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SOCIAL RISKS IN THE CONTEXT OF EUROINTEGRATION STRATEGIES OF UKRAINE

The article analyzes social risks in Ukraine as a result of European approaches implementation in the realization of social policy. It is noted that in Ukraine, unlike most EU countries, there is an unjustified privileges support system for certain categories of citizens, as well as a steady growth of state spending on social support programs without taking into consideration real economic opportunities.

Keywords: social risks; social policy; social standards.

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СОЦІАЛЬНІ РИЗИКИ В КОНТЕКСТІ ЄВРОІНТЕГРАЦІЙНИХ СТРАТЕГІЙ УКРАЇНИ

У статті проаналізовано соціальні ризики України внаслідок імплементації європейських підходів до реалізації соціальної політики. Відзначено, що в Україні, на відміну від більшості країн ЄС, спостерігається невиправдана підтримка системи пільг для окремих категорій громадян, а також невпинне нарощування видатків держави на програми соціальної підтримки без належного урахування реальних економічних можливостей.

Ключові слова: соціальні ризики; соціальна політика; соціальні стандарти.

Табл. 3. Літ. 12.

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СОЦИАЛЬНЫЕ РИСКИ В КОНТЕКСТЕ ЕВРОИНТЕГРАЦИОННЫХ СТРАТЕГИЙ УКРАИНЫ

В статье проведен анализ социальных рисков Украины вследствие имплементации европейских подходов к реализации социальной политики. Отмечено, что в Украине, в отличие от большинства стран ЕС, наблюдается неоправданное поддержание системы льгот для отдельных категорий граждан, а также стремительное наращивание расходов государства на программы социальной поддержки без надлежащего учета реальных экономических возможностей.

Ключевые слова: социальные риски; социальная политика; социальные стандарты.

Introduction. European priorities were declared by Ukraine as paramount for further development and implementation of the new concept of social state. It completely agrees with socioeconomic needs of individuals, society and national interests. The priorities of social policy are the most important, significant problems recognized by state as the urgent tasks for government. The declared strategic priority of social state in Ukraine is to implement an effective social policy. The major areas of the social policy are: providing conditions for qualitative improvement and development of human and labor potential; the formation of middle class, poverty overcoming; welfare reform, targeting government support of vulnerable people; comprehensive development of social insurance, services and housing, humanitarian sphere; providing environmental security and safe vital conditions for population; demographic problems solution; strengthening of regional component the state social policy, improvement of the intergovernmental relations.

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The concept of social state is the real basis for successful support system for vulnerable stratas of population in all the countries with developed market economy. The key directions of its implementation is the policy of social risks minimization. Therefore, the task of studying and implementation of social risk management experience in the countries of the European Union is quite important. The path of European socioeconomic development shows that social policy increasingly determines the rate, the nature and the effectiveness of economic processes. Social policy is becoming a reliable stabilizer for social development. At the same time an aspiration for getting closer to European standards in the social sector is associated with some considerable difficulties as to their full implementation. It is one of the reasons of insufficient sequence and efficiency of government policy on European integration of Ukraine.

Recent research and publications analysis. At the present stage of the development of the risks science, the critical concept of risk is available in the modernist theories and the postmodern theories of risk. They are based on the investigation of current trends in society (Beck, 2009; Hansson, 2009; Ulbig, 2010; Stanovich, 2000; Terpstra, 2011): universalization of risk, i.e. disasters actualization that threaten everyone, regardless their belonging to a particular social group and their attitude to authorities; risk globalization, which somehow affects the vital orientation of wide sections of population in different countries; risk institutionalization, i.e. the emergence of organizations that take it as a basic principle of actions; emergence and strengthening of risk in the result of unintended side effects, such as environmental degradation as a result of industrial development.

The peculiarities of the postmodern approach to risk is the recognition of the relative nature of all knowledge about risk, including knowledge which was offered by science; the use of primarily qualitative risk analysis; logic of cognition and risk management based on the principle of social dialogue between all stakeholders (Wisner, 2012; Unisdr.org, 2011; Libanova, 2010).

Unresolved issues. Today in our country there is a steady increase of state costs of social support system, without due regard to real economic opportunities, principles changes, priorities, forms and methods of its providing and improvement of relevant legal mechanisms. In addition, the burden of social obligations on the economy is excessive together with an inefficient mechanism of spending. There is a break with the principle of social justice and provoking of public welfare mentality development. Adjustment to particular components of the system does not give the expected results, because it does not protect the most vulnerable groups of population against poverty and shows low efficiency performance. In the system of social support there is a kind of imbalance because most public assistance programs for population are predominantly based on the belonging to a particular category, regardless incomes. It results in inefficient expenditure of budget and enables participation in social programs for non-poor population.

