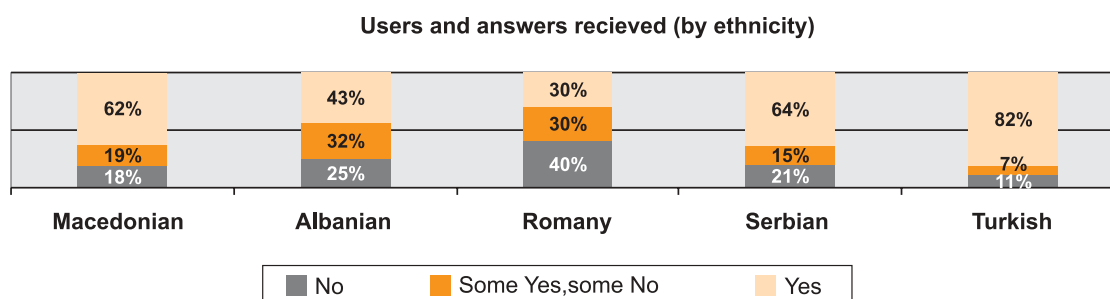
Note: *The project was financed by the Canadian International Development Agency (CIDA), under the title “Strategic Management of Cultural and Ethnic Differences in the Framework of Public Administration in Macedonia”*

11.2 LEVEL OF SATISFACTION WITH STATE ADMINISTRATION SERVICES

In general, the very fact that about 50% of users of state services did not receive the required service, (See Graph 11.1) generally suggests a significant level of insecurity and dissatisfaction in the level of communication with state officials. Citizens of Romany and Albanian origin

face higher rates of rejection. The small size of the sub-sample prevents any definitive conclusions about the experience of citizens of Serbian, Turkish and Romany origin with the ministries of Education, Finance and Justice.

**Graph 11.1: Received services
(did you get the required service?)**



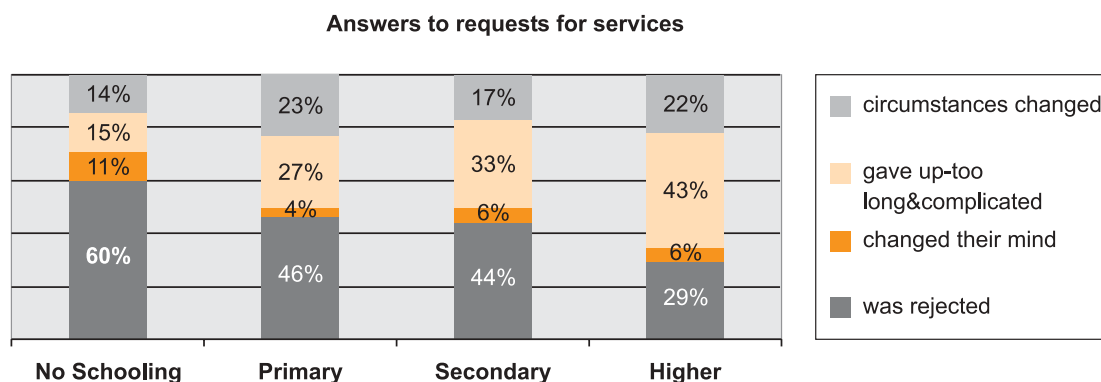
Source: Institute for Sociological, Political and Juridicial Research/SECOR; 1999/2000

Impact of education attainment The level of schooling seems to have an impact on the reasons WHY respondents' requests were not satisfied. (See Graph 11.2). More precisely, we observe that the percentage of individuals who gave up because they found the procedures too long and complicated is higher among those with higher education, while among those with no

schooling, there is a higher percentage of demands rejected because conditions were not satisfied.

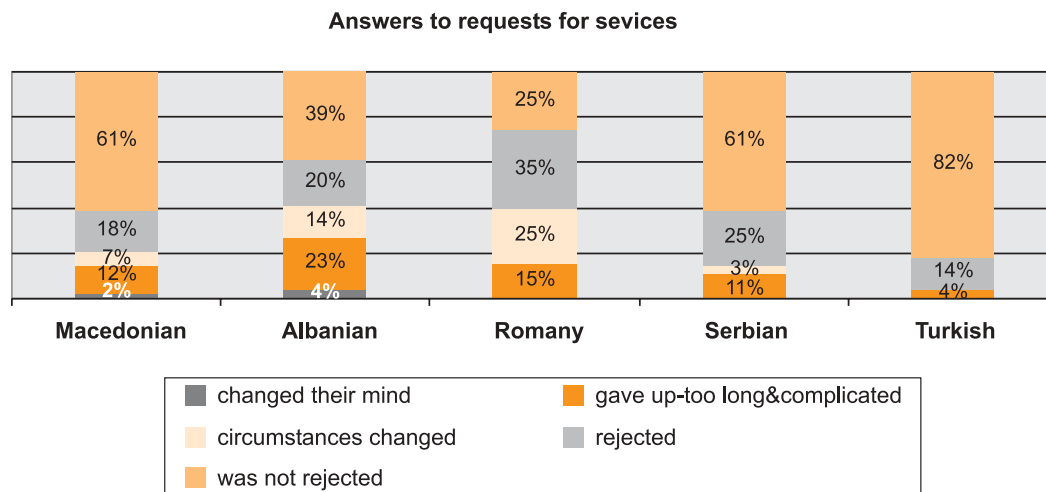
Influence of ethnicity on level of service There is an overall consensus among the respondents of all ethnic origins, that, regardless of the ministry, procedures are too long and complicated. (See Graph 11.3).

**Graph 11.2: Reasons for not succeeding in obtaining services
(according to the level of education)
(If you did not succeed in obtaining this service, what was the reason?)**



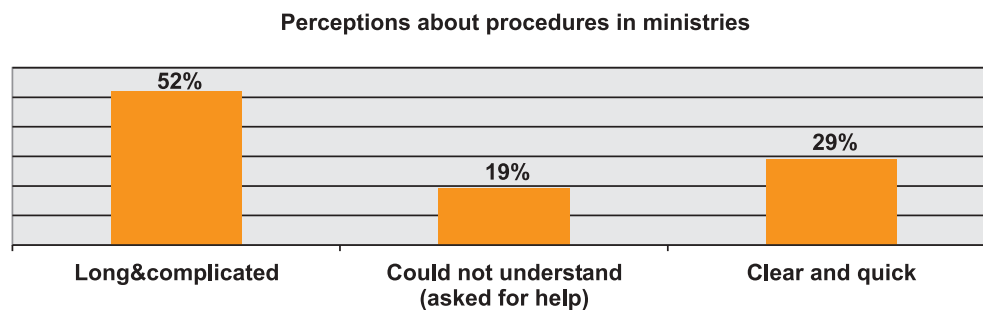
Source: Institute for Sociological, Political and Juridicial Research/SECOR; 1999/2000

Graph 11.3: Reasons for not succeeding in obtaining services (according to ethnicity)



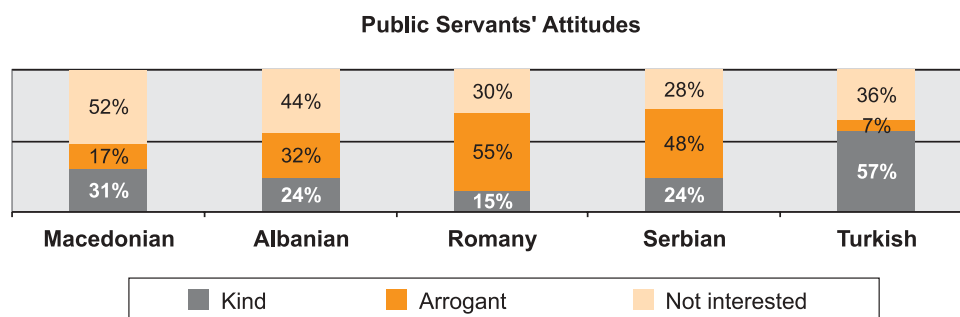
Source: Institute for Sociological, Political and Juridical Research/SECOR; 1999/2000

Graph 11.4: Perceptions about procedures in ministries



Source: Institute for Sociological, Political and Juridical Research/SECOR; 1999/2000

Graph 11.5: PUBLIC SERVANTS' ATTITUDES (BY ETHNICITY)
(How would you describe the attitude of officials towards you?)

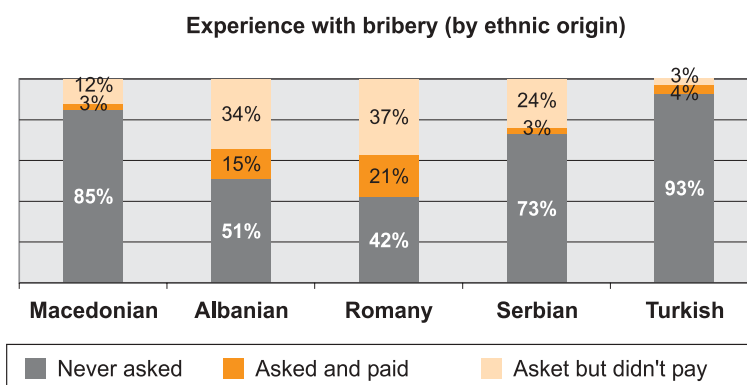


Source: Institute for Sociological, Political and Juridical Research/SECOR; 1999/2000

Almost half the respondents who requested a service from one ministry or another during the previous year described the public servants involved as being uninterested, while only one-third of participants answered that public servants acted kindly. We observe that public servants were better perceived by respondents of Turkish and Macedonian origin, while respondents of Albanian and Romany and Serbian origin were more inclined to find them arrogant.

When compared to respondents of Albanian or Romany origin, respondents of Macedonian and Turkish origin experienced bribery requests less often. (See Graph 11.6). Respondents of Albanian origin were asked for and paid bribes in a higher proportion than respondents of Macedonian origin, regardless the outcome of their requests.

Graph 11.6: EXPERIENCE WITH BRIBERY (BY ETHNIC ORIGIN)
(what is your experience with bribery of officials?)



11.3 SUMMARY OF KEY OBSERVATIONS

From all of the above, we may draw the following summary conclusions:

- the effectiveness of public services is not at the level that would satisfy the needs of the citizens. The former does not provide sufficient security when citizens address administrative agencies.
- There is unequal access to service, i.e. elements of exclusion are evident in the exercise of the rights of citizens; research findings indicate that citizens with lower education levels, older citizens and citizens of Roma and Albanian ethnic origin encounter more difficulties in exercising their rights.

Causes

The public administration inherited from the former (socialist) period, focused their activities on rigid and restrictive legal reasoning and implementation of law, regardless of the real needs of citizens. This derived from two basic reasons.

The first is that civil servants were not adequately educated, because there was no institution of higher learning to provide basic professional education. Among other things, these administration employees were ignorant of many contemporary communication skills. The other reason is the lack of performance evaluation, entailing lack of motivation and job promotion criteria. An administration worker would receive the same pay regardless of job performance, which logically led to demotivation. There were no criteria for job promotions, and the only path to career advancement was political party affiliation. Namely, in the period before 2000 (when the most recent Civil Service Act was passed), Ministers and Deputy Ministers were appointed by Parliament, and managers in administration bodies (undersecretaries, assistants and advisors) were appointed by the Government Cabinet. The Cabinet was composed of representatives of the dominant political parties in Parliament, and it would appoint its members to positions in the state administrative structure.

The other officials would be selected by the manager (or Minister), so personal or political party preference was decisive here as well. The officials thus felt no accountability towards the citizens. In addition, civil servants enjoyed strong protection under the law, and even in cases of severe violations of their job obligations, they could be suspended only temporarily. This did not inspire high levels of professionalism either. Finally, the low pay of many civil servants (200-400 DEM per month) clearly opened the way for easy corruption.

“Public Service” as an institution is **non-existent**. Each Ministry is an independent employer regulated by specific rules.

Ministries are not an integrated part of the government.

They are rather seen as independent entities and personal extensions of individual ministers. Program evaluation and impact assessment are virtually non-existent.

Within ministries, all governance/reporting relationships are directly with the **minister** (characterized by a hands-on approach, personal and direct involvement of ministers in virtually every aspects of the ministry, management by Collegium, lack of co-ordination, rigid and legalistic approach).

Ministers are heavily involved in administrative matters.

Solutions

Intensifying the process of public administration reform in Macedonia, which among other things is directed towards building of professional capacity and ethics, including the strengthening of sensitivity towards the needs of the citizens. Important improvements in expertise and ethics could be achieved by establishment of a *Public Administration Faculty College*, where

public servants could attain basic professional training, which they could upgrade later through brief courses. In terms of motivation, one step ahead is already made with the latest Civil Service Act (Official Gazette of RM 59/2000 and 112/2000) which incorporates obligatory performance evaluation. *Performance evaluation of management* is conducted by the Ministers, and the managers evaluate other employees once a year. Poor evaluations lead to pay cuts or layoff, while positive evaluations accelerate promotions. The law also changed the ratio of highest to lowest salary from 1:3 to 1:9, which also could be a factor of motivation. This legislation also mandates the establishment of a Civil Service Agency to provide technical assistance in the application of this regulatory scheme in the various administrative organs;

Support and intensifying of the process of development of *public awareness* of the rights of the citizens, and learning how to exercise those rights;

Support to non-government organizations and capacity-building with the aim to assist in the exercise of the rights of the citizens. Some NGOs are already working on informing the citizens about local affairs. One such organization is DAI (Development Alternatives Inc) of the US, which establishes municipal information centers, where citizens obtain information on local government actions. The NGOs should inform the citizens of their rights before the administrative bodies, administrative procedures etc, and to encourage them to publicly disclose all weaknesses noted in the system, in order to pressure the Government or the ministers to improve the monitoring of their administration.

We may conclude that the absolute priority in this respect is the establishment of a Public Administration Faculty.

SOCIAL EXCLUSION AND INSECURITY ARISING FROM INADEQUATE JUDICIAL PROTECTION

12.1 THE LEGAL BASIS FOR THE RIGHT TO SECURITY

The principle of legal security

According to the Constitution and the Courts Act (“Official Gazette of RM” 1995/36 and 1995/45), our courts are established as one of the three branches of government, or as an independent third branch, and the new judgeships as a generator of that authority. In that sense, a number of principles are developed that can be placed in two basic groups: a) principles that relate to the organisation of performing the judicial function and b) principles that relate to the material type of the judicial function and that are related to certain individual or collective rights. Here we will focus only on those that refer to our subject: *the principle of legal security* (art. 3 p.1 t.v), the principle that we may call *principle for prohibition of exclusion before the court* (art. 7) from the Courts Act.

It should be emphasized that the **right to security** represents a protection of a special quality of human living, which is the basis for existence of other freedoms

and rights. A person can feel free and fully exercise his rights if he is secure i.e. free from threats. Personal security today, in the presence of multiple sources of threat, becomes an important basis for effectuation of freedoms and rights. Therefore, people need security in the sense of an objective situation that is characterized by absence of major sources of hazard. In addition, one could speak of security from the aspect of personal feeling of security (absence of threats) that is expressed as an emotional experience of particular certainties around him. In the positive sense that is a feeling of complete experience of his freedoms and rights and other values, and in the negative sense - the absence of feeling under threat or limited in enjoying these values. The role of providing this protection is given to the judicial system in Macedonia. The subject of this analysis is the quality of judicial protection that the judicial system should implement.

12.2 INSECURITY AND SOCIAL EXCLUSION OF THE CITIZENS – SITUATION

This NHDR study has shown that on the subjective level, the feeling of insecurity among the citizens, especially the fear of erroneous judicial decisions, depends on the psychological and socio-demographic characteristics of the citizens and can be observed most clearly from Diagram 12.1 that reflects answers to the question : Do you, from your personal experience and the experience of others feel that the citizens are secure before the court?

