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M.S. Lantsev

**THE
ECONOMIC
ASPECTS
OF SOCIAL
SECURITY
IN THE
USSR**

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Translated from the Russian by *Jane Sayer*
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М. С. Ланцев

«ЭКОНОМИЧЕСКИЕ ПРОБЛЕМЫ СОЦИАЛЬНОГО
ОБЕСПЕЧЕНИЯ В СССР»

На английском языке

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The main aim of a social security system is to provide means of subsistence for those members of society who are unable to work, a principle which all social security systems reflect in some form or another. At the same time, the level and conditions of social security, methods of financing and management applicable to the specific features of economic, social and historical development differ from country to country. The sources from which social security funds are formed and the level of provision for the non-able-bodied depend to a considerable degree on the country's dominant mode of production, and the distribution of material and cultural wealth, while the way in which the social security system is managed is determined by the nature of the state system.

In the USSR there is public ownership of the means of production. This is of decisive significance for all aspects of the economy and the basis on which material wealth is distributed according to labour and from the social consumption funds, a considerable part of which are used for social security purposes.

Social security in the USSR has developed as a universal system including all types of pension and allowance paid to those who are unable to work, for whatever reason.

* © Progress Publishers, 1978.

This system is distinctive in that it is based entirely on state and public resources: the population does not contribute to the financing of social security. In this sphere the state is more than just a legislator in control of all relations in the provision of social security for the non-able-bodied and a distributor of the relevant funds: it is also their guarantor. Article 43 of the Soviet Constitution runs: "Citizens of the USSR have the right to maintenance in old age, in sickness, and in the event of complete or partial disability or loss of the breadwinner."

"This right is guaranteed by social insurance of workers and other employees and collective farmers; by allowances for temporary disability; by the provision by the state or by collective farms of retirement pensions, disability pensions, and pensions for loss of the breadwinner; by providing employment for the partially disabled; by care for the elderly and the disabled; and by other forms of social security."

A Soviet citizen is provided for by social security throughout his life.

Expectant mothers receive a paid ante- and post-natal leave of absence. Children of pre-school age can attend nurseries and kindergartens supported to a large extent by the state. Grants are paid for children of low-income families, single mothers and large families. If he falls ill, a worker receives an allowance for temporary disability. For permanent disablement and in old age he receives a pension. On the death of the breadwinner, the family receives a burial allowance and a pension. Everyone in the country is entitled to unconditional free medical care.

Such a social security system is, of course, costly: 1976 overall social security outlays amounted to about 52,000 million rubles, including 37,000 million on pensions and allowances, and 15,000 million on the health service. In early 1977 46 million people, or more than 17 per cent of the population, were receiving state pensions.

The scale of social security obviously has a considerable effect on the economy. It influences the proportions in which the national income is distributed between the various categories and plays an important role in the implementation of the state's social policy.

The social security system's economic influence covers the reproduction of the labour force, the way the population is structured demographically, changes in the balance between the income and consumption levels of various social groups, improvement in living and working conditions, and the creation of a better environment for the all-round development of the younger generation.

In order to develop, the social security system requires more than just large financial resources. It also needs an increase in the material supplies available for serving the non-able-bodied, more homes for the aged and disabled, rehabilitation centres for the disabled, a prosthetic appliance and orthopaedic industry, the production of means of conveyance for the disabled, and specialised enterprises and workshops employing the partially disabled.

The social security system in the USSR not being dependent on worker contributions or on how long a worker has been insured, is oriented on the entire population. There are certain specific features to the social security for co-operative farm peasants (collective farmers) and their families, due to the existence of the two main forms of socialist ownership: collective farm and co-operative, and state public ownership. These differences are only temporary, however, and will be eliminated in the near future.

The fact that the state is responsible for social security in the USSR is also reflected in the way the system is organised. Overall issues relating to social security on the national scale are the concern of the State Committee of the USSR Council of Ministers for Labour and Social Problems, and of the USSR Ministry of Public Health. Within the individual Union republics, the responsible organs are the ministries of social security and the republican public health authorities.

The All-Union Central Council of Trade Unions (AUCCTU) deals with state social insurance of all working people, and thus participates broadly in managing the social security system.

Considerable work is being carried out in the Soviet Union to further improve the social security system.

CHAPTER 1

SOCIAL SECURITY WITHIN THE SYSTEM OF SOCIALIST DISTRIBUTION RELATIONS

1. The Economic Nature of Social Security

The emergence of social security as a form of distribution is connected with that of capitalism. As the capitalist mode of production became established, the small producers were deprived of the means of production, the peasants were driven from the land, and a huge army of poor people was formed. For the working class, the development of capitalism entailed a whole series of previously unknown dangers: in particular, the threat of unemployment, occupational disease, death, disability, premature ageing and injury.

Although the need for social security and the capitalist mode of production emerged together, it was only in the mid-20th century that the proletariat's class struggle compelled capitalist states to take serious and guaranteed measures in this sphere. For centuries the working people's need for social security had been ignored and help for the poor had been confined to various forms of charity and philanthropy.

The first social insurance schemes were instituted at the end of the last and the beginning of this century, as a result of mass actions by workers. In Germany social insurance embracing roughly 10 per cent of the population was introduced between 1883 and 1889. Sickness and old age insurance appeared in Denmark in 1891, in Great Britain in 1908, and in France in 1910. It was only in the early 1930s that the USA, Canada and certain Latin American countries adopted their first social security programmes covering a significant part of the population.

Only in 1912 did a minimal, paltry form of provision for the workers under a social insurance scheme appear in tsarist Russia.

Private insurance against loss of earnings is based entirely on capitalist principles of entrepreneurial activity, by providing profits for the owners of the insurance company involved.

Social security does not include the private insurance widespread among better-off workers nor charity shown to people deprived of the means of subsistence, since these types of assistance are guaranteed by private rather than state or public organisations. They are not based on overall state legislation and so the majority of workers are not entitled to any material provision in the case of unemployment, illness, old age, disability, or their families for the death of the breadwinner.

In many countries a system of compulsory insurance has been introduced to cater for the majority of the population who are unable either to save independently or take out a private insurance policy because their incomes are too low. Such systems lay certain obligations on the insured person, as well as on his employer and society as a whole. The basic idea is to force the insured to make contributions, which he would not do voluntarily, due to a shortage of funds.

In order to understand the nature of social security correctly, it is essential to study works on this subject by the classics of Marxism-Leninism. This applies to Lenin's writings in particular, for they are of especial value in comprehending the key points in the theory of social security. These works and documents on Lenin's practical activities in the first years after the October Revolution contain extremely important points of principle revealing the essence and nature of social security.

Lenin himself considered an improvement in the Party's demands in the sphere of factory law, including social security, to be of considerable importance. In "A Draft Programme of Our Party" he wrote that the provisions of workers' party programmes ought to include a stipulation that a "legislation fixing the responsibility of factory owners for all accidents and maiming of

workers, both industrial and agricultural",* be established. In the "Draft Programme of the Russian Social-Democratic Labour Party" he expounded these demands in more detail, stating that the employer should be responsible for full or partial disablement of workers, whether as a result of an accident or of harmful working conditions. He later added a demand that state pensions be paid to workers who are no longer able to work due to old age.

Thus the main social security demand made by the working class of Russia was that the state and entrepreneurs should provide for all workers who had either totally or partially lost their earning power.

Lenin returned to the question of social security while preparing for the Prague Conference of the RSDLP. His draft for the resolution "The Party's Attitude to the Workers' State Insurance Duma Bill" gave a fuller formulation of the main principles behind the organisation of social insurance for the workers. Although they were first elaborated over sixty years ago, these principles are just as relevant today. They provide a correct framework within which it is possible not only to analyse social security systems in capitalist society today, but also to define the tasks involved in social security in the USSR, in a socialist society.

In the last work mentioned, Lenin reveals the social and economic reasons behind the need for social insurance of workers under capitalism. One of the main ones is the low wage level, as a result of which "the proletarian is ... deprived of any opportunity to lay aside any part of his earnings to provide for himself in case of inability to work ... as well as in case of unemployment which is inseparably linked up with the capitalist mode of production".** Lenin's conclusion also applies, of course, to modern capitalism, as even the representatives of capitalist countries in the International Labour Organisation are forced to admit. This Organisation's report provides for recognition of the fact that workers must be ensured of adequate protection for themselves and

for their family in the event of the interruption or loss of the breadwinner's earnings.*

Lenin also defined the main demands on a rational insurance system.

"The best form of workers' insurance is *state* insurance based on the following principles: (a) it should provide for the workers in *all* cases of incapacity (accidents, illness, old age, permanent disablement; extra provisions for working women during pregnancy and childbirth; benefits for widows and orphans upon the death of the breadwinner) or in case of loss of earnings due to unemployment; (b) insurance must include *all* wage-earners and their families; (c) all insured persons should receive compensations equal to their *full* earnings, and *all* expenditures on insurance must be borne by the employers and the state; (d) all forms of insurance should be handled by *uniform* insurance organisations of the *territorial* type and based on the principle of *full* management by the insured persons themselves."**

The main principles for a social security system in a socialist society were set out in the Provisions for the Social Security of the Working People, confirmed by decree of the Council of People's Commissars on October 31, 1918, and signed by Lenin himself. The Provisions stipulated that social security for the working people should include the following forms of aid:

- a) the provision of all types of medical and medicinal, etc. aid and natal care for those in need of it;
- b) compensation for temporary loss of earnings due to a disability, for whatever reason (general illness, injury, and so on);
- c) compensation for permanent loss of earnings (all or a part) due to disability resulting from injury, illness, old age, and so on;
- d) compensation for loss of earnings due to unemployment when the worker himself is not at fault.

Social security was also to include measures to prevent illness, injury, etc., as well as to alleviate their consequences.

* V. I. Lenin, *Collected Works*, Vol. 4, p. 240.

** V. I. Lenin, *Collected Works*, Vol. 17, p. 475-76.

* *International Labour Conference, Fiftieth Session, Report V (Part 1)*, Geneva, 1965, p. 13.

** V. I. Lenin, *Collected Works*, Vol. 17, p. 476.

The science of Marxism-Leninism distinguishes the most general features of social security as an economic category. First, social security caters for those members of society who are unable to work, even temporarily. Second, these people are supported by money coming from the social consumption funds. Finally, the aim and level of social security are a function of the historical conditions under which the system is implemented.

Under socialism the reasons behind social security, its goals and character differ fundamentally from the capitalist system of social security, where, in the same way as wages, it reflects the exploitative relations between capitalists and workers. No radical solution to the problem of social security for the non-able-bodied is possible under these circumstances. Justifying themselves by the high cost of a universal social security system, the governments of capitalist countries try to limit the scope of social security and keep it at a minimal level.

Under socialism economic relations are based on public ownership of the means of production, which creates completely different conditions for the implementation of social security.

The way social security is defined by bourgeois theoreticians, and also by international labour organisations, is of a certain interest.

The *Encyclopaedia Britannica* defines social security as follows: "The main purpose of any plan for social security is insurance against interruption and destruction of earning power and for special expenditure arising at birth, marriage or death." *

The International Labour Organisation's Recommendation No. 67 (1944) concerning Income Security speaks of a guarantee of earnings and sets out the basic principles for organising a system to relieve and prevent poverty. **

The ILO's social security reports published in 1970 give the following definition of the aim of social security: "The mechanics of modern social security measures consist in counteracting the blind injustice of nature and

* *Encyclopaedia Britannica*, Vol. 20, Chicago, London, Toronto, Geneva, Sydney, 1963, p. 891.

** *Recommendation No. 67 concerning Income Security*, ILO, Montreal, 1944, p. 542.

economic activities by rational, planned justice with a touch of benevolence to temper it." * This definition includes bourgeois researchers' typical mistake of identifying economic and social processes with natural processes. The social and material inequality that results from a forced expropriation of the means of production by the exploiting classes is depicted as the result of natural development.

Some foreign authors describe social security schemes as "deliberately designed to promote transfers from larger to smaller incomes". **

Even the International Social Security Association interprets social security in this way. Pierre Laroque, a French social security worker, believes that social security "represents a guarantee by the whole community to all its members of the maintenance of their standard of living or at least of tolerable living conditions, by means of a redistribution of incomes based on national solidarity.

"It is essentially general, both as to the population covered and as to the elements of insecurity against which individuals and families are protected." ***

These definitions do, to a certain extent, reflect the actual situation in capitalist countries. Both in theory and practice, social security under capitalism constitutes an attempt to limit the scale of poverty and relieve the catastrophic consequences of unemployment, illness, disability and old age for the workers and their families. In fact, however, these are not a goal but a means to an end: to alleviate the contradictions of capitalism.

The main aim of social security in a socialist society is to provide means of subsistence for those who are unable to work, and to create the appropriate conditions for developing their physical and mental capabilities.

The system is not, however, confined to this. Inability to work has two consequences for the worker: loss of

* *An Introduction to Social Security*, ILO, Geneva, 1970, p. 2.

** *Prosperity for Welfare. Social Purpose in Economic Growth and Change. The ILO Contribution. Report of the Director-General, Part I (First item of the agenda)*, ILO, Geneva, 1973, p. 14.

*** *Bulletin of the International Social Security Association*, No. 3-4, 1966. Published by the General Secretariat of the ISSA, Geneva.

earnings and the need for treatment, both of which must be covered by the social security system. Compensation for lost earnings is made in the form of monetary allowances, while a free health service buffers the family budget against the unforeseen additional outlays that illness would otherwise involve. This is just as important even when the illness does not entail unfitness for work or loss of earnings.

Medical care is an integral part of many types of social security provision (allocating maternity grants, determining temporary disability, establishing disability groups, medical measures to restore the workers' health and fitness for work, determining working conditions for the disabled, and so on). The health authorities and institutions cater primarily for the disabled, and also for children in children's institutions, old people in homes for the aged and disabled, etc. For this reason, it is internationally accepted that social security systems include medical care for the population.*

In the Soviet Union, the health service is an autonomous system of institutions and bodies headed by the USSR Ministry of Public Health. In the planning of social funds and also in report statistics, the health service is treated as a category apart from the social security system.

The reason for keeping the two branches separate is rooted in the specific nature of the health service in the USSR. Medical care is provided free to the entire population. The nature and economic aspect of medical services in the USSR coincides, to a considerable degree, with the communist mode of distribution, i.e. distribution according to need.

In a socialist society concern for the upbringing of the younger generation takes a variety of forms, a major one being social security measures. One of the tasks included in the Communist Party's programme is to extend state material provision for children. A significant share of the social consumption funds is allocated for the up-

* See, for instance, the structure of outlays on social security in ILO and ISSA publications, and the conventions and recommendations of the ILO. The nature of the functions of ministries of social security in a number of countries also provide evidence of this.

bringing, education and health protection of children. In the USSR there are allowances for the birth of a child, for single mothers and mothers of large families, and for children in low-income families, but these make up only a part of the whole complex of measures for assisting working people with families. There are also other ways in which the real incomes of working people with children are supplemented. These include a privileged income tax, the relatively lower prices on children's clothes and other items, subsidies for keeping children in pre-school institutions, special measures to ensure children's health, subsidies for keeping children in boarding schools, and many more.

2. Funds for the Non-Able-Bodied Within the Social Consumption Funds

There are two ways in which material benefits are distributed among the members of a socialist society. The first is wages, the second—payments, subsidies and free services paid for out of the social consumption funds.

Payment for labour, which is the main form of distribution, ensures that all the working people are equal under the distribution of the consumption funds. The level of consumption is not only affected by the wage level, however; it is also influenced by the composition of the worker's family. The social consumption funds help to limit the influence of these factors and thus increase the possibilities for the law of distribution according to labour to operate more consistently, and therefore more efficiently. It is through the social consumption funds that the population's health, education and cultural needs are satisfied.

Those members of society who work in the production sphere might, for a variety of reasons, suffer a temporary loss of earning power. While unable to work, each worker must have certain funds at his disposal, be they from a private insurance policy or from the overall funds of the whole society. The best way to provide these is to set up social consumption funds which could be used to compensate for temporary loss of income. First, this requires fewer resources than would be needed to create special funds; second, the workers will be guaran-

teed material aid irrespective of their own resources.

