




# **SOUTH EAST EUROPE REVIEW**

**FOR LABOUR  
AND  
SOCIAL AFFAIRS**

# **SEER**

**QUARTERLY OF THE  
HANS-BÖCKLER-FOUNDATION**

Hans Böckler  
Stiftung 

 **Nomos Verlagsgesellschaft  
Baden-Baden**

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The SEER tries to draw attention to new research results and the latest analysis about the ongoing process of political and social changes in the south-east of Europe.

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The SEER is published by the Hans-Böckler-Foundation, Düsseldorf

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Production: Nomos Verlag

ISSN 1435-2869

# Social Protection in the Federal Republic of Yugoslavia

## Introduction

The social protection system in FR Yugoslavia relies on three separately-organised sub-systems: old-age pension and disability insurance; health insurance; and unemployment insurance.

Parallel with these sub-systems and on an equal footing exists the social welfare system which, according to current Yugoslav terminology, is the set of rights stipulated by the International Labour Organisation's Convention No. 102.

Proceeding from the fact that the Federal Republic of Yugoslavia is composed of just two member republics (Serbia and Montenegro), the Constitution of FRY (1992) and federal laws set forth only basic issues concerning the regulation of old age pensions and disability insurance, health insurance, unemployment insurance and the system of social welfare.<sup>1</sup> All other issues referring to beneficiaries' rights and obligations are regulated by constitutions, laws and regulations set out at the republican level. This approach originated in the previous Yugoslavia, where the 1974 Constitution decentralised and transferred from the federal level to that of the republics the main powers in the regulation of social protection, as it did for most other political, economic and social issues. Thus, for instance, the only issues in the health care field regulated at the federal level under Article 77 are the protection of the population from mass-scale contagious diseases, the production and trade of medicines, and protection from ionising radiation.

The same refers to old age pension and disability insurance. Article 77 stipulates that FRY – through the implementation of the federal Law on Elements of Old Age Pension and Disability Insurance (1977) – regulates only the basic elements of that part of social security. The only exception within the area are military beneficiaries, whose rights and obligations are all determined and exercised through a separate scheme at the federal level. Resources for these purposes are secured within the federal budget.

The basic issues of social welfare, social protection and insurance against unemployment are regulated similarly, because the Constitution of FRY sets down that it is the duty and the responsibility of the member republics to regulate the rights and obligations in this area and to secure resources for their implementation.

1 Article 77 Section 5 of the Constitution of FRY reads: "The Federal Republic of Yugoslavia, through its bodies, determines policy, enacts and executes federal laws, other regulations and statutes, provides constitutional and judiciary protection in these areas i.e. issues concerning: (...) elements of social security and labour relations; (...)" Source: Constitution of FRY, 1992.

## **A short historic background**

The surviving members of the present Yugoslav federation adopted back in the 19th century the first laws which regulated pension insurance rights. Thus they ranked among the few countries with legislation governing these issues at that time. The first step towards the common regulation of rights and duties in the pensions area was the law on workers' insurance enacted in the early 1920s, conceived after the solutions and experiences of comparative social legislation in western Europe.

With the emergence of second Yugoslavia (FPRY) following 1943 and after the end of World War II, a single social security system started to function based on ILO conventions, other international legal instruments and practical experiences in the territories which became parts of Yugoslavia.

As indicated in the Introduction, the system was decentralised pursuant to the new SFRY Constitution enacted in 1974, when the system of old age pension and disability insurance was "broken up" into six republican systems. Each republican system was based on republican laws, while minimum co-ordination was retained at the federal level for the purpose of compliance with the minimum norms set by ILO conventions and other international institutions and organisations.

Such a sequence of events is characteristic of other segments of the social protection system in Yugoslavia (health insurance, unemployment insurance and social welfare).

## **Health Insurance**

### **Legislation**

The system of health care and health insurance in FRY is regulated and carried out at the level of the republics. The FRY Constitution sets forth only three basic principles:

- the rights of employees and members of their families concerning compulsory social insurance, including health insurance;
- the rights of all citizens to health care in accordance with the law;
- the rights of children, pregnant women and elderly people to health care financed from public revenues (unless that right is exercised in another way).

Therefore, the federal constitution guarantees health care to all citizens under the conditions set down by the law, recommending that this area be regulated at the republican level.

The Law on Health Insurance of Serbia (1992) defines two main forms of insurance: compulsory; and optional.

