

Review of Social Services Sectoral Reforms: Efforts and Ideas

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The Soviet legacy in Belarus encompasses a well-structured social security system¹. The system was based on the formal principle of equitable distribution of performances whereby those in active occupation were obliged to support inactive persons by paying statutory social insurance fees. Governmental agencies in charge of social security programs were responsible for ‘correct, timely and fair’ distribution of these funds among the needy. With time, numbers of those eligible for the same portion of funds provided via the ‘correct and timely’ distribution grew, and caused it to change into a cumbersome system of various welfare and social benefits that expanded far beyond low income groups. At the same time, a shrinking portion of funds continued to target the low income groups intended as their initial beneficiaries.

For this reason, the general public broadly supported the idea of restoring ‘social justice’ during the first few years of Belarus’ newly gained independence, the time also marked by a shakedown, effectively leading to a collapse of the former social security system. This idea is reflected in the period’s liberal programs of social security reforms. Notably, early ideas for social security reforms were much less radical than reforms proposed in other aspects of the country’s life at the time.

¹ The system was based on the principle of the so-called Leninist employee insurance program (гл. В. И. Ленин, ПСС., т. 21, с. 146–149.) – universal and comprehensive coverage provided from central and local government funds. The system was financed by contributions of workers and employees and from general State revenue.

Documented reform proposals, discussed below, are to be seen in election platforms of political parties and presidential candidates, independent experts' research papers and in government programs.

Political party platforms

The 'Adradzhenne' Belarusian Popular Front (BPF) was the first political party to offer a social security reform plan as an alternative to government programs. The plan included measures to:

- phase out benefits and privileges for civil servants;
- guarantee minimum subsistence income and index it to inflation;
- provide employment guarantees;
- retain free-of-charge healthcare services and increase government funding for the healthcare sector;
- promote physical education and sports and enhance their role in improving the population's health;
- raise pensions in line with average income levels;
- raise childcare benefits;
- set up a State agency for social, career and creative assistance to and moral support for disabled persons, orphans and single-parent children;
- increase support for Belarus' eastern regions;
- convert public housing into private property that may be inherited, and provide soft loans for housing construction;
- reform the prison system and offer societal rehabilitation options to former inmates.

The document calls for introducing a broad social security system hinged on the principle of social justice. Its main goal is to guarantee the right to social security and welfare by means of comprehensive public support for all vulnerable groups, from disabled persons to retirees to former inmates. The platform is based on the idea that the government is capable of providing any amount of social support in tune with the needs. The paper works on the premise rooted in Soviet-style delusions of equality and social justice.

This was followed by a BPF program of May 30, 1993, and the Declaration of Program Goals and Principles of the United Democratic Party of Belarus, adopted in November 1993.

Both documents called for building a ‘social market economy’. They were drafted in response to growing social and economic instability.

The BPF program sought to guarantee social justice not only for the disabled, retirees and large families, but also in terms of the general economic environment. It proposed equitable distribution of the fiscal burden, but failed to specify how to achieve this. The program called for fair privatization and transfer of State property to private individuals, but did not offer ideas on how this could be done.

The program stated a need to support low income groups and maintain the nation’s health. For the first time, mention was made of targeted assistance as an alternative to non-specific social benefits. It highlighted the need for raising retirement age and introducing health insurance schemes. A recommendation was made that private hospitals should be allowed to operate alongside the state-owned ones. Overall, the program may be said to be an attempt to formulate and define some social policy principles.

The Declaration of Program Objectives and Principles of the United Democratic Party of Belarus defined social security as a system of state guarantees that can be relied upon ‘only in situations where individual efforts are insufficient or fail for valid reasons’. Among the practical steps, the Declaration suggested granting tax exemptions to charities and associations of disabled persons.

However representing different (national-democratic and liberal) views on social security, both programs called for a shift towards targeted social assistance.

Political party platforms developed after the presidential election of 1994 remained focused on the idea of ‘social justice’ that implied redistribution of property and socially-oriented economic policies.

In particular, the Civic Party platform, adopted at the founding conference in December 1994, proposed measures to slow down the opening of income gaps. The measures proposed to levy real estate tax, prioritize spending to assist the

needy, expand the range of payable services in healthcare and education, and raise utility rates and public transport fares.

The Civic Party platform adopted in October 1995 envisaged the same measures. The platform's social package included housing, healthcare, youth, culture and science policies.