Key research findings. The analysis of international experience demonstrates that social protection systems in different countries are constantly improved depending on national identity: in one case the available schemes are improved, in other cases new systems emerge, due to new economic and social realities. Accordingly, the development of particular components of social protection goes on irregularly, because the

scale of activities in this area is associated with the discharge of functions of social state, in particular, the priorities of social policy in the country.

In most European countries the preconditions for becoming a full-fledged system of social support for population are: the determination of constitutional and legal principles of social state and the creation of the social legislation; regulation of legal forms and types of social protection, optimization of the mechanisms of its operation; availability of relevant institutions at the level of executive power, which implement the measures of social support for population; justification of the models and methods of financial support for social support in the country.

The social risks minimization system in most EU countries is based on the constant structure of social spending, which is formed at the stages of adoption and implementation of state budget. This approach has only one limitation – it is the amount of income subject to compensation. On the other hand, the coefficient is the least informative according to the probability of occurrence of an adverse life situation, and therefore its use has some significant limitations from the view point of social risks assessment.

The concept of social risks minimization of the countries of the European Union is based on the international classification of social spending (ESSPROS) by Eurostat. A single scheme of social protection was chosen as a statistical unit method. It is a set of accurate rules that contain one or more institutional units, which determine the terms of payment and their financing. Typologies of social protection schemes can come either from the balance of revenues and expenditures for all types of risks or from compensatory costs to minimize a specified risk or a particular group of help receivers.

The ESSPROS scheme includes the following functions of social protection (epp.eurostat.ec.europa.eu, 2012):

- healthcare – financial support in case of illness, the function includes the costs for maintaining citizens' health, disease prevention, life expectancy increase;
- disability – financial support for the people with physical ailments due to which a person is unable to realize himself/herself at the labor market;
- old age – financial support as a result of retirement age;
- family, children, maternity – benefits related to pregnancy, childbirth, upbringing etc.;
- allowance – benefits associated with the loss of a working family member;
- unemployment – payments related to job losses;
- housing benefits – compensation costs for housing;
- others – additional payment to the certain minimum level of income and other possible situations of social risks actualization.

State social support for the population in the EU is based on the following principles: social interests determine the economic policy strategy, objective of which is to develop the potential of all citizens; effective social policy is possible only in case of macroeconomic stability; the government finances must be reliable and transparent in terms of a clear tax policy; social security systems should increasingly provide services to all citizens, creating incentives to work rather than encourage a minimum level of support for the most needy populations group; effective market economy requires appropriate institutional development; health service, education and upbringing of

children are the most important priority investments; environmental protection and normal working conditions mean lower costs for healthcare, they also stimulate the growth of production; no social policy can compensate for the loss of job.

In general, in the EU in 2012 the average cost of social security is a third of GDP. They range from 18% in Ireland to 33% in France and 35% in Sweden. It is important to consider not only the overall level of spending, but also their structural priorities. Thus, the structure of the total social benefits in the EU contains on average 45% for old-age, about 30% – payment due to illness and disability, 8% – for families with children assistance, 7% – unemployment assistance, 2% – improvement of housing conditions (epp.eurostat.ec.europa.eu, 2013).

Investments in social development and support of vulnerable groups of population contribute to the development of human resources, reduction of the poverty risk, reduction of social polarization in society, the growth of public demand, which promote economic growth and social stability. Thus, the EU countries have the high levels of human development index for a long time.

The costs equilibrium for social programs in the EU contributes to social stability and social harmony due to poverty restriction and social polarization prevention. The risk of poverty for a number of objective and subjective reasons is available even in the richest countries, but developed societies are different because they care about welfare and social security of their citizens.

At the same time, according to the survey data, the level of population confidence in particular countries of the European Union fell to the historical minimum even in the states that traditionally supported the "Common Europe" (Table 1). In many respects it can be explained by public dissatisfaction with social policy which has been implemented by the governments of the EU countries in the recent years.

Table 1. State of no confidence to the EU in separate countries,
% of the respondents (Gajdutskiy, 2010)

Country	May 2007	November 2012
UK	49	69
France	41	56
Germany	36	59
Italy	28	53
Spain	23	72
Poland	18	42

The European Union must not be considered as a "beneficial association", but as a school of effective innovative economy, high social standards, developed democracy and good public development governance. European integration is a course on the implementation of European recipes of success on Ukrainian basis. Europe, despite all its current troubles, remains a model of success for the world (Gajdutskiy, 2010).