Compulsory insurance is extended to all employees, except those employed illegally and in the informal sector, as well as farmers, beneficiaries of old age pensions and disability insurance, temporarily unemployed people (recipients of unemployment benefits), all citizens over 65 years of age and disabled veterans, as well as family members of all these categories with the exception of the families of farmers, whose rights are regulated separately.

The main compulsory health insurance rights include: health care; wage allowance during temporary incapacity for work; reimbursement of travel costs incurred in

connection with health care for distances exceeding 30kms; and reimbursement of funeral costs.

Compulsory health insurance is financed from the contribution of employees and employers and from the resources of the republican budget. The cumulative contribution rate for health insurance is 19.2 per cent of gross wages financed 50:50 (9.6 per cent each) by the employee and the employer.

Health insurance resources are used to finance the costs of health insurance for all insured persons and their family members who are not directly insured. The health insurance costs for unemployed people, their family members and beneficiaries of welfare support are financed from the republican budget.

The costs met by health insurance cover the following services: consultations with GPs; medical treatment; hospital costs; rehabilitation; and wage allowance during sick leave. According to health insurance legislation, the beneficiaries of these services may obtain medicines from the separate list of 990 medicines for a token cash payment. Children and senior citizens, as well as patients with certain acute and chronic illnesses, are exempt from paying this contribution.

What is important to stress is that compulsory medical insurance only covers services rendered by government-operated medical establishments. Recently, in both Yugoslav republics, a network of private small- and medium-sized medical facilities has started to develop. Usage of services in these institutions is fully funded by the citizens, because co-operation between the public and the private medical system is still under-developed.

The right to wage allowance during temporary incapacity for work is granted during sickness, injury, leave for family care and escorting a sick person to treatment or medical examination away from the place of residence. Wage allowance during temporary incapacity for work for up to 60 days is financed by the employer and beyond that period by the health insurance fund. The wage allowance amounts to at least 70% of the beneficiary's wage in the preceding month. This right operates even when the employer is temporarily insolvent, with resources provided by the health insurance fund.

Someone who has buried a deceased insured person or a member of his/her family is entitled to reimbursement of part of the funeral costs up to an amount ranging from 50 to 75 per cent of the average monthly net wage in the republic two months before the death. The allowance is increased if the deceased person is buried in a place other than the one where the death occurred, or if the death occurred abroad.

According to the republican law, there are two forms of optional insurance: for citizens who do not enjoy compulsory insurance; and for citizens who are insured, but want to secure greater benefits than those provided under the compulsory health insurance plan, such as specialised rehabilitation, having a choice of specialised medical establishment, orthopaedic aids and equipment, medical treatment abroad, travel expenses associated with medical treatment, full reimbursement of funeral costs, higher standard of medical services, etc.

In the regulatory sense, FRY has a relatively good system of health insurance. Compulsory insurance covers all employees, farmers, pensioners, people with disabilities, those who are temporarily unemployed, disabled veterans and members of their

families. Optional health insurance is available to those who are not covered by compulsory insurance and to those who want a higher standard of services.

Citizens with foreign insurance also enjoy health insurance in Yugoslavia, according to reciprocity agreements with other countries. Rights in the area of the health protection of children, young people and women are in the regulatory sense harmonised with international conventions.

### **Some practical problems**

The long-standing and profound economic crisis, which has been continuously present in Yugoslavia since the late 1980s and which culminated in 1993 in mega-inflation, in addition to the ruined Yugoslav economy and an impoverished population, makes the financing of the existing health protection system virtually impossible. Neither are the necessary reforms being undertaken which would adjust the provision of health protection to the material possibilities. Therefore, an insurmountable gap between the normative and the actual exists in the practice of health insurance, as in other areas of the social infrastructure.

A large share (more than one-half) of the relatively modest GDP is earmarked for public expenditure, but it is not sufficient to meet and, in due time, service all the growing needs of an impoverished population, whose health is increasingly threatened.<sup>2</sup> Owing to the drop in the quality of health services and the growing impoverishment of the population, we are experiencing a recurrence of contagious diseases, such as tuberculosis for example, formerly thought to have been eradicated. There are almost no resources available for new investment. All entitlements have been retained formally but, due to the lack of resources for their full implementation, they are becoming a dead letter.