Inconsistency in Belarusian liberalism reveals itself in a combination of measures to support the jobless: along with unemployment benefits, suggestions were made to take steps such as offering community work, and retraining laid-off workers. The platform called for real estate tax becoming a more important factor in funding social security programs. The document is also notable for its leftist definition of taxable property as one originating from 'the enrichment of a group of individuals in effect of imperfect legislation'.

In housing policy terms, the platform calls for providing low income households with what is referred to as 'social housing'. Among other measures is the provision of soft housing loans and tax exemptions on funds invested in housing projects.

The liberal platform warrants free healthcare services combined with the development of State health insurance schemes.

Measures to support youths included offering soft loans for youth housing development projects and promoting employment of students during summer vacations.

Unlike the above-mentioned program documents, the Civic Party platform bears striking similarities to Alyaksandr Lukashenka's election platform which stipulates many identical provisions. Both platforms call for building an effective and dynamic social market economy. Parallels can also be found in program documents of other political parties such as 'The Program of the Belarusian Party of Labor – the Society's Path to Democratic Socialism' (March 1996), The Program of the 'Narodnaya Hramada' Belarusian Social Democratic Party (June 1996), and The Program of the Belarusian Communist Party (March 1999).

It was the similarity of positions on social security reform and other issues, along with the majority of voters' ignorance of the content of these platforms that made political parties so indistinct and unpopular.

Presidential candidates' election platforms

Electoral platforms of Alyaksandr Lukashenka, Stanislau Shushkevich, Zyanon Paznyak, Vasil Novikau and Alyaksandr Dubko reflect the whole spectrum of political views on State-sponsored social policy.

Lukashenka's platform braudishing the slogan: 'To Shield the People from Disease', called for establishing an extensive social security net. Measures included implementing a subsistence wage to which the minimum wage should be indexed; introducing a progressive income tax scheme to prevent the gap between the rich and the poor from widening; satisfying the minimum need for free housing, health services and medicines; offering loans to youths and young families for housing, property, as well as for training and retraining; providing state subsidies and low interest-bearing loans for housing construction in relation to size of household income and wealth etc.

Economic mechanisms proposed for attaining these objectives included strict price controls that implied enforcing criminal punishment on individuals in managerial positions in case of their failure to comply with price control regulations. The platform called for channeling construction industry efforts towards satisfying the population's need for housing, and making it a top priority sector in terms of funding.

Shushkevich's platform called 'State, Democracy, Market – a Path to Prosperity' was similar to the program put forth by the United Democratic Party of Belarus that called for targeted social assistance. A novelty was, among others, to suggest a move to turn over some public property to pension funds.

'The Economic Platform of Presidential Candidate Zyanon Paznyak' also favored targeted assistance. In addition, it suggested that the government pursue an active policy of supporting vulnerable groups, and take active steps to raise salaries and income of public sector employees. Unlike other candidates, Paznyak wanted housing policies to focus on constructing individual houses, with the government assuming responsibility for building adequate infrastructure. He also called for establishing mortgage lending institutions, giving greater financial independence to local authorities in carrying out social programs

and allowing them to use land tax revenue to that end. Paznyak stressed that collective and state-owned farms should not act as local administration. Their contribution to social security programs should boil down to prompt payment of the land tax. In terms of the political spectrum, Paznyak's ideas could be positioned halfway between those of Lukashenka and Shushkevich.

Dubko's 'This Country Needs a Good Stewart' program was aimed at restoring the Soviet system and vesting the future president with extensive powers. Dubko suggested providing veterans, pensioners, disabled persons, large and low income families with monthly food rations at fixed subsidized prices. The platform said that the State should guarantee employment, public housing, free healthcare services and cheap clothing for children. It failed, however, to outline a mechanism of how to put these ideas to work.

It should be stressed that the programs were prepared in the midst of a deep financial and social crisis of the early 1990s. Therefore, the candidates' election success largely depended on their approach to tackling social and welfare problems.

Lukashenka's platform outperformed others in the 1994 presidential election because it clearly indicated social issues and efforts to embark on so as to attain social policy objectives specified in the BPF's initial platform. Lukashenko's proposal that the government should give priority to social policies did not, however, materialize in the course of the subsequent social and economic reform.

Election platforms of Mikhail Chyhir and Zyanon Paznyak in the opposition-organized alternative elections in 1999 proposed minor adjustments to the social security system of the late 1990s that was built on the principles of 'developed socialism' laid down in Lukashenka's election platform.