The current social security system of Ukraine can be represented by two interrelated and complementary components – social insurance and social support. Social support for population consists of the following organizational and legal forms: social assistance, social services and social benefits. Social support as a part of the social security system is the main factor. It is the declared legal basis of Ukraine as social state and legislative regulations on social security for population.

The basic state social standard in Ukraine is the living wage. The state social guarantees and standards in the areas of population income are determined on its basis. State social standards in the area of population income are set to determine the size of social guarantees in wage payments, payments on obligatory state social insurance, the right to receive other social benefits, public assistance and its sizes. The major social guarantees include: minimum wage, minimum pension by to the age, tax-free minimum incomes, the size of state social assistance and other social benefits.

Despite the existence of minimum social standards in Ukraine and gradual increase of the existing ones, the operating state social standards system in Ukraine is not integral and is not oriented at constitutional norms. It does not provide taking into account the international standards in the area of social standards application. Current social standards are far from today's economic realities and are applied without considering the economic potential of the state (old.niss.gov.ua, 2012). The minimum subsistence level per person, as well as for those who belong to the basic social and demographic population groups (Table 2) is annually approved by the Verkhovna Rada of Ukraine in the State Budget of Ukraine for a particular year.

Table 2. The subsistence minimum per person per month, 2013, UAH

Social and demographic population groups	Size of the subsistence minimum	
	01/01/2013–30/11/2013	12.01.2013–31.12.2013
Children under 6	972	1032
Children aged from 6 to 18	1210	1286
Able-bodied persons	1147	1218
Individuals unable to work	894	949
The overall rate	1108	1176

Source: The Law of Ukraine “On State Budget of Ukraine for 2013”, 06.12.2012, #5515-VI.

Despite legal regulations, application of the minimum subsistence as the base standard for state social guarantees determination is rather problematic. Firstly, the methodology of its calculation is still imperfect because it uses a rather cumbersome and outdated set of products that must be consumed by the person. Secondly, the essence of the subsistence minimum needs considerable clarification: this is really the minimum size of consumption, which can be considered as the poverty line or it must meet reasonable consumption standards.

Due to the introduction of new social standards, the Pension Fund will require some significant resources to ensure high levels of pension benefits. Meanwhile, the unemployment rise and the slow growth of payment to work funds will determine the backlog of solidary pension system's filling sources from those needs. This will require the search for resources of the Pension Fund deficiency payments.

State social assistance is a periodic or one-time sum of money or other kinds of payments from state or local budgets in case of the social event of uninsured individuals. The main features of state (uninsured) benefits are: uninsured individuals, who are determined by the law governing the payment for specific help, have the right to have state benefits; they are funded by state or local budgets or grants and subsidies; the main purpose of state assistance is the financial support of persons who need them. Social assistance covers certain types of social support that are practically impossible to implement according to the principles of social insurance. Social assis-

tance is given to the least protected and the most needy population groups, usually on the individual basis. In Ukraine, the only legislation act that would support the whole system of public assistance is not available. There were some appropriate efforts, however, lawmakers refuse the comprehensive systematic regulation of these relationships. They adopted certain laws as to particular types of social assistance.

In our country today there is a quite developed sector of public social services. However, it should be noted, that the key disadvantage of the existing system of social services in Ukraine is the lack of competition, since the bulk of services is provided by government agencies and organizations. Moreover, legislation treats social services in a rather narrow format – it contains only a list of them and is limited by the application in the social protection area (basic forms of social services is only financial assistance and social service). A more rational approach is when social services cover all services provided by government and non-government institutions and agencies to ensure the realization of social rights of all citizens in Ukraine, not just those who find themselves in difficult situations. This approach is prevalent in most EU countries.

One of the biggest specific social risks in Ukraine is the hypertrophied and unjustified benefits system that is completely uncharacteristic for European social system.

The current legislation of Ukraine provides an extremely wide range of benefits – about 140 kinds, including various kinds of compensations, reimbursement, loans, financial aid, concessional loans, guarantees etc. The privileges system is being regulated by about 50 legislative acts according to which almost a third of population in Ukraine has the right for benefits. The two main types of benefits – social and professional – vary according to the purpose and they are differentiated by subjects to which they are given. The value of the declared benefits is over 30 bln per year. It is several times bigger than the amount of budget allocated for these benefits. The system of benefits in Ukraine is oriented at the solution of two fundamentally different tasks – supporting the socially vulnerable groups of population and providing individual benefits for needy categories of people (mostly according to occupational features – benefits are given depending on the status of a person but not on the need for social protection, and therefore they do not contribute to income equalization and they are not intended to protect the poor). It cannot be acceptable in terms of building the European model of social policy. In addition, the mechanism of providing benefits is not perfect, because not everyone who has the right for benefits. Only those people who use the services really use these benefits (Table 3). There is no perfect system to control the services rendered and real families' income. It makes it difficult to provide benefits to those who need them in the first place.