Provision of the resources for the normal functioning of health insurance in conditions of declining economic activity is becoming increasingly difficult. Due to their growing cash flow problems and high losses, a large number of enterprises are unable to pay regularly their health insurance contributions. When an employee, neither whose firm nor he himself can finance compulsory health insurance or use private medical services, faces medical problems and presents himself as a health insurance beneficiary, he is bound to be very disappointed. Most frequently he will not be able to get elementary medical services, let alone specialised interventions or expensive medicines, etc. It happens frequently that hospitalised patients must themselves procure medicines, supplies for surgery, anaesthetics, etc.

International conventions are being disregarded, particularly provisions about the determination of wage allowances during temporary incapacity for work. The lowest

2 According to the Federal Statistical Office figures, GDP per capita in 1997 equalled US\$1,600, while in 1990 it was US\$2,696 (Source: "Statistički godišnjak SRJ za 1998. godinu"/Statistical Yearbook of FRY for 1998, Federal Statistical Office, Belgrade, 1998). The country now allocates some 10% of its GDP to health protection. This is a relatively high share but, given the drastic drop in GDP, in real terms this does not provide the amount of resources necessary for the normal functioning of the system.

allowance amounts to only one-fifth of the average wage, i.e. one-tenth of the so-called consumer basket (which consists of basic food and drink items for a 4-member family).

### **Main lines of reform**

The high level of inherited rights, the economic crisis, the country's international isolation, the absence of reforms both in general and in the health sector, have resulted in a situation where health insurance benefits are in name only. The social security system in practice bears little resemblance to what the Constitution and laws guarantee.

The system of health insurance has also been burdened with ineffective policy responses. It has not undergone thorough reform (i.e. neither the system of participation in the cost of medical services nor large-scale privatisation have been carried out completely). Yet, as an element of social infrastructure, it is primarily the result rather than the cause of the adverse economic and overall circumstances in the country. Therefore, urgent and radical reform of the health insurance system appears to be an imperative within the overall reform project of Yugoslav society.

### **Old Age Pension and Disability Insurance System**

#### **Legislation**

The system of old age pensions and disability insurance is regulated by federal and republican laws and regulations. The federal law defines the elements of this form of insurance and guarantees the constitutional and judicial protection of rights in this area. In addition, there is a host of laws which regulate such issues as: occupational illnesses; physical disabilities; jobs for which pensionable service is calculated at an accelerated rate; the procedure for keeping records about users of this kind of insurance; the procedure for exercising rights under the scheme; and the manner and methodology for compiling data about service users.

All other issues are regulated by the respective laws of the republics, which are responsible for organising and financing the government-run old age pension and disability insurance system. In Serbia and Montenegro, this insurance encompasses three separate and independent pension funds:

- Employees' Fund (which has the highest number of members);
- Self-Employed Workers' Fund; and
- Farmers' Fund.

These funds are financed on the pay-as-you-go principle (current expenditures are financed from current revenues). They are, therefore, without financial and capital reserves, and are hence unable to respond to the growing expenditures required of a changing demographic pattern, pressure on pension funds (resulting from a high employment increase some thirty years ago) and the current drastic drop in economic power.

Military pensioners are not covered by this scheme – their pensions are financed directly from the budget of the Federal Republic of Yugoslavia. These funds also ex-

clude employees in the informal sector (activities within the shadow economy and illegal employment).

The Yugoslav legislation provides for the possibility of institutionalising optional supplementary pensions insurance, but the rare attempts of certain private funds to attract citizens have largely been unsuccessful. As a result of bad experiences with private pyramid savings schemes and frozen foreign currency savings in government-operated banks, potential users are sceptical of any new initiative. Another reason is that low current earnings and their use predominantly for meeting basic subsistence needs barely leaves employees with any surplus for investment in supplementary insurance for old age.

The main aim of the system of old age pension and disability insurance is to provide and guarantee participants and their families security for old age, in case of death or disability. The system is based on the principles of compulsoriness, mutuality and solidarity, in addition to the option of voluntary insurance provided by the federal law.

Those covered by compulsory insurance include all employees in the formal sector, in local government organs, in the Yugoslav Army and military establishments and in all private enterprises. An employee becomes insured from the first day of employment, provided he/she is at least 15 years old.

There are three forms of pension provided under the compulsory pensions scheme:

- old-age pension;
- disability pension;
- survivors' pension.

An employee becomes eligible for an old age pension if he/she fulfils either of the following sets of criteria: 60 years of age (men) or 55 years of age (women) and at least 20 years of pensionable service; or 65 years of age (men) or 60 years of age (women) and at least 15 years of pensionable service; or more than 50 years of age and 40 years (men) or 35 (women) of pensionable service.

