

Czech Textbook of Social Policy

Česká učebnice sociální politiky

JAROSLAV VOSTATEK

Krebs, V., et al.: Sociální politika (Social Policy), 6th revised and updated edition. Prague: Wolters Kluwer, 2015. 568 pp., English summary of 2 pages.

The sixth edition of the popular social policy textbook appeared at the end of last year. Similarly, to the previous editions, it has two key authors: professor Vojtěch Krebs and associate professor Jana Žižková who, each separately, wrote 7 and 6 chapters, respectively, of the total of 19 chapters in the textbook, and provided their contributions for other chapters in cooperation with the following colleagues: Jaroslava Durdisová, Magdalena Kotýnková, Jan Mertl, Olga Poláková, Helena Vychová and Petr Sunega.

Students of the University of Economics in Prague, University of Finance and Administration, as well as a number of other universities of both economic and other than economic disciplines appreciate not only the balanced presentation of the entire social theory and policy, but also the graphic layout which supports the actual studying of the issues: each chapter ends with a summary of the issues concerned and with a checklist of questions.

The first section of the textbook consists of 6 chapters; in addition to the explication of the fundamentals and basic characteristics of social policy, social policy types (models), its functions and tools, it also offers a description of the social policy pursued by the European Union and of the post-1989 transformation of the Czechoslovak and Czech social policy. It also includes a chapter on poverty and social exclusion. The second section of the textbook comprises 13 chapters which essentially provide an explication of the different branches of social policy, with the largest branch – pensions – being divided into three chapters addressing the financing of pension security systems (in general), the Czech public “pension insurance” system and the Czech “supplementary pension insurance”, which represents a constituent part of voluntary private pensions, following the recent abolition of the “retirement savings” pillar characterized as the “second” pillar (based on the World Bank typology). At the same time, the chapter on supplementary pension insurance incorporates also the issues of occupational retirement schemes and private life insurance. All chapters of the second section combine the explication of the world theory and policy with the explanation of the (trans)formation of the relevant segment of the Czech social policy and with explication of the current shape and parameters of these segments in the Czech Republic. It is a sophisticated approach to explain the issues, but the authors have done it very well thanks to their erudition in the relevant social policy fields. In more general terms, we can conclude that the authors present the fundamental problems of social policy as both a scientific discipline and practical action.

The textbook is addressed, in particular, to students at the University of Economics in Prague; nevertheless, it serves also as a basic study text for the master course of Social theory and policy, for instance, which is given primarily for the Public Administration

branch at the University of Finance and Administration. During our lectures, we focus on explaining more difficult themes and current topics; however, certain challenges are presented in a somewhat different diction, which is a commonplace model in having all subjects taught by different authors or for a different audience, as the case may be. To give an example here, let's take the explication of social policy types (models) which is contained in chapter 2 of the textbook. Vojtěch Krebs uses three ideal types of social policy as defined by R. M. Titmuss, the founder of the Social Administration discipline, later referred to as Social Policy; the Social Policy Department at the London School of Economics bears his name (Richard Titmuss Chair in Social Policy). What has proved useful for me in my lessons, at least so far, is a comparable typology of another, later social policy giant – G. Esping-Andersen, who distinguishes between three basic welfare regimes: liberal, conservative and social democratic. On top of that, I also add the neoliberal welfare regime (social model), which is significantly different from the liberal model, in accordance with the interpretation of many current experts. Naturally, it is not just a matter of stating the different approaches to explicating social policy which aims – as also indicated by V. Krebs – towards influencing (changing) the social reality or the social system, as appropriate (and subsequently describes liberalism, Christian social doctrine and democratic socialism). Certain structures from the period under the rule of a single (Communist) party still prevail not only in the Czech practice. Professor Krebs is also fully aware of the spread of neoliberalism, stating on page 90 that the neoclassic concept started to prevail in both the theory and the practice of economic and social policies since the turn of 1970's and 1980's, emphasizing particularly support for the market mechanism and the privatization processes, reduction of state regulation, and the need for “a sort of review of the welfare state”. On page 167, to sum up, he notes that this represents a shift from the Keynesian model of economic and social policy to the neoclassic concept.

