

*Social Security in the Union of Soviet Socialist Republics**

During 1958, social security officials of the United States visited the Union of Soviet Socialist Republics to study that Nation's social security system, and officials of the Soviet Union, in turn, made a similar visit to the United States. The following summary of the benefit programs of the social security system in the Soviet Union has been prepared largely from material collected there by the group from the United States.

AN exchange of visits by officials of the social security agencies of the United States and the Union of Soviet Socialist Republics was a recent feature of the East-West exchange program. The United States team spent 30 days during August and September 1958 examining the social security program of the Soviet Union; the experts from the Soviet Union visited the United States, studying its program, for a similar period in November and December.

Each team consisted of five members. The group from the United States—all officials of the Social Security Administration of the Department of Health, Education, and Welfare—was composed of Charles I. Schottland, then Commissioner of Social Security; Victor Christgau, Director of the Bureau of Old-Age and Survivors Insurance; Robert J. Myers, Chief Actuary; Arthur E. Hess, Assistant Director in charge of the Division of Disability Operations, Bureau of Old-Age and Survivors Insurance; and Corinne H. Wolfe, Chief, Division of Technical Training, Bureau of Public Assistance.

Members of the United States team met with more than 200 social security, trade-union, and industrial officials. They talked with pensioners, residents of homes for the aged, workers, and students. Team members examined various social security working materials and individual beneficiary files. They visited more than 60 social security offices, sana-

toriums, banks, factories, producer cooperatives, collective farms, and State farms, making on-the-spot observations in four of the 15 Republics of the Union of Soviet Socialist Republics. These four Republics have 80 percent of the Nation's total population.

The summary of the benefit programs of the Soviet Union's social security system appearing in these pages is based in large part on the material that the delegates from the United States collected.

Definitions

The official concept of social security is expressed in article 120 of the 1936 Soviet Constitution, as amended to July 16, 1956, which reads as follows:

Citizens of the Union of Soviet Socialist Republics have the right to maintenance in old age and also in the case of sickness or disability. This right is ensured by the extensive development of social insurance of industrial, office, and professional workers at State expense, free medical service for the working people, and the provision of a wide network of health resorts for the use of the working people.

The concept is elsewhere more broadly defined in connection with the social insurance budget.¹

Payments and benefits received by the population from the state budget and from enterprise funds include state expenditures for social insur-

ance payments and benefits for workers and employees; for social security pensions; for benefits to single mothers and mothers with many children; for students' scholarship money; for free medical aid; for free and reduced-rate accommodations in sanatoria and rest homes; for free training and increasing of skills; for vacation pay; and for other payments and benefits for workers.

The discussion of the Soviet Union social security system presented here is confined principally to the system's programs that provide social protection through payment of cash benefits. These programs make provision for old-age, disability, and survivor pensions; sickness and maternity benefits; family allowances; and compensation for work-connected injuries. Medical and maternity care is provided separately under the public health system. No provision is made for unemployment insurance.

The general pension system is currently governed by a law of 1956; family allowances by a law of 1944, as amended; and the remaining benefits under the terms of the 1922 labor code, as amended.

The 1956 pension law increased benefits substantially. As stated in an official document, "during the war and postwar years a great gap had grown between pensions and wages. This was due to the fact that the sums paid out for pensions had been fixed in the beginning of the 1930's, whereas the wages of workers had considerably increased since then. It therefore became necessary to bring the pensions into conformity with the new wage level."

A further statement from an official source indicates "that some of the pensioners received low pensions while certain categories of workers received high pensions out of all proportion."

The basic system of cash benefits covers primarily industrial and commercial workers and "intelligentsia" (white-collar workers). Most peas-

* Prepared in the Division of Program Research, Office of the Commissioner, principally from materials supplied by the social security delegation to the Union of Soviet Socialist Republics.

¹ *Narodnoye Khozyaistvo, S.S.S.R.* (National Economy of the Union of Soviet Socialist Republics), Moscow, 1956.

ants—that is, collective farmers—are completely outside the system, except for family allowance benefits. Any other benefits that they receive come through voluntary mutual benefit societies organized within their particular collective farms.