The major drawback of benefits as a mechanism of social protection is that they do not provide target. It results in inefficient use of public funds and their dispersion. On the one hand, the state cannot actually guarantee the access to benefits for all persons entitled to them by the law. On the other hand, the state gives the possibility to use benefits for those people who are not eligible for benefits, or do not need them because of high income. Market economy does not require special measures to ensure social inequality. Therefore, in case of European integration of Ukraine, benefits should serve only as the tools to reduce differentiation of population by income and compensation of social risks.

Table 3. The basic types of benefits in Ukraine and the categories of beneficiaries

Benefits according to services	Categories of beneficiaries		
	Occupational	On social grounds	For outstanding contribution to the state
Housing and public utility services	X	X	
Public transport and baggage	X	X	X
Prescription drugs		X	X
Dental treatment and prosthetic		X	
Spa treatment	X	X	X
Cars for disabled		X	
Repair housing		X	
Privileged/subsidized loans and borrowings	X		X
Cultural and sports institutions admission		X	
Compensation for special categories of persons	X		X
Other	X		

Source: Compiled by the author according to the Ministry of Finance of Ukraine, 2013.

In 2014 in the field of social protection and social security the government of Ukraine is going to implement the following measures: the gradual raise of the minimum subsistence level for major social groups in order to bring it in 2014 to the actual size; the gradual increase of the salary (wage rate) of the first tariff level employee of the Unified tariff to bring it in 2014 to the minimum wage; the gradual increase of the amount of state aid types in order to bring low-income citizens to the appropriate level of the subsistence minimum; the improvement of the procedure and the purpose of pensions indexation; the gradual increase of the amount of financial support and appropriate pensions recalculations for national servicemen, officers and other ranks; the gradual increase of the amount of pensions for disabled veterans, children of war, family members of victims and dead military (kodeksy.com.ua, 2012). The measures themselves deserve full support, but they need economic substantiation, because any increase of social standards must be based on appropriate facilities, as it occurs in most EU countries.

Therefore, the prospective evaluation expenditures algorithm for social purposes should include the following: the projections of the number of individuals who will benefit from social services; the level of public social expenditures per capita according to different types of consumers of social services; the indexation of public social expenditures; the total expenditures on various sectors of social sphere; comparing of the required total spending on social service with economic forecasts.

Conclusions and recommendations for further research. Despite the significant differences in socioeconomic and political situation in the EU countries and in Ukraine, European experience in social policy is of significant importance in the formation of an effective model of social policy of our country. Social attractiveness of European integration for Ukraine is the ability to achieve high social standards of European countries. Social standards and social guarantees implementation should provide: the realization of basic constitutional socioeconomic citizens' rights; the concentration of financial resources in the priority directions of state social policy; state support for social services development and satisfaction of people by social services; adjustment of regions and areas of social development.

The essential problem of social protection in Ukraine is the presence of many unnecessary privileges and imperfect mechanism for their provision. According to European experience, it is essential that various social benefits and payments are targeted. It means that a person for whom they are intended, receives a guaranteed financial support directly. This means that instead of free services, certain categories of people must be provided with public funds for full payment of such kinds of services. This system is much more attractive for both citizens and the state.

Today, Ukraine has a very strong background and a considerable need for development and implementation of its own concept of social state. This is due to both the content of the Constitution of Ukraine and the socioeconomic needs of people and society, national interests, the need to prevent national security threats in the social sector, Ukraine social policy orientation at European integration. Social standards must be formed the way to be an effective tool to solve social problems of the country. The most important social problem in Ukraine which must be solved in the context of European integration is creating conditions for increasing population's incomes and the development of social programs.

To evaluate the effectiveness of social programs it is advisable to use the following approaches: the evaluation of social risks dynamics, minimization of which was the aim of the program; the evaluation of social capital growth as a result of the situation adjustment; the evaluation of the degree of the objectives achievement; the evaluation of outcomes and costs correlation; the evaluation of public opinion; the evaluation of indirect social and economic consequences of the program.

The prospects for future scientific researches may be the problems of financial stability of the social protection system as a tool to minimize social risks. In case the effectiveness of social programs is critical, it can lead to increased social tensions, the threat of social upheaval becomes real.

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