Not all members of society, however, are able-bodied people working in the production sphere. Some people are too old, too young or are disabled.

Those members of a family who are unable to work do not, of course, earn an income, so they must be supported either by those who are earning or through the social consumption funds.

There is something in common between the wage fund and the funds for the non-able-bodied: the resources that make them up are used to satisfy the primary, vital needs of the two population groups. The purpose of the wage fund is to distribute part of the consumption fund among the working members of society, while the fund for the non-able-bodied is the source from which those who are unable to work can obtain the consumer goods and services they require.

Apart from the fund for the non-able-bodied, the social consumption funds are not intended for any particular population group, but to satisfy the requirements of all people, either fit or unfit for work. The state, for instance, assumes part of the running costs of housing maintenance by subsidising rents for both those working in social production and those who cannot work.

The free services and benefits financed out of the social consumption funds are not taken into account in determining the level of provision for the non-able-bodied. For instance, the subsidies and payments pensioners receive in addition to their monetary pension or allowance are not added on to the latter. At the same time, pensioners, just like all other members of society, are entitled to free medical care, housing subsidies, certain subsidies on visits to cultural establishments, on travel, to meet the cost of prosthetic appliances, and so on.

The social consumption funds, besides the fund for the non-able-bodied, include resources set aside for the joint satisfaction of individual needs that are secondary to those for food, clothes and housing.

The payments and benefits provided out of the social consumption funds differ in purpose and in economic terms, which means they have to be divided up into groups. For planning purposes, the social consumption funds are grouped according to designation:

- a) supporting and bringing up the younger generation;
- b) training personnel;
- c) protecting the health and rest of the population;
- d) supporting the aged and non-able-bodied members of society;
- e) providing cultural and domestic services for the population.

This breakdown lists the population groups receiving resources from the funds (the population as a whole, the younger generation, the aged, and so on), and the purposes for which the funds are used (education, the training of personnel, cultural and domestic services, etc.).

It does not, however, show clearly enough that some funds are intended for a particular purpose right from the start. For instance, one part of the social insurance fund is included in the funds designated for supporting and bringing up the younger generation, a second in those for health protection and a third in those for supporting the aged and non-able-bodied. At the same time, the main aim of the social insurance fund is to provide pensions and allowances for workers who are permanently or temporarily disabled.

We believe a breakdown of the social consumption funds on a socio-economic basis would be better. This would have to include:

- a) the recipients' relations with respect to social production (able-bodied or non-able-bodied);
- b) the role of the social funds in how the incomes of individual population groups are formed (the main source of income or a supplementary one);
- c) the sources of the social funds (the social insurance funds, the all-Union fund for the social security of collective farmers, and so on);
- d) the link between the form of provision and labour relations (a direct link: when allowances are provided for temporary disability; or indirect: when pensions are paid depending on work record; or no link at all: i.e., when providing medical care).

In addition, the methods by which the social consumption funds are formed should also be taken into account.

On this basis, the social consumption funds can be divided up into three groups.

1. Social funds for joint consumption, including:
expenditure on education;
expenditure on the health service;
depreciation of the fixed non-productive assets of education, health, physical culture and social security institutions;

depreciation of the public housing fund that is not covered by rents (including running maintenance costs).

This fund is particular in that it is distributed in accordance with the needs of the members of society, whether they work or not.

2. Social funds for the non-able-bodied, including:

a fund for satisfying the needs of those members of society who are permanently unfit for work (the aged and the disabled). This fund is equal to the sum of old age and disability pensions paid to pensioners who do not work, plus outlays on maintaining homes for the aged and disabled. The fund must also include the means allocated for providing social services to the non-able-bodied;

means for supporting those who have not reached working age (family allowances for single mothers and mothers with large families; tax privileges for workers with children; subsidies from the state budget for keeping children in pre-school institutions; allowances for children of low-income families; outlays on supporting children in mother and child homes and in children's homes);

funds for satisfying the needs of those who are temporarily unable to work (temporary disability allowances, maternity grants, subsidies for treatment in sanatoria and for dietetic food).

The usual breakdown of social consumption funds also singles out funds for holiday pay.

Funds for the non-able-bodied are distinguished by the fact that they are intended for a specific part of the population, while the funds for the satisfaction of various needs are mainly used to cover the services provided, usually without charge, to the population.

These differences in the forms and purposes of the employment of the two groups of social consumption funds stem from their different relationships with social production and distribution.

The possibilities for expanding the output of consumer goods have a decisive influence on the formation and development of the funds for the non-able-bodied, i.e., there is a direct link between these funds and social production.

The main influence on the development and expansion of the funds for satisfaction of needs is exerted by changes in the proportions according to which labour is distributed between the productive and non-productive branches of the economy.

The most promising sphere for developing the social consumption funds is expansion of jointly consumed services, since as a rule the volumes in which many of them are consumed cannot, under given circumstances, be cut back or increased at will by the consumer. Neither the cost of education in a secondary school, for instance, nor that of medical care can be altered by the will of individual members of society, so jointly consumed services can be more easily disbursed free of charge, than can material benefits, where the range of volumes consumed might easily change.

Since the individual groups of social consumption funds differ in the way they are used, their volume and growth rates also differ. Table 1 shows the composition of the social consumption funds and changes in the size of payments and benefits from them (given in thousand million rubles and in per cent).

The data show that the social consumption funds develop unevenly. This is because of the different growth rates of the individual age groups within the population and the different measures taken to raise the level and quality of benefits and payments from the social funds. In turn, these are determined by the possibilities for allocating additional material, labour and financial resources.

The funds for the non-able-bodied constitute a significant and ever-growing share of the social consumption funds: over the 26 years from 1950 to 1975 inclusive they increased from 4,500 million to 39,600 million rubles, i.e., by 770 per cent, while the respective figures for the social consumption funds in general were 13,000 million and 89,000 million rubles, or 580 per cent.

Table 1

	1950	1960	1970	1975	Increase in the volume of payments and benefits in 1975 as against 1950, %
Social consumption funds, thous rubles . .	13.0	27.3	63.9	89.0	580
Including:					
funds for joint satisfaction of needs	6.8	11.7	27.1	36.9	440
funds for the non-able-bodied	4.5	12.4	27.7	39.6	770
social funds for holiday pay and lump sum bonuses	1.7	3.2	9.1	12.5	630

The main factor in the extremely rapid growth of the fund for the non-able-bodied was the substantial increase in the sums allotted for supporting the aged and the disabled. These resources constitute the largest share of the fund for the non-able-bodied, and the high rate of development of this fund has brought its share in the overall sum of social consumption funds up to 45 per cent in 1975, as against 33 per cent in 1958.

The increase in the funds for the non-able-bodied is connected with the rise in the proportion of older people in the overall population. The period under review also saw a substantial expansion in the groups of people covered by state pensions (mainly due to the inclusion in this category of collective farmers) and an overall rise in the size of pensions.

As a result, the funds for the non-able-bodied have grown considerably and they now take up over 20 per cent of the USSR's national budget.

The funds for the non-able-bodied differ from the social consumption funds as a whole in that they usually replace wages, rather than supplementing them. Payments are made from these funds either in a specific proportion to wages (as in the case of temporary disability), or depending on the quantity and quality of work

the recipient has done previously, before permanent loss of earning power, or independently of these factors.

Society has a vested interest in the reproduction of labour power and the training of skilled workers for social production, so allowances to mothers with large families are paid irrespective of their income level, no turnover tax is levied on the retail price of children's items, and so on.

The fund for those who have temporarily lost their ability to work is intended to compensate for the loss of earnings during the period of enforced idleness due to illness, pregnancy or confinement. For this reason, payments, from this fund are regulated primarily in accordance with the former level of income, and in some cases the service record is taken into account. Benefits from the fund for temporary disability are always monetary. The fund is developing towards the goal of complete compensation for loss of earnings during the period of enforced idleness. All working people in the country are now covered by these types of allowance, which for the vast majority correspond to their wages.

The aged and the disabled, as well as children below working age, cannot contribute to social production. But the former were active participants in the labour process before the onset of old age or disability. The nature and conditions of their work differed, as did their work skills, as was reflected in their wages. All this is taken into account when the size of old age and disability pensions is determined.

Just like the fund for the temporarily disabled, that for the aged and non-able-bodied is developing primarily towards bringing pensions in line with wages.

3. The Sources of the Social Security Funds

Resources spent on supporting and providing services for the non-able-bodied, including the cost of the public health service in general, can be viewed as social security funds, for they have a common economic nature. Even so, the mechanism and sources for the formation of the social security funds differ according to the type of social security and the population group for which they are intended.

Table 2*

Country	Share of working people's contributions in the sum of all social security fund revenues, %
Austria	31.9
Belgium	25.4
Canada	35.0
France	23.9
Great Britain	23.2
Greece	63.0
Japan	29.5
Netherlands	48.1
New Zealand	55.2
Norway	32.5
USA	29.5
West Germany	33.0

* Calculated from data published in the statistical handbook *The Cost of Social Security*, Geneva, ILO, 1972. The total sum of revenues excludes funds allocated for the payment of pensions and allowances to former armed forces personnel and civil servants.

At present in the USSR, the means allocated for social security purposes are accumulated within the state budget, the state social insurance budget, the centralised all-Union fund for the social security of collective farmers, and the centralised all-Union fund for the social insurance of collective farmers while a certain part of the social security funds is formed directly within enterprises and on collective farms.

The Soviet social security system's main advantage over those of most capitalist countries is that the working people do not have to make contributions themselves. The Law on State Pensions, the Law on Pensions and Allowances for Collective Farmers, and also other legislative acts relating to social security stipulate that pensions and allowances are to be paid out of state and collective farm funds, without any deductions being made from the wages of factory, office, professional or collective farm workers.

Table 3

Country	Size of deductions into the social security funds (as % of wages)
Netherlands	18.05
Austria	16.4
West Germany	13.15
Belgium	10.4
Norway	9.2
Italy	6.5
France	5.6
USA	5.65
Japan	6.25
Canada	4.0

In capitalist countries contributions by the working people themselves constitute the main source of funds for social security, while the state often confines its outlays to maintaining the administrative apparatus.

Table 2 shows the share of factory and office workers' contributions in the social security funds of various capitalist countries.

Far from falling, this share is constantly on the increase, varying country to country from 4 to 30 per cent of the workers' wages. A worker in Austria, for instance, pays a monthly 8.75 per cent of his income for old age, disability and death of breadwinner insurance, 3.65 per cent for sickness and childbirth, 1 per cent for unemployment, and a 3 per cent family allowance tax. This adds up to 16.4 per cent of his monthly wage.

The size of direct compulsory deductions from the wages of factory and office workers into the social security funds in 1974 is given in Table 3.

Periodic rises in the size of insurance contributions mean that their share in workers' wages in capitalist countries is constantly increasing. On October 1, 1950, for instance, contributions in Great Britain amounted to 3 per cent of the average working wage for men, but by October 1, 1960 the figure was 4 per cent, and the

Table 4

Year	Size of working people's contributions as % of wages			
	Total	By type of insurance		
		Old age & death of breadwinner	Disa- bility	Sickness over the age of 65
1937	1.0	1.0	—	—
1950	1.5	1.5	—	—
1951	1.5	1.5	—	—
1954	2.0	2.0	—	—
1955	2.0	2.0	—	—
1957	2.25	2.0	0.25	—
1959	2.2	2.25	0.25	—
1960	3.0	2.75	0.25	—
1962	3.125	2.875	0.25	—
1963	3.625	3.375	0.25	—
1966	4.2	3.5	0.35	0.35
1967	4.4	3.55	0.35	0.5
1968	4.4	3.325	0.475	0.6
1969	4.8	3.725	0.475	0.6
1970	4.8	3.65	0.55	0.6
1971	5.1	4.05	0.55	0.6
1972	5.2	4.05	0.55	0.6
1973	5.55	4.25	0.65	0.65
1974	5.55	4.25	0.65	0.65
1975	5.85	4.25	0.7	0.9

respective figures for 1965 and 1973 were 5 per cent and over 6 per cent.

Table 4 shows the rise in the contributions by the working people to the different forms of social insurance in the USA over the period from 1937 to 1975.

In many capitalist countries the sum of deductions into the social security funds is far greater than that of the pensions and allowances paid out of it, meaning that these resources function to a considerable extent as capital used for purposes other than social security.

In many countries the system of compulsory social insurance is a way of levying additional taxes on the

population. To this end, contributions are set at 50 or 100 per cent more than is required to make up the fund intended for distribution. In Malaysia and Turkey, for instance, only 53.9 and 54 per cent respectively of the resources collected from the workers, supposedly for social security, are actually used for this purpose. The rest covers the state's expenditures in other spheres.

Employers make only a nominal contribution to financing social insurance, for the amount they pay is automatically included in production costs, and they are thus reimbursed by the workers via the price system. An article published in the *International Labour Review* noted that "the cost of social security is covered by those who are compulsorily insured, by employers and the tax-payer, but in the final analysis, it is the consumer who bears these costs, due to the normal operation of economic forces."*

Thus the factory and office workers not only make direct contributions but also indirect one by overpaying for essentials. In addition, as a rule pensions and allowances only compensate for part of the lost income, so a family with a non-able-bodied member or pensioner has to cut back on its requirements.

It is not only through the payment of compulsory contributions that the working people in capitalist countries participate in forming the social security funds. Some of them also take out various forms of private insurance within the enterprise or firm in order to receive a higher pension or receive it on more acceptable conditions. Private pension schemes, i.e., pensions paid out by private companies, have become widespread in the USA, Great Britain, France and other countries since the Second World War, due to the low level of state provision.

The methods by which private pension funds are financed and spent are not usually covered by the law, so the workers' right to pensions from these funds is not guaranteed. If the worker changes his job he loses his right to a pension, and sometimes the contributions he has made, too.

* *International Labour Review*, Geneva, ILO, May 1958, p. 451.

Table 5

In 1972, the USA Department of the Treasury presented the Congress with data on worker participation in private pension schemes. These showed that more than half such workers lose their right to pension: 62 per cent between the ages of 40 and 50, 58 per cent between 50 and 60 and 54 per cent after the age of 60.

The report states that often, after years working for a firm, an employee is deprived of his pension simply because he leaves without officially registering his claim to one. The conditions on which pensions are paid stipulate a long and continuous work record with the firm.

In the USSR the social security funds made up from state, enterprise, institution, organisation and collective farm resources, are formed at different stages in the distribution and redistribution of the national income.

The state concentrates the social product, including the surplus product and the socialised part of the necessary product, in monetary form, for planned redistribution via the state budget. The forms and share of state budget participation in the formation of the social security funds differ: sometimes, the state budget is the only source of social security resources, sometimes it covers the difference between outlays and insurance contributions for a specific purpose, at other times the state budget makes a stipulated contribution to an autonomous social security fund. The sources from which the social security funds are made up in the USSR are shown in Table 5.

Figure 1 shows the movement of social security resources towards their spheres of application.

A part of primary incomes is redistributed via the budget for social security purposes. These revenues include turnover tax, payments for fixed assets, deductions from profit, planned tax revenues from collective farms and consumer co-operatives, income taxes and state loan and lottery revenues.

Another component of the social security funds is direct deductions from enterprises, institutions, organisations and collective farms, among them deductions for social insurance, paid monthly as a set percentage of the wage fund.