Most of the cash benefits are related to previous earnings, with higher rates for persons engaged in “underground, hot, or unhealthy” work and sometimes with increments for length of service. Benefits are financed from contributions levied on stated-owned employing enterprises and from the general revenue of the Government, which is largely derived from a turnover tax on consumer goods and food. The cost of family allowances is financed entirely from general revenue.

The cash benefit programs are authorized by laws and decrees uniformly applicable to all 15 Republics of the Soviet Union. Administration of the programs, though highly decentralized, is still surprisingly uniform.

Pension Programs

Coverage under the old-age, disability, and survivor pension program applies to industrial, commercial, and other employees; students; and persons disabled in the performance of public duties. All agricultural workers except those on state-operated farms—that is, all but about one-tenth of the total number—are excluded.

The pensions are partially financed from the net proceeds of contributions levied on employing enterprises and agencies (after the cost of sickness and allied benefits have been met). The balance of the cost of the pensions—about 50 percent—is financed from the general revenue.

In addition to the general program, there are special pension programs established by the Government for particular classes of employees, such as teachers, civil airline pilots, and ballet dancers. There is also a category of personal pensions, which is used to recognize special social, political, and other achievements. Personal pensions are awarded on an individual and discretionary basis, depending on official judgment as to the merit of the achievement.

Old-Age Pensions

Under the terms of the law, men are normally eligible for old-age benefits at age 60 and women at age 55. The age requirement is 5 years lower for persons engaged in “difficult” work and 10 years lower for those engaged in “underground, hot, or unhealthy” work. The normal service requirement is 25 years for men and 20 years for women (for underground, hot, or unhealthy work, 5 years less for both). If the worker has at least 5 years of service—3 just before retirement—a reduced pension is payable.

Old-age pensions are payable in full only upon complete retirement. If the pensioner continues to work and earns 1,000 rubles² or less a month, his pension is normally reduced to 150 rubles (half the minimum pension for fully retired persons). No pension is paid if earnings exceed 1,000 rubles a month. For a person continuing to work in underground, hot, or unhealthy work, however, the pension is reduced only 50 percent, with no earnings limitation.

The amount of the pension is related to average earnings in the 12 months immediately preceding retirement or to the best 5 consecutive years of the 10 years immediately before retirement. The benefit is graded, ranging (for other than those engaged in dangerous work) from 50 percent of average monthly earnings for persons with earnings of more than 1,000 rubles to 100 percent of average monthly earnings for those with earnings of less than 350 rubles. An increment of 10 percent of the pension is payable for 15 years of continuous service or for 35 years' employment (30 years for women). The minimum pension is 300 rubles a month; the maximum is 1,200. Dependents' supplements—10 percent of the pension for one dependent, 15 percent for two or more—are available (within the 1,200-ruble maximum) if the pensioner has retired and the dependent is unable to work.

Permanent Disability Pensions

Provisions for permanent disability pensions establish 18 benefit categor-

ies, graded according to whether the disability is work-connected; whether the worker was engaged in dangerous work, difficult work, or general work; and the extent of disability. The extent of disability is graded in terms of (1) total and permanent disability requiring constant attendance, (2) “other” total and permanent disability, and (3) partial permanent disability or permanent incapacity for the worker's customary occupation.

No minimum length-of-service requirements are prescribed for pensions payable for disability arising from work-connected causes. For non-work-connected disability, the service requirements are generally 2-20 years for men and 1-15 years for women, depending on the individual's age. For persons in underground, hot, or unhealthy work, the requirement is 1-14 years.

In each benefit category, the benefit is determined by a weighted formula that yields a high percentage of the first portion of average earnings and a low percentage of the remainder, with specified minimum and maximum pensions. All benefits, within a 1,200-ruble maximum, are scaled slightly higher if the disability arose in connection with the pensioner's employment.

In the case of non-work-connected total disability when there is need of constant attendance, the formula for general workers is 85 percent of average earnings up to 500 rubles a month plus 10 percent of earnings in excess of 500 rubles. The minimum monthly pension is 300 rubles; the maximum, 900. When the worker is totally disabled but does not need constant attendance, the formula is 65 percent of average earnings up to 450 rubles plus 10 percent of earnings in excess of that amount. The minimum pension is 230 rubles, and the maximum is 600. Pensions for total disability may be supplemented by as much as 30 percent of the pension for workers with long and continuous service or with dependents who are unable to work.