An employee becomes eligible for a disability pension if he/she suffers from a health problem which cannot be alleviated by medical treatment, therapy or medical rehabilitation and hence sustains a permanent loss of capacity to work in his or her present job. The right to this type of pension is also granted to employees with reduced capacity for work if their age (50 years for men, 45 years for women) is an obstacle to their retraining for another suitable job.

In case of the death of an insured person, his/her spouse or dependant child/children are entitled to survivors' pensions.

Old age pension for full pensionable service and age is up to 85% of the pension base, calculated on the basis of the best 10 years adjusted average wages/salary earned by the employee during his period of service. For the self-employed and farmers, the base is the amount on which contributions to the fund were paid.

Republican laws define the maximum amount of pension base, as well as the lowest pension. The maximum pension base in Serbia is 3.8 times the average net wage of employees in the previous year, while the lowest pension may not be below 40% of the base for pension calculation.

Survivors' pensions may not be lower than 70% of the pension of the deceased person. They may be increased by an additional 10% for each subsequent family member, up to 100% of the pension of the deceased insured person. Eligible for a survivor's pension after the death of an insured person are the members of his family, if they meet the following criteria: for the spouse (widow/widower) – 45 years of age; for children – under 15 years of age, or older if they are in full-time education (up to the age of 27), for parents – at least 55 years of age (father) or 50 years of age (mother), provided they are incapable of working.

Disability pension is determined in the same way as the old age pension and may amount to a maximum of 85% of the pension base. In addition to disability pension, the law stipulates separate allowances for disability caused by injury at work, for aid and care by another person, for prosthetics, and for funeral costs.

The law provides for the adjustment of pensions to the wage trends in the republic twice a year (January 1 and July 1). The amount of pension is related to the trend in wages and adjustments are made if wage variations in a certain month exceed 5%.

Contributions to the old age pension and disability fund in Serbia and in Montenegro are relatively high. In 1998, employees in Serbia contributed 24.6% and in Montenegro 24% of their gross wages into the fund; while the self-employed allocated 18% and 20% respectively in Serbia and Montenegro of the whole insurance base, and farmers 12% and 20% respectively (also of the insurance base).

The share of pensions in total GDP rose from 11.8% in 1984 to 13.5% in 1995 and 15.4% in 1996. The latter percentage remained almost unchanged in 1997. The number of beneficiaries of all three types of pension has increased considerably over the past three decades: in 1971, the share of pensioners in the total population was 4.9%, but ten years later it had risen to 6.8%. In 1991, it accounted for 10.9% and in 1996 for as much as 14.2% of the total population, meaning that the share of pensioners has tripled over the 25-year period.

## **Practical problems**

The system of old age pensions and disability insurance in FRY is experiencing a profound and long-standing crisis. Accumulated economic problems and an inability to finance the pension system conceal the problems inherent within it. In the present Yugoslav circumstances, due to strong pressure towards retirement, a drop in the number of the actively employed and their dramatic impoverishment, old age pension and disability insurance is one of the most troubled segments of economic and social life.

The main difficulties faced on a long-term basis by the system within the overall economic and social crisis in FRY may be summed up as follows:

- pensions are low, ranging in the past ten years from DM 150 to DM 250 on average;
- an unfavourable ratio between the number of pensioners and active participants in the scheme (1:1.7 in 1997); if redundant labour is excluded from the number of employees, the ratio becomes close to 1:1;
- very high contribution rates (25% to 30%);

- relatively early retirement (at the age of 56 on average) and a very high number of disabled pensioners (almost equal to the number of old age pensioners);
- an unfavourable ratio between the pension and the pension base (about 85%, while the average in the world is about 50%);
- an unfair and untenable ratio between the average pension and average wage (although both amounts are extremely low in terms of real purchasing power), so that the average old age pension is actually higher than the average wage;
- a great span between the lowest and highest pensions, which do not result from commensurate differences in contributions to the fund;
- evasion of payment of contributions to pension insurance becoming a widespread practice;
- an increasingly pronounced continuous decrease in employment and transfer to the informal sector;
- a high deficit in the old age pension and disability insurance fund (since the early 1990s amounting to one-fifth of the required resources), while borrowing from banks and savings organisations for the payment of current pensions (now effected with a 3-4 month delay) is a regular practice. The insecurity of existence for pensioners is enormous.