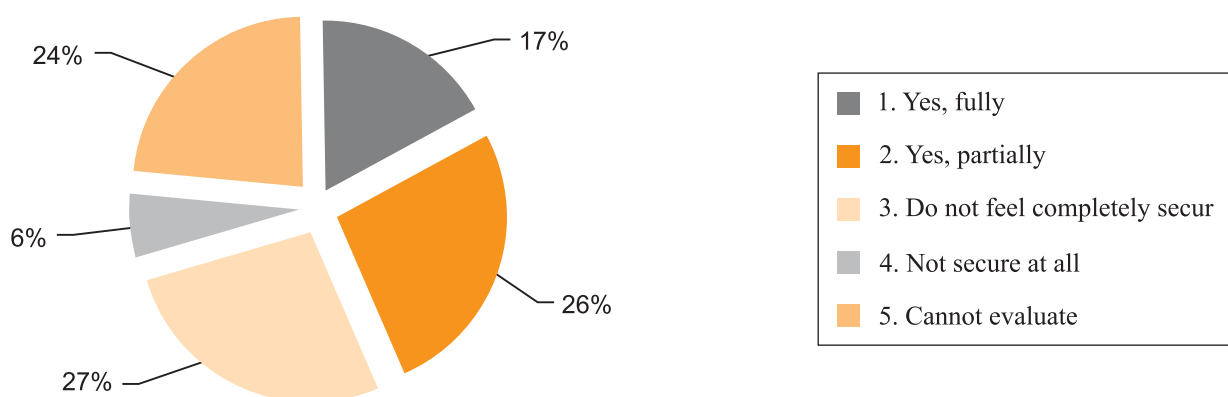
It is evident that only 17.26% of respondents feel secure before the courts. Among the others, many of the respondents (59.06%), feel insecurity that can be ranked as:

- a) low level of insecurity (26.19%),
- b) medium level of insecurity (26.61%) and

- c) high level of insecurity (6.26%).

The sources of such insecurity come from the attitudes of respondents, almost equally rooted in their personal experience or the experience of their close associates as parties before the courts, from general knowledge of the workings of the courts, and from the media. It is significant that the personal contact with the court is almost uniformly distributed across the various types of court cases . It is noteworthy that people with personal experience as parties in a court procedure are mostly (60.40%) dissatisfied by the outcome of the procedure. A relatively smaller proportion (31.50%) are somewhat satisfied and only 8.10% are very satisfied by the outcome of the case.

Diagram 12.1: Citizens opinion about feeling of security before the courts



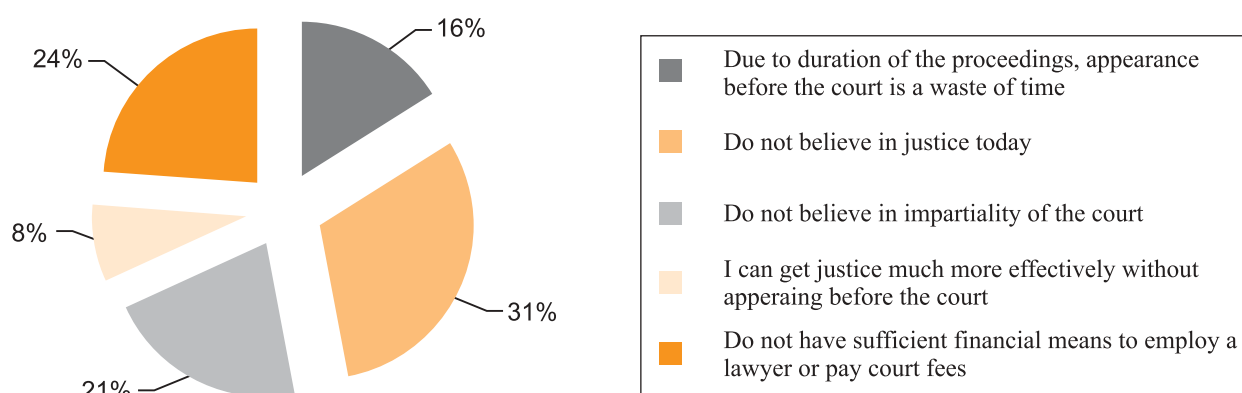
Source: Opinion Poll on insecurity and social exclusion, ISPP

Inefficiency of judicial protection

Additional evidence of the inefficiency of court protection, i.e. unequal access to courts, may be found in diagram 12.2. Also, if the percentage of undecided is not included, the distribution of responses shows that the insecurity comes from:

- many respondents think that judges are not independent in making their decisions (64.4%),
- a significant proportion of 83.7% think that *the judges are prone to receiving bribes*.
- a dominant attitude among respondents is that, in deciding, *the courts act unjustly towards the citizens* (81.3%)
- there are unjustifiable delays in the court procedures, 88.7% of respondents think,
- in proceedings before the court, the rights of the parties are not respected equally (67.1%).
- the belief that certain individuals still remain unpunished, despite having committed serious crimes, according to 85.7% of respondents.

Diagram 12.2 Reasons for failure to appear before the court to exercise a right or seek



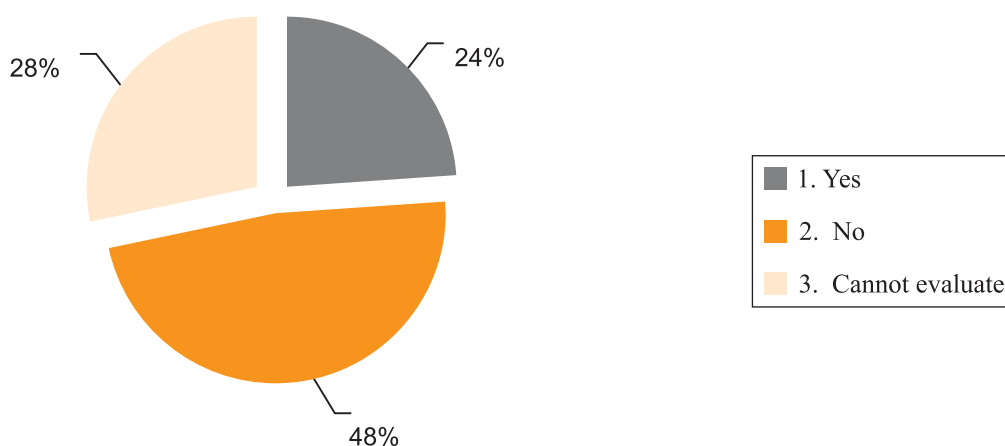
Source: Opinion Poll on insecurity and social exclusion, ISPPI

Exclusion also manifests itself in the fact that the number of negative responses to the question: Do you feel that there is equal approach of the citizens before

the courts?, is twice the number of positive ones (48% to 24%).

(See Diagram 12.3)

Diagram 12.3. Attitudes about equality before the courts



Source: Opinion Poll on insecurity and social exclusion, ISPPI

The reasons for the lack of equal access of all citizens to the courts may be seen in [Table 12.1](#).

Table 12.1 The reasons for inequitable access to the courts

	total
Ethnic origin of certain citizens	17.76%
The social status of certain citizens	14.18%
Financial status of certain citizens	15.01%
Level of education of some citizens	1.17%
Cannot evaluate	27.52%
There is equal access to the courts	24.35%
Total	100.00%

Source: Opinion Poll, ISPPI

The data shows that respondents give relatively equal significance to the ethnic origin, material and social status, but not to the education of the citizens in assessing access to the courts.

Respondents think that:

- a) in terms of ethnic origin, the most discriminated before the court are the ethnic Albanians (11.76%), and negligibly other nationalities (1.17% to 2.92 %).
- b) with respect to social status, respondents think that social exclusion before the court pertains only to the category of *workers* with relatively large share of 20.7% and farmers (5.9%).

- c) finally, regarding the financial status of the citizens as an indicator of inequitable access to the courts, respondents think that it pertains exclusively to the *poor* (34.9%).

In short, data unquestionably indicates that the prevailing public opinion is that of inadequacy of the judicial system to the new social reality arising from social transformation and deep economic, cultural and social changes. Hence the widespread talk about a crisis in the judiciary, primarily reflected in the existence of social insecurity and exclusion.

12.3 REASONS FOR INSECURITY AND EXCLUSION

Inadequate structure of the Courts system

Starting with Article 98 of the Constitution of Macedonia (Official Gazette 1991/52) and Article 7 of the Courts Act (Official Gazette 1995/36 and 1995/45), the judicial branch is established as consisting of primary courts (courts of first instance), appellate courts (second-instance courts deciding only on legal remedies) and the Supreme Court of Macedonia. In accordance with this legislation, there are 27 primary courts and 3 appellate courts. With the enactment of the Courts Act, Macedonia has a modern court system which includes resolution of civil (procedural and non-procedural), administrative, criminal and misdemeanour cases.

Courts are being criticized from various quarters that they lag behind developments in contemporary society, that they fail to respond to the demands of the times and that they are unable to provide the required level of protection to the individual and to society. There is a correct impression that contemporary society needs a completely different, more efficient, better organized and more functional judicial system, which will also provide efficient and equitable decisions. It must be admitted that the judiciary is suffering from the above-mentioned and other weaknesses, which have a negative influence on its activity and result in a host of harmful consequences. It should be said that among them is the situations in our country, where there are still problems of objective and subjective nature.

Among the objective factors that cause many negative implications impeding better organisational solutions and more efficient court work in general, the more common are:

1. the difference between the legal duties of the court and the financial means available for performance of those duties, i.e. *the insufficient financial resources* for regular activities and expenses;
2. *insufficient number of judges. and. high influence of partisan considerations in personnel structure*
3. *the overloading of the courts with too many cases*, which turns ruling into a routine.

Conservatism, inertia and lack of initiative

Some normative solutions are predisposed to result in inefficient judicial protection. For example, Article 21 of the Courts Act stipulates that judges are appointed without term limitations. This provision is justified by the view that appointment of judges without term limits is a guarantee of the independence and autonomy of judges in the performance of their duties. Reality is somewhat different, however. This provision not only fails to materialize the above-mentioned intention of the legislators, but it makes courts inefficient and is one of the factors that result in insecurity of the citizens in the court system. Arguments in support of this claim come primarily from the fact that the security of judges in

executing their office is inversely proportional to the security of citizens in the court's unbiased and honest administration of justice. This is particularly pronounced by the fact that normative regulations about accountability of the judges is not functional. The situation is hardly unexpected, in view of the fact that supervision of the judges' performance by the Judicial Council almost completely fails due to a host of organizational weaknesses.

In short, the judicial system and organisation is inadequate and because of that, in any court case today, the freedoms and rights of the citizens suffer, especially the right to security that along with the right to life and the right to freedom is one of the most elemental and general human rights. The right of every citizen to live in peace and to be protected from any kind of attacks on the person and property is in paramount. If this protection fails (when the right to security is threatened or violated), and the right to rectification of the consequences and prevention of violations of the rights of the victims before the court is suspect then that security has its own objective and subjective dimension. Objectively, "security" means the level of true protection of the citizens against improper actions of the court. Subjectively, "security" denotes the extent to which the citizens feel protected by the court, i.e. the level of fear from improper actions of the court.

12.4. SOLUTIONS AND POSSIBLE REMEDIES

Solutions

The causes of malfunction of the legal system are still unknown. Current findings offer certain solutions that strengthen court protection, eliminate social exclusion and secure true security for the citizens. According to us, they need to be sought at:

1. the level of securing the basis for proper functioning of the court, and
2. the level of subjective weaknesses and omissions. Therefore, according to our opinion, the focus must be on overcoming the following problems:

The Judicial system as an integral part of the social protection system

The problems of the judiciary should be studied in parallel with other social problems, As part of the general social system, the judiciary acts and develops in conditions of certain relations that it does not create, but adjusts to them and somewhat influences their development.

Securing adequate functioning of the judicial system by better organisation

The solution for that is providing more courts and larger number of judges with the necessary knowledge, relieving the courts from extraneous matters, less burden on the judges, changing of court procedures and their

adaptation to the needs for efficiency and finally forming an independent judiciary budget that will help not only in solving the financial problems of the courts but also help in finding proper measures for distribution of salaries among the employees of the court and more adequate use of the skills of the judges. Hence, in order to establish the right to security, it is very important to secure an active role of the victims in the court proceedings (improvement of the position of the victim during the proceeding), especially protection from retaliation by the defendant and from incorrect actions by the organs for criminal prosecution.

New Tasks

For successful conduct of judicial practice, in addition to the aforementioned, it is necessary to build a certain type of judge that must possess greater knowledge of jurisprudence, and other non-legal matters. The judge is required to be humanistic-oriented and to be a highly moral person. This implies new training for judges by high crime policy experts from the country and abroad on the initiative by the Justice Department.

Judges and judicial systems must answer to the citizens about the means for enforcing justice. There should be hope that the new judicial system will resolve the apparent contradiction between the freedom and the responsibility of the judge and will secure the judicial function as a responsible social activity, a *duty and not a privilege*. From that standpoint, it should be mentioned

that *the* Constitution from 1991 introduced a significant *new* institutional form - *the National Judicial Council* that finally must establish itself as an organ that in its sphere of rights and duties in relation to the appointment and removal of judges will contribute toward the strengthening and realization of the judicial function and the activity of the judiciary.

Task for the National Judicial Council and the ruling political parties

The role of the Judicial Council will be truly effective if the legislators shorten the length of the term of office of judges from life-long to more suitable timeframes. The priorities for further judicial reforms can be found in the following fields:

1. Establishment of more courts and improvement of the judicial organization, more precisely the Supreme court should not deal any more with administrative disputes, and the courts of the original jurisdiction should not deal any more with misdemeanours;
2. The length of the term of office of judges should be changed from life-long to more suitable timeframes.
3. Introduction of criteria for exertion a real control from the Republic's Judicial Council over the courts

LEGAL INSECURITY

13.1 RECENT CHANGES IN THE LEGAL SYSTEM

New laws and their influence on insecurity

One of the sources of insecurity in Macedonia is the process of legal restructuring of the political and legal system, that has been going on over the last 10 years, as a part of the global transitional changes. The change of legal regulations has been seen as inevitable and desirable, but the insecurity derives from the slow and divergent changes of old legal solutions, characteristic of the previous system; adaptation of old laws instead of drafting new ones; absence of public discussion (in order to take into account the needs of those most concerned by the content of new laws); frequent

modification (complete or partial) of already passed laws, and the legal incompleteness and inconsistency of the laws (which results in a large number of annulled articles of laws or complete laws, in procedure before the Constitutional Court of Macedonia). The legal insecurity is felt by all citizens in the domain of their needs and interests (in the areas of labour legislation, pension and social legislation) and it has particular influence on the economic entities (especially in the private sector), the work of the enterprises and the development of the economy.

Legal uncertainty and its impact on business

The interviews conducted under the *NHDR Opinion Poll* with the management of different types of enterprises in Macedonia, identified precisely **the absence of specific important laws**, as well as the frequent changes of the laws as a matter for concern. The Survey revealed that there is a difference in perception regarding the causes for insecurity among small, medium and big enterprises. Namely, the small and medium enterprises feel more endangered by the inconsistencies in legislation, than the big enterprises.

The laws that are missing and cause economic entities to feel insecure from the point of view of their needs and interests in terms of uniformity of relationships among themselves and between them and the state, are: Law on Construction, Law on Staff Policy, Law on Regulating Export Subsidies, Law on Import Regulations, Law on Benefits for Employers of Workers from Bankrupt Companies, Law on Foreclosure (especially interesting for the small enterprises). Some of the interviewees express an impression of a general shortage of laws that would provide wider legal security, laws that would regulate ownership rights more precisely and more adequately; laws that would protect capital (stressed by the medium size enterprises). Also mentioned was a lack of adequate legal regulation in the areas of trade, foreign investments, preventing corruption, labor, collection of receivables, banking (a need identified among the large enterprises), and more precise regulation of VAT (Value Added Tax).

Imprecise legislation and too frequent legal modifications

Part of the legal insecurity, in addition to the absence of certain laws, is also perceived to be the **imprecision of existing legislative solutions**. In this domain, the interviewees think that too much of the legislation is open to interpretation, which makes it more flexible and susceptible to political influence. The most imprecise laws are: Law on Commercial Companies, Law on Customs (the part regulating importation of raw materials), Law on Bankruptcy, Law on Personal Tax, Law on Labor Relations, Law on Pension and Disability Insurance. The next element in legal insecurity is **the frequent modifications to newly passed laws and legislative solutions**, which introduce a large dose of uncertainty in the work. Just to illustrate, in the period 1992-1999 a large number of laws have undergone multiple changes:

Law on Customs - 7 times
Law on Customs Tariffs - 5 times
Law on Sales and Production Services - 13 times
Law on Taxes Levied on the Citizens - 6 times
Law on Luxury Taxes - 10 times
Law on Profit Tax - 6 times
Law on Utility Taxes - 7 times
Law on Foreign Trade - 8 times
Law on Transformation of Enterprises With State-Owned Equity - 9 times
Law on Financial Operations - 3 times
Law on Securities Trading - 4 times
Law on Accounting - 6 times
Law on Banks - 5 times
Law on Payment of Remuneration - 8 times
Law on Personal Income Tax - 4 times

In 2000, 49 laws have undergone change, some of them being modified several times within the same year.