Pensions payable for partial disability for general workers amount to 45 percent of earnings up to 400 rubles plus 10 percent of higher earnings, with a minimum pension of 160 rubles and a maximum of 400. If the

² The tourist rate of exchange for the ruble is 10 cents, which seems a reasonable rate in terms of purchasing power.

pensioner works, his earnings plus his pension may not exceed his previous earnings; 50 percent of the pension is, however, always payable.

Disability pensions for non-work-connected causes for persons in underground, hot, or unhealthy work are calculated with the same percentages that apply to the first portion of average earnings in each category of disability. The percentages, however, are applied to the first 600 rubles of earnings and the rate on higher earnings is 20 percent. Similarly, for those engaged in difficult work, the "breaking point" is 500 rubles, and the rate on higher earnings is 15 percent.

Survivor Pensions

Survivor benefits are calculated with the same formulas and with the same minimums (except in work-connected cases) and maximums that are applied in determining disability benefit amounts. When there is one eligible survivor, the formula applied is the same as that for a partially disabled worker. For two survivors, the formula is the same as that for a totally and permanently disabled worker. When there are three or more survivors, the formula is the same as that for a totally and permanently disabled worker who requires constant attendance. Pensions for full orphans are somewhat higher in each case. The maximum monthly benefit for three survivors in a non-work-connected case is 900 rubles, but if the three survivors are full orphans it is 1,200 rubles.

For the worker who dies from a non-service-connected cause, the length of the service required to entitle his survivors to benefits is the same as that specified for entitlement to benefits for non-work-connected disability. Eligible survivors include children under age 16 or under age 18 if in school, widows aged 55 or over, invalid widows, widows caring for children under age 8, widowers over age 60, invalid widowers, and certain other categories of dependents, such as invalid or aged parents.

Sickness and Maternity Benefits

Cash benefits for loss of wages because of temporary disability resulting from work injuries, sickness, or

maternity are available for employed persons other than collective farmers and members of producers' cooperatives, which often pay similar benefits. To be eligible for sickness benefits, even for a single day's absence, the worker must produce a doctor's certificate. The sickness and temporary disability benefits are payable from the first day of incapacity and continue until the employee returns to work or is adjudged permanently disabled. In practice, a determination of permanent disability is usually made after 2 months' incapacity and almost always by the time 4 months have expired; the employee is then transferred to the pension rolls, where benefit amounts are smaller. Maternity benefits are payable for 8 weeks before and 8 weeks after confinement.

Sickness benefits generally vary from 50 percent of earnings with less than 3 years of service in the same undertaking to 90 percent for those with 12 or more years' continuous service. Temporary disability resulting from work-connected causes is compensable at 100 percent of earnings. Maternity benefits range from 66 $\frac{2}{3}$ percent of earnings to 100 percent, depending on the total number of years of employment and the length of continuous service.

Workers who change jobs without the approval of their employing enterprise are denied sickness benefit rights during the first 6 months of new employment. For workers who are not trade-union members, sickness benefits are reduced by half.

Medical and maternity care is provided, without respect to employment, under the public health system, which is administered separately from the social security programs. Care in sanatoriums and rest homes for favored classes of workers is, however, financed from social insurance funds, as is some domiciliary care for pensioners in homes for the aged.

Family Allowances

Family allowances are payable to resident mothers who have had four or more children. The allowance is 40 rubles a month for the fourth child and rises progressively to 150 rubles for the eleventh and each additional child. The allowance is paid for children aged 1-4, although the amount

depends on the total number of living children.

Another kind of family allowance is provided in the form of lump-sum grants. The amount of the grant rises progressively from 200 rubles on the birth of the third child to 2,500 rubles for the tenth and each additional child.

Monthly payments are also made to unmarried mothers. The amount of the payment depends on the number of children under age 12, with the per capita amount decreasing for larger families (50 rubles a month for the first child and 25 rubles for each of the next two children).

Administration and Financing

The cash sickness, maternity, and part of the work-injuries benefit programs are operated under the general supervision of the All-Union Central Council of Trade Unions. Regional and district trade-union committees exercise direct administration. When the claim is made, the factory, shop, or local trade-union committee is generally responsible for the authorization of payments.