Table 6 shows the share of the various sources in the total social security funds. The data reveal a tendency

Social security funds	Sources from which the funds are formed	
	State budget	Contributions by state enterprises, institutions and organisations, and by collective farms
Funds for providing a free health service, supporting children in pre-school institutions; for allowances to single mothers and mothers with large families; for children of low-income families of factory and office workers and pensioners; for maintaining homes for the aged and disabled. Funds for providing pensions for former armed forces personnel and the families of those killed in action. Administrative costs of social security organisations.	Completely covered by state budget resources	—
The social security fund for:		
those working in state enterprises, institutions and organisations	The difference between outlays and revenues from enterprises, organisations and institutions	From 4.4 to 9.0%* of the wage fund of those working in enterprises, institutions and organisations
specialists and mechanics on collective farms	Completely covered by state budget resources	—

Table 5 (continued)

Social security funds	Sources from which the funds are formed	
	State budget	Contributions by state enterprises, institutions and organisations, and by collective farms
The centralised all-Union social security fund for collective farmers	The difference between outlays and revenues from collective farms	5% of the gross income of all collective farms, plus 3% of the gross income of those whose members work in inter-collective farm enterprises and in organisations with a profitability of more than 40%, plus 5% of the sum of the incomes of such collective farm members.
The centralised all-Union social insurance fund for collective farmers	—	2.4% of the wage fund of collective farm members

* The size of insurance tariff is differentiated depending on the branch of industry to which this or that enterprise or organisation belongs.

for these shares to changes over time: that of state resources is growing, while that of revenues from social insurance is falling.

In the first few years after the October Revolution, social insurance embraced all aspects of social security and included medical care, allowances for temporary disability, maternity grants, all types of pension, and burial allowances.

As the social security system was improved, the public health service became totally independent of the social security system. The allowances introduced in 1944 for single mothers and mothers of large families did not come under the social insurance system. Maternity and nursing grants paid out of social insurance funds did not constitute a significant share of social in-

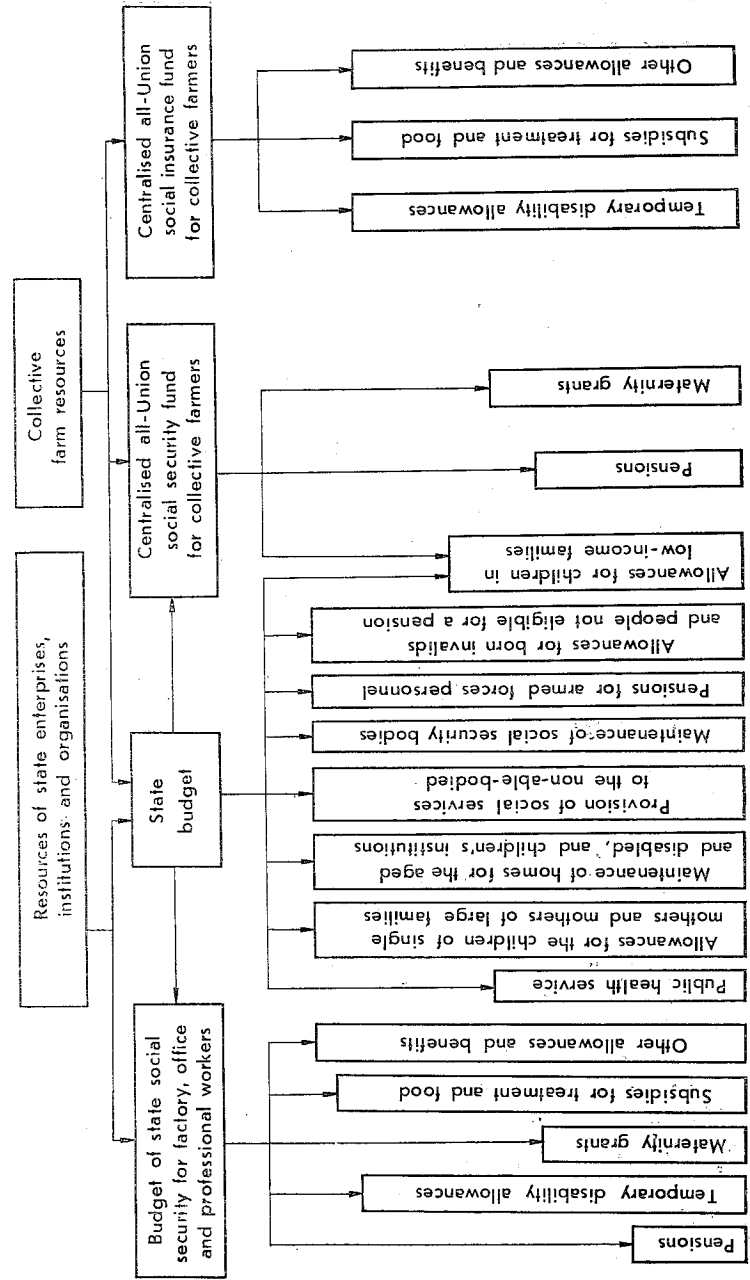


Fig. 1. The system of social security funds in the USSR, their sources and the ways in which they are used

Table 6

	Expenditure on social security (including medical care)							
	thousand million rubles				per cent			
	1950	1960	1970	1975	1950	1960	1970	1975
Total	5.9	14.8	32.8	43.4	100	100	100	100
Including from:								
the state budget	3.8	10.8	23.3	30.8	64	73	71	71
contributions from enterpri- ses, organisa- tions, institu- tions and col- lective farms	2.1	4.0	9.5	12.6	36	27	29	29

insurance outlays, and as wages increased they became virtually non-existent.

When, in the 1960s, the social security system for collective farmers was developed, social insurance through personal contributions became even less important, and is gradually being replaced by the system of social security financed by socialist society's overall resources.

Planned organisation not only of the production process but also of the distribution of material benefits for the satisfaction of the people's needs is inherent in the socialist mode of production based on social ownership of the means of production. For this reason, social security financed by overall state resources is more in keeping with the conditions of the socialist economy than is social insurance through personal contributions, as the history of social insurance development in the USSR shows.

The departure from the initial plan for social security in favour of a social insurance system was dictated by the country's economic and political situation in 1921. So Lenin signed in November of that year reintroducing social insurance.

After the building of socialism was completed, the conditions were ripe for introducing certain limitations

on the application of social insurance. Socialism does not, however, eliminate commodity-money relations or financial responsibility of socialist enterprises inherent in them. It is the financial responsibility and economic independence of enterprises that necessitate the retention of social insurance, but, even so, social security funds are coming increasingly from the overall resources of socialist society accumulated in the state budget.

Examples of this process are the introduction of a new type of allowance for children of low-income families, increasing the size of disability and loss of breadwinner pensions, and the further rise in maternity grants: the cost of these improvements is covered almost entirely by the state budget.

CHAPTER 2

SOCIAL SECURITY IN THE MATURE SOCIALIST SOCIETY

1. Social Security for All the Working People

The economy of the mature socialist society is strong enough to shoulder a huge variety of social and economic measures aimed primarily at raising the welfare of the people. One major feature of socialism is that it solves the problem of social security for citizens who are unable to work.

The present social security system in the Soviet Union has taken shape gradually over the years. The percentage of the population covered, the level of provision and the number of people to which each individual form of social security was applied have depended on the state of labour relations in each specific period. Initially social security, including old age pensions, was established for the workers in certain industries. In the pre-war years it was extended to workers in all branches of the economy, including office employees. By the end of the 1950s the system had embraced the whole population.

The Law on State Pensions enacted by the USSR Supreme Soviet in 1956 was the culmination of this process.

Pensions had previously been covered by 960 legislative acts. In spite of the great variety of pensions, they could be divided into two groups: a) so-called general pensions intended for all the working people—factory, office and professional workers, and enlisted men and sergeants; b) higher pensions paid to those who worked for certain ministries and boards.

General payment of pensions had been introduced from 1930 to 1932, according to the Provisions adopted by the Central Executive Committee and the Council of People's Commissars of the USSR on February 13, 1930, which listed the groups of people eligible for pensions, the types and size of pension, and the conditions and procedure for their payment.

Some of the principles of these Provisions remained basically unchanged; these include the definition of the types of pension, the categories of people entitled to pensions, the age, work record and most other conditions for their payment. The size of pensions, however, was a different matter: the 1930 Provisions no longer corresponded to the current welfare level or the prices of essentials after the Second World War.

The so-called maximum wage on the basis of which pensions were calculated according to the 1932 Provisions exerted a decisive influence on the size of pensions. The improvement in pensions began with the institution of a system of higher pensions for workers in the enterprises and establishments belonging to certain ministries and boards.

In 1947 a resolution was passed on pensions for coal industry workers. Ordinary workers, qualified engineering and technical personnel and the administrative staff of the coal industry were to be paid pensions from the age of fifty if they had a 20-year work record. In contrast to the usual procedure, these pensions were calculated from the basic wage rate, which meant a 170 per cent rise in the pensions of underground workers. The increase in those of engineering and technical personnel was even more significant, for they were based on wage rates (including salaries fixed for individuals). If pensioners, especially office workers, continued to work, they received their pensions irrespective of their salaries. A similar system was later introduced for the ferrous and non-ferrous metal industry and the chemical industry.

Beginning in 1949, resolutions were passed on pension increases for workers on the railways, in the oil industry, communications, the merchant marine, the ministry of electric power stations, and the finance and credit system (though a higher pensionable age of 55

was set for them). In addition, higher pensions were established for workers of the river fleet, organisations under the ministry of geology, the timber and peat industries, heavy engineering, the aviation and shipbuilding industries, printer's ink works, building organisations engaged in ferrous and non-ferrous metal industry projects, and certain others.

By 1955 roughly 1.7 million people, or about 28 per cent of all old age pensioners, were receiving increased pensions. Of the total labour force of 48.4 million in 1955, about 10.3 million, or 21 per cent, had jobs that entitled them to increased pensions.

The USSR's success in developing its economy made it possible to introduce in 1956 significant improvements in the material position of the aged, the disabled and of families that had lost the breadwinner. By this time the ravages of war had been erased from the national economy, and the main production indicators, i.e., the national income, industrial and agricultural output, had pulled well ahead of their pre-war levels. In 1955, the national income, for instance, was 180 per cent higher than in 1940, gross industrial output 200 per cent higher and agricultural output 100 per cent higher. In the post-war years 9,400 big state industrial enterprises were built or rebuilt. The average monthly wage of factory and office workers rose by 120 per cent, and their real incomes by more than 50 per cent.

In 1955 there were 13.4 million pensioners, 7.6 million, or 50 per cent of whom were disabled war veterans and the families of armed forces personnel killed in action.

In 1956 additional resources were allocated for pensions. Improvements mainly took the form of increases in small pensions, reductions in the difference between minimum and maximum pensions, and elimination of the inconsistencies that had arisen in the pension provisions for certain categories of worker.

The Law on State Pensions based on the 20th CPSU Congress Directives greatly improved the pension system as a whole by raising the level of material provision for pensioners and greatly extending the population groups entitled to a state pension. As a result, the number of pensioners rose from 12.994 million on October 1,

1956 to 15.119 million on October 1, 1957, i.e. by 2.125 million, or by 16.4 per cent. This was because new categories of the working people became eligible for pensions: pensions were introduced for those with an incomplete work record, time limitations on pension claims were abolished, and the list of people entitled to pensions for loss of breadwinner was extended. The increase in the number of pensioners was also of great importance: the annual increment from among factory and office workers which equalled 4 to 6 per cent between 1950 and 1953, increased to 10-16 per cent between 1954 and 1957. This acceleration is explained by data on changes in the numbers of factory and office workers in the late 1920s and early 1930s, when the working class grew extremely rapidly, and millions of new workers entered industry and construction. The number of workers was 0.6 million in 1927 rising to 1.1 million in 1929, 2.7 million in 1930, 4.0 million in 1931 and 4.7 million in 1932. This naturally entailed a significant rise in the numbers of workers retiring in the 1950s.

Another factor that greatly influenced the increase in the numbers of pensioners was the conversion of collective into state farms: collective farmers who became full-time state farm workers became eligible for state pensions, too.

The enactment of the Law on Pensions made possible a sharp rise in the level of material provision for all categories and groups of pensioner.

The significant increase in the average pension was due to the lifting of restrictions on the wages from which they were calculated, to a rise in minimum pensions and in the relative size of pensions as a percentage of the wages of low-income workers. All pensions were recalculated according to new rules and rates.

It was minimum and average pensions that were raised the most: minimum pensions for certain categories of pensioner were trebled or quadrupled, while the overall pension increase was roughly 100 per cent. There was a fundamental change in the correlation between pensions and wages. Up to 1956, the average old age pension was no more than 30 per cent of the former wage level, but the new Law on Pensions raised this to more than 65 per cent.

The Law on State Pensions introduced a fundamentally new system of privileges for certain categories of the working people. Up to 1956 pension privileges had been based on the branch of production where a person worked, rather than on actual working conditions. As a result, a number of people unjustifiably received higher pensions, even though they worked under normal conditions or in management bodies. This situation was remedied by the new law, according to which objective working conditions were taken as the basis for granting privileges and advantages with respect to pensions, and above all in setting a lower pensionable age. Such factors as harmful conditions, dusty air, work below ground or in hot shops, i.e. conditions that reduce active working life were given priority.

At the present time, about 12 per cent of old age pensioners receive pensions on privileged conditions or in larger amounts.

Due to the significant rise in the number of pensioners and in average pensions, the amount paid out rose by more than 140 per cent—from 2,300 million rubles in 1955 to 4,900 million in 1957. The share of pensions in total state budget expenditures increased from 4.3 per cent in 1955 to 8.1 per cent in 1957.

The Law on State Pensions enacted in 1956 was thus a major measure, in both social and economic terms, for fundamentally improving the material position of 14.5 million aged and disabled people, and families that had lost the breadwinner.

A decisive step was taken towards establishing an integrated pension system for all the working people in the country.

Social security for agricultural workers developed in accord with economic relations in agricultural production. In the USSR economic and social progress are accompanied by substantial changes in agricultural production, as well as in the living conditions and everyday life of agricultural workers. More and more machines are being used, the amount of electricity available is rising, and industrial production methods are being introduced, which means that the working and living conditions of agricultural workers are becoming increasingly similar to those of industrial workers.

One of the principles included in the Programme of the CPSU, one on which the Soviet state's economic and social policy is based, is that living conditions in the countryside should gradually be brought up to the level of those in the towns. No single act can be sufficient to implement the broad programme, which will require a fairly long time. Actual measures for solving this problem are being elaborated and carried out on the basis of scientific recommendations, and are included in the current and long-term plans for the development of the USSR national economy. These envisage an extremely rapid growth of agricultural workers' incomes, the creation of living and cultural conditions in the village on a par with urban standards, and increase in rural workers' opportunities to gain an education and improve their skills, and the supply of materials required to provide the rural population with medical care in keeping with modern scientific achievements. Another part of this programme consists of measures to further reduce the differences in social security between collective farmers, and factory and office workers.

The social organisation of agricultural production has become the major factor determining the direction and forms in which the social security of agricultural workers is developing. In the first few years of Soviet power, after the October Revolution had made it possible to nationalise all the land and hand it over to the peasants for their free use, agricultural production was based on individual farms. The peasant was not just a labourer, he was also the owner of his plot of land and means of production, so the most fitting organisation of the social security system for the economic conditions of the village at that time was association based on mutual assistance. In 1921, committees of peasant social mutual aid were set up by decree of the Soviet Government and were empowered to levy rates on the peasants in order to create funds in money and in kind for offering monetary and labour assistance to the needy. Initially the committees' work consisted mainly in helping needy peasants to build up their farms again, later their main task was to provide assistance to peasants in the case of sickness, long-term disability, loss of breadwinner, and maternity.

Material provision for rural workers was not, however, confined to that allocated through peasant social mutual aid committees. Soon after the establishment of Soviet power, large state agricultural enterprises—state farms, were organised on the nationalised landed estates. The workers on these state farms were covered by the social security system for industrial workers, especially state social insurance. In the early 1930s agriculture in the Soviet Union was collectivised, making collective and state farms the dominant form of agricultural production.

When agricultural production went over to collective forms, mutual social aid funds for collective farmers, set up in accordance with the provisions passed in 1931, were increasingly gaining in importance and scope within the social security system for rural workers. The mutual social aid funds offered assistance to those collective farmers who, for various reasons, were unable to participate in the work on the collective farm. In addition, these funds went to build homes for the aged, provide help in money and in kind to those in need, and carry out considerable work fixing up the partially disabled in jobs. The conditions and amount of provision for the non-able-bodied were determined independently by each agricultural production artel, by decision of their general meetings.