Many legal amendments are arbitrary and do not follow due process

One troublesome aspect is that there is a growing tendency to modifying laws by **decisions of the Government or specific Ministries**, instead of through an appropriate parliamentary procedure (as the only valid and proper procedure). The interviewees point to the practice of drafting bylaws or guidelines that nominally should facilitate the implementation of certain laws, but are in fact a material change in the content of the law. These guidelines, solutions decisions, passed at the level of Government, ministries or other state authorities, influence the content of certain laws and introduce the possibility for these laws to include content not derived from the text of the law itself, and sometimes are even at odds with the text. This practice is particularly pronounced in the last few years, which brings about the element of political arbitrariness in the place of the rule of the law. These solutions are usually temporally very limited, which creates favorable or unfavorable situations at the spur of the moment, which in turn introduces the element of discrimination and harms the logic of the law which should be a general non-discriminatory norm applied to an unlimited number of entities.

Another significant indicator of legal insecurity is **the number of canceled or abolished articles of certain laws, and even whole laws, in a procedure before the**

Supreme Court of Macedonia. In the period 1992-2000, the Supreme Court has canceled 286 articles from 106 laws, 9 laws have been completely abolished and 1 law has been canceled. In the year 2000 alone, 14 articles in 11 laws have suffered changes. The need for Supreme Court intervention and the number of positive decisions passed by the Supreme Court in relation to submitted requests for abolishing or canceling of parts of laws or entire laws, implies shortcomings in the performance of the executive government (in the process of proposing and preparing of the draft laws) as well as in the performance of the Parliament of Macedonia and the parliamentary bodies that participate in the preparation of the laws (from a point of view of the procedures for passing new legislation or from the point of view of the inadequacy of the legal basis of the passed laws).

Absence of an adequate legal basis for government decision making

The absence of adequate laws, rapid changing of laws and interference of the Government and certain ministries in the definition and reshaping of the laws by decisions or memoranda (which is especially true for the Ministry of Health, Ministry of Labor and Social Policy and the Ministry of Education) imply:

- A situation of continuous disparity between the by-laws and the acts of enterprises with the new legal provisions;
- unfamiliarity with the law as a valid excuse in legal exchanges;
- Avoidance and disrespect of legal provisions or acting in anticipation of change (impairing of the economic processes);
- Progressive increase of the influence of the political factor in legal affairs;
- Uncertainty derived from the short life of many laws and unwillingness to make long-term investments and strategic change under such circumstances;
- Lack of adequate and relevant solutions in the law due to the lack of the public discussion processes

In other words, the legal solutions do not follow and are not derived from practical considerations; rather they are drafted as a part of the political power struggles and competition among the political entities, which makes them subject to swift change, adjustable to the needs and interests of certain narrow and often unprincipled and undemocratic circles.

13.2 MEASURES TO REDUCE LEGAL INSECURITY

Possible solutions to overcome legal insecurity are:

- Closure of the process for passing of new legislation;
- Renewal of the practice of public discussion when passing new laws;
- Providing for durability of the laws for a period that will enable further economic cycles and effects;
- Cutback of the acts of Government and certain ministries, which change the content of articles in the laws or enable practices that are contradictory to or outside of the scope of the laws;
- Respect for the entire procedure for passing of the laws and avoiding to pass or modify laws in urgent or short procedure.





POLICY IMPLICATIONS AND CONCLUSIONS

CHAPTER 14

SOME CONCLUSIONS AND POLICY RECOMMENDATIONS: GOVERNANCE ISSUES AND POLICIES FOR REDUCING SOCIAL EXCLUSION AND INSECURITY

14.1 MAIN FINDINGS OF THE HUMAN DEVELOPMENT REPORT-2001

Widespread feeling of insecurity among all groups in society

The analyses in this National Human Development Report attempts to explore the issues of insecurity and social exclusion among citizens in Macedonia, how strongly they are felt and if they are related.

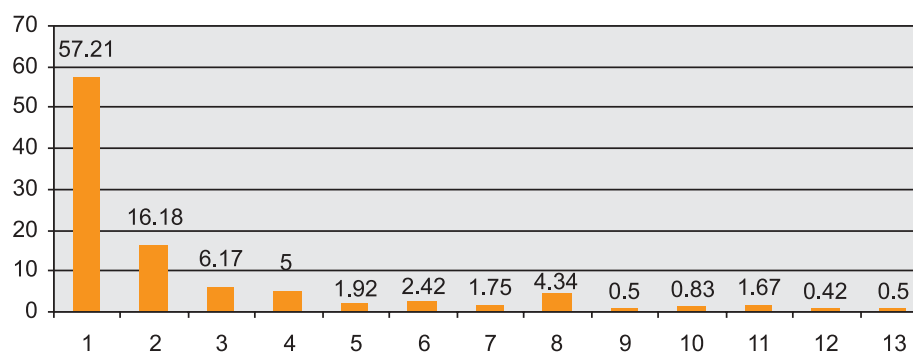
Summarizing the observations from the various chapters, we may conclude that there is substantial insecurity among the citizens. The different poll results, obtained in December 2000 unequivocally indicate that almost every citizen of Macedonia feels some kind of insecurity derived from a complicated set of societal circumstances

at the national, community and individual levels. Many citizens feel very insecure, and many face several types of insecurity at the same time (unemployment, ethnic tensions, inability to use health services etc). As well, insecurity generated by the transition to a market economy over the last decade is much higher in comparison to the previous period.

One of goals of the analysis was to establish which kinds of insecurity are dominant, and to that end respondents to a poll conducted for this study gave the following answers:

Table 14.1 What makes you most insecure?

Main Category of insecurity arising from	Percent
1) Unemployment	57.21
2) Low income, despite being employed	16.18
3) Poor social assistance from the state when we are (or may become) left without regular income from work	6.17
4) Ethnic tensions	5.00
5) Negative influence of threats from neighboring countries	1.92
6) Negative influences from the international community	2.42
7) Endangered environment (pollution of water, air and soil)	1.75
8) Crime	4.34
9) Poor judicial protection	0.50
10) Lack of opportunities for schooling for myself and my children	0.83
11) Lack of opportunities for myself and my family to use health services (infirmaries, hospitals)	1.67
12) Inability to exercise any of our rights before state or municipal administrative agencies	0.42
13) Other	0.50

Graph 14.1. Types of insecurity

For categories see Table 14.1 above

Source: Opinion Poll, ISPPi

Fear of unemployment and job insecurity and remuneration

Responses to the *Opinion Poll* indicate that the absolute strongest insecurity is felt with regards to *unemployment*, which the families of respondents are facing now or could be facing in the near future. The next type of insecurity derives from *low and/or irregular remuneration*, followed by *inadequate social assistance*. In general, causes related to earning a living dominate (about 80% of the total number of responses) in Macedonia.

The former conclusions do not exclude the existence of security in some fields of life in Macedonia. More particularly, *crime*, especially of a personal nature is not of a sufficient magnitude to cause acute feelings of insecurity among the Macedonian citizens. Next, many citizens are covered by the *system of education*, which to the most of them is free. As well, there is a very comprehensive system of *pension-invalid insurance* and all of this is a result of the successful policies of the Government. Nevertheless, the feeling of insecurity is widespread, which is a strong indicator that Macedonia

is still in crisis and positive developmental impulses still do not prevail.

Social exclusion is pervasive

In Macedonia there is also considerable social exclusion, according to the definition or concept presented in the introduction to this study. It implies the inability of citizens to exercise all the rights that they are entitled to, i.e. impeded access or no access to the various services or goods that they should be able to obtain or consume as part of the contemporary way of life. In that context, the most excluded category are the unemployed, as many of them are unable to secure even sufficient quantities of food, and are also facing impeded access to health and education services. A large excluded category of population is the rural population, and within it residents of hill and mountain areas experience much more severe exclusion than residents of flatland areas. The *residents of hill and mountain villages* is probably the second most excluded category of population, being affected from multiple sides - they face poverty due to the lack of opportunities for land cultivation and migration, which significantly reduced the number of able workers, and also due to the impeded access to all institutions that provide public services - health centers, schools, public administration in cities and municipal centers etc.

Discrimination, access and exclusion

Among the ethnic groups, the absolutely most excluded group are the *Roma*., They are much poorer in comparison to any other nationality and consequently underfed, much more uneducated, the least employed, facing difficulties in obtaining public services. *Albanians* are characterized by a lower rate of employment, especially in public institutions, restricted educational opportunities, and some discrimination against state administration and courts. *Turks* are characterized as well with a lower rate of employment and less free access to health care institutions.

People with lower levels of education also face exclusion due to fewer employment opportunities and limited access to institutions that provide public services. There is some exclusion of the women, who are less employed and less included in the education system, and there is also partisan exclusion, i.e. fewer opportunities for employment and promotion for those not belonging to the political parties of which the leadership/management of enterprises and state institutions are members. Nepotism also results in exclusion i.e. friends and relatives of people in positions that regulate the rights and entitlements are privileged in the society, i.e. they receive priority in employment, promotion or utilization of social services. Naturally, people in the excluded categories feel more insecurity in life and work than those in the non-excluded population categories.

14.2 AN EXAMINATION OF PROBABLE CAUSES

Old and new origins of insecurity and social exclusion

The causes of insecurity and exclusion date from the pre-transition and independence period, but they have been amplified in the period of transition, and new types of insecurity have emerged. Macedonia coped with huge economic and political challenges since the very beginning of the transitional period, to which the social security ones was added later on. With the disintegration of Yugoslavia in 1991-1992, Macedonia broke off from the Yugoslav federation and lost the Yugoslav market, where all republics were protected (through tariff and non-tariff barriers) from foreign goods and services. Even opportunities to continue trade with those areas under somewhat less favorable conditions were meager due to the wars in Croatia and Bosnia Herzegovina in

1992-1995 and the embargo imposed by the international community on FR Yugoslavia (Serbia and Montenegro) for its involvement in those wars. The embargo reduced Macedonia's trade with other countries of Central and Western Europe, as Yugoslavia was the closest connection to these countries. Alternate routes raised costs and reduced the competitiveness of Macedonian products. Exports of Macedonian goods and services to Eastern Europe was also reduced. These countries that hitherto had restrictive trade regimes with Western Europe and the USA opened up to imports from these countries, and their markets were flooded with more competitive western products. In that period (1992-1995) Macedonia was under an oil embargo from Greece. Greek authorities banned the transport of oil from the port of Thessaloniki to the Macedonian oil

refinery. This resulted in high prices of oil imported from other sources, and this was reflected in the prices of products.

The high social cost and uncertain rewards of transition

Certainly, external factors were not the only negative influence on Macedonia's economy. Macedonia made essential failures in restructuring of its production, especially in the process of privatization. Namely, the selected model was the one of paid privatization and a methodology was adopted for estimating the value of the enterprises with socially owned capital whose parameters should have depicted the real value of the enterprises. However, this was done when Macedonia was under an oil embargo from the south and trade with the north was restricted, so that all the indicators of value of the enterprises, which included the absorption power of the market, export possibilities, liquidity etc, were substantially lower in such restricted conditions. Thus, the opportunity for establishing a lower price of the socially owned economic capital, was fully utilized. Next, the privatization was an administrative and not an economic act, because it commenced without a stock exchange, as an affirmed mechanism of trade according to market criteria, thus diminishing the publicity of such trading and a many of the significant indicators of financial conditions were unfamiliar to a large portion of potential shareholders. The insufficient information means elimination of a certain number of potential shareholders and possible manipulation in the direction of further lowering of the price of the socially owned economic capital. In addition, the Government failed to establish an effective control over the privatization process and intervene at abuses.

Weak social and real economy considerations in macro-economic policy

Macroeconomic policy was characterized by essential shortcomings. Immediately after the independence, the measures of the macroeconomic policy were directed toward the liberalization of prices and the foreign trade, i.e. toward free market pricing of goods and services and of the foreign currency exchange rate, which caused an increase of the general price levels. Through restrictions by the demand, the high inflation was timely and quickly neutralized. The restrictive monetary and fiscal policies, the reductions of the bank placement and the politics of salaries, have resulted in a macroeconomic stability that is still being maintained.

But, *over-emphasizing the stabilization* (restrictive) component of macroeconomic policy, and especially restrictive monetary policy, in its efforts to establish stability of prices resulted in a massive decrease in economic activity. As a result, the need was imposed that the domestic production should be substituted by imports. Considering the fact that a relatively small part of the total import is dedicated to production means, and a larger part is dedicated for mass consumption and reproduction materials, the outflow of foreign currency funds was inevitable and with that, the need for acquiring a debt to feed the deficit of the trade balance. As well, the high degree of liberalization of the foreign trade (abolishment of the import limitations and export subsidies) which was a condition for cooperation with the IMF, and is based on the logic of strengthening of the readiness of the economy for an international competition in prices and quality, in circumstances where structural reforms were not even started, for Macedonia created more negative than positive effects.

Severe output decline, income and wages compression

As a result to this, Macedonia had a dramatic fall of its overall production and national income or GDP, which fell at an average rate of 8.6% annually in the period 1991-1995 to under 60% of the level in 1990. Since 1996, GDP has grown at an average annual rate of 2%. On the one hand, this massive shock had a significant impact on the decline of wages and salaries; on the other, it caused an increase in unemployment in Macedonia. Over the period 1989-1995, employment rose by 44%, and in the past few years the unemployment rate has been around 32%. It increased considerably the poor population on one hand and widened the social gap on the other. In 2001 about 76,939 households or about 15.3 % of the total number of households in Macedonia are social subsidy beneficiaries (according to the Ministry of Labour and Social Policy), that is only 57% of the relative poverty line. It is estimated that the category of relatively poor people below the poverty line is between 40-50% of the total population of Macedonia.

Decline in the social responsibilities of the State

In this period, the state was gradually losing its social function as jobs were lost (which did not happen before the transition), as co-payment for health services was introduced and shortages of subsidized medical drugs started to occur as yet another blow to the standard of

living. The unfavorable economic trends in the transition period reduced opportunities for good quality education, construction of infrastructure and protection of the environment, which significantly reduced capacity for medium-term and long-term development. There were also public health consequences, with significant increase in morbidity, especially for cardiovascular diseases.

Lack of a recovery strategy and neglect of the rural areas

Certainly, the economy and the limited financial capacities of the state are not the only reasons behind the decline of the quality of life and increasing insecurity of the Macedonian population. There is a general lack of readiness to reorganize the entire society, i.e. to have a well-conceived strategy of development of important sectors of society, where there are problems left over from the previous system that become even more pronounced in financially difficult times. All of this causes various types of insecurity among the citizens, and the reasons are different in the various areas of society. Thus, insecurity among the rural population derives from the lack of appropriate rural development policies, such as building of infrastructure (roads, bus service, shops, infirmaries, schools) and problems of agricultural production (high prices of inputs, uncertainty in marketing of agricultural products, credits on unfavorable and uncertain terms, neglect of the development of cooperatives, removal of subsidies) and inadequate social policy for the farmers is a significant negative element in the development of rural areas in Macedonia.