The difficulties in which senior citizens in Yugoslavia live prompted them to establish pensioners' trade unions and even political parties including only pensioners as members. Pensioners' protests have become regular and everyday events on the social and trade union scene.

### **Main directions for problem-solving**

The present old age pensions and disability insurance system in itself, particularly in the present economic crisis in FRY, does not provide deserved security to the eldest and most vulnerable generation, while the active generation objectively cannot support it financially. This Gordian knot cannot be undone without radical reforms of the system, the entire social sphere and the economy as a whole.

The reform of the old age pensions and disability insurance system should achieve at least the following two basic objectives: firstly, it should ensure a sustainable and economically efficient system in the long run; and, secondly, it must be fair and socially endurable. In other words, the balance between efficiency and fairness must be established. The key to this solution is in a market-oriented, open and internationally integrated Yugoslav economy and transparent public expenditures financed by the economy.

The pension system should not be solely government-oriented (as it is today) nor based only on private funds (a view gaining in popularity); it should rely on both these footholds. Changes in this sphere must be started as soon as possible, because any delay augments the problems literally every day.

### **Unemployment Insurance System**

The rights of unemployed workers are regulated by republican laws on employment and the rights of unemployed people, as well as by the relevant sections of the Law on

Old Age Pensions and Disability Insurance and the Law on Health Protection, Welfare and Child Protection (protection of the family members of unemployed people).

The legal framework for the protection of the material and other rights of the unemployed embodies a system of insurance against the risk of unemployment. According to the relevant legislation, all employees in the formal sector are covered by compulsory insurance in case they become jobless.

In addition to compulsory insurance, every employee enjoys the possibility of optional supplementary insurance for a level of rights above that provided by the compulsory system.

The Law on Employment and the Rights of Unemployed People of Serbia, as well as similar legislation in Montenegro, provides for active and passive measures for assistance to unemployed people. The law provides that any person who becomes jobless due to no fault of his/her own is entitled to be informed about employment opportunities, to professional orientation, to preparation for employment, to mediation in employment, to an adequate cash allowance, and to allowance during professional training, etc.

Unemployment allowance is the most important of the passive measures. The unemployed person qualifies for this benefit if he/she fulfils conditions referring to the duration and density of service and reasons for the termination of employment. The right to this type of compensation may be exercised only by people who become unemployed due to no fault of their own (redundancy, bankruptcy or liquidation of the firm), or in the case of other circumstances set out in the law (health condition, transfer of spouse). Also eligible are unemployed people who were employed on fixed term contracts or who exercised the right to work pursuant to other grounds. The duration of the payment of unemployment benefit depends on the length of service.

Along with the right to unemployment benefit, unemployed people are also entitled to: old age pension and disability insurance; health insurance; financial allowance during professional training; reimbursement of transportation costs associated with employment away from the place of residence; and the right to temporary accommodation and food.

The competent organs of the Labour Market Office determine how the rights of the unemployed are exercised. Payment of unemployment benefit, unlike other welfare benefits, proceeds regularly, without much delay, mainly due to the fact that the share of users of this benefit in relation to the total number of unemployed is symbolic and ranges from 2% to 5%.<sup>3</sup> In spite of high losses and pronounced economic difficulties, a relatively small number of firms are placed in receivership or declared bankrupt. The present level of employment is maintained artificially, while radical reforms in the employment sphere are endlessly postponed.

3 In September 1998, there were 850 320 unemployed people registered with unemployment offices in FR Yugoslavia, while 35 436 persons were in receipt of unemployment benefit in the same month. (Source: *Index*, Federal Statistical Office No. 11/1998, Belgrade, October 1998).

An unemployed person enjoys the right to unemployment benefit, according to the relevant legislation, for a period of three months if he/she was insured for a continuous period of at least nine months, or 12 months with interruptions in the past 18 months. The right to 6 months unemployment benefit may be used by people who have a contributions record of a continuous three years, or five years with interruptions in the past eight. People who have been insured for at least 15 but less than 20 years may receive benefit for nine months, while those who have a contributions record of 20-25 years have a twelve-month entitlement, and those whose record is 25-30 years have a two-year entitlement. There is no limitation on unemployment benefit for people who have been insured for 30 years or more and benefit is paid until he/she finds a new job or becomes eligible for old age pension.

Unemployment benefit may not be lower than half of the average net wage per employee in the economy of the republic, while the maximum amount may not exceed the average wage.