Social services sector: reform concepts and programs devised by independent experts

One should bear in mind that independent teams were formed on the basis of a coalition of experts associated with the UCP, Social Democratic parties and the BPF. Since these teams' conceptual ideas were generated by one man,

Leanid Zlotnikau, all these programs² suggested shifting the focus of social policies from social justice to social solidarity.

Independent experts recommended that a reformist government, if ever formed in Belarus, should move from the existing social protection system towards a social insurance system by means of establishing pension and health insurance schemes.

The authors believed that a pension insurance scheme should encourage people to earn money and set aside savings, while health insurance should prompt people to greater care of their health. The experts thought that Belarus could copy the health insurance scheme that was being established in Poland, but the government should continue financing health services for people with chronic diseases and subsidize some medicines.

The program found flaws in the existing social security system that was based on minimum subsistence guarantees. It called for narrowing the scope of social security to ensure adequate funding. For that purpose, the amount of welfare transfers (pensions, student allowances, and child support allowances) should not fall below minimum subsistence levels. Other priorities included retaining public transport subsidies at 40 to 50 percent of operating costs, with private and state-owned transport operators entitled to equal subsidies.

The program pointed out that the households should fully cover utility costs when the GDP reaches twice the 1999 level. GDP growth should facilitate transition towards targeted assistance. The government would have one year to abandon price controls. The pre-conditions for this exercise should be very simple. Beneficiaries would include large and single parent families, elderly persons and those who lost the capacity to take up employment.

² See: Предложения по формированию экономической политики (этап стабилизации), approved in June 1996 by the Committee on Economic Policies and Reform of the 13th Supreme Soviet. Белорусский рынок. № 23. 1996; Концепция и программа экономических реформ (Национальный исполнительный комитет), «Народная воля», 19 лютага. 1998 г.; Беларусь – альтернатива XXI, «БР», № 51. 1999; № 1. 2000; Стратегия для Беларуси, «Народная воля» 25 жніўня. 2000.

Government programs for social services reforms

All government-sponsored social security programs were revolving around the same idea. Their objectives indicate that the government realized there was a need for a social security reform. The reform may be said to be defined by the tenet of modernization.

This goal is clearly stated the National Strategy of Sustainable Development of the Republic of Belarus, approved by the Council of Ministers on March 25, 1997. The objectives which all these programs have in common are the following:

- rationalize social security policies;
- plan social security measures;
- raise living standards;
- provide level playing field in socioeconomic conditions for various social groups;
- raise labor productivity;
- streamline state institutions.

Apart from that, the program sets out the underlying goals:

- restructure the economy;
- regulate the business environment;
- develop the science, education and health sectors;
- boost the birth rate and life expectancy at birth.

The table below illustrates a shift in official social policies. The table compares proposals of BPF 'Adradzhenne' with the national social protection strategy referred to by the Belarusian leader in his speech to the National Assembly, in particular in the section entitled 'State Social Policies and Social Protection of the Population'. The speech is not quoted verbatim, yet makes its point clearly.

Table 11.

BPF program (1989)	Lukashenka's speech (2002)
<p>Cancel benefits and privileges. Fair distribution under public scrutiny. Subsistence minimum guarantees. Employment guarantees.</p> <p>A rise in pensions under close public oversight.</p> <p>Better financial incentives for mothers to have and raise more children. Establishing state centers for labor and societal rehabilitation of and moral support for the disabled and assistance to orphans and single-parent children.</p> <p>Devote particular attention to eastern regions. Convert state and municipal/council housing into private property subject to inheritance. Improve prison conditions and guarantee societal rehabilitation of former inmates.</p>	<p>Cancel benefits and privileges. Fair distribution under public scrutiny. Subsistence minimum guarantees. Retrain the unemployed. A rise in pensions via a combination of state guarantees and personal liability for generating risks in manufacturing. Better financial incentives for mothers to have and raise more children. Passing a package of laws dealing with the provision of pensions, state pension schemes, and introducing mandatory occupational accident insurance.</p> <p>Devote particular attention to Chernobyl-hit areas. Enhance social justice in healthcare and find additional non-public sources of financing the healthcare system. Promote sports, tourism and healthy lifestyles.</p>

The table shows the government's shift toward a market-oriented understanding of individual rights and duties and social responsibilities of the State. At the same time, Soviet-style declarations are excessively focused on.