The insecurity derived from threats to the environment comes from the permanent pollution of the air, water and soil in Macedonia, and there is insufficient capacity among state institutions in charge of these matters; legal regulations are incomplete, and their weakest point is the lack of definition of jurisdictions, rights and responsibilities. There is also inadequate awareness among the politicians about the significance of environmental quality. The source of ethnic tension and insecurity derived from ethnic relationships could be located in the insufficient integration of the persons belonging to different ethnicities, in contrast to the insecurity of ethnic Macedonians that is mainly based in the different birth rates (especially in the ethnic Albanian community) which changes the ethnic map of Macedonia,

Insecurity and human rights

The reasons for insecurity in the exercise of civil rights before the state administrative organs lie in the weak organization, lack of evaluation programs, insufficient accountability or poor motivation originating from the absence of established practice in evaluating individual performance in the state apparatus, inadequate capacity of civil servants due to lack of basic professional education i.e. civil service faculty, and widespread corruption. The reasons for insecurity in the exercise of civil rights before the judicial organs lie in the poor organization, inefficiency (procedures take a long time), bias and corruption among judges. The insecurity among business entities derive from the incomplete legal regulation of business relationships, inadequate legal and institutional protection of business entities and corruption of state administrative organs.

14.3 PROBLEMS OF WEAK GOVERNANCE AND POLITICAL RESPONSIBILITIES

Ineffective and inefficient governance and political systems

However, the more profound problems associated with the high incidence of social exclusion and insecurity came from the inefficient functioning of the political system institutions. Macedonia entered a new social system, first of all economic, about which the governmental and party structures did not have enough knowledge. They failed to build a development strategy because the political parties, in order to survive in the political arena in Macedonia in this initial period of

multi-party democracy, had to rely on their members to the greatest extent. In order for the party membership to be motivated to help the parties, it had to be gratified by employment and appointments to state administrative offices after the given parties would come to power. Inevitably, the most loyal and most active party members were not necessarily the best experts, and in these circumstances they were appointed to positions of considerable responsibility. In addition, there were institutional mistakes in the system of government. The Parliamentary system was not consistently designed.

Specifically, there was no political factor established with the power to dismiss Parliament, a legislative body of immense importance. Thus, Parliament was allowed to be politically “at ease” and less active than the executive cabinet, which was also allowed to be less effective.

Over centralization of governance

The centralization of power in 1991, whereby much of the governing authority in education, health care, welfare, culture etc were transferred from the local to the central government level (perhaps associated with the process of establishing national independence or due to tensions in ethnic relations), reduced political effectiveness as the ministries were forced to look after

operative details and concentrate less on systemic or strategic development tasks. On the other hand, the citizens, Trade Unions and non-governmental organizations were not prepared to play an active role in the changes, more particularly to exert an influence over the state authorities towards improvement of their decisions, since they had not possessed the necessary level of political culture and were not politically organized so to act efficiently. That enabled the governmental authorities to afford irresponsibility in their activities, especially in the process of privatization. As it may be seen from the above, the reasons for the crisis of Macedonian society, which generates the insecurity and exclusion, are complex and multi-layered. Resolving those problems requires well-conceived efforts in the long term.

14.4 SOME POLICY RECOMMENDATIONS

Need for a comprehensive new vision of the transition process

The development strategy in the transition period, based above all on the transformation of the political system through introduction of multi-party pluralism, transformation of the economic system through privatization and establishment of private property to dominate economic processes, foreign-policy orientation towards economic and social integration in European structures and the willingness of developed countries to help Macedonia to overcome the crisis are the basic prerequisites for long-term development that would reduce the insecurity felt by its citizens and the exclusion of some social strata.

Some reforms are already underway, as mentioned before. In the economy, privatization is in an advanced phase, improved corporate management is in place and there has been a quick development of management training and education which would introduce a new generation of managers, primarily in commercial companies. In the political system, reform of local government aimed at expanding the authority of local governments and strengthening local democracy is underway. There is improvement of the political awareness among the citizens, indicated by the critical evaluation of the governing of the central and local governments in the last elections and punishment of those that governed poorly. There is also some progress in the area of environmental protection with the establishment of a Ministry of Environment (1998) which

introduced better (but still insufficient) protection through inspections and securing additional funding for these purposes. However, the incompleteness and in some cases internal contradictions in the reform processes still generate crisis in Macedonian society, making it unsuitable for entry into the European Union. That is why reform efforts need to be intensified in several spheres of development of society.

New focus for economic and social transition

In the context of the need to move ahead with the transition process, the solutions would be focused on the following:

In the economy:

- Switch of the strategy of stabilization-restrictive economic policy to a developmental oriented one giving the priority to reducing unemployment against maintaining a low inflation rate;
- Urgent reform of the banking system, restructuring of the banks, bank mergers and creating conditions for entry of foreign capital. This would influence the high chargeable and payable interest rates and high interest rate spreads; it would also restore the lost confidence of the savings depositors;
- Greater flexibility of the foreign exchange rate with fixed, but adjustable, parity of the national currency, that could vary in the zones of allowed fluctuations from 5 to 7%. This

- would enable a more flexible and, generally, macroeconomic politics that would be subjected to the goals for a faster economic growth and structural reforms;
- the solution to the chronic external trade imbalance is seen through discretionary non-tariff limits and measures of export stimulation in direction of strengthening the infrastructure for financing the exports; reduction of customs for production equipment not produced in Macedonia; etc. because the high degree of liberalization of the foreign trade (abolishment of the import limitations and export subsidies) which is a condition for cooperation with the IMF, and is based on the logic of strengthening of the readiness of the economy for an international competition in prices and quality, for Macedonia creates more negative than positive effects;
- Enhancement of capital expenditures in the total budget expenditures, from the current 2% to a level of 4% of the GDP, which, among all else, would support the investment activity of the private sector by intensifying the public investments in the infrastructure.
- Enlargement of government's investment in human resource capital especially in education.

Strengthened institutional, judicial and labour reforms

Even in the case of spectacular economic growth, the status of all employees will not be automatically changed, because somewhere the employees do not receive wages at all, or their wages are beneath the minimum determined by law due to the inefficient judicial and/or lack of Trade Union protection. The reform of the Judiciary should include the establishment of a Court for Labour Disputes, free and expeditious. Such courts existed up to the beginning of 1990's, and their results can be assessed in positive terms. Strengthening the Trade Unions in Macedonia is another solution of a kind so that unions are able to protect workers rights through participation in the drafting of labor legislation, introduction of professional standards and criteria for hiring and promotion of employees, parti-

cularly in the organs of state and local administration, which would reduce exclusion based on political party affiliation or nepotism, and would improve protection of individual workers' rights if they are violated.

Greater emphasis on rural and social development

In the area of rural development, where problems are very complex, parallel action is needed from the state and foreign donors in several directions:

- Conceptually the development of smaller urban centers should be changed by development of the spatial economy, and particular attention should be paid to development of infrastructure in order to reduce local and regional differences. In respect of the economy, investment in processing industry and services in rural areas is needed. As well, establishment of more direct and more efficient health care in rural areas is necessary and raising of the average level of common education of rural population through maintenance of primary schools, boarding for pupils, provision of free meals, textbooks, organizing transportation for rural children to secondary schools located in the towns. In addition, it is necessary for agriculturists to enjoy their social security rights (pension-invalid insurance, health insurance, etc.
- In the area of welfare, the needy should not be assisted only through direct financial transfers, but also through loans under favorable terms that would enable recipients to become economically active. For those that could not generate income on their own, either temporarily or permanently, such as many of the Roma, single mothers, elderly and disabled persons, families with many children etc, welfare protection should be strengthened through programs for the poorest citizens whereby they would be allowed to pay privileged prices for public utility services.

Improved environmental monitoring and protection

In the field of environmental protection it is necessary to strengthen the capacity of those state institutions competent and responsible for environment protection,

improvement of existing legal regulations and adaptation to EU legislation with the aim of making sound and qualified decisions on environment issues. Of course, the high degree of soil, water and air pollution in some areas of Macedonia require many concrete activities.

Improvement of air quality should be effected by improving the efficiency of existing systems for purification of waste gases from industrial and energy polluters and replacement of obsolete technologies, phasing-out of fuels with high pollutant content; water quality should be secured by installation of waste water treatment plants, etc. The most urgent intervention is needed in the city of Veles, due to intense pollution from several sides.

Attention to ethnic relations

In the area of relaxation of ethnic relations and reduction of ethnic tensions, the following measures should be undertaken:

- Reinforcement and legislative strengthening of the civic model (through parameters sensitive to the ethnic makeup characteristic of Macedonia) in which tolerance, respect of differences and multi-culturalism will be in line with accepted international standards;
- passing of laws that will regulate the use of languages of the different nationalities;
- legislative regulation of the use of the symbols of the nationalities and the development of well-defined national symbols;
- development of a humane population policy toward the interests of the child and not toward the satisfaction of certain ethnic communities (i.e., regardless of their ethnic or racial affiliation);
- strengthened measures in the direction of raising of the educational level of certain ethnic communities, that will raise their employment opportunities and provide better treatment by administration, courts, etc.
- Especially significant in this context is improvement of the social status of the Roma, who should receive a great deal of assistance to be better included in educational institution and to raise their level of education in general, provide opportunities for job creation, training and re-training, privileged use of health and

social services, housing that satisfies at least the elementary standards etc.

Improved personal security and policing

In the area of personal security:

- training of the police to undertake activities of preventive nature, intended toward people victimized multiple times, as well as to the other citizens, indicating the threats and ways of protection;
- formation of special agencies for providing assistance and support to crime victims;
- education of the citizens with regard to their rights and how to protect themselves.

Strengthened judicial system

In the area of judicial protection, the factors that slow down judicial procedure should be targeted for action. Therefore it is needed to provide more courts and larger number of judges with the necessary knowledge, relieve the courts from extraneous matters, less burden on the judges, change of court procedures and their adaptation to the needs for efficiency. The work of the judges could be improved if appropriate criteria are introduced for their remuneration and appointment/placement based on achieved results.

Greater responsibilities to the state and local authorities

It is extremely significant to raise the level of responsibility and proficiency of the state authorities, because they are the crucial creators of the developmental policy in Macedonia and efficacy and efficiency of the overall social system depends crucially on their decisions. Establishment of a Public administration and Public Policy Faculty (school) can achieve the long-term improvement of their proficiency, but some minor effects can be achieved by their communication with foreign counterparts introducing their laws and experience. The reform of the state administration is unavoidable, directed towards raising of level of information of the citizens, encouraging them to start economic and other enterprises and co-operating with them in attaining of their goals which would be achieved through evaluation of programs, introduction of criteria for promotion and incentives for civil servants etc. Institutional

changes should be implemented at the national and local levels. This would be achieved as follows:

At the national level through

- Introduction of a possibility to dismiss the Assembly. The Assembly could be dismissed by the President of the Republic, at the request of the Government Cabinet. This would improve the accountability of the Assembly, and indirectly the accountability of the Government Cabinet. This change could be effected only by changing the Constitution of Macedonia, which is within the purview of the Assembly;
- Establishment of committees of experts (citizens) who would give recommendations for important legislative acts or state agency policies

At local government level, through

- Significant expansion of local competencies, particularly those related to education, health care, social assistance to the local population etc. Financing of local governments should be improved by using some of the taxes associated with economic activities (VAT). Equalization schemes should be introduced to enable the poorer municipalities to meet the basic requirements of the local population. In view of its current difficulties, local governments would require foreign assistance in the foreseeable future.

Increasing public awareness and consciousness of political, social and economic affairs

In order to make the government function more effectively it is necessary to have conscious, educated and politically well-organized citizens. Thus raising political culture is one of the imperatives in the ensuing period. This could be done by raising the level of citizens' information on the central and local competencies, which of their rights should be executed by the state and local authorities, and how to organize themselves in order to make the government more responsible. This could be done by free training, fostering of NGOs etc. The immediate causes both for citizens' insecurity, in which context the most acute types are unemployment, low incomes and insufficient social relief, and social exclusion, especially of the poor hill and mountain rural areas, could be dramatically reduced as a result of the creation of a concept of development, within the contemporary theory and practice known as the *Sustainable Development*.

The sustainable development model

The development of a sustainable development model will enable the selection of economic priorities, that will accelerate economic growth, leading to a reduction of unemployment on the one hand, and construction of large facilities (such as - integrated hydroelectric power stations/irrigation facilities) in favour of economic prosperity of some regions that are neglected at present. Enhanced economic capacities in some regions will improve regional infrastructure bringing those regions closer to the national average. Special attention within the Sustainable Development Model will be paid to the excluded and vulnerable groups providing them with opportunities for employment, education, free access to the health centres, etc.

TECHNICAL REMARKS

CALCULATION OF THE HUMAN DEVELOPMENT INDEX

The *Human Development Index* (HDI) is calculated on the bases of three components - the length or longevity of life (life expectancy at birth), achieved education and the standard of living. The first component - *the length of life* is measured by the expected life span of the individual from birth to death. The second component - *the achieved or attained education* is measured through two variables : the level of adult literacy and the gross rate of enrolment on the all three levels of education (primary, secondary and tertiary), i.e. through the synthetic measurement of the achieved education (E):

$$E = a_1 P + a_2 G$$

Where $a_1 = \frac{2}{3}$ and $a_2 = \frac{1}{3}$ are parameters¹ for the literacy level (P) and the enrolled students at the all three levels of education (G), respectively. The third component - *the living standard* is measured by real gross domestic product (GDP) per capita in terms of purchasing power parity in US dollars. (PPP\$)

The calculation of the human development index is undertaken in three consecutive stages, that are:

The first stage (the old way) discovers in what, i.e. in which of the three previously mentioned components: the length of life (X1), attained or achieved education (X2) and real GDP per capita (X3), the country has a shortage in relation to fixed minimum and maximum values established for each indicator, The calculation of the indexes for each component is conducted with the later mentioned formula where the index *I* is a shortage factor for a x-country in relation to the i -

¹ In the original HDI $a_1 = 1$, $a_2 = 0$. By modification of the version for calculation of the Human Development Index (1994), parameters $a_1 = 2/3$, $a_2 = 1/3$ are used for adjustment of the indicator (E).

variable, where, the maximum and the minimum values for the components are standardised and defined for all countries. The shortage for certain component puts that country in the range of 0 to 1: Thus

$$I_{ij} = \frac{(X_{ij} - \min_j X_{ij})}{(\max_j X_{ij} - \min_j X_{ij})}$$

The calculation of the index for the third component - income, is a little complicated and has so far suffered several modifications. The modifications, mainly, are relating to the level and the way of discounting for increasing income, having in mind that the HDI is based on the assumption of decreasing utility of income. The calculation is based on *Atkinson's formula* for the utility of income based on World Income (W).

$$W(y) = \frac{1}{1-\epsilon} y^{1-\epsilon}$$

where: W(y) is the benefit, i.e. the welfare derived from the income, and the parameter measures the scope of the decreasing returns. According to the recent methodology was considered that if W has no decreasing returns, and if is nearing 1, then $W(y) = \log y$. In other words, only the income that was above the level of the average world income was discounting:

$$\begin{aligned} W(y) &= y^* \text{ for } 0 < y \leq y^* \\ &= y + 2(y - y^*)^{\frac{1}{2}} \text{ for } y^* \leq y \leq 2y^* \\ &= y^* + 2(y^*)^{\frac{1}{2}} + 3(y - 2y^*)^{\frac{1}{3}} \text{ for } 2y^* \leq y \leq 3y^* . \end{aligned}$$

Where: (y) is the real income per capita (PPP\$), and (y^*) is the level of threshold or poverty level income.

Because of the manifested weakness, from the aspect of different treatment of countries with lower and higher levels of income than the level of the average world income, this formula is substituted with another formula for discounting income (Sudhir Anand and Amartya Sen, 1999), according to which:

$$W(y) = \frac{\log y - \log y_{\min}}{\log y_{\max} - \log y_{\min}}$$

In the second stage is determined the total shortage index (I_j):

$$I_j = \sum_{i=1}^3 I_{ij}$$

In the third stage is calculated the human development index (HDI):

$$(HDI) = \frac{1}{3} I_j$$

HUMAN DEVELOPMENT INDEX FOR MACEDONIA - YEAR 2000

The human development index for Macedonia, for the year 2000, is calculated in two ways, with “the old” and with “the new” - modified version. Because of the essential changes, the calculated human development index with the new methodology from 1999 is not comparable with the previous human development indexes.