In accordance with the Model Rules of Agricultural Artel adopted in 1935, collective farms were obliged to use up to 2 per cent of their gross income from the harvest and animal produce to set up a fund for aiding the disabled, aged, and temporarily unfit collective farmers, needy families, and for maintaining nurseries and supporting orphans.

Taking account of their possibilities and the number of people in need, the collective farms themselves set the size of allowances and pensions and also the procedure for allotting and paying them.

When the 1956 Law on State Pensions came into force, the significant rise in pensions for factory and office workers was accompanied by fundamental changes in the social security system for collective farmers. The funds on each farm were no longer limited to 2 per cent of the gross income.

As early as 1958 half of all collective farms had special pension funds providing pensions for more than 1.1 million collective farmers. Although the state did not directly control the conditions governing material provision from collective farm funds for the disabled collective farmers, it did make recommendations concerning the organisation of social security in the countryside.

Collective farms had to find a way of coordinating social security work, and so many regions and individual Union Republics worked out and began to apply a universal set of rules and rates for social security throughout their territory.

These measures were themselves insufficient, however, to guarantee all collective farmers a pension, and considerable differences existed both in eligibility conditions and the size of pensions, depending on the economic position of individual farms. As collective farms became consolidated economically, it became possible to enact common legislation on the provision of social security for collective farmers.

The Law on Pensions and Allowances for Collective Farmers adopted by the USSR Supreme Soviet in 1964 helped to improve sickness and old age security for collective farmers. The result was an increase of 8 million in the number of collective farm pensioners, bringing the overall total in 1966 to over 32 million.

It was only thanks to the significant successes in developing the socialist economy, which allowed the necessary additional resources to be allocated for pensions, that the new Law on Pensions and Allowances for Collective Farmers could be adopted and enforced.

In the ten years from 1953 to 1964, the Soviet Union's national income rose by 130 per cent, and per capita real incomes by 61 per cent. The social consumption funds were rapidly expanding: they increased from 14,800 million rubles in 1953 to 34,500 million in 1964. The increase in the volume of agricultural produce and measures taken to raise procurement prices engendered a rise in the incomes of collective farmers and their earnings from work done for the collective farm.

The growing quantities of electricity and machinery available for agriculture were of considerable importance with respect to the introduction of a pension sys-

tem. It was to be expected that after pensions were introduced, many collective farmers would retire so it would hardly have been possible to release 5 to 6 million people from agricultural production if the past few years had not seen a rise in labour productivity.

Even before the Law on Pensions and Allowances for Collective Farmers was enacted, collective farmers were entitled to some forms of social security on a par with factory and office workers: they received free medical care, allowances for single mothers and mothers with large families, pensions for disabled war veterans and families whose breadwinner had fallen in action during the war. The families of armed forces personnel in active service were also entitled to allowances.

These forms of social security were not, however, directly connected with work on the collective farm. The basic factor in the establishment of present social security system for rural workers has been the provision of old age and disability pensions, pensions for loss of breadwinner, as well as maternity grants, all of which require a work record on the collective farm.

In the initial stages, certain differences were inevitable in the levels of social security and the eligibility for pensions between collective farmers and workers. An unfavourable ratio had developed in agriculture between the numbers of able-bodied and non-able-bodied. In towns about 10 per cent of factory and office workers were entitled to old age pensions, but on the collective farms more than 40 per cent of the workforce was of pensionable age. For this reason, the age qualification for collective farmers to receive old age pensions was initially somewhat higher, but the intention was to raise pensions and improve the eligibility conditions in the future. The preamble to the Law stated that the pensions envisaged were to be gradually raised in the future as the national income, and the incomes of collective farms in particular, increased; eventually they will be brought in line with state pensions for factory and office workers.

In subsequent years additional measures were taken to improve the social security conditions for members of collective farms. In 1968 the pensionable age was reduced by five years to 60 for men and 55 for women, i.e.

the same as for factory and office workers. The same year minimum disability pensions were increased and pensions introduced for third category disabled who had partially lost their earning power as a result of industrial injury or occupational disease. In 1970 social insurance was instituted for collective farm members. The Provisions on the Procedure for Fixing and Paying Allowances from Social Insurance to the Members of Collective Farms from the Centralised all-Union Social Insurance Fund gave collective farmers the right to temporary disability allowances, maternity grants and burial allowances. The eligibility conditions for, as well as the size of these allowances were made as similar as possible to those applying to factory and office workers in towns. In 1971, old age, disability and loss of breadwinner pensions were raised by an average of 60 per cent and the pensions system for factory and office workers was extended to cover collective farmers.

The social security system now embraces all categories of agricultural workers, regardless of whether they work in state or co-operative enterprises.

Agricultural workers can be divided into two groups in accordance with the organisational form of social security by which they are covered. The first group consists of state farm workers, as well as specialists and mechanics, with their families, on collective farms. This group is covered by the same state social insurance as applies to industrial workers, and by the Law on State Pensions. The second group is made up of collective farmers and their families, for whom there is a separate social insurance system, and whose pensions and maternity grants are set in accordance with the Law on Pensions and Allowances for Collective Farmers. This difference is only visible, however, in the way the social security funds are formed and managed, and the way pensions and allowances are allocated and disbursed. There are no longer any differences in the types and basic eligibility conditions of pensions for agricultural workers.

The creation of a social security system for collective farmers completed the transition from state guaranteed social security for factory, office and professional workers to social security for everyone, regardless of whether

they are employed in the state or the co-operative—collective farm—sector of social production. In other words, a qualitatively new social security system has been set up in keeping with mature socialist society.

The new level of provision for those unfit for work is given formal expression in the Constitution of the USSR adopted in 1977, which states in legal terms that a state social security system is in operation and is being developed in the Soviet Union.

2. The Universal Nature of Social Security

One characteristic feature of the Soviet social security system is that it includes all the various forms and types of social security listed by the ILO and the ISSA.*

People in the Soviet Union are covered by various forms of social security throughout their lives. Women are granted paid maternity leave; many children of pre-school age attend nurseries and kindergartens, a large part of the costs of which is met by the state; single mothers and mothers with large families are paid allowances; factory, office, and professional workers and collective farmers receive temporary disability allowances if they fall ill; pensions are paid to the disabled and the aged; allowances are paid for burial, and pensions for loss of breadwinner. The free medical care provided to every person living in the country is of particular importance.

Only unemployment benefits are absent from the USSR social security system. This is because they are not needed: socialist society has eliminated unemployment

* The International Labour Organisation Conference's Thirty-Fifth Session which took place in Geneva in 1952 and which concerned minimum standards of social security set out the following general types of social security: medical care, allowances in case of sickness, unemployment, old age, industrial (employment) injury, maintenance of children, maternity, disability and loss of breadwinner grants.

The charter of the International Social Security Association suggests the following branches: insurance against industrial (employment) injury and occupational disease, sickness, maternity, old age, invalidity and loss of the breadwinner, unemployment and maintenance of children.

and the conditions under which it emerges, and guarantees full employment for the able-bodied population.

The social security system in the USSR is not confined to the payment of allowances and pensions. For instance, due to their state of health, old and disabled people have additional needs: a substantial increase in medical care, vocational training and retraining and the provision of jobs for the partially disabled. These needs are such that they can best be satisfied, in both social and economic terms, if provided in the form of goods or services. For this reason, social security in the form of monetary payments is supplemented by a developed network of services for the non-able-bodied.

The universal nature of social security is reflected in the Soviet citizens' constitutional rights. According to the Constitution, all citizens are entitled to free, skilled medical care, material provision for old age, sickness and both full or partial loss of earning power, and loss of breadwinner. The Constitution also stipulates that the state offer assistance to families by setting up and developing a broad network of children's institutions, by paying allowances and granting privileges to large families and birth grants, by granting paid leave and other privileges to expectant mothers and mothers, and also state aid to single mothers.

Each of the types of social security includes all the forms of provision, as becomes clear from a detailed analysis of the various types.

MEDICAL CARE AND ALLOWANCES FOR THE TEMPORARILY DISABLED

One of the Soviet state's prime concerns is the people's health. The entire population of the USSR is entitled to all forms of medical care, which are provided by a vast network of hospitals, polyclinics, special clinics, and various other treatment and disease prevention, sanitary and anti-epidemic institutions.

According to ILO data, only three out of 112 non-socialist countries have a free health service. In all respects, the Soviet public health service is the best in the world.

Table 7 gives data on the public health service in the USSR.

Table 7

	1940	1950	1960	1970	1975	1976
Number of doctors (thous.)	155	265	432	668	834	865
Number of doctors per 10,000 population . .	7.9	14.6	20.0	27.4	32.6	33.5
Number of hospital beds (thous.)	791	1,011	1,739	2,663	3,009	3,076
Number of hospital beds per 10,000 population	40	56	80	109	118	119

Treatment in the USSR is given not only in general hospitals or specialised clinics, but also in other types of institution, such as sanatoria. Restoring the patient's ability to work is seen as a continuous process, beginning from when he falls ill or is injured to the time when he is fully recovered and the best possible living and working conditions have been created for him.

Treatment in sanatoria and health resorts is well developed in the USSR. Social insurance funds are used to subsidies from 70 to 100 per cent of the cost of courses of treatment in such institutions. Trade unions sometimes either partially or fully reimburse the patient's travelling costs, too.

The state budget resources allotted for the health service are constantly rising, as is seen from Table 8, making possible a regular improvement in the medical care provided, an increase in the numbers of qualified medical staff, and an expansion of the medical institution network.

The free health service and the development of medical science in the USSR since the October Revolution have helped to reduce substantially the incidence of sickness among the population, cut the overall death rate by 75 per cent and the infant death rate by about 85 per cent. The average life expectancy has more than doubled and in 1971-1972 was 70 years, as against 32 years in 1896-1897 and 44 years in 1926-1927.

Many of the problems still troubling capitalist countries in the field of medical care have long since been

Table 8

	1940	1950	1960	1970	1975	1976
Total expenditure on the public health service (excluding capital investment), million rubles . .	881	2,118	4,584	8,738	10,756	11,140
including:						
on treatment and disease prevention medical institutions	745	1,857	3,885	8,156	10,020	10,358
on sanitary and anti-epidemiological institutions and measures	79	162	160	398	474	488

solved in the Soviet Union. In many countries, for instance, the working people are still fighting to have the families of insured workers eligible for medical care. They have now scored fairly wide success with respect to the wives and children of insured workers up to a certain age, but rarely with respect to other members of the family.

Another acute problem for many capitalist countries is medical care for pensioners, especially old age pensioners, and their families, for these people require additional services. In many capitalist countries, such as Luxembourg, the Netherlands and Japan, pensioners have to make insurance contributions from their small pensions in order to qualify for medical care.

In some of the countries with social insurance systems based on personal contributions, there are limits on the length of time over which free medical care is provided and often on the time that can be spent in hospital.

In the majority of capitalist countries, the insured worker receives medical treatment but has to pay back some of the costs. In France, for instance, the insured patient pays 20 per cent of all costs, with the exception of certain medicines. In the USA, he pays a specific sum (called a hospital contribution) each time he is sent

to hospital. In addition, he has to reimburse the cost of every day spent in hospital above a certain period (60 to 90 days).

In some countries, different amounts are paid by the insured worker himself and by members of his family. In Japan, for instance, the insured head of the family pays 100 yen for his initial visit to the doctor, and 30 yen a day during the first month he spends in hospital. His dependents, however, have to pay 50 per cent of the actual costs of any treatment they receive.

The absence of a free health service, often accompanied by a lack of sickness benefits, puts the people in an extremely difficult position. Every year the average American family has to pay roughly the equivalent of the head of the family's monthly wage for medical services.

To give an idea of the high cost of medical services in some capitalist countries, we present some data on the USA. According to data published in America, the cost of medical services in the USA is going up faster than the prices for other goods and services.

	dollars
Home visit by a doctor	16.3
One day in hospital	78.0
One tooth filling	11.0
Extraction of a tooth	16.0
Cost of prescribing and providing spectacles	50.0

Surgical operations are especially ruinous financially for the working people in the USA. Their cost depends on their nature and complexity. The removal of an appendix, for example, costs half the average monthly working wage. The costs involved in the birth of a child are equally heavy.

Sickness and accidents involve a double financial burden: the costs of paying for treatment and the temporary loss of earnings. Monetary allowances for temporary loss of earning power, internationally called sickness benefits, are paid only in certain cases.

In many capitalist countries only some workers are entitled to sickness benefits, and then only for a limited number of reasons: usually industrial injury and oc-

cupational disease. In the USA, for instance, there is no general social insurance system for temporary disability, except for railway workers. Allowances are paid to other workers in only four states.

The USA's first temporary disablement insurance was introduced in 1942 on Rhode Island, which was followed by California, New Jersey and New York during the following 17 years. Apart from federal contributions, factory and office workers in these states pay into state's social insurance fund. Only those who have already paid a specific share of contributions into the insurance fund by the time they fall in need of assistance are entitled to sickness benefits. This proviso puts younger workers at a disadvantage. Seasonal and temporary workers are virtually excluded from the system, since they have to make larger insurance contributions, and the conditions on which they receive allowances are even more rigorous.

High contributions and strict eligibility conditions result in the most needy workers in most capitalist countries being deprived of the right to sickness benefits. Thus, in Canada, 66 per cent of families with an annual income of over 3,000 dollars a year are insured, against only 25 per cent of those with less than 1,500 dollars a year.

The system of so-called waiting periods that is widespread in capitalist countries also constitutes a considerable hindrance: the essence of this system is that during the first few days of an illness, the patient has to "wait" for his allowance. The reason for this measure is explained by the fact that most periods off work last only three to five days. In the USA, 28 per cent of those surveyed are sick for 1 to 3 days, 31 per cent for 3 to 5 days and 41 per cent for more than 5 days. In the four states with a temporary disability insurance system the waiting period is seven days, which means that 80 per cent of those who are temporarily disabled do not receive benefits. In Great Britain, Austria, Belgium, Italy, France and Sweden, the waiting period is 3 days, in Australia and Finland it is 7 days, and in Denmark it is 6 days.*

* "Resolution concerning the Placing on the Agenda of the Next Ordinary Session of the Conference of the Question of the Revision of Conventions Nos. 24 and 25 concerning Sickness Insurance", ILO, *Official Bulletin*, Vol. 51, No. 3, July 1968, p. 18.

As a rule, sickness benefits in capitalist countries are set at less than half the wage rate. In the USA, for example, the small group of workers insured for temporary disability receive allowances of less than 40 per cent of lost earnings.

The position of temporarily disabled workers in capitalist countries can, therefore, be extremely grave, and either there is no social insurance system for temporary disability or the allowances are insufficient. The position of sick working people is also made more difficult by the fact that, in contrast to the Soviet Union, most of these countries have no free health service.

In the USA, more than a quarter of the population's disposable income goes on various forms of medical care, the high cost of which, in conjunction with the lack of free state aid, compels people to take out private health insurance. In order to obtain maximum revenues, the insurance companies offer policies for individual types of medical treatment or individual illnesses (such as for hospital treatment, operations, etc.). Even so, the high cost of such insurance means that it is beyond the means of most people: 80 per cent of workers' families with incomes above average are insured, against only 41 per cent of those with incomes below average.

Insurance allowances on average cover only 19 per cent of a family's medical costs.

In the USSR, all the working people, regardless of the nature of their job or the branch of production in which they work, are entitled to temporary disability allowances, in addition to free medical care. The allowances are paid out of the state social insurance fund and collective farmers' insurance funds for illnesses involving loss of earning power, treatment in a sanatorium or health resort, the need to look after a sick member of the family, quarantine, and the fitting of prosthetic appliances on an in-patient basis.

No matter how long a person's work record, he will receive allowances from the day he loses his ability to work until that on which he is able to return to work, or is transferred onto a permanent disability pension. Full sickness allowances are also paid to workers who fall ill during any paid holiday. This means that allowances are paid whatever the reason, be it actual sick-

ness, quarantine or the need to look after a sick member of the family.