Benefit payments are made from enterprise funds, which are derived from employer contributions ranging from 4.4 percent to 9.0 percent of payroll in 1958. The rates are fixed annually by the central trade-union committees of each industry and the All-Union Central Council, according to the relatively hazardous nature of the industry, and are subject to approval by the Council of Ministers of the Union of Soviet Socialist Republics. After the costs of cash sickness, work-injury, and other benefits, such as vacations and rest-cure trips, have been met, proceeds from the enterprise funds help finance the cost of pensions.

The net proceeds of the enterprise funds finance roughly half the cost of old-age, disability, and survivor pensions. The remainder of the cost comes from general revenue.

Although the same law governing old-age, disability, and survivor pensions applies throughout the Soviet Union, there is no central, all-union agency for administration of the pension programs. Each of the 15 Republics has its own Ministry of Social Security. Administration is decen-

tralized from the Republic ministries to social security departments of executive committees of the local soviets. Claims are adjudicated by local pension committees.

Pension payments are made by postal carriers in cash except those to working pensioners; the employing enterprise or agency then makes the partial pension payment. The Ministries of Social Security keep the necessary pension records on both claims awarded and continuing payments. No earnings records are maintained by government agencies. Instead, each individual is required to maintain a labor book, which is something like a domestic passport, in which his employment history is recorded. Persons whose work books have been lost, destroyed, confiscated, or inaccurately completed may need to establish their eligibility on the basis of affidavits.

Processing of a claim is preceded by extensive predevelopment by the claimant's employing enterprise or trade-union local. The union, for example, assists the claimant in assembling the necessary papers and apparently often advises the individual on whether he should file a claim. The claimant may file in person or by mail. When the claims inspector handling the case believes it is ready for adjudication, he passes the claim to the local pension committee for final action. The individual is not required to appear personally before the pension committee unless his earnings record is defective and has to be established by affidavits. If the claim is disallowed, the applicant may appeal to the local soviet committee.

The procedure for a disability claim is much the same, except that determinations of disability are made by a five-man commission that includes among its members three medical examiners. The examiners not only pass on the individual's medical evidence from the clinic where he receives his treatment but also examine him personally. They determine the category of disability to which the individual belongs and make a "labor recommendation," defining his residual capacities and the kind of work in which he shall be placed. When the commission finds that there is some kind of work that the individual can do, the social security office, in co-

operation with employers and unions, gets him a job of the type specified.

Role of the Trade Unions

Trade unions are to a considerable extent an administrative arm of the Government, whose primary function is to assist management in increasing production. To strengthen worker acceptance of the trade unions, the Government in 1933 assigned to them important responsibilities in the administration of social security, including such matters as setting contribution rates, collecting contributions, and making disbursements. Part of the contributions collected from employing enterprises and agencies is turned over to the Ministries of Social Security in the various Republics, and part is used to finance certain direct benefits and welfare activities. In addition to paying the cost of vacation and rest-cure trips for individuals selected by union officials, the trade unions supervise payment of cash sickness and allied benefits by the various enterprises; maintain "palaces of culture" with libraries and facilities for sports, games, art, music, and drama; have responsibility for industrial safety; and furnish a variety of personnel and counseling services in assisting workers to obtain social security benefits, advising about individual work performance, and counseling on family and personal life.

Collective Farm Arrangements

Collective farms have their own arrangements in the form of mutual aid societies, through which a small percentage of the net income of each collective is set aside for social objectives. Since the productivity of the farms varies widely, there is wide variation in the benefits available from one collective to another. Establishment of a uniform and formalized pension plan for collective farms, with considerable pooling of costs among all farms, is apparently receiving some consideration, although such plans do not go so far as to include collective farmers in the regular social security system.

Conclusions

In evaluating the social security system of any country, it is difficult

to arrive at simple judgments. The problem is magnified many times in the case of the Soviet Union. The fragmentary nature of the available information (resulting from the paucity of statistics), the extensive decentralization of administration, and the fact that the Nation's first actual social security law was enacted as recently as 1956 and that previously the system was operated under a brief constitutional provision implemented by decrees and other directives—all contribute to the difficulty of assessing the system.