Basic indicators for calculation of the human development index in Macedonia

Indicators	Life expectancy (1997/99) in years	Rate of literacy among the GDP (1994 - census) over 15 years of age	Gross rate for enrolment on all three levels of education (primary, secondary and tertiary) 1998	Real GDP per capita (PPP US\$ - 1996)
Macedonia	72.51	94.6	63.8	4163

Source: State Statistical Office of Macedonia

Usual method (according to the modified way of HDI calculation from 1995)

	Index of life expectancy	Index of achieved education	Index f adjusted GDP (PPP in US\$)	Σ	HDI
Macedonia	0.792	0.844	0.654	2.290	0.766

Logarithmic method (according to the modified way of HDI calculation from 1999)

	Index of life expectancy	Index of achieved education	Index f adjusted GDP (PPP in US\$)	Σ	HDI
Macedonia	0.792	0.844	0.622	2.258	0.753

OPINION SURVEY RESULTS

A. INTRODUCTION

Themes of the NHDR

The 2001 National Human Development Report for Macedonia contains two thematic subjects that are closely interrelated, namely insecurity and social exclusion.

The subject matter of the Report derives from the present rather complex economic, social and political situation in Macedonia stemming in part from the transition to a market oriented economy and radical changes in the economic and political systems. These pressures arising therefrom, as well as negligence in the process of privatization and economic restructuring, significantly reduced Macedonia's gross domestic product in the first few years of transition and weakened the standard of living, i.e. caused an increase in the percentage of the poor. These unfavorable tendencies led to (generated) the growing phenomenon of alienation and the marginalization of a substantial proportion of the Macedonian population and the insecurity, which, in the period of transition, has become much worse as compared to the previous period.

Focus of Research

The UNDP team of experts and the research team of the Institute for Sociological, Political and Juridical Research from Skopje University (the authors of the Report) determined that the analysis in the NHDR should focus on insecurity related to the subsistence (informal economy); unemployment, employment and the work place; social exclusion of the rural population, economic insecurity originating in the transition process, insecurity deriving from environmental threats,

(unsettled) inter-ethnic relations, lack of personal security associated with petty crime, lack of judicial protection, insecurity in dealing with state administrative organs and legal insecurity, as well as the exclusion that accompanies these circumstances.

Opinion Survey of different groups in society

Bearing in mind the agreed research orientation and in order to obtain the most current information on the feeling of insecurity and exclusion among the Macedonian population, as well as to find out which of the many problems facing Macedonian citizens cause the most insecurity, an **opinion poll** was conducted among 1,199 respondents from Macedonia in the period between 18 to 30 December 2000, using a *nationally representative multi-stage random sample* of the population aged 18+. Sample was based on 1994 Census results provided by the State Statistical Office for the population aged 18+ taking into consideration population composition according to age, sex, family status, education, national affiliation, profession, professional status, type of settlement, size of settlement, residential area and type of housing of the respondents. The statistical reliability was strengthened by stronger representation of underrepresented groups, such as Roma (ethnic affiliation) or residents of hills and mountain communities.

The results of this survey are both embedded in the text of the Report and summarized in this ANNEX. These include the comments of various respondents on their perceptions of social exclusion and insecurity.

B. SECTIONS OF THE SURVEY

The 9 thematic areas covered by the survey are as follows.

1. **Life conditions and financial situation of the respondent and his household.**

This section focused on data referring to quality of life of the respondent and his/her family measured by their accessibility to the trade companies and services of various public institutions; the size and quality of the respondents' households' apartments; the possession of respondents' households with domestic appliances; their incomes and expenditures on monthly basis; the respondents' attitudes of sufficiency of the incomes received and their feeling what their social position was, more precisely where at the scale poor-rich they could see themselves.

2. Closely related to this was the second survey topic on **land possession and agricultural activities of the respondent and his household** including information on the percentage within the total number of households possessing agricultural land and the percentage of those who cultivated it, as well as the reasons for non-cultivation of those possessing such a land.

3. The third survey topic was **employees' rights and labour relations** dealing with attitudes of the employed respondents to various issues on promotion, motivation and job dismissals in their companies or institutions including their feeling on security or insecurity coming from their remuneration and job security.

4. The next survey topic was **economic relations and insecurity** where the possibilities and problems of starting businesses were investigated as well as their attitudes related to the government's investment in education and their own readiness to invest in it.

5. The fifth topic was **insecurity coming from environmental hazards** where the respondents' opinion on air, water and soil pollution were required as well as their feeling on insecurity coming from environmental hazards.

6. The next topic was titled as: **insecurity associated with threats to personal safety**. Respondents gave information on criminal offences experienced by them for the last five years prior to the survey, their confidence in the police and feelings of personal safety.

7. The seventh topic in the survey was **insecurity of citizens due to lack of judicial protection** where respondents gave their opinion on the independence and autonomy of judges, their susceptibility to bribes, their impartiality and proficiency, as well as their feeling of citizens' equality in judicial procedures.

8. The next topic was on **insecurity of citizens before the state organizations (administration)**. We took into consideration that a professional, party-neutral, effective and efficient public administration, in addition to being one of the key pillars of organization of the state, is also of exceptional significance for the direct satisfaction of the needs of citizens. Through its activities, the administration directly influences the level of satisfaction and security of citizens that turn to it to exercise their rights and satisfy their needs (health care, social assistance, building permits etc). In order to assess the level of satisfaction of citizens from services received by state organs and to identify possible systematic neglect of some categories of citizens (which might increase the general level of tension in the country), a project was implemented in 1999/2000 by the *Institute for Sociological, Political and Juridical Research and the Canadian consulting firm SECOR* within which a survey was launched. The project was financed by the Canadian International Development Agency (CIDA), under the title "Strategic Management of Cultural and Ethnic Differences in the Framework of Public Administration in Macedonia". In view of the overlap of the time frame and project goals between that project and this project on social exclusion, we used research findings from the CIDA project that indicate the level of satisfaction and security of the citizens in their communication with state organs, as well as the respondents' experience with bribery of the state administration.

9. The ninth topic was **insecurity arising from disrespect of human rights and interethnic tensions** where the respondents' attitude on equality of rights and freedoms in Macedonia was required as well as their attitude on the role of the parties in the Macedonian political life and in which country the respondents saw their future. The last topic aimed to rank the various types of insecurity in Macedonia.

C. STRONGEST INSECURITIES

Responses indicate that the absolute strongest insecurity is felt with regards to unemployment, which the families of respondents are facing now or could be facing in the near future. The next type of insecurity derives from low and/or irregular remuneration, followed by inadequate social assistance. In

general, causes related to subsistence dominate (about 80% of the total number of responses) in Macedonia. Ethnic tensions were not very high in this scale of insecurity being a reason for highest insecurity only for 5% of the population surveyed.

D. RESEARCH RESULTS

Due to the limited number of pages in the NHDR we present only selected results from the opinion survey specially launched for this report supplemented by several tables coming from the survey supported by CIDA.

In total 72 Tables are presented and are set out below – without supporting comment.

I. LIFE CONDITIONS AND FINANCIAL SITUATION OF THE RESPONDENT AND HIS/HER HOUSEHOLD

Table 1: Accessibility to the General Stores according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	25.07%	1.53%	38.20%	30.53%
Appropriately accessible	66.27%	61.07%	53.21%	57.71%
Not accessible enough	8.66%	37.40%	8.59%	11.76%
Total	100.00%	100.00%	100.00%	100.00%

Table 2: Accessibility to the Medical centers (infirmaries) according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	11.34%	0.00%	17.33%	13.76%
Appropriately accessible	66.57%	10.69%	63.98%	58.88%
Not accessible enough	22.09%	88.55%	18.42%	27.11%
Don't know	0.00%	0.76%	0.27%	0.25%
Total	100.00%	100.00%	100.00%	100.00%

Table 3: Accessibility to the Primary Schools according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	13.43%	2.29%	17.19%	14.51%
Appropriately accessible	68.36%	49.62%	75.44%	70.64%
Not accessible enough	18.21%	41.22%	5.87%	13.18%
Don't know	0.00%	6.87%	1.50%	1.67%
Total	100.00%	100.00%	100.00%	100.00%

Table 4: Accessibility to Secondary Schools according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	1.79%	0.76%	13.37%	8.76%
Appropriately accessible	37.31%	6.11%	62.76%	49.46%
Not accessible enough	57.61%	87.02%	22.51%	39.37%
Don't know	3.28%	6.11%	1.36%	2.42%
Total	100.00%	100.00%	100.00%	100.00%

Table 5: Accessibility to Centers for Social Work according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	1.79%	0.76%	10.50%	7.01%
Appropriately accessible	37.91%	6.87%	63.57%	50.21%
Not accessible enough	56.12%	90.84%	23.47%	39.95%
Don't know	4.18%	1.53%	2.46%	2.84%
Total	100.00%	100.00%	100.00%	100.00%

Table 6: Accessibility to Local Government offices according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	8.66%	0.76%	11.73%	9.67%
Appropriately accessible	43.28%	24.43%	65.08%	54.55%
Not accessible enough	44.48%	68.70%	20.87%	32.69%
Don't know	3.58%	6.11%	2.32%	3.09%
Total	100.00%	100.00%	100.00%	100.00%

Table 7: Accessibility to the Judiciary according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	0.90%	0.76%	11.87%	7.59%
Appropriately accessible	29.25%	7.63%	63.85%	48.04%
Not accessible enough	66.57%	85.50%	21.96%	41.37%
Don't know	3.28%	6.11%	2.32%	3.00%
Total	100.00%	100.00%	100.00%	100.00%

Table 8: Accessibility to the Cultural Institutions according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very accessible	2.39%	0.76%	10.37%	7.09%
Appropriately accessible	27.16%	5.34%	59.07%	44.29%
Not accessible enough	67.46%	90.08%	29.88%	46.96%
Don't know	2.99%	3.82%	0.68%	1.67%
Total	100.00%	100.00%	100.00%	100.00%

Table 9: Respondent opinion on the housing situation of his household

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very good	3.58%	3.05%	7.37%	5.84%
Good	28.66%	2.29%	25.65%	23.94%
Average	46.87%	38.93%	43.79%	44.12%
Unfavorable	18.21%	38.17%	18.55%	20.60%
Very unfavorable	2.69%	17.56%	4.64%	5.50%
Total	100.00%	100.00%	100.00%	100.00%

Table 10: Public utility availability - household with electric power according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	98.81%	96.18%	99.73%	99.08%
No	0.60%	3.05%	0.00%	0.50%
Service disconnected	0.60%	0.76%	0.27%	0.42%
Total	100.00%	100.00%	100.00%	100.00%

Table 11: Public utility availability - household with water according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	83.28%	55.73%	97.27%	88.82%
No	16.42%	43.51%	1.64%	10.34%
Service disconnected	0.30%	0.76%	1.09%	0.83%
Total	100.00%	100.00%	100.00%	100.00%

Table 12: Household owns TV set according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	96.72%	67.94%	97.41%	93.99%
Don't own one	2.69%	28.24%	0.95%	4.42%
Out of order	0.60%	3.82%	1.64%	1.58%
Total	100.00%	100.00%	100.00%	100.00%

Table 13: Household owns a washing machine according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	76.72%	21.37%	90.72%	79.23%
Don't own one	21.49%	76.34%	6.41%	18.27%
Out of order	1.79%	2.29%	2.86%	2.50%
Total	100.00%	100.00%	100.00%	100.00%

Table 14: Household owns an electric stove according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	95.22%	54.20%	96.86%	91.74%
Don't own one	3.58%	44.27%	1.36%	6.67%
Out of order	1.19%	1.53%	1.77%	1.58%
Total	100.00%	100.00%	100.00%	100.00%

Table 15: Household owns a refrigerator according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	96.42%	71.76%	98.77%	95.16%
Don't own one	2.99%	28.24%	0.82%	4.42%
Out of order	0.60%	0.00%	0.41%	0.42%
Total	100.00%	100.00%	100.00%	100.00%

Table 16: Household owns a telephone according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	79.70%	25.19%	87.86%	78.73%
Don't own one	17.61%	74.05%	11.46%	20.02%
Out of order	2.69%	0.76%	0.68%	1.25%
Total	100.00%	100.00%	100.00%	100.00%

Table 17: Household owns an automobile according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Yes	49.55%	11.45%	50.48%	45.95%
Don't own one	44.78%	83.97%	43.66%	48.37%
Out of order	5.67%	4.58%	5.87%	5.67%
Total	100.00%	100.00%	100.00%	100.00%

Table 18: Household heating sources according to living place

	Village	City	Total
Wood	94.00%	63.83%	75.98%
Petroleum	0.62%	1.40%	1.08%
Electric heating	4.55%	25.00%	16.76%
Central steam heating	0.62%	8.66%	5.42%
Burning garbage	0.21%	0.70%	0.50%
Sometimes use _____ for heating	0.00%	0.28%	0.17%
No reply	0.00%	0.14%	0.08%
Total	100.00%	100.00%	100.00%

Table 19: Average monthly expenditures of the respondent's household (in denars)

Food	6123	45%
Clothing and shoes	1186	8.23%
Heating	1193	8.88%
Electricity (including TV subscription)	1311	9.76%
Water (including garbage collection)	349	2.6%
Rent	113	0.84%
Vehicle fuel and transportation (local)	768	5.72%
Hygiene products	549	4.09%
Telephone	468	3.48%
Medical drugs and health services	400	2.98%
Books and periodicals	227	1.69%
Other (spirits, tobacco products, entertainment)	747	5.56%
Total:	13432	100.00%

Table 20: The meals of the respondent's household according to nationality

	Nationality				
	Macedonian	Albanian	Turkish	Serbian	Roma
Sufficient only in quantity	55.50%	38.15%	39.29%	52.94%	3.51%
Insufficient in both quantity and nutritive value	29.58%	36.95%	28.57%	35.29%	14.04%
Insufficient in both quantity and nutritive value	14.41%	24.90%	32.14%	11.76%	82.46%
No reply	0.51%	0.00%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Nationality			
	Vlach	Other	Nationally non-declared	Total
Sufficient only in quantity	75.00%	12.50%	100.00%	47.87%
Insufficient in both quantity and nutritive value	0.00%	45.83%	0.00%	30.61%
Insufficient in both quantity and nutritive value	25.00%	41.67%	0.00%	21.18%
No reply	0.00%	0.00%	0.00%	0.33%
Total	100.00%	100.00%	100.00%	100.00%

Table 21: The meals of the respondent's household according to education

	Education				
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary
Sufficient in both quantity and nutritive value	27.08%	25.58%	30.00%	33.98%	42.50%
Sufficient only in quantity	33.33%	58.14%	37.50%	30.10%	39.17%
Insufficient in both quantity and nutritive value	39.58%	16.28%	32.50%	35.60%	18.33%
No reply	0.00%	0.00%	0.00%	0.32%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

cont

	Education					Total
	4 year secondary	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	
Sufficient in both quantity and nutritive value	59.50%	58.33%	50.00%	80.91%	100.00%	47.87%
Sufficient only in quantity	25.81%	31.48%	36.00%	12.73%	0.00%	30.61%
Insufficient in both quantity and nutritive value	14.34%	9.26%	13.00%	6.36%	0.00%	21.18%
No reply	0.36%	0.93%	1.00%	0.00%	0.00%	0.33%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Estimate of the respondent of opportunities to use medical services on a 1-5 scale (1 is inability to use medical services, 5 is complete access to all medical services needed)

Table 22: Estimate of the respondent of opportunities for medical treatment according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
1	25.37%	58.78%	27.01%	30.03%
2	30.45%	34.35%	28.24%	29.52%
3	31.04%	5.34%	29.33%	27.19%
4	8.06%	1.53%	10.10%	8.59%
5	2.99%	0.00%	3.27%	2.84%
Doesn't know	2.09%	0.00%	2.05%	1.83%
Total	100.00%	100.00%	100.00%	100.00%

Table 23: Estimate of the respondent of opportunities for drugs according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
1	22.69%	67.18%	29.47%	31.69%
2	33.73%	28.24%	29.06%	30.28%
3	30.15%	3.82%	25.10%	24.19%
4	8.06%	0.76%	10.50%	8.76%
5	3.58%	0.00%	3.68%	3.25%
Don't know	1.79%	0.00%	2.18%	1.83%
Total	100.00%	100.00%	100.00%	100.00%