The most efficient way of preserving people's health is, of course, preventive medicine, which is why the USSR also pays allowances for working time lost for the purpose of diagnosis in early stages, medical examination or preventive treatment. To prevent the spread of infectious diseases, people who may have come in contact with the source of an infection often have to be partially or fully isolated. Loss of earnings necessitated by staying off work to protect other people is thus covered by insurance in the Soviet Union, in the same way as sickness itself.

Working women are granted maternity leave of 56 days before their confinement and 56 days afterwards, which may be increased to 70 days after a difficult birth or the birth of twins. Maternity grants paid during the period off work are equal to the woman's normal wage. Nursing mothers are allowed paid breaks during the working day for feeding the baby. While pregnant or nursing the woman may be given a lighter job, but will be paid her previous wage.

Temporary disability allowances are set as a specific percentage of wages, and are 100 per cent of the wage for industrial injury or occupational disease, Second World War disabled veterans, and factory and office workers with three or more children; allowances for temporary disability from other causes depend on the continuous work record:

Continuous work record	Allowance as percentage of wage
Up to 3 years	50 *
from 3 to 5 years	60
from 5 to 8 years	80 **
more than 8 years	100 **

* 60 per cent for those under 16 years of age.

** Collective farmers with a work record of between 5 and 8 years receive 70 per cent and of more than 8 years, 90 per cent.

Under no circumstances can sickness benefits be set at less than the established minimum rates, but there is no set maximum.

Table 9

	1950	1960	1970	1975	1976
Temporary disability allowances, million rubles	542	1,329	3,734	5,082	5,559
Maternity grants, allowances for layette and nursing	176	509	866	1,257	1,344
Treatment in sanatoria and health resorts, specially prescribed diets	185	256	551	794	856

Table 9 gives data on the rise in outlays from state social insurance on temporary disability allowances, maternity grants, and also on treatment in sanatoria and health resorts and on specially prescribed diets.

PENSIONS AND FAMILY ALLOWANCES

Pensions, i.e. regular monetary payments to the disabled who cannot work and to the aged, as well as to families that have lost the breadwinner, are of particular importance, for they are the dominant category in terms of the number of people covered and the volume of resources allotted in the USSR's social security system.

The rise in the number of pensioners and the expenditure on pensions is given in Table 10.

The pension system in the USSR includes all types of pension: old age pensions after reaching a certain age and having a specific work record, pensions for long service for certain categories of worker, disability pensions regardless of cause, pensions for the non-able-bodied members of families that have lost the breadwinner, and, finally, personal pensions for those who have rendered special services to the Soviet state. The system also includes pensions for armed forces personnel and their families.

Table 11 gives the number of pensioners by category.

The data in Table 11 show that the largest group at present is that of old age pensioners, the qualifying age for whom is 60 years for men and 55 years for women.

Table 10

	1940	1950	1960	1970	1975	1976
Number of pensioners, millions	4	20	21	40	44	45
% of population	2.7	11.2	9.8	16.5	17	17
Expenditure on pensions:						
thous. million rubles	0.3	2.4	7.1	16.2	24.4	25.8
% of state budget outlays	1.7	5.8	9.7	10.4	11.4	11.7

Table 11

	millions at beginning of year			% of all pensioners		
	1960	1970	1977	1960	1970	1977
Number of pensioners including:	21	40	46	100.0	100.0	100.0
for old age	5	24	30	23.8	60.0	65.2
for disability, long service, loss of the breadwinner, personal pensions	10	12	14	47.6	30.0	31.2
former armed forces personnel and their families	6	4	2	28.6	10.0	3.6

There are many categories of worker, however, who are entitled to old age pensions at an earlier age: the Second World War disabled veterans, people suffering from hypophysical nanism (dwarves), those working underground, in hot shops or in factories with harmful or difficult working conditions, in regions with a severe climate (parts of the Far North), and women who have raised a large number of children.

Table 12 shows the age at which various categories of worker are entitled to old age pensions.

Table 12

	Qualifying age for old age pensions	
	Men	Women
People suffering from hypophysial nanism	45	40
The blind	50	40
Those working underground or under harmful conditions and in hot shops (in accordance with List No. 1 of types of production, workshop, profession and job)	50	45
Air hostesses	—	45
World War II disabled veterans	55	50
Those working under difficult conditions (in accordance with List No. 2 of types of production, workshop, profession and job)	55	50
All workers and collective farmers who have worked for 20 years in the Far North or 25 years in similar regions . .	55	50
Women working in certain types of textile factory, or with agricultural machinery	—	50
Women who have reared five or more children	—	50
Other factory, office and professional workers, and collective farmers	60	55

In the vast majority of capitalist countries, the qualifying age for old age pensions is higher than in the USSR, as Table 13 shows.

An analysis of population statistics for capitalist countries shows that 30 to 35 per cent of men over the age of 60 are in the 60 to 64 age group, and only 25 per cent are between 65 and 69. Thus, if the pensionable age is set at 70 years, the number of pensioners and thus expenditure on pensions are reduced by about 60 per cent; while the figure is 35 per cent if the pensionable age is set at 65 years.

ILO social security reports state that "The raising or lowering of the pensionable age has a considerable effect on the cost of pension schemes. If the age limit is raised, not only will there be fewer old age pensioners, but the number of contributors will be larger. . . . In these

Table 13

Country	Qualifying age for old age pensions	
	Men	Women
Ireland	68	68
Iceland, Norway, Denmark	67	67
Finland, West Germany, Netherlands, Sweden	65	65
USA, Canada, Switzerland	65	62
Great Britain	65	60
Greece	62	57
France, Turkey	60	60
Italy	60	55

circumstances we do not witness any appreciable tendency to lower the pensionable age."*

The higher pensionable age in capitalist countries is in direct conflict with the extreme intensification of labour which often results in a premature loss of earning power. The British economist Rothschild, for instance, has to admit that nowadays the common rule is to get, through labour intensification, the maximum work out of a worker during only part of his life, and then replace him with someone younger. A striking example of this is the way a 45-year-old worker is considered "too old" in the mass production industries of the USA, where the intensity of labour is very high.

The years between 45 and 65 are the hardest for workers in capitalist countries: they find themselves more frequently out of a job, and the chances of finding a new one diminish rapidly.

Data on the proportion of unemployed in the different age groups in Belgium are typical (see Table 14).

As the table shows, unemployment increases with age, meaning that older people are more often out of a job, and for longer periods, than those in other age groups.

* *An Introduction to Social Security*, ILO, Geneva, 1970, pp. 122, 124.

Table 1

Age	Number of unemployed as percentage of overall number of factory and office workers	
	Men	Women
Up to 20 years	5.7	4.8
20 to 30 years	7.6	17.9
30 to 40 years	7.1	18.5
40 to 50 years	8.9	20.6
50 to 60 years	14.3	26.6
60 to 65 years	27.9	35.4

Disability pensions and pensions for loss of breadwinner are not paid in all cases in capitalist countries: for instance, in the USA, Canada, Australia, Israel and some other countries, there are no pensions for disability caused by general illness.

In capitalist countries, disability pensions and pensions for loss of breadwinner are, like old age pensions, small and there are rigid eligibility conditions with respect to the cause of illness or death and the length of time over which insurance contributions have been paid. In order to qualify for a disability pension, one must have paid, for example, 260 weekly contributions in Austria, 36 monthly ones in Brazil, 60 monthly ones in West Germany, 5 annual contributions in Italy and 150 weekly ones in the Netherlands. In Switzerland only those workers who have been paying regularly can receive disability pensions; the scheme also entails a one-third or two-thirds cut in earnings.

Even if the payment of disability pensions is established by law, they are only paid if there is complete disability or at least a permanent two-thirds loss of earning power.

Only 35 to 40 per cent of all the disabled have lost their earning power by more than two-thirds, which means that the majority are left without pensions in capitalist countries.

Pensions for families that have suffered the death of the breadwinner are dependent on their economic rela-

tionship with the deceased, his wage, the number of dependents and the cause of death. The general rule is for pensions to be paid only to the deceased's relatives. It is wives who have the primary right to a pension. This is for two reasons: the wife is often economically dependent on the husband; besides, to qualify for a pension in capitalist countries, contributions have to be paid in advance by the worker himself, and the wife inherits the right to her husband's pension.

In the USSR, the general social security principle for deciding who is entitled to a pension for loss of a breadwinner is compensation for loss of income. Thus relatives who were dependent on the deceased and are unable to work themselves are eligible for the pensions. They are children, brothers, sisters and grandchildren of the deceased under the age of 16 (students up to 18) or older if they were disabled before the age of 16 (18 for students); they also include father, mother, and spouse if they are disabled or aged, plus grandparents if there is no one legally responsible for them. In capitalist countries, usually only wives and children are entitled to such pensions, and in rare cases parents too.

The system of benefits and subsidies to workers with families at present includes subsidies for pre-school institutions and Young Pioneer camps, allowances for single mothers and mothers of large families, maternity grants, subsidies for keeping children in boarding schools, and family allowances for low-income families.

The numbers of children in pre-school institutions and Young Pioneer camps, and mothers with large families receiving family allowances, are shown in Table 15.

The state assumes the larger share of outlays on keeping children in pre-school institutions and boarding schools by subsidising them. The cost of catering for one child in a nursery school is 440 rubles a year, of which the state pays 360 rubles, or 82 per cent. For keeping a child in a kindergarten the state pays 290 rubles or 74 per cent of the 390 rubles. Boarding schools are similarly state-subsidised. The rapid development of the network of pre-school institutions means that the population's requirements will soon be met. The overall

Table 15

	Thousands of people at the end of year				
	1950	1960	1970	1975	1976
Children in permanent pre-school institutions . . .	1,788	4,428	9,281	11,523	12,108
Including:					
in kindergartens	1,169	3,115	6,702	8,403	8,864
in nursery schools . . .	619	1,313	2,579	4,120	3,244
Children catered for in Young Pioneer Camps . . .	2,410	4,464	8,500	10,000	...
Mothers of large families receiving family allowances	3,079	3,455	3,211	2,605	2,506

sum of money used to subsidise children's institutions from the social consumption funds is more than 5,000 million rubles per annum.

THE PROVISION OF SOCIAL SERVICES FOR THE NON-ABLE-BODIED

In the Soviet Union, the social security system is supplemented by a wide network of social services for the non-able-bodied. Their purpose is to satisfy directly the specific needs of the non-able-bodied, in contrast to monetary pensions and allowances with which the non-able-bodied person can satisfy his general or usual needs. The social services are a new branch of social security, and there is considerable potential for developing them.

The most important and costly aspect of social security is satisfying the need in homes for the aged and disabled. The Soviet Government gives this primary attention, constantly increasing the number of such homes and the number of places in them (see Table 16).

The state covers all the costs of these homes, which have their own medical staff to cater for the inmates's special medical requirements. At present about 100,000 doctors, nurses and orderlies work in homes for the aged

Table 16

	1940	1950	1960	1970	1975
Number of homes	785	868	1,237	1,471	1,505
Number of places in homes, thous.	93	95	179	286	328

and disabled. The cost of keeping one inmate in such a home is about 130 rubles a month.

Children's homes for orphans and special homes for handicapped and disabled children also come under the social security system. Each has its own school and teaching staff, vocational instructors, doctors and other medical staff, to provide the children with an education and medical treatment simultaneously.

Medical and labour expert commission play a major role with respect to the disabled, determining not only the cause of disability and the disability category, but also what is required to restore the disabled person's ability to work. This aspect of their activities, as well as making recommendations concerning possible jobs for patients, is assuming increasing importance. The medical and labour expert commission's recommendations concerning jobs are mandatory; enterprises and institutions employing disabled workers must provide them with suitable working conditions.

There are residential vocational and technical schools and colleges to provide the disabled with a speciality or skill in accordance with their own wishes and the commission's recommendations. Students are supported entirely by the state.

Prosthetic appliances, hearing aids and voice projection apparatus, as well as orthopaedic footwear are specific needs of the disabled, who either receive them free of charge or pay a small part of their cost.

To improve provision for the disabled in this sphere, scientific research into design and medicine is required, as well as the wide application of the latest industrial discoveries. During the postwar years there was a substantial improvement in the provision of prosthetic ap-

pliances, and nowadays there is an up-to-date prosthetic appliance factory in virtually every region. Large enterprises have their own in-patient clinics for disabled people requiring complex, repeated fitting or appliances of improved design. The clinics examine the patients, decide the type of appliance needed, adjust and fit them, and teach the patients to use their appliances by developing the new motive skills required for this. The clinics also have mobile teams with specially equipped workshops to visit disabled people at home or in remote regions. Home visits are the most progressive form of service provided for the disabled.

The well-organised provision of prosthetic appliances solves not only social and medical, but also economic problems: at present more than 80 per cent of disabled people who have been fitted with such appliances are engaged in socially useful work.

The disabled have to be found jobs that are socially useful but not detrimental to their health. This is achieved by choosing jobs suited to their state of health, establishing an individual timetable for work and rest, creating sanitary and hygienic conditions, providing special appliances to facilitate their work, and so on. The creation of special enterprises and workshops for the disabled, and also the organisation of work to be done at home are of considerable importance for providing them with jobs. These measures are vital for people suffering from tuberculosis, cardiovascular and neuropsychic diseases. The network of special enterprises for the disabled and for old age pensioners will undoubtedly be developed further in the future.

World War II disabled veterans enjoy special rights with respect to jobs and living conditions. Up to 2 per cent of all vacancies in enterprises and on building sites are reserved for these people. Second and third category disabled war veterans, working in special enterprises that previously came under the producers' co-operatives and co-operatives for the disabled, are entitled to certain privileges with respect to wages and holidays.

The disabled are also granted privileges in the use of transport. On presentation of medical evidence, World War II disabled veterans are given Zaporozhets cars

free of charge. In addition, the disabled war veterans also travel free on urban transport and at a subsidised rate by rail and water.

Disabled people who cannot work are treated free in sanatoria and health resorts, and disabled war veterans usually have their return transportation costs paid for them. The social security authorities, the trade unions and social organisations distribute to the disabled over 110,000 trips to sanatoria and rest homes every year, free of charge or at a discount. The disabled also have certain privileges in the allocation of flats and the building of individual houses, the payment of taxes and denture costs. They receive all medicines free of charge.

3. The Constant Improvement in Social Security

In a mature socialist society, social security will be constantly improving, as evidenced by the measures introduced in the USSR in recent years, particularly those outlined in the decisions of the 23rd, 24th and 25th congresses of the CPSU.

One way of improving social security is to increase the number of people covered. In 1965, after pensions were introduced for collective farmers, state pensions were established for the chairman, specialists and mechanisation experts of collective farms, for in terms of their working conditions, qualifications and the nature of their jobs, these workers are closest to industrial workers. The fact that these categories of agricultural worker now received state pensions meant that the eligibility conditions, rates and levels of pensions were on an exact par with those of industrial workers. In 1967, material provision for former collective farmers who had become non-able-bodied was improved by bringing it in line with the rates envisaged for members of collective farms whose land had been turned over to state farms. These people received guaranteed pensions from the state budget.

The introduction in 1968 of allowances for people who have been disabled since childhood substantially increased the numbers covered by the system. This category of the disabled are entitled to allowances regardless of any service record, residence or other qualification. The introduction of those allowances was one stage

in the transition from social security for the working people to social security for all the non-able-bodied.

The measures mentioned above were accompanied by a rise in the level of provision for the non-able-bodied. Between 1960 and 1975 pensions were increased for World War II disabled veterans; minimum pensions were also augmented. Three separate increases were made in war disablement pensions: first the minimum pensions for first and second category disabled war veterans were raised, then the overall size of these pensions was increased by 15 rubles a month, in conjunction with an increase in the minimum pension for third category war disabled. The result of these changes was that more than 1.5 million World War II disabled veterans had their material position improved.

The year 1965 also saw a substantial increase in the minimum disability and loss of breadwinner pensions: those for first category disabled workers were raised by 39 per cent (disablement as a result of general illness) and 67 per cent (disablement through occupational disease), while the corresponding figures for second category disabled were 22 and 30 per cent.