The chapter addressing the Czech “pension insurance” system describes, among other, the degree of solidarity and equivalence in this public pension pillar. The author also draws the conclusion that self-employed persons are in a more advantageous position in this regard. “The possibility to opt for a relatively low assessment base and the fact that the assessment base is determined on the basis of the difference between sales and costs result in the self-employed persons contributing proportionately less to cover the expenses of their pension than the employees.” In the next paragraph, this redistribution in favour of self-employed is documented by figures: self-employed persons paid, “on the average, pension insurance contributions from an assessment base at the level of ca. 45% of the average employee assessment base in 2014. Consequently, employees largely “subsidize” self-employed persons, and this disproportion needs to be reduced” (p. 245). This is a topic; earlier this year, the minister of labour and social affairs Markšová sent a personal letter to all self-employed, encouraging them to increase, on a voluntary basis, their minimum assessment base used to calculate pension contributions, which also provides a basis for the calculation of their pensions – thus avoiding the risk of low pension in the future. In her letter, she also slightly insinuates a possible source of the (potential) problem: the application of flat-rate simplified expenses when calculating the income tax base. It is essential to add that the minimum level of self-employed pension contributions is fixed by law at 50% of the excess of the self-employed revenue over expenses. While the reduction of the pension contribution base to 50% of revenue less expenses is – generally speaking – debatable, the critics of this situation commonly omit the fact that the gross

wage of an employee cannot be simply compared with the “profits” of a self-employed person. The critics should at least take into account the total labour costs of the employer which are higher than the gross wages used to calculate the insurance contributions – in addition, I would like to point out that most social security contributions in the Czech Republic are paid by the employers (a total of 35% from the gross wage). We must also add other employee benefits, including the costs of holidays and leaves. In any case, the Czech self-employed persons act rationally; a voluntary increase of their assessment base used to calculate the social security contributions bears no fruit to them – to use hard words: they show financial literacy. Any simple savings plan is more advantageous for them. In my opinion, it is incorrect to talk about self-employed being largely subsidized by employees – in the system of the Czech “pension insurance” scheme. I consider a much bigger problem that the Czech public pension pillar is called “pension insurance”, while its redistribution so strongly dominates over equivalence. From the legal perspective, we have a “Bismarck”-type system, but in reality it is a sort of “double Beveridge” system: the pension benefit is composed of a basic amount (9% of the national average wage) and the so-called percentage amount that – thanks to bend points and coefficients – strongly resembles the U.S. public pension system.

As a member of the “Expert Commission on Pension Reform”, I very much appreciate that the textbook contains up-to-date results of the work undertaken by this Commission. However, the problem lies in the fact that the Commission has not come with many proposals and, furthermore, it has not analysed the current pension system. The textbook mentions the Commission’s proposal for the steps to be taken to abolish the second pension pillar, as well as the proposed periodical revisions of the statutory retirement age and the “joint social insurance for spouses” which was, in the meantime, turned down by the experts of the Ministry of Labour and Social Affairs. In addition, the textbook aptly states that “the Pensions Commission” (existing for two years already) “has brought a number of other, often controversial and technically hardly feasible suggestions in the field of pension insurance for families with children and supplementary retirement insurance” (p. 253). A crucial problem in the Commission’s activities – as pointed out in the textbook – concerns, in particular, the politically unclear social objective to be gradually achieved by the Czech pension reform.

The area of healthcare policy is even more complex: while old-age pensions appear as if they were all just about “money”, there are much more stakeholders in the healthcare system: hospitals, doctors, pharmaceutical businesses, insurance companies, etc. The authors of the relevant chapter in the textbook mention also the role of environmental theory: environmentalists see the possible way out and the future of social policy in developing self-service groups based on “community self-help” (p. 343). This chapter, too, includes a detailed description of how healthcare services function in the conditions of variously designed schemes. Foreign authors will find here, in particular, the parameters of transformation of the Czech healthcare system and a detailed explication of the public health insurance system in the Czech Republic. The “performance-based model” of health care financing was designed in the first half of 1990’s to guarantee health care accessibility and solve the problems with excess demand experienced in the previous model. However, this new model exhausted soon its financial resources in practice and had to be replaced by a combined financing system for services provided by health institutions. The authors

emphasize that the public healthcare system lacks mechanisms such as economy. Finally, the authors conclude that there are only a few countries worldwide that would have, as the Czech Republic, such an abundant and profound history of healthcare security system, which is based on the citizens' own responsibility while applying the basic principle of solidarity. The current discussions about the financing of the Czech healthcare system confirm that the Czech healthcare policy is not appropriately embedded in the comprehensive social policy, which is also the case for other policy branches.

I recommend the book to all those who are interested in gaining a deeper insight into social policy issues.

Contact address

prof. Ing. Jaroslav Vostatek, CSc.

University of Finance and Administration / Vysoká škola finanční a správní
(jaroslav.vostatek@vsfs.cz)