Table 24: Estimate of the respondent of opportunities for prosthetic appliances according the living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
1	26.27%	42.75%	29.06%	29.77%
2	19.40%	8.40%	15.96%	16.10%
3	10.15%	7.63%	13.64%	12.01%
4	4.18%	1.53%	5.05%	4.42%
5	2.39%	0.00%	2.86%	2.42%
Don't know	37.61%	39.69%	33.42%	35.28%
Total	100.00%	100.00%	100.00%	100.00%

Table 25: Estimate of the respondent's financial situation according to nationality

	Nationality			
	Macedonian	Albanian	Turkish	Serbian
Not enough money to buy food	14.79%	20.08%	37.50%	29.41%
Can afford food, but has difficulty affording clothing and shoes	42.10%	40.56%	32.14%	35.29%
Can afford food, clothing and shoes but has difficulty affording expensive items (furniture, appliances)	39.95%	32.13%	28.57%	35.29%
Can afford expensive items, but not anything desired	2.78%	6.43%	0.00%	0.00%
Can afford almost anything desired	0.13%	0.80%	0.00%	0.00%
No reply	0.25%	0.00%	1.79%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

	Nationality				Total
	Roma	Vlach	Other	Nationally non-declared	
Not enough money to buy food	82.46%	0.00%	37.50%	0.00%	20.77%
Can afford food, but has difficulty affording clothing and shoes	15.79%	25.00%	54.17%	0.00%	40.12%
Can afford food, clothing and shoes but has difficulty affording expensive items (furniture, appliances)	1.75%	75.00%	8.33%	0.00%	35.36%
Can afford expensive items, but not anything desired	0.00%	0.00%	0.00%	100.00%	3.25%
Can afford almost anything desired	0.00%	0.00%	0.00%	0.00%	0.25%
No reply	0.00%	0.00%	0.00%	0.00%	0.25%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 26: Estimate of the respondent's financial situation according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Not enough money to buy food	16.72%	42.75%	18.69%	20.77%
Can afford food, but has difficulty affording clothing and shoes	38.51%	47.33%	39.56%	40.12%
Can afford food, clothing and shoes but has difficulty affording expensive items (furniture, appliances)	42.39%	8.40%	36.97%	35.36%
Can afford expensive items, but not anything desired	1.49%	1.53%	4.37%	3.25%
Can afford almost anything desired	0.60%	0.00%	0.14%	0.25%
No reply	0.30%	0.00%	0.27%	0.25%
Total	100.00%	100.00%	100.00%	100.00%

Table 27: Estimate of the respondent's household financial situation according to education

	Education				
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary
Not enough money to buy food	47.92%	34.88%	43.75%	32.36%	15.83%
Can afford food, but has difficulty affording clothing and shoes	31.25%	48.84%	38.75%	39.81%	44.17%
Can afford food, clothing and shoes but has difficulty affording expensive items (furniture, appliances)	20.83%	13.95%	15.00%	25.57%	38.33%
Can afford expensive items, but not anything desired	0.00%	2.33%	1.25%	1.62%	0.83%
Can afford almost anything desired	0.00%	0.00%	1.25%	0.00%	0.83%
No reply	0.00%	0.00%	0.00%	0.65%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Education					Total
	4 year secondary	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	
Not enough money to buy food	12.19%	6.48%	13.00%	2.73%	0.00%	20.77%
Can afford food, but has difficulty affording clothing and shoes	41.22%	47.22%	39.00%	29.09%	50.00%	40.12%
Can afford food, clothing and shoes but has difficulty affording expensive items (furniture, appliances)	44.44%	37.96%	40.00%	59.09%	50.00%	35.36%
Can afford expensive items, but not anything desired	1.43%	8.33%	8.00%	9.09%	0.00%	3.25%
Can afford almost anything desired	0.36%	0.00%	0.00%	0.00%	0.00%	0.25%
No reply	0.36%	0.00%	0.00%	0.00%	0.00%	0.25%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 28: Current economic situation compared to the previous two years according to education

	Education				
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary
Better	2.08%	2.33%	1.25%	4.53%	5.00%
Same	43.75%	39.53%	27.50%	36.89%	27.50%
Worse	29.17%	44.19%	50.00%	36.89%	49.17%
Much worse	25.00%	9.30%	17.50%	19.74%	17.50%
Cannot say	0.00%	4.65%	3.75%	1.94%	0.83%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Education					Total
	4 year secondary	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	
Better	8.60%	11.11%	12.00%	14.55%	0.00%	7.26%
Same	28.67%	37.96%	32.00%	33.64%	0.00%	33.11%
Worse	45.52%	44.44%	38.00%	39.09%	50.00%	41.95%
Much worse	16.13%	6.48%	18.00%	10.00%	50.00%	16.18%
Cannot say	1.08%	0.00%	0.00%	2.73%	0.00%	1.50%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 29: Estimate of the current economic situation compared to the previous two years according to nationality

	Nationality				
	Macedonian	Albanian	Turkish	Serbian	Roma
Better	7.33%	9.24%	1.79%	11.76%	1.75%
Same	31.10%	43.37%	48.21%	5.88%	8.77%
Worse	44.12%	39.36%	37.50%	52.94%	24.56%
Much worse	16.43%	5.62%	5.36%	29.41%	64.91%
Cannot say	1.01%	2.41%	7.14%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Nationality			
	Vlach	Other	Nationally non-declared	Total
Better	0.00%	4.17%	100.00%	7.26%
Same	50.00%	33.33%	0.00%	33.11%
Worse	25.00%	45.83%	0.00%	41.95%
Much worse	25.00%	16.67%	0.00%	16.18%
Cannot say	0.00%	0.00%	0.00%	1.50%
Total	100.00%	100.00%	100.00%	100.00%

Table 30: Insecurity due to unfavourable financial situation according to nationality

	Nationality			
	Macedonian	Albanian	Turkish	Serbian
Insecure to very high extent	17.45%	16.87%	35.71%	29.41%
Insecure to high extent	28.19%	20.88%	14.29%	35.29%
To some respect yes to some no	25.28%	31.73%	25.00%	0.00%
Insecurity to some (little) extent	17.19%	15.66%	21.43%	17.65%
He does not feel insecure	8.98%	6.43%	0.00%	17.65%
Cannot say	2.91%	8.43%	3.57%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

	Nationality			
	Roma	Vlach	Other	Nationally non-declared
Insecure to very high extent	64.91%	25.00%	41.67%	0.00%
Insecure to high extent	21.05%	0.00%	33.33%	0.00%
To some respect yes to some no	7.02%	25.00%	16.67%	0.00%
Insecurity to some (little) extent	0.00%	50.00%	8.33%	100.00%
He does not feel insecure	5.26%	0.00%	0.00%	0.00%
Cannot say	1.75%	0.00%	0.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%

Table 31: Insecurity due to unfavourable financial situation according to education

	Education					
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary	4 years secondary
Insecure to very high extent	41.67%	30.23%	32.50%	27.51%	19.17%	16.85%
Insecure to high extent	22.92%	23.26%	28.75%	30.74%	30.83%	25.45%
To some respect yes to some no	22.92%	27.91%	18.75%	20.39%	25.00%	30.11%
Insecurity to some (little) extent	4.17%	9.30%	16.25%	12.94%	17.50%	15.05%
He does not feel insecure	4.17%	4.65%	1.25%	5.18%	3.33%	10.04%
Cannot say	4.17%	4.65%	2.50%	3.24%	4.17%	2.51%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Education				
	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	Total
Insecure to very high extent	12.96%	16.00%	8.18%	0.00%	21.10%
Insecure to high extent	15.74%	27.00%	16.36%	0.00%	25.77%
To some respect yes to some no	29.63%	27.00%	23.64%	100.00%	25.19%
Insecurity to some (little) extent	27.78%	15.00%	25.45%	0.00%	16.26%
He does not feel insecure	10.19%	8.00%	19.09%	0.00%	7.76%
Cannot say	3.70%	7.00%	7.27%	0.00%	3.92%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 32: Attitude of the respondent whether he/she justifies illegal means to secure subsistence in circumstances of poor economic situation according to nationality

	Nationality							
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared
Yes	12.77%	6.43%	12.50%	0.00%	40.35%	0.00%	25.00%	100.00%
No	87.23%	93.57%	87.50%	100.00%	59.65%	100.00%	75.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 33: Solution according to the respondent, of his/her (unfavorable) situation according to nationality

Solutions:	Nationality				
	Macedonian	Albanian	Turkish	Serbian	Roma
Employment	39.06%	50.20%	51.79%	35.29%	52.63%
Change of the government	11.25%	6.83%	3.57%	29.41%	10.53%
Higher welfare benefits	1.52%	6.83%	16.07%	5.88%	0.00%
Starting a business	7.08%	11.24%	5.36%	0.00%	0.00%
Migration to another country	8.72%	8.03%	5.36%	0.00%	1.75%
I see no way out	19.22%	7.23%	17.86%	5.88%	29.82%
I have good economic status	12.26%	9.64%	0.00%	17.65%	5.26%
Don't know or no answer	0.88%	0.00%	0.00%	5.88%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

cont

Solutions:	Nationality			Total
	Vlach	Other	Nationally non-declared	
Employment	0.00%	41.67%	0.00%	42.45%
Change of the government	0.00%	8.33%	100.00%	10.18%
Higher welfare benefits	0.00%	8.33%	0.00%	3.42%
Starting a business	0.00%	4.17%	0.00%	7.34%
Migration to another country	0.00%	12.50%	0.00%	8.01%
I see no way out	100.00%	20.83%	0.00%	17.26%
I have good economic status	0.00%	4.17%	0.00%	10.68%
Don't know or no answer	0.00%	0.00%	0.00%	0.67%
Total	100.00%	100.00%	100.00%	100.00%

II. LAND POSSESSION AND AGRICULTURAL ACTIVITIES OF THE RESPONDENT AND HIS/HER HOUSEHOLD

Table 34: Land possession according to living place

	Village	City	Total
Up to 1.0 ha	24.02%	11.03%	16.26%
1.1-3.0 ha	18.22%	6.01%	10.93%
3.1-5.0 ha	5.38%	2.37%	3.59%
Over 5.0 ha	9.73%	1.12%	4.59%
Do not own land	42.65%	79.47%	64.64%
Total	100.00%	100.00%	100.00%

Table 35: Cultivation of the land possessed by the respondent according to living place

	Village	City	Total
He/she cultivates it	45.55%	11.87%	25.44%
He/she doesn't cultivate it	11.80%	8.66%	9.92%
Does not own land	42.65%	79.47%	64.64%
Total	100.00%	100.00%	100.00%

III. EMPLOYEES' RIGHTS AND LABOUR RELATIONS

Table 36: Respondent's observation how often the most capable workers are promoted in his/her company

Always	12.3%
Frequently	5.2%
Sometimes	27.8%
Seldom	27.5%
Never	23.1%
No reply	4.0%
Total	100.00%

Table 37: Respondent's observation who of the workers are favoured in promotion

General manager's political party members	38.2%
Members of a certain ethnic group:	0.6%
Sycophants	10.5%
General manager's friends and relatives	13.8%
Those who can bribe or do favors to the general or manager in charge of promotions	4.6%
Other:	8.0%
The best workers are promoted	17.85%
No reply	6.5%
Total	100.0%

Table 38: Respondent's satisfaction with the remuneration he receives according to nationality

	Nationality			
	Macedonian	Albanian	Turkish	Serbian
Extremely unsatisfied	33.33%	23.91%		50.00%
Very unsatisfied	24.71%	26.09%		16.67%
Somewhat satisfied	27.84%	32.61%	75.00%	33.33%
Satisfied	10.98%	4.35%		
Very satisfied	1.18%	2.17%		
Don't know or no answer	1.96%	10.87%	25.00%	
Total	100.00%	100.00%	100.00%	100.00%

	Nationality			
	Roma	Vlach	Other	Nationally non-declared
Extremely unsatisfied	87.50%	100.00%	66.67%	33.64%
Very unsatisfied	12.50%			23.77%
Somewhat satisfied			33.33%	28.40%
Satisfied				100.00%
Very satisfied				1.23%
Don't know or no answer				3.40%
Total	100.00%	100.00%	100.00%	100.00%

Table 39: Respondent's satisfaction with the remuneration he/she receives according to education

	Education				
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary
Extremely unsatisfied	50.00%	40.00%	45.61%	40.54%	35.24%
Very unsatisfied	50.00%	40.00%	24.56%	24.32%	21.90%
Somewhat satisfied		20.00%	19.30%	27.03%	28.57%
Satisfied			7.02%	2.70%	9.52%
Very satisfied					1.90%
Don't know or no answer			3.51%	5.41%	2.86%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Education			Total
	Secondary	Higher education	Master and doctor degree	
Extremely unsatisfied	10.34%	30.00%	25.64%	33.64%
Very unsatisfied	17.24%	24.00%	28.21%	23.77%
Somewhat satisfied	31.03%	38.00%	30.77%	28.40%
Satisfied	34.48%	4.00%	10.26%	9.57%
Very satisfied			5.13%	1.23%
Don't know or no answer	6.90%	4.00%		3.40%
Total	100.00%	100.00%	100.00%	100.00%

Table 40: Reasons for respondent's dissatisfaction concerning his/her remuneration according to nationality

	Nationality			
	Macedonian	Albanian	Turkish	Serbian
He doesn't get paid at all, even though he works	1.57%	2.17%		
The pay he receives is low and irregular	14.90%	15.22%		33.33%
The pay he receives is good but irregular	2.35%	2.17%		
He receives pay regularly, but it is low	55.29%	54.35%	50.00%	50.00%
The pay he receives is good, but not appropriate for the effort he make	14.90%	8.70%		
He is satisfied with his remuneration	8.63%	6.52%	25.00%	
No reply	2.35%	10.87%	25.00%	16.67%
Total	100.00%	100.00%	100.00%	100.00%

	Nationality				Total
	Roma	Vlach	Other	Nationally non-declared	
He doesn't get paid at all, even though he works					1.54%
The pay he receives is low and irregular	75.00%				16.36%
The pay he receives is good but irregular					2.16%
He receives pay regularly, but it is low	25.00%	100.00%	66.67%		54.32%
The pay he receives is good, but not appropriate for the effort he make					12.96%
He is satisfied with his remuneration			33.33%	100.00%	8.64%
No reply					4.01%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 41: Respondent's observation on how often the least productive workers have been laid off as technologically or economic redundant surplus in his company

Always	2.2%
Frequently	2.2%
Sometimes	12.3%
Seldom	6.8%
The least productive workers were never laid off	17.0%
Only those workers whose posts were eliminated for technological or economic reasons were laid off	8.6%
There have not been layoffs	47.8%
No reply	3.1%
Total	100.0%

Table 42: Respondent's observation on workers who are most frequently laid off

Members of the opposition to the political party to which the general manager belongs	11.3%
Members of a certain ethnic group:	5.1%
Those who are not sycophants	3.6%
Those who are not friends and relatives of the general manager	1.2%
Those who could not bribe or promise favors to the general manager	4.5%
Those with longest tenure	10.7%
The least productive workers have been laid off	10.7%
Only those workers whose posts have been eliminated for technological or economic reasons have been laid off	49.3%
No layoffs in our company	3.3%
Total	100.0%

Table 43: Feeling of dismissal insecurity according to nationality

	Nationality			
	Macedonian	Albanian	Turkish	Serbian
Strong	25.49%	19.15%		33.33%
Some	29.80%	25.53%	50.00%	16.67%
Small	24.31%	10.64%	25.00%	33.33%
None	17.25%	34.04%		16.67%
No reply	3.14%	10.64%	25.00%	
Total	100.00%	100.00%	100.00%	100.00%

	Nationality			
	Roma	Vlach	Other	Nationally non-declared
Strong	87.50%		66.67%	26.15%
Some				100.00%
Small		100.00%		21.85%
None	12.50%		33.33%	19.38%
No reply				4.31%
Total	100.00%	100.00%	100.00%	100.00%