The rise in pensions was accompanied by the introduction of a higher level of provision for the temporarily disabled: sickness benefits for the majority of workers were set at 100 per cent of wages, as were maternity grants. As a result, provision for the temporarily disabled reached the maximum for most people, so any future improvement will evidently concern the relevant eligibility conditions.

The development of social security must also help to solve a number of socio-economic problems, such as eliminating the difference in the standard of living between town and village. This cannot be achieved until the conditions and rates of social security are equal for collective farmers and workers.

At one time pensions for collective farmers were not only lower than those of factory and office workers; they were also subject to stricter eligibility conditions. Initially, the Law on Pensions and Allowances for Collective Farmers set the pensionable age at five years higher than that for factory and office workers. The consequent differences were not only between workers

in the town and those in the village, but also between various categories of agricultural worker, for men and women employed by state agricultural enterprises were entitled to old age pensions at the ages of 60 and 55 respectively. Differences in eligibility conditions arose even on collective farms themselves, since collective farm specialists and mechanisation experts received state pensions on a par with factory and office workers in the town. The consequence was that two collective farmers working at the same livestock-breeding farm could find themselves in different situations: the mechanic who looked after the machinery and whose work was relatively easy was entitled to retire at the age of 60, while the stockman who did heavy work had to wait until he was 65.

The introduction in 1968 of a single pensionable age for collective farmers, factory and office workers resolved this contradiction, bringing more than two million agricultural workers—men between 60 and 65 and women between 55 and 60—under a guaranteed pension scheme.

The way pensions for collective farmers were calculated also differed considerably from the procedure applying to those of factory and office workers. Collective farmers' old age pensions were calculated as 50 per cent of wages up to 50 rubles, plus 25 per cent of the remainder, while factory and office workers received 85 per cent of wages up to 50 rubles.

To eliminate these differences, a single procedure was introduced in 1971 for calculating all pensions from wages, thus bringing the social security for collective farmers into line with that for workers.

To decrease the difference between urban and rural living standards, the 3rd All-Union Congress of Collective Farmers introduced social insurance for members of collective farms: temporary disability allowances and the same subsidies that the state social security system provides for factory and office workers have now been provided for collective farmers, too.

Social security plays an important part in the USSR in helping to solve the problem of low-income families. This is done in two ways: first, family allowances have been introduced for children in such families; second,

the size of disability and loss of breadwinner pensions are being substantially raised. This concerns not only the minimum and average pension levels, but also the maximum, since these no longer correspond to the minimum and average wage level.

Until recently the state assistance to families with children was confined to subsidising maintenance of children in children's institutions, the prices of children's goods, and income tax. In addition, single mothers and those with large families received family allowances.

However, these subsidies and payments did not, as a rule, depend on the family's income. In 1974 family allowances were introduced for families with an average per capita overall income of no more than 50 rubles a month.

These allowances also help to reduce the differences between rural and urban living standards, for families in rural areas are generally larger.

The increase in minimum pensions also does much to ensure that everyone is adequately provided for.

Pension rates are fixed and therefore tend to lag behind the incomes of the able-bodied population. To prevent this, it is essential that minimum pensions be regularly raised in line with the new minimum wage rate.

The increase in minimum old age pensions in 1971 helped to improve the material situation of a large group of former workers and close the gap that had appeared between minimum wage and minimum old age pension rates. In 1973-1974 minimum disability and loss of breadwinner pensions were also raised.

Not only has the level of social security provision been raised, but also the calculation methods and eligibility conditions improved.

Prior to 1974 disability pensions were calculated according to a regressive scale with respect to wages, i.e., as the wages on which the pensions were based rose, the relative size of the pensions fell, while the vast majority of old age pensions exceeded half the pensioner's former wage.

Let us give an example to explain this. For a former monthly wage of 60 rubles, the second category disability pension was 51 per cent and the old age pension 75 per cent; for 80 rubles a month the figures were 41

and 65 per cent respectively, for 100 rubles they were 35 and 55 per cent, for 120 rubles—31 and 50 per cent, and for 200 rubles—22 and 50 per cent.

Since 1973 first and second category disability pensions have been calculated according to the same scale as is used for old age pensions. Pensions for second category invalids from general illness are 90 per cent of the rate for old age pensions, while first category disabled receive 100 per cent. Disabled armed forces personnel and those disabled through industrial injury or occupational disease receive 100 and 110 per cent respectively of the old age pension rate.

This increase was accompanied by supplements to pensions for caring for pensioners and for children dependent on first and second category disabled people. This naturally helped various categories of pensioner to satisfy their requirements better.

The introduction of similar procedures for calculating disability, loss of breadwinner and old age pensions has not only improved material provision; it has also eliminated the possibility of a discrepancy emerging between the different types of pension in the future.

Increasing account is being taken of working conditions in the calculation of pensions. Many categories of textile worker receive augmented pensions, while World War II disabled veterans, air hostesses and workers in the Far North are entitled to pensions at an earlier age.

In order to improve the provision for the non-able-bodied, the procedure for calculating supplements for non-able-bodied members of pensioner's families has been changed. Up to 1973 there was a 15 per cent supplement for caring for a first category invalid. In 1973, measures based on the specific requirements of the disabled, especially World War II disabled veterans, were introduced to extend their benefits. All disabled war veterans travel free on all forms of urban transport, and because invalids require constant medical treatment, prescription charges were first reduced by 80 per cent and then, in 1975, abolished altogether.

The Tenth Five-Year Plan for the Development of the Economy (1976-1980) provides for an approximate 30 per cent increase in payments and benefits to the population out of the social consumption funds. These

funds will also provide the finance for a series of new social security measures including a rise in the minimum pensions for all types of factory and office workers and for collective farmers, a partially paid post-natal maternity leave of up to a year, and a further improvement in the social security conditions for the collective farm peasantry to bring them into line with those for factory and office workers. Pensions are also to be introduced for former collective farm members with the required service record on collective farms and in state enterprises, organisations and institutions. Supplements are to be introduced to the pensions for first category collective farm disabled. The plan also provides for an increase in allowances for those who have been disabled since childhood, their payment regardless of the child's age, and an extension of pension privileges for mothers with large families.

CHAPTER 3

THE SOCIO-ECONOMIC PRINCIPLES FOR DIFFERENTIATING BETWEEN PROVISION FOR THE NON-ABLE-BODIED

1. Differentiation Factors

There are objective reasons, resulting from the specific functions of social security within a system of distribution relations, for the different conditions and levels of provision for the non-able-bodied. As we have already indicated, social security has two functions: 1) to provide those members of society who are unable to work with the necessary means of subsistence out of the social consumption funds; 2) to compensate for earnings lost due to disability. On this basis, the first group of reasons for differentiating in the social security sphere consists in the different needs of the various groups of non-able-bodied (children, the aged and the disabled) and the different levels of wages or incomes received before the loss of earning power.

There are a multitude of factors affecting the size of pensions, with the result that pensions allocated for people belonging to one and the same disability class and income group vary greatly. There are, for instance, 30 different pension levels for the first category disabled who previously earned the same wages, 54 for the second category and 24 for the third category disabled.

A specific method is required for analysing the diverse reasons for social security differentiation. There are three types of differentiation: in the eligibility conditions for pensions and allowances; in their size and levels; in the payment conditions.

There are a number of reasons for differences, in the eligibility conditions for pensions and allowances; above

all they are connected with the various types of disability. Inability to work resulting from old age or invalidity, or loss of means of existence resulting from the death of the breadwinner entitle people to pensions on different eligibility conditions. For old age pensions, for instance, the decisive conditions are the age of the worker and his work record, while for disability pensions it is the degree to which earning power has been lost (first, second and third disability categories).

Disability or death of the breadwinner are also a basis for differentiation. From the social point of view, for instance, disability resulting from industrial injury or occupational disease must take priority over disability due to general illness.

In the allocation of temporary disability allowances for injury, the cause of the injury may be of importance (domestic or industrial accident).

The size of allowances might also depend on the length of service, those who have worked longer take priority and receive larger sums since they have made a greater contribution to the formation of the social consumption funds.

There is also sex and age differentiation. A shorter work record qualification and lower pensionable age are set for women, while the length of service for general illness disability pensions is related to the person's age.

The working conditions under which the pensioner previously worked are a major differentiation factor, entitling aircrews, teachers, doctors and certain categories of performers to pensions for long service, regardless of age. In certain instances, a lower than usual pensionable age is set. The specific conditions of service in the armed forces are also taken into account.

Not only eligibility conditions but also the size of pensions and allowances differ, depending primarily on the degree to which earning power has been lost.

The pensioner's connection with agriculture and constant residence in a rural locality also affect the size of his pension, as does the composition of the pensioner's family (whether there are children under working age or other dependents).

The decisive factor affecting the level of provision for those who are unable to work is the wage received be-

fore they fell ill or retired, since pensions and allowances are set as a fixed percentage of the former income.

Larger pensions might also be allocated as an incentive to undertake specific jobs or to strengthen labour discipline. Thus workers with long or continuous, uninterrupted work record, or those employed in specific branches of industry enjoy certain privileges.

It must be remembered, however, that differentiation in the level of provision on the basis of work record or branch of production is, in contrast to that based on the extent of lost earning power and the wage, only temporary, and should not, in the future, have any bearing on the size of pensions or allowances.

In capitalist countries, where pensions are paid on the basis of contributions made by the working people themselves, the size of the pension usually depends on the number of insurance contributions made.

The ILO's *An Introduction to Social Security* (1970) gives a general outline of capitalist practice in determining the differentiation conditions relating to pensions. The *Introduction* recommends the following procedure for calculating pensions. First the basic pension is set for a worker with a certain length of service and of a certain age. In most cases the basic sum is a set percentage of the worker's average wage, from which he made insurance contributions. The basic sum increases by 1 or 2 per cent for each additional year during which contributions were made above the minimum number of annual or weekly contributions required to entitle the worker to a pension. It is recommended that disability and old age pensions should be calculated as follows. The basic sum should be 25 per cent of the past five years' income out of which insurance contributions were made. This sum should be supplemented by 1 per cent of the wage on the basis of which it is calculated for every 50 weeks of insurance contributions in excess of the number required for a minimum pension. There should be a 10 per cent supplement for every child dependent on the pensioner. The recommended maximum pension is 85 per cent of the wage from which insurance contributions have been made.

When social security is financed by workers' personal contributions, the size of pensions for loss of the bread-

winner is also calculated in a specific way. Dependents of the insured person inherit his right to a pension, which is therefore usually based on a specific percentage of the pension that the deceased would have received, rather than on his former wage.

The recommended widow's pension is 40 per cent of the disability or old age pension to which her husband would have been entitled. That for each child is a suggested 20 per cent, or 30 per cent for an orphan. The family's maximum loss of breadwinner pension should not exceed the deceased's disability or old age pension.

The pensioner's actual income also depends on how payments are made. In the USSR non-retired and retired pensioners are paid in different ways. If the pensioner continues to work, the type of work he is doing and sometimes his wage are taken into account.

The diverse factors outlined above might operate in isolation or in conjunction with each other, which means that it is important to decide the determining factor in each case.

The number of factors affecting the size of a pension depends on the type of pension: minimum, earnings-related, or maximum. Minimum pensions for the second category disabled do not, for instance, depend on the cause of disability. The minimum pensions are the same for those disabled by general illness and industrial injury. When pensions are earnings-related, however, account is taken not only of the wage, which is of decisive importance, but also of working conditions before retirement, and of work record.

These differences do not affect maximum pension sizes, some of which are common to many types of pension. The same maximum of 120 rubles a month applies, for instance, to old age pension, all first and second category disability pensions, and loss of breadwinner pensions for families with two or more non-able-bodied members.

The sizes of minimum pensions and the differences between them are determined by the primary requirements of the various categories of the non-able-bodied. These result from the degree of the loss of earning power, the need for constant care, the number of non-able-bodied members of a family that has lost the breadwinner, or the existence of dependents on the pensioner.

The economic basis for determining minimum pensions is the size of the pensioner's minimum budget, minus the value of the free services or privileges he enjoys that are financed out of the social consumption funds. The upper limit for pensions should be a monetary estimate of the non-able-bodied person's budget for the level of consumption determined according to rational or optimal standards.

The volume and structure of consumption by non-able-bodied people depends on the level of development of productive forces, and thus there is a specific minimum basket of goods and services corresponding to each new stage of economic development. The effect of the law of increasing demand can only raise this minimum. The minimum pension cannot, therefore, be set for ever, and must be constantly raised.

A number of standard minimum budgets are set, taking account of differences in the structure and volume of demand in various categories of non-able-bodied:

- 1) the budget for an old person, living on his own and incapable of any work, or of a second category disabled person;
- 2) the budget for a person incapable of any work and requiring constant care, a first category disabled or a totally incapable very old person;
- 3) the budget for a child.

These serve as the basis for determining standard budgets for differently composed families: a couple who are both old age pensioners, the family of an office worker or collective farmer including members who are unable to work, and so on.

Retired pensioners require fewer material benefits of almost all types than younger and able-bodied members of society. This applies, first of all, to expenditure on food, a major budget item. Data supplied by the Institute of Nutrition of the USSR Academy of Medical Sciences show that the calory requirements of older retired people (men over 60 and women over 55) are roughly 10 to 20 per cent lower than those of people between the ages of 18 and 59 doing light work that does not call for a considerable expenditure of energy. Those who do not work also require fewer clothes, footwear and transport fares. At the same time these people,

and old age pensioners in particular, have fairly large stocks of consumer durables accumulated before they retired. On the other hand, those who do not work spend relatively large amounts on sanitary and hygienic items, on medicines, and also on rest and treatment.

The minimum pension should therefore be lower than the minimum wage. The correlation between them might be considered rational if it corresponds to that between the minimum standard budgets of people who do not work and of unskilled workers.

Once this rational correlation has been established, it must be maintained.

Although, under socialism, the law of increasing requirements opens up wide opportunities and is subject to planning, operates continuously, and at a rising rate, the structure and size of the minimum budget does not usually change noticeably over short periods of time, such as five years. Baskets of goods and services do not, therefore, require constant revision for the purposes of short-term planning, but if minimum pensions are left unchanged, the standard of living of the non-able-bodied will begin to lag behind that of the able-bodied, working population.

Minimum wages are constantly rising, in accordance with the basic law of socialism. The increase in minimum pensions, however, is usually implemented with a considerable time lag, with the result that the current correlation between the two rates took shape over several years.

	1960	1965	1970	1975
Minimum pensions as % of minimum wages	100	75	50	64.2

The objective reasons for differentiating between the minimum levels of various types of pensions should also be determined. These can be either permanent (the levels of requirements of the various categories of pensioner) or temporary.

Table 17 shows how minimum pensions have changed over the last fifteen years.

	Minimum monthly pensions as % of minimum old age pensions		
	1960	1970	1975
Old age pensions	100.0	100.0	100.0
First category disability:			
from general illness	100.0	166.7	155.6
from industrial injury or occupational disease	120.0	166.7	155.6
armed forces personnel	147.7	241.7	200.0
Second category disability:			
from general illness	76.7	100.0	100.0
from industrial injury or occupational disease	95.0	116.7	100.0
armed forces personnel	104.3	178.3	155.6
Third category disability:			
from general illness	53.3	53.3	46.7
from industrial injury or occupational disease	70.0	70.0	55.6
armed forces personnel	70.0	100.0	73.3
Loss of breadwinner:			
families with one non-able-bodied member, when death is due to general illness, industrial injury or occupational disease	53.3	70.0	51.1
families of deceased armed forces personnel	53.3	70.0	60.0
families with 2 non-able-bodied members, regardless of cause of death	76.7	100.0	100.0
families with 3 or more non-able-bodied members, regardless of cause of death	100.0	166.7	155.6

2. The Correlation Between Pensions and Wages

It is the retired worker's former wage that is decisive in establishing the size of the vast majority of pensions.

The procedure for calculating pensions is of fundamental importance in the social security system, for it reflects the degree to which the law of distribution ac-

ording to labour affects the level of provision for the non-able-bodied members of society, and determines the scale of pension differences.

There are a wide variety of ways in which pensions can be calculated. If they are set independently of wages, all pensioners in a particular category (such as old age pensioners) will get the same pension. The British pension system is an example of this.