The gaps in the statistics result in part from inadequate statistical procedures and the highly decentralized nature of the recordkeeping and in part from a policy of almost complete statistical secrecy. Until 1956 a figure on the current total population of the Union of Soviet Socialist Republics was not available from any official source. Apparently because past deficiencies have hampered officials and professional workers, some improvements have been instituted in recent years. Still, much fundamental data of the kind usually available freely and easily in other highly developed economies are not available to the student of social security in the Soviet Union. Data on the subject of workers' wages and incomes, on actual incomes of collective farmers, and on the distribution of income and savings among groups and individuals in the population continue to be zealously guarded. Despite the dearth of such data, it is possible to formulate certain tentative conclusions and general comment.

For those workers who are covered by the system (probably about 60 percent of the labor force), and who have earnings at or below the average wage, benefits are high in relation to wages. For the average retired worker, the old-age pension is probably about 65-70 percent of pay. This relatively high proportion of full wages is required to furnish a pension that is at all adequate in an economy where wage levels are low and where the majority of workers are able to accumulate little in the way of savings of any type—home ownership, individual savings, and insurance, for example. Because, however, of the wide differences in wages that are

found in the Soviet Union and the 1,200-ruble maximum pension, many of the higher-paid workers retire at half pay or considerably less.

The specified retirement ages under the pension plan—60 for men and 55 for women (less in certain categories of employment)—are relatively low compared with those in most countries, and it appears that most persons claim their pensions at or near the minimum ages. Data cannot be obtained to determine whether the majority of the claimants actually retire from gainful employment or whether they obtain the reduced pension available to those earning less than 1,000 rubles a month.

In connection with the low retirement ages, any analysis should take into account the unusually young age distribution of the Soviet population resulting from the high mortality of the past. Mortality rates apparently have declined significantly in recent years, however, and are now not much higher than those of most industrialized countries. Thus the situation in two or three decades may be considerably different, and it will be interesting to see if the Soviets will then retain the relatively low retirement age provisions.

The idealization in the Soviet Union of productive work on the part of every individual capable of working has resulted in the development of programs and techniques for employing the aged, the physically handicapped, and many others unable to

perform in competition with more able-bodied workers. Many inmates of the homes for the aged work either part time or full time for wages. A number of special facilities have been established for employment of the handicapped and for research in such fields as gerontology, prosthetic appliances, and causes of disability.

The Soviets have developed a system of close coordination between the determination of disability and the employment of the disabled. To a considerable extent, their success in the placement and continued employment of the handicapped may be ascribed to a system of state sanctions. The labor recommendations of a medical examining commission are mandatory on the managers of enterprises, and there are social and economic penalties that impel the individual himself to work. The general gains may also be attributed to the fact that, in addition to these sanctions, there is an organized plan to place handicapped persons in separate factories (usually producers' cooperatives) or in separate work groups, so that adjustments in working hours, sick leave, and pay can be related to the disability of the group.

The social security system makes no provision for unemployment insurance. The official position is that unemployment is nonexistent in the Union of Soviet Socialist Republics. In general, it appears that, if an individual has no job and is in need, some kind of work will be found for him by

trade-union, party, or government officials, or in an emergency a lump-sum cash payment will be furnished on an ad hoc basis. In any event, even a limited examination of pension records reveals numerous instances of seasonal unemployment and extended periods of no earnings or extremely low earnings.

Who pays for the benefits? Considerable confusion exists on the deceptively simple question of who pays the cost of the benefits provided by the Soviet social security system. Since the system is noncontributory as far as the covered workers are concerned, there is the erroneous impression in the Soviet Union (and often abroad) that the benefits are somehow provided "free."

Social benefits cannot be provided without a real cost effect. They must come from the production of the period. With contributions from the employing enterprises (essentially a form of compensation) and from general revenue (derived principally from transaction or sales taxes), the costs are largely paid by the general consumer, including the large number on collective farms, who are not covered by most of the programs of the system. The psychological success with which the Soviets use the program as a system of rewards for long and faithful service to the state is indicated by the frequency of the comment that "the Government provides all these social benefits to us free of charge."