Table 44: Feeling of dismissal insecurity according to education

	Education			
	3 years elementary	7 years elementary	Elementary school	3 years secondary
Strong	50.00%	20.00%	31.58%	35.14%
Some	50.00%	40.00%	24.56%	29.73%
Small		20.00%	17.54%	18.92%
None		20.00%	21.05%	10.81%
No reply			5.26%	5.41%
Total	100.00%	100.00%	100.00%	100.00%

cont

	Education			
	Secondary	Higher education	Master and doctor degree	Total
Strong	26.67%	20.69%	20.00%	20.00%
Some	25.71%	34.48%	30.00%	30.00%
Small	27.62%	20.69%	20.00%	20.00%
None	17.14%	13.79%	26.00%	27.50%
No reply	2.86%	10.34%	4.00%	2.50%
Total	100.00%	100.00%	100.00%	100.00%

IV. ECONOMIC RELATIONS AND INSECURITY

Table 45: Respondent's consideration about starting his/her own business according to nationality

	Nationality							
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared
Yes		37.35%	25.00%	11.76%	10.53%	0.00%	25.00%	100.00%
No		62.65%	75.00%	88.24%	89.47%	100.00%	75.00%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 46: Respondent's consideration about starting his/her own business according to education

	Education					
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary	4 years secondary
Yes	8.33%	9.30%	12.50%	25.24%	36.67%	41.94%
No	91.67%	90.70%	87.50%	74.76%	63.33%	58.06%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Education			
	Secondary	2 years higher education	4 years higher education	Master and doctoral degree
Yes	52.78%	46.00%	52.73%	50.00%
No	47.22%	54.00%	47.27%	50.00%
Total	100.00%	100.00%	100.00%	100.00%

Table 47: The biggest problem according to the respondent in starting his/her own business according to nationality

	Nationality			
	Macedonian	Albanian	Turkish	Serbian
Complicated procedures	7.46%	9.24%	8.93%	0.00%
Corruption and sluggishness of the state administration	3.92%	4.82%	3.57%	0.00%
Regional differences in Macedonia	1.52%	5.62%	3.57%	0.00%
Credit conditions in the banks	12.52%	8.43%	5.36%	5.88%
Inequality in the extension of bank loans	3.67%	3.21%	1.79%	0.00%
Other (specify):	8.47%	6.02%	1.79%	5.88%
Haven't thought about starting a business	62.45%	62.65%	75.00%	88.24%
Total	100.00%	100.00%	100.00%	100.00%

cont

	Nationality				Total
	Roma	Vlach	Other	Nationally non-declared	
Complicated procedures	0.00%	0.00%	4.17%	100.00%	7.42%
Corruption and sluggishness of the state administration	1.75%	0.00%	8.33%	0.00%	4.00%
Regional differences in Macedonia	0.00%	0.00%	0.00%	0.00%	2.34%
Credit conditions in the banks	3.51%	0.00%	4.17%	0.00%	10.59%
Inequality in the extension of bank loans	0.00%	0.00%	0.00%	0.00%	3.17%
Other (specify):	5.26%	0.00%	8.33%	0.00%	7.42%
Haven't thought about starting a business	89.47%	100.00%	75.00%	0.00%	65.05%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 48: The biggest problem according to the respondent in starting his/her own business according to education

	Education					Total
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary	4 years secondary
Complicated procedures	0.00%	0.00%	1.25%	3.88%	12.50%	10.39%
Corruption and sluggishness of the state administration	2.08%	2.33%	0.00%	4.21%	3.33%	2.87%
Regional differences in Macedonia	2.08%	2.33%	1.25%	3.56%	0.83%	0.72%
Credit conditions in the banks	4.17%	0.00%	5.00%	5.18%	5.00%	15.41%
Inequality in the extension of bank loans	0.00%	2.33%	0.00%	2.27%	3.33%	4.30%
Other (specify):	0.00%	2.33%	5.00%	6.15%	11.67%	8.24%
Haven't thought about starting a business	91.67%	90.70%	87.50%	74.76%	63.33%	58.06%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Education				Total
	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	
Complicated procedures	11.11%	10.00%	9.09%	0.00%	7.42%
Corruption and sluggishness of the state administration	4.63%	6.00%	8.18%	50.00%	4.00%
Regional differences in Macedonia	4.63%	3.00%	2.73%	0.00%	2.34%
Credit conditions in the banks	19.44%	15.00%	18.18%	0.00%	10.59%
Inequality in the extension of bank loans	2.78%	6.00%	4.55%	0.00%	3.17%
Other (specify):	10.19%	6.00%	10.00%	0.00%	7.42%
Haven't thought about starting a business	47.22%	54.00%	47.27%	50.00%	65.05%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 49: The biggest problem assuming equal access to bank loans according to nationality

	Nationality			
	Macedonian	Albanian	Turkish	Serbian
High interest rates	25.03%	24.10%	17.86%	5.88%
Complexity of the loan application procedure	14.79%	20.08%	19.64%	17.65%
Providing security (collateral) if the loan is secured	15.17%	8.84%	3.57%	0.00%
Other (specify)	2.40%	9.24%	1.79%	0.00%
Doesn't know or no answer	42.60%	37.75%	57.14%	76.47%
Total	100.00%	100.00%	100.00%	100.00%

cont

	Nationality				Total
	Roma	Vlach	Other	Nationally non-declared	
High interest rates	5.26%	0.00%	16.67%	100.00%	23.10%
Complexity of the loan application procedure	10.53%	0.00%	8.33%	0.00%	15.76%
Providing security (collateral) if the loan is secured	42.11%	0.00%	0.00%	0.00%	14.01%
Other (specify)	10.53%	0.00%	0.00%	0.00%	4.09%
Doesn't know or no answer	31.58%	100.00%	75.00%	0.00%	43.04%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 50: Respondent opinion whether the state creates equal conditions for all citizens with regard to education opportunities according to nationality

	Nationality								Total
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared	
Creates	19.97%	6.83%	5.36%	23.53%	3.51%	0.00%	4.17%	0.00%	15.43%
Does not create	65.99%	68.67%	58.93%	64.71%	87.72%	25.00%	91.67%	100.00%	67.64%
Doesn't know	14.03%	24.50%	35.71%	11.76%	8.77%	75.00%	4.17%	0.00%	16.93%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 51: Respondent opinion whether the state creates equal conditions for all citizens with regard to education opportunities according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Creates	12.54%	6.87%	18.28%	15.43%
Does not create	66.27%	59.54%	69.71%	67.64%
Doesn't know	21.19%	33.59%	12.01%	16.93%
Total	100.00%	100.00%	100.00%	100.00%

V. INSECURITY COMING FROM ENVIRONMENTAL HAZARDS

Respondent's opinion of the pollution in his area

Table 52: Air pollution according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
High pollution	28.06%	11.45%	39.70%	33.36%
Some pollution	29.55%	6.11%	32.20%	28.61%
Low pollution	32.54%	64.12%	21.15%	29.02%
No pollution	9.85%	18.32%	6.96%	9.01%
Total	100.00%	100.00%	100.00%	100.00%

Table 53: Water pollution according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
High pollution	31.94%	8.40%	34.38%	30.86%
Some pollution	25.37%	16.79%	35.47%	30.61%
Low pollution	26.57%	59.54%	26.60%	30.19%
No pollution	16.12%	15.27%	3.55%	8.34%
Total	100.00%	100.00%	100.00%	100.00%

Table 54: Soil pollution according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
High pollution	28.06%	7.63%	31.65%	28.02%
Some pollution	29.85%	16.79%	33.29%	30.53%
Low pollution	25.37%	59.54%	27.29%	30.28%
No pollution	16.72%	16.03%	7.78%	11.18%
Total	100.00%	100.00%	100.00%	100.00%

Table 55: Soil pollution according to education

	Education					Total
	No education elementary	3 years elementary	7 years school	Elementary secondary	3 years secondary	
High pollution	16.67%	23.26%	20.00%	23.30%	33.33%	32.97%
Some pollution	37.50%	23.26%	17.50%	29.77%	35.00%	29.03%
Low pollution	29.17%	39.53%	43.75%	32.69%	25.00%	27.24%
No pollution	16.67%	13.95%	18.75%	14.24%	6.67%	10.75%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Education				Total
	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	
High pollution	22.22%	36.00%	33.64%	50.00%	28.02%
Some pollution	33.33%	31.00%	37.27%	50.00%	30.53%
Low pollution	33.33%	26.00%	25.45%	0.00%	30.28%
No pollution	11.11%	7.00%	3.64%	0.00%	11.18%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 56: Respondent's opinion on the environmental situation in his/her area according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Good	22.39%	61.83%	15.96%	22.77%
Satisfactory	48.66%	23.66%	44.20%	43.20%
Bad	28.96%	14.50%	39.56%	33.86%
No reply	0.00%	0.00%	0.27%	0.17%
Total	100.00%	100.00%	100.00%	100.00%

Table 57: Respondent's opinion of the environmental situation in his/her area according to education

	Education					
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary	4 years secondary
Good	29.17%	37.21%	35.00%	23.95%	17.50%	20.79%
Satisfactory	31.25%	32.56%	36.25%	44.98%	43.33%	41.58%
Bad	37.50%	30.23%	28.75%	31.07%	39.17%	37.28%
No reply	2.08%	0.00%	0.00%	0.00%	0.00%	0.36%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Education				
	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	Total
Good	23.15%	24.00%	11.82%	0.00%	22.77%
Satisfactory	56.48%	39.00%	47.27%	50.00%	43.20%
Bad	20.37%	37.00%	40.91%	50.00%	33.86%
No reply	0.00%	0.00%	0.00%	0.00%	0.17%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 58: Respondent's observation about the consequences of the lowered environmental quality according to living place

	Village configuration			
	Plain village	Hill and mountain village	City	Total
Damaged health	31.64%	12.21%	33.42%	30.61%
Polluted air	21.49%	6.11%	9.96%	12.76%
Poor-quality drinking water	1.19%	3.05%	5.73%	4.17%
Poor-quality working environment (workplace conditions)	2.99%	7.63%	1.91%	2.84%
Poor-quality food	3.58%	3.05%	3.55%	3.50%
Poor urban planning	4.78%	14.50%	9.55%	8.76%
Inappropriate distribution of industrial facilities	4.18%	0.00%	1.77%	2.25%
Overpopulation	0.30%	0.00%	2.05%	1.33%
Presence of too many vehicles	1.19%	1.53%	5.18%	3.67%
Other	0.60%	2.29%	2.86%	2.17%
Environmental quality is not lowered	23.28%	44.27%	20.60%	23.94%
No opinion	4.78%	5.34%	3.41%	4.00%
Total	100.00%	100.00%	100.00%	100.00%

Table 59: Respondent's opinion on environmental priorities according to living place

	Village configuration			
	Plain village	Hill and mountain village	City	Total
Water pipeline	8.66%	6.11%	5.05%	6.17%
Sewage network	10.15%	10.69%	3.14%	5.92%
Collector networks	5.67%	0.76%	1.77%	2.75%
Collection of waste, illegal landfills,	9.55%	6.11%	12.14%	10.76%
Reduction of smog and noise	11.64%	1.53%	11.87%	10.68%
Dislocation of landfills, factories	1.79%	5.34%	2.86%	2.84%
Increasing public awareness	2.99%	0.00%	5.32%	4.09%
Protection of forests	2.99%	2.29%	7.37%	5.59%
Respect of laws	3.88%	3.82%	6.00%	5.17%
Other	1.79%	3.05%	2.59%	2.42%
Do not know	40.90%	60.31%	41.88%	43.62%
Total	100.00%	100.00%	100.00%	100.00%

VI. INSECURITY ASSOCIATED WITH THREATS TO PERSONAL SAFETY

Table 60: Respondent's opinion of the effectiveness of the police in his/her area according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
They do their job well	52.54%	45.04%	22.37%	33.28%
They do not do their job well	26.57%	28.24%	51.84%	42.20%
Doesn't know	20.90%	26.72%	25.78%	24.52%
Total	100.00%	100.00%	100.00%	100.00%

Table 61: Respondent's feeling of safety to his life, physical integrity and property according to living place

	Village configuration			Total
	Plain village	Hill and mountain village	City	
Very safe	11.64%	16.79%	6.82%	9.26%
Somewhat safe	56.42%	43.51%	44.20%	47.54%
Somewhat unsafe	24.48%	22.14%	30.29%	27.77%
Very unsafe	5.07%	10.69%	15.55%	12.09%
Unknown	2.39%	6.87%	3.14%	3.34%
Total	100.00%	100.00%	100.00%	100.00%

VII. INSECURITY OF CITIZENS DUE TO LACK OF JUDICIAL PROTECTION

Table 62: Respondent's opinion, on the judges independence and autonomy in passing verdicts according to education

	Education					
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary	4 years secondary
Independent	29.17%	18.60%	21.25%	22.01%	18.33%	17.20%
Not independent	18.75%	20.93%	30.00%	27.83%	44.17%	51.61%
No opinion	52.08%	60.47%	48.75%	50.16%	37.50%	31.18%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

	Education				Total
	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	
Independent	32.41%	22.00%	23.64%	0.00%	21.68%
Not independent	32.41%	50.00%	54.55%	50.00%	39.28%
No opinion	35.19%	28.00%	21.82%	50.00%	39.03%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 63: Respondent's opinion, on the judges independence and autonomy in passing their verdicts according to nationality

	Nationality								Total
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared	
Independent	21.11%	25.70%	12.50%	11.76%	21.05%	0.00%	33.33%	0.00%	21.68%
Not independent	47.41%	24.10%	30.36%	47.06%	7.02%	25.00%	20.83%	100.00%	39.28%
No opinion	31.48%	50.20%	57.14%	41.18%	71.93%	75.00%	45.83%	0.00%	39.03%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 64: Respondent's opinion on judges' susceptibility to bribes, according to nationality

	Nationality								Total
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared	
Susceptible	63.21%	42.57%	32.14%	70.59%	28.07%	25.00%	33.33%	100.00%	55.21%
Not susceptible	9.23%	12.45%	10.71%	11.76%	3.51%	0.00%	29.17%	0.00%	10.09%
Cannot estimate	27.56%	44.98%	57.14%	17.65%	68.42%	75.00%	37.50%	0.00%	34.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 65: Respondent's opinion on judges susceptibility to bribes, according to education

	Education						Total
	No education	3 years elementary	7 years elementary	Elementary school	3 years secondary	4 years secondary	
Susceptible	39.58%	34.88%	46.25%	44.66%	59.17%	64.87%	
Not susceptible	8.33%	9.30%	7.50%	10.36%	5.00%	8.24%	
Cannot estimate	52.08%	55.81%	46.25%	44.98%	35.83%	26.88%	
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	

	Education				Total
	Secondary	2 years higher education	4 years higher education	Master and doctoral degree	
Susceptible	55.56%	63.00%	69.09%	100.00%	55.21%
Not susceptible	17.59%	12.00%	13.64%	0.00%	10.09%
Cannot estimate	26.85%	25.00%	17.27%	0.00%	34.70%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

Table 66: Degree of respondent's satisfaction of the work of the judiciary observed through his own experience according to nationality

	Nationality							Total
	Macedonian	Albanian	Turkish	Serbian	Roma	Other	Nationally non-declared	
High	7.43%	3.45%		14.29%		20.00%	100.00%	7.57%
Some	26.24%	51.72%		42.86%	33.33%	40.00%		29.48%
Low	59.41%	41.38%	75.00%	42.86%	66.67%	40.00%		56.57%
Cannot estimate	6.93%	3.45%	25.00%					6.37%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 67: Respondent's opinion of the work and proficiency of the judges according to nationality

	Nationality				
	Macedonian	Albanian	Turkish	Serbian	Roma
The judges are competent and they do their job well	15.55%	20.08%	12.50%	35.29%	3.51%
The judges are competent but they do their job poorly	43.24%	23.29%	16.07%	58.82%	36.84%
The judges are not that competent but they do their job well nonetheless	0.63%	1.20%	3.57%	0.00%	0.00%
The judges are incompetent and they do their job poorly	4.17%	0.80%	8.93%	0.00%	1.75%
Cannot estimate	36.41%	54.62%	58.93%	5.88%	57.89%
Total	100.00%	100.00%	100.00%	100.00%	100.00%