When everyone gets the same pension, the rate is supposedly independent of the wage rate. In fact this is not the case. Pensions compensate for loss of earnings and so, to avoid disturbing the balance of provision for the non-able-bodied and the employed, pensions are set below the minimum wage rate.

In Great Britain the wage of a low-skilled worker is at present almost double the old age pension, and the difference between pensions and average wages is still greater.

Flat rate pensions therefore entail a low level of provision and indicate that the social security system of the country is insufficiently developed. Considering that the prices of essentials are constantly rising in capitalist countries, while the purchasing power of currency is falling, flat rate pensions mean not only a low, but a constantly falling, level of provision. This is why improvement in the pension system is one of the main demands in the programmes of communist parties and progressive trade unions in many capitalist countries.

One of Britain's Labour governments took certain measures to satisfy these demands. A twenty-year programme was worked out for introducing pensions proportional to wage rates, but only the initial draft was published.

In a socialist economy fixed pensions are also paid in certain cases. In the Soviet Union, fixed pensions are paid when the pensioner had no previous income or when his income was too small (student grants or small monetary allowances paid to enlisted men and sergeants). With certain reservations, minimum and maximum pensions might be considered as fixed, for they apply to all people whose earnings were below a certain level or above the wage on which the maximum pension is based. Thus, with pensions set at 50 per cent of wages,

while the minimum pension is 45 rubles, people earning less than 90 rubles will get 45-ruble pensions. Similarly, with a maximum pension of 120 rubles a month, everyone earning more than 240 rubles a month will get a fixed 120-ruble pension.

In the first few years after the October Revolution fixed pensions were more widespread, but they were fairly high, and corresponded to the minimum wages or to the average wages of workers in a certain category and economic region.

The most widespread way of calculating pensions in the USSR is to base them on a fixed percentage of wages and with the help of a graded scale.

The first method means that all pensions of a particular type are set as a fixed percentage of wages. According to 1932 legislation, for instance, old age pensions were fixed at 50 per cent of wages. This procedure makes it possible to maintain a stable correlation between pensions and wages, with the exception of minimum and maximum pensions.

When a graded, for example two-part, scale is used, pensions are calculated at a higher percentage for a specific sum of the wage, and at a lower rate for earnings in excess of this. For example, when calculating a third category disability pension for general illness the basic wage is divided into two parts: the pension is set as 45 per cent of the wage from 40 to 60 rubles, plus 10, 15 or 20 per cent of the remainder, depending on the branch of production.

A sliding scale for calculating old age pensions was first introduced in 1956. It is essentially the same as a two-part scale, though it makes it possible, above a certain wage level, to transfer to fixed percentage pensions, thus stabilising the correlation between pensions and wages.

Thus all old age pensions for wages in excess of 110 rubles were a fixed 50 per cent. When pensions are calculated according to a two-part scale, the relative size of pensions decreases as wages rise.

In turn, each method for calculating pensions from wages differs according to the worker's occupation and job in particular types of production. These differences were established in connection with the specific histor-

ical conditions under which the social security system developed, and are therefore only temporary.

The 1956 Law on State Pensions abolished differences based on branch of the economy, but the principle of differentiation according to occupation, job or type of production was retained. What is more, it was applied to old age pensions too. As a result, the current calculating procedure provides for two scales of old age pensions: a higher one for pensioners who previously worked underground, in hot shops or under harmful conditions, and a second one for all others.

Three methods were introduced for setting disability and loss of breadwinner pensions, depending on working conditions. For pensioners who previously worked in the three categories mentioned above, pensions were set as a higher percentage of the first 60 rubles of the monthly wage, and as 20 per cent of the remainder. For those who previously did heavy work, the main part of the pension was based on the first fifty rubles of the wage, plus 15 per cent of the remainder.

The result of using different methods for calculating pensions was that the correlation between various types of pension, such as old age and second category disability pensions, differed depending on the wage level on which they were based.

In addition, the correlation between the pensions for different disability categories changed according to the wage level from which they were calculated. All these shortcomings necessitated a change in the methods of calculating pensions. This was introduced in 1974, when first and second category disability pensions were correlated to old age pensions. There is now no need to differentiate between ordinary pensions and those for people who worked under harmful conditions.

The new method ensures a stable correlation between disability pensions based on different wage levels.

The calculation of old age pensions, on which many disability and loss of breadwinner pensions are based, is according to two scales. One of these is used to determine the size of pension for factory and office workers employed underground, in hot shops or under harmful conditions (which we shall call Scale I for the sake of brevity). The other applies to all other factory and

office workers (Scale II). The correlation between the sizes of pension calculated according to the two scales is given in Table 18.

Table 18

Monthly wage in rubles	Size of pension (as % of wages) calculated on		Correlation between the size of Scale I and Scale II pensions, %
	Scale I	Scale II	
From 60 to 80	70	65	107.7
From 80 to 100	60	55	109.1
More than 100	55	50	110.0

The data in Table 18 show that the differences in pensions depending on the scale according to which they are calculated increase in conjunction with the wage level. At a wage rate of 100 rubles a month they stabilise at 10 per cent.

Differentiation in payment for labour results not only from differences in the quantity and quality of the work done by individuals, but also from the substantial differences in working conditions. The fact that pensions are tied to wages means that the differences in wage rates resulting from working conditions are also reflected in pension levels. At the same time, the procedure for calculating pensions provides for additional subsidies to workers who were previously employed underground, in hot shops and under harmful conditions. Thus, working conditions are considered once more when calculating a pension, and the range of differentiation increases.

3. Directions and Methods for Improving the Correlations Between Pensions and Wages and the Differentiation Between Pension Levels

At the present time, with all the working people covered by the social security system, the main task is to improve the system: to raise the level of provision, rationalise the correlation between pensions and wages, and improve the differentiation between pension levels.

The most difficult thing, and yet the most important for the future, is to create a stable dynamic correlation between the rate of growth of wages, which determines the standard of living of the able-bodied population, and that of pensions, which do the same for the non-able-bodied.

Under socialism the standard of living is steadily and constantly rising, so it becomes both possible and necessary constantly to raise the level of provision for those members of society who cannot work.

One of the ways to increase pensions is to gradually increase the percentage correlation of pensions to wages, bringing the former closer to the level of lost earnings and thus to the principle of full compensation for loss of earning power. However, the problem of the correlation between pensions and wages can be solved in this way only if wage levels remain static, which is an unrealistic assumption. An optimal correlation only exists, therefore, at the moment when pensions are calculated for a specific group of people.

A constant growth of wages based on that of the social productivity of labour is a law inherent in the socialist economic system. An increase in the payment for labour as the main source of growing living standards is characteristic not only of the present period, but also of the future development of the relations of distribution in socialist society.

The pension level, which is initially closely tied to that of wages, does not react to a further growth of wages, but remains stable. The result is that people who have had the same job and skills receive varying pensions, depending on when they retire. This means that the pensions of skilled workers or specialists might be lower than those of less skilled ones if the former retired at a time when the general wage level was substantially lower than when the second group retired.

Finally, fixed pensions lead to a gradual relative deterioration in the provision for pensioners. Increasing numbers come to receive close to minimum pensions, since the average pension will lag increasingly behind pensions based on current average wages.

Two attempts have recently been made to solve this problem. As already indicated, wage rates have increas-

ed several-fold in comparison with the pre-war period, so the calculation of pensions on the base of the legally fixed maximum wage had an equalising effect on pensions and did nothing to stimulate the growth of labour productivity or skill levels.

When the 1956 Law on State Pensions was enacted, a solution was sought to the problem of the correlation between pensions and wages in substantially raising minimum pensions. This was intended to become a regular event coinciding with rises in minimum wages, but increasing only minimum pensions did not eliminate differences in the pensions between people who retired a long time ago or only recently, for average pensions remained unchanged for many years.

The second measure taken to improve the pension to wages correlation was an increase in disability pensions. In 1974 average pensions were recalculated as a considerably higher percentage of wages. As a result, the first category disabled received a 37 per cent pension increase, while second category disability pensions, loss of breadwinner pensions for families with three or more non-able-bodied members, and with two such members rose by 47,42 and 55 per cent respectively.

These measures helped to raise the pension level in line with wage rises, but the problem of maintaining a rational correlation between them has not been entirely solved. It still happens that workers with different levels of skill, who received different wages, retire on equal pensions.

Work is going on in the USSR to elaborate a system of scientifically based correlations between pension levels. One of the main tasks involved is to determine the criteria for differentiating between pensions for loss of the breadwinner. At present, families with one non-able-bodied member receive the same pensions as third category disabled people; those with two who cannot work are on a level with the second category disabled, and the families with three or more members who are not able to work receive the equivalent of first category disability pensions. In fact, the non-able-bodied person in the family may be a man over 60 or a woman over 55, a child under the age of 16, or a disabled person in any of the three disability categories. These peo-

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ple obviously all have different needs. It is only justifiable to allot a family pension equivalent to a third category disability pension if the non-able-bodied person is in the third disability category, i.e. in only one of the five cases. The requirements of a family supporting a first category disabled person are clearly much greater, because the dependent is in constant need of care and attention.

Another problem in the sphere of pension differentiation is that of so-called rural rates. When these were introduced in 1956, it was considered necessary to raise all pensions equally (in absolute terms), taking account of the fact that, at that time, there was a supplement of 30 per cent to old age pensions and even more to disability pensions in towns. The actual rates differed too: the rates for some types of pension in the countryside were from 20 to 25 per cent lower than their counterparts in the town.

The differences between urban and rural wages for similar jobs have now been eliminated, and minimum wages are identical in town and country. In the future it will become increasingly unjustified, both from the economic and the social point of view, to maintain lower rural pension rates.

1. Older People. The Age Qualification for Old Age Pensions

In the Soviet Union, as in the rest of the world, the proportion of the population in the older age groups is increasing. This is the result of both a drop in the birth rate and a rise in life expectancy.

According to the ILO in 1950 there were 12 older people for every hundred of the able-bodied population (between the ages of 16 and 60), while the figures for 1960 and 1975 had grown to 13 and 14 respectively. This process is more noticeable in Europe than elsewhere. In 1950 there were 19 older people to every 100 able-bodied Europeans, while in 1975 there were 28.

The increase in the Soviet Union between 1950 and 1975 was from 13 to 19. The increase in the relative and absolute numbers of older people means that the problem of providing for them is of first priority among those concerning social security for the non-able-bodied.

In 1975 there were about 40 million older people in the Soviet Union, but this figure is expected to increase to 43 million by 1980 and 53 million by 1990. Changes in the relative and absolute numbers of non-able-bodied people for 1939 to 1975 are given in Table 19.

The fact that older people often continue to work raises problems of current and long-term importance. The Soviet state has a vested interest in creating the necessary conditions for each person to lead a long and active life. Work is becoming one of man's requirements, so it is of great importance to create the conditions necessary for older people to be able to work.

Table 19*

	1939	1959	1970	1975
Total population in millions	191	209	242	255
including:				
Older people (men over 60 and women over 55)	17	25	37	40
Share of older people as % of total population	8.9	12.0	15.3	15.7

* Data for 1939, 1959 and 1970 taken from population censuses, 1975 figures estimated.

In this connection it is vital to establish the working age limits. At present these are set at 16 and 59 for men and 16 and 54 for women, inclusively. If the working period of 39 years for women and 44 for men is left unchanged, it decreases relatively as life expectancy goes up. At present it is roughly 60 per cent of the average life.

A variety of factors must be taken into account in order to establish the upper working age limit scientifically, i.e. the age criterion for old age pension eligibility. The decisive indicator must be an evaluation of the physical and psychological condition of people in different age groups.

Ageing is a gradual process, which finally deprives a person entirely of his ability to work. It is extremely difficult to exert any influence on this process, though measures can be taken to prevent premature ageing.

The main factor extending working life is working conditions. Certain general living conditions, i.e. domestic circumstances, the degree to which a person's needs are satisfied, and rational organisation of his leisure time, are equally important.

The main aim of pension provision for older people is to ensure them the means of subsistence they can no longer earn due to old age. To achieve this aim the pensionable age must not exceed that at which, as the Income Security Recommendation, 1944, states, "per-

Table 20*

	Number of factory, office and professional workers and collective farmers who continue to work after reaching pensionable age (men of 60 and over, women of 55 and over)					
	Total	Age groups				
		55-59	60-64	65-69	70-74	75 and over
Men, thous.	1,747	—	1,113	426	132	76
Women, thous.	2,763	1,838	595	239	70	40
Total	4,510	1,838	1,708	665	202	116

* Data from the 1970 population census.

sons commonly become incapable of efficient work, the incidence of sickness and invalidity become heavy".*

In setting a single pensionable age account must be taken of the fact that the decision of whether to retire or not depends entirely on the individual. Some people age or think they age more quickly than others. For many older people retirement entails a deterioration both in their spiritual and material position, so they try to continue working as long as possible. At the same time, others want to stop work in order to rest, although they are still capable of working.

The data in Table 20 show that a considerable number of people continue working after they have reached pensionable age.

There are thus many aspects to the complex problem of setting a pensionable age, and the interests of the workers themselves, of individual work collectives, and of society as a whole are all involved.

The size of old age pensions is of considerable importance for deciding when to retire, so this is often an even more significant issue than the pensionable age. In France, for instance, insured workers are eligible for old age pensions at 60, but if they retire immediately

* Report of the Director-General of the ILO, 1962, p. 67. Part I: Older People, Work and Retirement.

they will receive the equivalent of only 25 per cent of their former wage. If they continue working to 65, the pension will be 50 per cent, so most people in France retire at 65.

The size of pensions has a considerable influence on the number of people above pensionable age who continue to work in the Soviet Union too. From 1955 until the pension increase in 1963, about 59 per cent of pensioners continued to go out to work, but after 1963 this figure dropped to 9 per cent.

The pensionable age is also set in accordance with the country's economic conditions. Initially, for instance, the state of the economy dictated a pensionable age of 65 for male and 60 for female collective farmers, but some years later, when the state and the collective farms found themselves in better circumstances, these ages were reduced correspondingly to 60 and 55.

Under the capitalist mode of production, the pensionable age is also affected by the general instability of the economic system, so it is often conditioned by the state of the labour market. When there is chronic unemployment, it is virtually impossible for older people to find a job. The capitalist state may therefore set a lower pensionable age, since old age pensions are usually below the level of unemployment benefits. Besides, the pensions are often reduced, i.e. the worker himself has to pay for his enforced premature retirement. If the demand for manpower rises above the supply, there is a tendency for the pensionable age to be raised.

In the USSR all people are guaranteed the right to work, whatever their age, so the need to take account of the labour market does not arise.

The way in which social security is organised also has a bearing on the pensionable age. If the system is based on worker contributions, it is in the people's interests to retire as early as possible, in order to get back the money they have paid into the social security funds.

Many people, including specialists on the subject, do not consider pensions as compensation for loss of earnings due to old age, but as a sort of reward, a recognition of service to society, the earned right to rest after a certain age. This conception results in pensions being paid entirely on the basis of age, regardless of whether

Table 21

	Men				Women	
	Under general conditions	Under privileged conditions		Under general conditions	Under privileged conditions	
		List 1	List 2		List 1	List 2
All pensioners, % . . .	100.0	100.0	100.0	100.0	100.0	100.0
Including those retiring at 45 years	—	—	—	—	56.7	—
46 to 49 years	—	—	—	—	24.1	—
50 years	—	52.1	—	—	4.9	63.2
51 to 54 years	—	17.6	—	—	7.2	26.5
55 years	—	4.4	55.5	52.2	1.7	3.3
56 to 59 years	—	12.9	37.1	20.5	3.0	3.6
60 years	65.3	3.4	3.2	3.3	0.4	0.5
61 to 64 years	18.9	5.1	4.4	9.8	1.0	1.6
65 years and over	15.8	4.5	3.0	14.2	1.1	1.3

the person is still capable of working. Hence come the substantial differences in the pensionable age and the actual retirement age. The pensionable age is the minimum age at which a worker who has fulfilled all the necessary conditions is eligible for an old age pension. The retirement age is that at which people actually cease to do a regular job of paid work, i.e. when they stop being active in social production and begin to live on their old age pensions alone.