When critically assessing regulatory and practical responses in this area, two basic conclusions come to mind: the safety net for the protection of the rights of unemployed people is relatively developed, but excessive weight has been given to active measures over passive ones (such as unemployment benefit, above all). This is in discrepancy with the economic and material position of unemployed people who, in the conditions of pronounced economic crisis and rare employment opportunities, are in need of money to support themselves and their families. Due to such a situation, strange as it may seem, this “excessive amount” of active measures actually shifts the burden of supporting unemployed people from the government to the family and thus makes the economic, material and social position of unemployed individuals and their families even more difficult.

### **Social Welfare and the Social Protection System**

Pursuant to the Constitution of FRY, the social welfare system is regulated by and exercised in the republics. In Serbia it is defined by the Law on Social Welfare and the Provision of Social Protection of Citizens, which has been in force since 1991.<sup>4</sup>

The roots of the separate arrangements within the wider system of social protection date from the 1960s, from the period of self-management in the former Yugoslavia. The main aim of the system then was to address the problems of human existence, poverty, marginalisation and social deprivation.

In the Yugoslav conditions, the term “welfare” has frequently been used in a wider sense and associated with overall social transfers and issues of the social protection of the population. At present, the welfare system in the normative sense represents the set of different social benefits and services which help an individual and family to overcome certain social problems.

The Law on Social Welfare and the Provision of the Social Protection of Citizens sets forth a range of benefits financed directly from the budget. These rights are classi-

4 This law was modified in the same year of enactment, and subsequently in 1993, 1994 and 1996.

fied into two groups. The first includes basic rights of general interest such as welfare cash benefit; allowance for aid and care by another person; accommodation in a social care institution or another family; assistance for training for work; and social work services. The second group includes so-called conditional or supplementary rights, such as assistance at home or day care; one-off allowance and equipment for the accommodation of the beneficiary in a social care institution or in another family. Supplementary rights and activities are financed by city and municipal budgets.

The right to welfare cash benefit is the basic and most important welfare right. Recipients may be employed, retired, unemployed or disabled individuals, as well as families/households. The monthly welfare benefit ranges from 50% to 100% (for a 5-member or larger family) of the average net wage in the Republic. Taking into consideration that the average wage in November 1998 was DM 145, the amount of welfare may easily be calculated. An even greater problem is that these benefits are paid with 10-14 months delay. More or less the same refers to assistance allowance and care by another person.

So-called supplementary or optional rights in the area of social welfare mainly refer to cash or in-kind assistance from municipal and city budgets. Such intervention is mainly intended to help citizens provide food and necessary medicines, and to meet the costs of housing and the utilities.

Generally speaking, the overall social status of the Yugoslav population fully justifies the calls for a more extensive network, aid and activities of all kinds of social protection and social welfare. On the other hand, given the limited economic resources, the economy, which has been in a critical condition for decades with only one-third of nominal capacities in active operation and with GDP which is half of what it was in 1989 – hence possessing modest budget revenues for social purposes – it would be unrealistic to expect an efficient exercising of the functions stipulated by the law, even the most basic ones.

### **Instead of a conclusion**

In the normative sense, elements of the social protection system in FR Yugoslavia were inherited from a time of relatively successful economic and social development. The high level of rights maintained since that period, in the conditions of a crisis which is nearly two decades old, the break-up of the former state, war and the international isolation of the country, cannot be economically supported. What is left is only the bare decor of the former system.

In the present critical conditions, tighter restrictions on entitlements and isolated radical actions could produce great social discontent. Therefore, recourse is often sought in deficit financing (as in other vital public services), and in the payment of benefits with ever growing delays, i.e. in the real depreciation of these benefits and similar one-off and *ad hoc* measures. The practice is a distorted reflection of how a social protection system should be constituted. At first glance, the illusion of the successful functioning of the entire system has been created but, in the long run, the consequences of such a situation are much more serious, because the necessary changes

are being postponed, increasing the total social price for overcoming the crisis and undertaking a thorough reform of Yugoslav society.

Reform of the social protection system in FR Yugoslavia is essential and urgently needed. It must be carried out within the context of overall social reforms and as an integral part of the entire project of radical and comprehensive democratic and economic change within Yugoslav society. The sooner these changes are started and social consensus for their implementation reached, the better will be the prospects for the Federal Republic of Yugoslavia. Otherwise, our lagging behind the trends of contemporary civilisation will be ever greater, and the postponement of our integration into international processes both more difficult and more damaging.

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