	Nationality			
	Vlach	Other	Nationally non-declared	Total
The judges are competent and they do their job well	0.00%	41.67%	0.00%	16.51%
The judges are competent but they do their job poorly	25.00%	12.50%	100.00%	37.11%
The judges are not that competent but they do their job well nonetheless	0.00%	8.33%	0.00%	1.00%
The judges are incompetent and they do their job poorly	0.00%	4.17%	0.00%	3.50%
Cannot estimate	75.00%	33.33%	0.00%	41.87%
Total	100.00%	100.00%	100.00%	100.00%

Table 68: Respondent's opinion whether there is equal access to the courts for all citizens, according to nationality

	Nationality							
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared
There is	27.94%	12.85%	23.21%	35.29%	15.79%	25.00%	20.83%	0.00%
There is not	46.65%	52.61%	48.21%	58.82%	40.35%	0.00%	41.67%	100.00%
Cannot estimate	25.41%	34.54%	28.57%	5.88%	43.86%	75.00%	37.50%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 69: Respondent's opinion whether some people in our country go unpunished after having committed grave acts of crime, according to nationality

	Nationality							
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared
Go unpunished	58.28%	44.58%	19.64%	52.94%	68.42%	25.00%	33.33%	100.00%
No such cases	6.83%	17.27%	5.36%	5.88%	5.26%	0.00%	12.50%	0.00%
Cannot estimate	34.89%	38.15%	75.00%	41.18%	26.32%	75.00%	54.17%	0.00%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

VIII. INSECURITY ARISING FROM DISRESPECT FOR HUMAN RIGHTS AND INTER-ETHNIC TENSIONS

Table 70: Respondent's consideration in which country he sees his future, according to nationality

	Nationality								Total
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared	
Macedonia	71.18%	69.88%	66.07%	94.12%	22.81%	25.00%	83.33%	0.00%	68.72%
USA	5.18%	6.02%	1.79%	0.00%	5.26%	0.00%	4.17%	0.00%	5.09%
Canada	2.65%	1.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	2.00%
Australia	2.02%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%	1.42%
Germany	2.28%	3.21%	1.79%	0.00%	5.26%	0.00%	0.00%	0.00%	2.50%
Switzerland	1.90%	4.42%	1.79%	0.00%	0.00%	0.00%	4.17%	0.00%	2.34%
Otrher countries	2.91%	2.81%	8.93%	5.88%	1.75%	0.00%	8.33%	0.00%	3.25%
Anywhere	1.77%	0.40%	3.57%	0.00%	0.00%	0.00%	0.00%	0.00%	1.42%
Doesn't know	10.11%	12.05%	16.07%	0.00%	64.91%	75.00%	0.00%	0.00%	13.26%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 71: The respondent's attitude on equality of rights and freedoms in Macedonia, according to nationality

	Nationality								Total
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared	
Equality exists	52.97%	11.24%	32.14%	52.94%	14.04%	100.00%	20.83%	0.00%	40.95%
Equality does not exist	36.54%	73.49%	55.36%	47.06%	77.19%	0.00%	79.17%	100.00%	47.96%
Doesn't know	10.49%	15.26%	12.50%	0.00%	8.77%	0.00%	0.00%	0.00%	11.09%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Table 72: Would it be easier to live in Macedonia if it were ethnically homogeneous, according to nationality

	Nationality								Total
	Macedonian	Albanian	Turkish	Serbian	Roma	Vlach	Other	Nationally non-declared	
Yes	43.36%	16.06%	1.79%	29.41%	1.75%	0.00%	33.33%	100.00%	33.28%
No	34.26%	61.04%	76.79%	70.59%	42.11%	50.00%	66.67%	0.00%	43.37%
Don't know	22.38%	22.89%	21.43%	0.00%	56.14%	50.00%	0.00%	0.00%	23.35%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

OTHER STATISTICS

Human Development index

	1996	1997	1998	1999	2000
Life expectancy at birth (years)	72.16	72.38	72.49	72.49	72.68
female	74.36	70.29	70.37	70.37	70.48
male	70.50	74.54	74.68	74.68	74.77
Adult literacy (%) - 1994	94.6	94.6	94.6	94.6	94.6
Combined first-second-third level enrolment (5, 7-22 age)	368,554	402,900	377,711	382,393	363,869
Real GDP per capita growth rate	-0.1	0.8	2.6	2.7	5.1
GDP per capita (PPP\$)	4,178	4,305	4,483	4,724	5,086
Human Development Index (HDI) value			0.793	0.766	0.772

Trends in Human Development

	1996	1997	1998	1999	2000
Life expectancy at birth (years)	72.16	72.38	72.49	72.49	72.68
Population with access to					
Health services (%)	100	100	100	100	100
Safe water (%)	90	90	90	91	91
sanitation -city %	80	81	82	85	85
Sanitation-village%	10.5	10.6	11	12	12
Daily calories supply per capita	2,347	2,313	2,324	2,450	2,387
Adult literacy rate (1994)	94.6	94.6	94.6	94.6	94.6
Daily news papers (circulation per 100,000 persons)	642	1,423	1,601	1,649	1,609
TV (per 1000 persons)	154	279	218	207	
Infant mortality rate (per 1000 births)	16.4	15.7	16.3	14.9	11.8

Women's Access to Education

	1996	1997	1998	1999	2000
Female tertiary students	16,738	17,484	19,359	20,325	22,463
Female tertiary students (as% of total number of pupils)	54.4	54.6	55.1	55.0	55.8
Life expectancy of female at birth (years)	74.36	70.29	70.37	70.37	70.48
General fertility (gross reproduction rate)	0.99	0.92	0.91	0.84	0.9

Women's Participation in Economic and Political Life

	1996	1997	1998	1999	2000
Seats in Parliament held by women as of beginning of the year	4	4	9	9	9
Female managers (% of total management staff)			26.4	23.8	23.5
Female experts and artists (% of total)			51.3	53.6	55.4
Female sales and service workers			47.1	47.3	47.3
Female clerical workers (% of total)			60.7	58.3	56.9
Female employers (% of total)			23.9	14.3	16.4

Child Survival and Development

	1996	1997	1998	1999	2000
Pregnant women aged 15-49 with anemia (%)				6.2	
Births attended by trained personnel (%)	95	95.6	96.6	97	97.7
Low birth rate infants (up to 2500 gr.)	11.1	5.7	6.6	7.2	19.2
Life expectancy at birth (years)	72.16	72.38	72.49	72.40	72.68
Infant mortality rate (per 1,000 live births)	16.4	15.7	16	15.2	11.4
Under five mortality rate (per 1,000 live births)	19	18.5	18.3	17.1	13.6
Maternal mortality rate reported (per 100,000 live births)		3.4	3.4	7.3	13.6

Health profile

	1996	1997	1998	1999	2000
Infants with low birth weight				7.2	
One-year-olds fully immunized					95.1
a) against tuberculosis	97.3	95.6	90.1	97.4	92.4
b) against measles	91.0	1.0	96.3	98.4	97.1
Tuberculosis cases (per 100,000 people)	86.4	83.3	77.0	62.1	58.8
Malaria cases (per 100,000 people)	0	0	0	0	0
People living with HIV/AIDS (total number)	3	0	3	5	4
a) total number (age 0-49)	2	0	3	4	4
b) adult rate (20+)	3	0	3	5	4
Doctors (per 100 000 people)	225.1	224.9	224.5	220.6	219.3
Nurses (per 100 000)	287.6	283.8	277.8	277.3	271.8
People with disabilities new cases of disabilities (as % of total population)	0.14	0.18	0.16	0.19	0.17
Public expenditures on health (as % of GDP)	5.3		5.1	5.6	4.5

Food Security

	1996	1997	1998	1999	2000
Food production per capita index					
Agriculture production (as % of GDP)	10.6	10.7	10		
Food consumption (as % of total individual consumption)					38.4
Daily per capita supply of calories	2347	2313	2324	2450	2387

Education Imbalances

	1996	1997	1998	1999	2000
Obligatory education (duration by years)	8	8	8	8	8
Enrolment to primary education	258,587	256,275	255,150	252,212	
Enrolment to secondary education	81,244	84,380	87,733	90,097	
Enrolment to higher and university education	30754	32048	35141	35500	
R&D scientists and technicians	95	134	127	140	
Public expenditures on education (as % of GDP)	6.3	6	5.8	5.7	5.2

Profile of People at Work

	1996	1997	1998	1999	2000
Labour force (as % of total population)	39.79	40.08	41.03	40	39.95
Women's share of adult labour force (% age 15 and above)	39.14	38.77	38.47	38.87	39.81
Percentage of labour force in Agriculture & Forestry	11.32	10.52	11.5	12.6	13.32
Industry	21.6	20.48	21.1	20.09	20.8
Services	4.59	4.36	4.41	4.3	4.1

Access to Information and Communication

	1996	1997	1998	1999	2000
Radio subscribers (per 1000 people)	169	205	210	219	
TV subscribers (per 1000 people)	154	279	218	207	
Printed books and brochures (numbers of copies printed in 1000)	2497	2502	2101	1858	968
Telecommunication network units	291	295	300	324	385
Telephone subscribes	367,955	407,491	456,980	470,982	507,316
Cellular mobile telephone subscribers				47,737	99,944
Internet lines				5,399	10,074

Growing Urbanization

	1996	1997	1998	1999	2000
Urban population (as % of total)	58.7	59	59.6	59.6	59.6
Largest City	474,139	477,438	480,644	483,484	486,317
Population	1,983,099	1,996,869	2,007,523	2,017,142	2,026,350
Natural increase per 1000	7.7	6.5	6.2	5.2	5.9

Population Trends

	1996	1997	1998	1999	2000
Estimated population (millions)	1,983,099	1,996,869	2,007,523	2,017,142	2,026,350
Natural increase	7.7	6.5	6.2	5.2	6
Crude birth rate	15.8	14.8	14.6	13.5	14.5
Crude death rate	8.1	8.3	8.4	8.3	8.5
Infant deaths per 1000 live births	16.4	15.7	16.3	14.9	11.8
Total fertility rate	61.2	56.8	56.1	51.9	55.6
Contraceptive prevalence rate, any method (per 1000 women of fertile age)-izdadeni kontraceptivni sredstva	60.6	66.6	56.8	46.3	31.7
Poplation aged 65 and above (as % of total population)	8.9	9.1	9.4	9.8	10.2

Energy Use

	1996	1997	1998	1999	2000
Electricity consumption (milions of kWh)	5346	5575	5647	5299	5399
Total (millions of kWh)-electricity consumption+ losses in the system	6148	6330	6518	6285	6438
Index (1990 = 100) electricity consumption in 1990=4736 mil kWh	122.2	127.4	129.1	121.1	123.4
Per capita (kWh) electricity consumption (milions of kWh)	2.700	2.790	2.810	2.630	2.660
Per capita (KwH) total (milions of kWh)-electricity consumption + losses in the system)	3.100	3.170	3.250	3.110	3.170

Profile of Environment Degradition

	1996	1997	1998	1999	2000
Land area km2	25,713	25,713	25,713	25,713	25,713
Forest and woodland (ha)		968,039	968,562	950,594	957,550
Arable land (1000 ha)	554	546	533	543	498
Irrigated land	51,677	51,703	43,259	54,240	45,095
Annual rate of deforestation (in 1000 m3)	1118	1000	897	952	1148
Forest and woodland (ha per capita)		0.48	0.48	0.47	0.47
Annual rate of reforestation (ha)	2908	3025	3021	3072	2370

National Income Accounts

	1996	1997	1998	1999	2000
GDP (million USD) - Price adjusted rate of exchange (1994=100)	3,390	3,458	3,575	3,730	3,892
Agriculture (as % of GDP)	15.7	12.7	13.2	12.9	11.8
Industry (as % of GDP)	28.2	28.4	27.1	26.5	27.2
Services (as % of GDP)		52.7	52.9	54.5	55.1
Consumption					
Private (as % of GDP)	72.1	72.8	72.4	69.7	
Public (as % of GDP)	18.1	19.7	20.3	20.6	
Gross domestic investment (as % of GDP)	17.4	17.3	17.4	16.6	
Gross domestic savings (as % of GDP)		7.4	7.4	9.7	4.3
Tax revenue (as % of GDP)			18.9	20	21.7
Government expenditures (as % of GDP)			20.2	21.2	22.5
Exports (as % of GDP)	28.2	37.3	41.2	42.2	45.2
Imports (as % of GDP)	38.5	50.8	56.1	52.2	63

Trends in Economic Performance

	1996	1997	1998	1999	2000
GDP (million USD)	3,390	3,458	3,575	3,730	3,892
GDP annual growth rate (%)	1.2	1.4	3.4	4.3	4.3
GDP per capita annual growth rate (%)	0.3	1.3	2.8	3.8	3.9
Average annual rate of inflation (%)	2.3	2.6	-0.1	-0.7	5.8
Exports including services (as % of GDP)	28.2	37.3	41.2	42.2	45.2
Direct taxes (as % of total taxes)			29.7	30.6	26.6
Tax revenue (as % of GDP)			18.9	20	21.7
Exports-imports of goods and services ratio (exports as % of imports)	73.2	73.4	73.5	80.9	
Dependence of trade (import-export combined as % of GDP)	66.7	88.1	97.3	94.4	

Health Profile

	1996	1997	1998	1999	2000
Adults who smoke (%)				36	
Male				40	
Female				42	
Alcohol consumption per capita (liter)	3.5	3.2	2.7	3.2	3.2
Heart disease-ischemia (per 1000 people)	3.7			5.5	
male					
female					
Cancer (number of cases)	5,073	5,643	6,143		
male	2,727	2,994	3,413		
female	2,346	2,649	2,730		
AIDS cases (per 100,000 people)	0.2		0.2	0.3	0.2
Infectious diseases (Number of cases)	44,051	74,382	34,279	63,585	57,742
People with disabilities new cases of disabilities (as % of total population)	0.14	0.18	0.16	0.19	0.17

Unemployment

	1996	1997	1998	1999	2000
Unemployed people	237,572	252,979	284,064	261,452	261,711
Unemployment rate (%)	31.9	36	34.5	32.4	32.2
male	29.1	33		31.9	30.5
female	36.2	40.8		33.3	34.9
Youth unemployment rate (15-19 age)	76.7	80.4	76.6	66.3	60.7
Youth unemployment rate (20-24 age)	66.6	71.9	68.8	61.7	59.6
male (15-19 age)	73.8	72		60.9	
male (20-24)	65.3	72		57.2	
female (15-19age)	80.5	77.5		60.4	
female (20-24 age)	68.5	77.5		63.8	
Incidence of long term unemployment (%)	44.5	43.6	55.4	59.3	60.4
6 months or more	10.9	9.1	9.3	7.6	7.2
male	10.7	9.5	9.5	7.8	7.1
female	11.2	8.5	8.9	7.1	7.3
12 months or more	7.9	7.3	5.9	5.2	4.6
male	8.2	7.1	6	5.3	4.8
female	7.6	7.5	5.6	4.9	4.4
Involuntary part-time workers (as % of total labour force)			4.93	2.96	4.89

Social Stress and Social Change

	1996	1997	1998	1999	2000
Prison sentences	1,790	3,190	4,280	5,024	4,935
Juvenile detention	6	13	4	2	13
Intentional homicides (per 100 000)	2.4	2.4	2.2	2.6	3
Reported adult rapes	22	21	48	51	52
Injuries and deaths from road accidents (per 100 000 people)	7.9	7	7.1	5.8	5.3
Suicides (per 100,000 people)	7.4	7.8	7.6	8.4	5.1
male	10.4	11.5	9.6	11.6	10.3
female	4.3	4	5.6	5.3	4.5
Divorces (as thousands of married)	70.5	72.6	73.4	73.7	92.9
Single female families (Census 1994)	41,435	41,435	41,435	41,435	41,435
Births to mothers aged 15-19 (%)	10.9	9.9	9.3	9.1	8.7
populaton aged 65 and above	178,995	180,340	181,243	198,053	199,414

Managing the Environment

	1996	1997	1998	1999	2000
Greenhouse gass emissions	13,775	14,454	15,086		
CO ₂ , thousand ton	9,017	9,681	10,212		
Methan, thousand ton	167	171	178		
NO _x , tons		5,810	28,400		
Major protected areas (as % of national territory)	4.2	4.2	4.2	4.2	4.2
Hazardous waste produced (1,000 metric tons)	425				

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