The data cited in Table 21 show how wide the age range is over which people actually retire on to pensions. The data also reveal that men and women have different attitudes towards their right to a pension.

As a rule most women retire when they reach pensionable age, especially if they are entitled to a pension at a privileged earlier age. When the usual pensionable age of 55 applies, however, the proportion who retire is less. Many women reach this age but lack the required 20-year work record because they stopped working in production to run their homes and bring up their children.

By the age of 60 almost all men have the required 25-year work record, and the fact that not all of them retire immediately indicates either that they are still able-bodied or that they have a relatively highly paid job. In the latter case it is not in their interests to retire on to a pension.

The pensionable age coincides neither with the actual retirement age, nor with the age at which people really lose their ability to work. The majority of people are still capable of working after reaching pensionable age, though some, of course, lose this ability even earlier. It is therefore necessary to reduce the pensionable age for certain worker groups.

There may be general or individual reasons for a premature loss of working ability. Differences in sex belong to the first category: usually a lower age is set for women than for men, because a woman's domestic duties in addition to her work in production age her more rapidly. This reduction in the pensionable age is seen as a specific privilege for women workers, but objections are raised to it in some countries.

In capitalist countries the fact that women can retire earlier hinders them from finding work, on an equal footing with men, since employers take account of the number of years that a woman will work for them. Thus the lower pensionable age for women leads indirectly to discrimination against them.

General reasons for loss of earning power also include working conditions. Heavy work, and work under harmful or dangerous conditions for any length of time also result in a premature loss of earning power, but sometimes it is the specific nature of a particular job that necessitates earlier retirement. For instance, the job done by aircrews, with its high degree of responsibility, makes it essential for them to stop work earlier, although in fact they are still very fit. People in certain other professions (teachers, doctors, ballet dancers, circus artists and others) may lose their skills before they reach the usual pensionable age, so their pensions are made dependent on the length of service rather than age.

Other general reasons are connected with climatic conditions. It is well known that life expectancy and active working life are shorter in tropical regions than in the

temperate zone, and constant exposure to the severe climate of the Far North has the same detrimental effect. For this reason people who spend most of their working lives in the Far North or regions of the USSR with similar climatic conditions are entitled to retire at an earlier age.

General state of health is another reason for early retirement. Thus a lower pensionable age applies to World War II disabled veterans, many mothers who have had five or more children, the blind and dwarves.

Apart from these general ones, specific social reasons arise, particularly in capitalist countries, necessitating a reduction in the pensionable age. Premature physical or mental ageing is fairly widespread under capitalism, so bourgeois legislation has to take account of this, allowing for earlier retirement on a reduced pension. In Belgium, for example, the usual pensionable age is 65, but people can retire from 60 onwards, though on a pension reduced by 5 per cent for every year below 65. Thus a person who retires at 60 receives only 75 per cent of the usual pension. There is a similar system in force in Mexico, Uruguay and certain other countries.

As we have shown, the economic reason for allocating pensions or allowances is loss of earning power. It is not sufficient, for example, to establish the fact of industrial injury for someone to become eligible for a disability pension; a medical investigation is required into his physical state, and if it is established that the injury has deprived him of his ability to work, he will receive a pension.

There is only one eligibility condition for old age pensions: the attainment of pensionable age. A person's ability to work is not taken into account here. Thus both fully able-bodied and partially or totally disabled people are equally entitled to old age pensions.

The successful work of the health service, and improved working and living conditions have resulted in an increasing percentage of people reaching pensionable age while still fully or partially capable of working.

There are no specific data on the state of health of people reaching pensionable age, but this can be judged indirectly from the proportion of those who continue to work after reaching this age. To a certain degree, this

Table 22*

Categories of worker	Proportion of male workers of pensionable age still doing regular work, Percentage of people in the given category, by age group			
	Age groups			
	60-64 years	65-69 years	70-74 years	75 years and over
Workers:				
miners	5	2	1	1
railway workers . . .	11	5	2	1
lumberjacks	16	7	3	2
machine-tool makers and metal workers . .	28	15	7	3
boot and shoe industry workers	35	20	11	8
printing industry workers	43	19	12	5
Engineers and technicians	41	20	8	3
Municipal and domestic services workers . . .	52	41	30	17
Medical workers	63	46	26	9
Scientific workers . . .	73	56	38	26

* Data from the 1970 population census.

indicator reflects not only a subjective evaluation of ability to work, but also the objective conditions affecting this. Table 22 presents data on the proportion of male workers, by age group, who continue to work after the age of 60. The data show that the main influence on earning power is exerted by the nature of the job and working conditions. People doing mainly physical work, especially under harmful conditions, lose their earning power earlier than those doing relatively easy physical work under pleasant conditions or primarily mental work.

The discrepancy in the ability to work of different categories of worker falls dramatically with age. If, for instance, there is a 38 per cent difference between the

lower and higher levels of employment among workers of pensionable age in the 60 to 64 age group, in the 65 to 69 age group the difference is only 18 per cent and in the 70-74, and 75 and above groups only 11 and 7 per cent respectively. These data prove that, by the age of 70, differences in the ability to work of men, particularly those doing physical work or employed in industrial enterprises, virtually disappear. The period from 60 to 70 is transitional, with most people fully or partially able to work concentrated in the 60 to 64 age group.

As is seen from the table, there is always some part of the work force that loses its ability to work before reaching pensionable age, but there are also people above that age who are fully capable of working.

One way of resolving this contradiction would be to work out a pension system allowing the workers themselves to decide, within a certain age range, when to retire, but there would also have to be conditions preventing able-bodied people from going on to a pension. This would be possible if the worker had an economic vested interest in continuing to work after reaching pensionable age.

2. Encouraging Pensioners to Work

In the early 1960s a certain shortage of manpower arose in the USSR as a result of the sharp drop in the birth rate during the war and consequent fall in the number of people reaching working age. At the very same time, pensions were raised for older people and the number of people entitled to pensions greatly increased. From 1957 to 1960, the numbers of old age pensioners rose by 1.8 million, or by 70 per cent (Table 23).

At the same time, success in the health care and medical services sphere, the constant improvement of working conditions for both industrial and transport workers, the shorter working week and improved living conditions increased the possibilities for extending active working life. This naturally entailed a rise in the percentage of retired able-bodied old age pensioners.

Since the possibilities of drawing housewives and the rural population into the economy were limited, non-working old age pensioners began to be viewed as a

Table 23

	1957	1958	1959	1960
Old age pensioners, thous.	2,711	3,493	4,007	4,531
Including:				
those not doing regular work	1,936	2,823	3,402	3,919
those doing regular work	775	670	605	532
% of pensioners still doing regular work . .	28.6	19.2	15.1	11.7

possible source to make up the manpower shortage. The state and trade union organisations had to find a way of encouraging able-bodied old age pensioners to work.

Many pensioners who were not working were dissatisfied at being unable to make use of their forces and skills, and they also wanted to work for social reasons such as a feeling of isolation after retiring.

One would imagine that the transition from work to rest and the cessation of work would have a favourable effect on health, but in fact doctors have observed that a sharp transition from intensive work to total rest, and a change in the rhythm of life developed over many years have the opposite effect. For the sake of one's health, they therefore recommend a gradual and smooth transition from heavy to easier work at a certain age.

Pensioners themselves were discouraged by the small discrepancy between pensions and the wages they would receive if they returned to work, so the procedure for payment of pensions to working pensioners was changed.

Taking account of the economy's needs, from April, 1964 pensioners working as factory workers or junior service personnel were paid half pensions, or 75 per cent in the Urals, Siberia and the Far East where the manpower shortage was most acute. The sum of the pension and wage was not to exceed 200 rubles.

Engineers and technicians only received half pensions if they were working actually within an industrial enter-

prise, in transport, construction or communications, i.e. in the material production sphere.

Education and health institutions were very short of qualified and experienced staff, so experienced doctors and teachers of pensionable age, as well as nurses and medical orderlies were paid full pensions in addition to their wages as an incentive to work.

Pensioners who went back to work under ground were paid their pensions in full.

Wider privileges were introduced in agriculture, where pensioners can be utilised most rationally. All pensioners, including the disabled, who took part in agricultural work received their full pensions on top of wages. It is particularly feasible to employ pensioners in agriculture, because additional hands are usually required for specific periods: during harvesting, weeding, preparing for the storage of agricultural produce, and so on.

Thus the right to receive a pension, and in what percentage, while continuing to work, were made dependent on many factors: the pensioner's place of residence, the size of his wage, the type of occupation, the industry in which he worked, and his job.

In 1966-1967 nurses and medical orderlies employed in hospitals, polyclinics and homes for the aged, order acceptance clerks, nannies and cleaners in domestic service enterprises, and workers in the food and meat-packing industries during the mass processing of perishable raw materials and meat, all became eligible for 100 per cent pensions in addition to wages for not more than four months in any one year.

Experience accumulated between 1964 and 1969 in encouraging pensioners to work suggests the following conclusions: 1) working conditions and wages, rather than the size of the pension received, are the factors that decide a pensioner whether to work or not; 2) privileges with respect to the payment of pensions act as an incentive to work mainly for low-paid categories—junior service personnel and unskilled workers; 3) pension privileges did little to encourage engineers and technicians to continue working, for a high percentage of them did not retire at pensionable age even before these privileges were introduced; 4) the increase in the number of pensioners continuing to work was due to a rise in the pro-

portion of factory and office workers not retiring at pensionable age.

In 1968 the minimum wage was raised, so it was in the interest of low-paid workers who were due to retire to continue at work for at least another year in order to have their pensions calculated on the basis of the new, higher wage.

Not only the payment of pensions in addition to wages, but also other factors, such as the rise in the minimum wage rate, engendered the increase at that time in the number of pensioners continuing to work.

The system for paying pensions on top of wages was not very effective (producing a rise of only 200,000 to 300,000 in the number of working pensioners) due to the fact that most workers received only half pensions. This point of view became widespread and account was taken of this factor in the proposals concerning the procedure for encouraging pensioners to work for the 1970 to 1975 period.

From 1970 onwards full pensions were paid in addition to wages to old age pensioners working as factory workers, junior service personnel, skilled craftsmen and work superintendents in all branches of the economy.

Junior and secondary medical personnel in all medical institutions, doctors in treatment and disease prevention medical centres, teachers in general schools in rural areas, as well as workers (apart from administrative staff, engineers and technicians) in domestic service enterprises, individual categories of worker in the most popular communications trades, shop assistants, workers in public catering establishments, and certain others, all became eligible for full pensions in addition to wages.

Engineers and technicians continued to receive half pensions (75 per cent in the Urals, Siberia and Far East), and this system was extended to cover doctors in sanitary and disease prevention establishments, veterinary surgeons, teachers in towns, workers in pharmacies, factory and enterprise guards, and certain other groups. The maximum for the sum of pension and wage was raised to 300 rubles.

These changes brought about a substantial rise in the number of working pensioners receiving full pensions.

Table 24

	1968	1973
Old age pensioners doing regular work, %	100.0	100.0
including:		
receiving 100% pensions	34.3	91.4
receiving 50% pensions (75% in the Urals, Siberia and the Far East)	30.8	5.7
receiving 15-ruble monthly pensions or no pension	34.9	2.9

The rise in the numbers of pensioners receiving pensions involved a substantial increase in the amount paid out in pensions: from 500 million rubles in 1968 to 1,300 million rubles in 1970 and more than 2,500 million rubles in 1975.

The increase in the number of working pensioners (not counting the influence of the natural increment in the number of old age pensioners) was about 230,000 in 1970. Outlays on pensions to working pensioners rose, in the same year, by more than 370 million rubles.

Analysis of the changes in the proportion of pensioners who continue to work reveals a rate of increase roughly equal to that before the introduction of higher pensions (see Table 25 below).

These data show that changes in the procedure for paying old age pensions to working pensioners only have a significant effect in the year they are introduced. The biggest relative increases, for instance, were in 1965 when 50 per cent (75 per cent) pensions for many categories of working pensioner were first introduced, and in 1971 when a substantial number of workers in many branches of industry, construction and domestic services began to receive full pensions. The average increment in the percentage of pensioners continuing to work was 1.3 per cent a year over the period analysed, but there was a tendency for this to fall towards the end of the period, in spite of the increased privileges in the payment of pensions on top of wages. This is the result of many factors, the influence of some of which can be calculated exactly,

Table 25

	Number of pensioners, thous.		Pensioners continuing to work, %
	Total	Including working pensioners	
1968	10,987	1,748	15.9
1969	12,019	2,272	18.9
1970	13,485	2,500	19.0
1971	14,299	2,942	20.5
1972	15,290	3,259	21.3
1973	16,186	3,616	22.3
1974	17,497	4,019	23.4
1975	18,242	4,424	24.3

Table 26

	1968	1973	Growth of the indicator, %
Average wage of factory and office workers	88	130	48
Size of old age pensions (with supplement for continuous or long work record) calculated from the average wage	57.2	71.5	125
Difference between pensions and wages	30.8	58.5	190

such as the rise in the number of working pensioners resulting from the rise in the overall number of old age pensioners. The influence of such factors as the extension of active working life, changes in wage rates, and improvements in working conditions, however, can only be roughly estimated. At the same time, they cannot be entirely ignored. There is no doubt, for example, that the change in the difference between pensions and wages is significant for a pensioner deciding whether or not to stay on at work. Table 26 shows how this correlation has changed over the period under review.

The acceleration in the rate of growth of the difference between pensions and wages, which is higher than that

Table 27

	Number of working old age pensioners (thous.)	Significance of the factor, %
On January 1, 1963	631	—
On January 1, 1973	3,616	—
Increase in the number of working pensioners over the decade	2,985	100.0
Including through: the 140.5 per cent overall rise in the number of old age pensioners	1,520	50.8
extension of active working life, improvement of working and living conditions, increase in the discrepancy between pensions and wages	300	10.0
rise in pensions paid on top of wages	1,165	39.2

of the wage and pension growth rates, has helped to increase the number of pensioners continuing to work. It is, however, very difficult to make any quantitative estimate of this influence. Expert estimation has established that this, together with other unquantifiable factors, is responsible for an annual 0.2 per cent rise in the number of working pensioners.

Table 27 gives calculations of the effect of changes in the procedure for pension payment on the rise in the number of working old age pensioners for the 1963-1973 period.

An analysis of the rise in the number of working pensioners must take account of the fact that this is not always accompanied by a corresponding rise in the number of factory and office workers. This is because most people not entitled to a pension on top of their wage did not take up their pension rights, and were not therefore counted as pensioners.

A worker who will receive a pension in addition to a wage will naturally take up his right as early as possible. In 1968 only 38 per cent of factory and office workers of pensionable age were actually receiving pensions, but the 1973 figure was already 67 per cent. The rise in the number of working pensioner due to this factor did not,

Table 28

Categories of old age pensioner	Pensioners continuing to work, %
Old age pensioners who began to receive pensions in 1972	56.3
Including:	
under general conditions	54.1
under privileged conditions	72.4

therefore, engender a corresponding rise in the percentage of older people employed in regular work. Taking account of this factor, the estimated increase in the number of factory and office workers resulting from changes in the pension payment procedure was roughly 500,000 to 700,000 by 1973.

The current system of encouraging old age pensioners to work by paying them pensions on top of their wages cannot be further extended. Any increases in pensions to working pensioners must apply to all those who are already working, while the supply of able-bodied pensioners is almost exhausted (see Table 28).

The aim of any further measures must be to introduce economic incentives for able-bodied workers to delay claiming their pension rights, rather than drawing additional pensioners into social production.

The Tenth Five-Year Plan constitutes a new stage in the implementation of the Party's long-term policy for the socio-economic development of the country.

During the five-year period there will be a 28-30 per cent increase in payments and benefits to the population out of the social consumption funds, and the total will reach not less than 115,000 million rubles by 1980. These funds are to provide the resources for a series of new measures including raising minimum pensions for factory, office and professional workers and collective farmers.