Budgetary Means to Ensure a Decent Living Standard. The National Social Security System

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Abstract: - The term “social security” is associated to a list of events, representing an insurance against certain risks. Social security has been created as a financial mean to gather monetary funds from which aids and indemnities are allocated. They constitute themselves in social protection measures meant to insure a decent living standard.

Key-Words: - Social security, risks, aids and indemnities, decent living standard.

1 The concept of social security

The necessity to protect the citizens appeared together with the development of productive inputs. Various labour associations and union organizations were created, the workers began organising themselves and began striking. At first the aiding efforts were fragmented: state-encouraged insurance companies, legal provisions which forced employers to support ill workers, private life insurances. Gradually, social security programmes began appearing in industrialized countries. The first major social security system was created in Germany, at the end of the XIXth century, under the leadership of chancellor Otto von Bismarck, and the model was followed by other countries as well [1].

Starting from the era of the manufactories, work accidents and illnesses were recognized as inevitable risks for persons participating in the production of goods and services. These risks have proved inevitable in all the fields of human activity, causing the creation of monetary aiding called social security.

The term “social security” was used for the first time in the American social security law – The Social Security Act – in 1935. It is associated with a list of events, representing an insurance against certain risks. It refers to social risks which reduce or suppress the gaining capacity. They can be physical, when the labour force is altered, reduced or lost, and economical, related to the loss of jobs. Besides these, social security is meant to cover psychological risks related to events like maternity, old age or death and professional risks related to accidents and professional illnesses.

The need for social security comes from the fact that carrying out an activity can cause the employees, farmers, private entrepreneurs to not be able to carry out their work in normal conditions and acquire through their work the necessary goods and services for themselves and their families due to various causes: accidents, maternity, invalidity a well as reaching a certain age limit, when a man cannot work to the maximum of his powers. This is why it is necessary for the state and private companies to take the appropriate measures to protect the citizens, by ensuring the necessary income for a decent living standard.

Social security has been created as a financial mean to gather monetary funds through payments or employee contributions, from which aids are allocated. In this category we have indemnities to prevent illnesses, pensions for temporary work incapacity, pensions for exceeding the legal pension age limit, death aids and other aids with social motivation. It has to be said that the amounts allocated as social security are not compensations specific to goods and personal insurances, but financial aids offered by the state. At the same time, they are different from the social assistance measures undertaken by the state from budgetary incomes which represent a charity duty. Budget expenditures in the field of social assistance target aim at building shelters for senior citizens, people with disabilities, children who are orphans, abandoned or abused. This distinction is also made by the Romanian Constitution; article 47, paragraph 2, after stating all the types of social security,
mentions the fact that citizens have the right to social assistance measures, according to the law. The term “social” in “social security” corresponds primarily to the fact that monetary funds for social security are gathered through payments and financial contributions not only from employees which receive financial aids of this kind but also from other legal subjects (employers and the state). At first, social security funds were raised from employee contributions and from company contributions, to which state subsidies were added in contemporary states. On the other hand, these aids are “social” because financial aids are allocated, according to the law, not only to employees who have contributed to the social security fund but also to their family (for example free or partially subsidised recovery tickets, death aids or survivor’s pensions). Thus, the term “social” refers to the way sums are gathered and dispensed.

2 The public social security system

2.1 The structure of the Romanian public social security system

In Romania, the first forms of social security were created towards the end of the XIXth century and the beginning of the XXth century. Social security measures were imposed through the Mine Law of 1895, the Trade Law of 1902, and the Worker Insurance Law of 1912. The Ioanitescu law of 1935 unified the social security system and from this moment we can talk about a coagulated national social security system in Romania.

In time, this system has been improved, and through it protection was insured for state, mixed and private institutions, farmers, lawyers, priests, pensioners and their family members.

Currently, the citizens’ right to social security is guaranteed by the Constitution, the labour Code and other laws. The Romanian Constitution, at article 34 paragraph 1 states that the right to health protection is guaranteed, and paragraph 2 states that organizing medical assistance and the social security system for illness, accidents, maternity and recovery is done according to the law. Article 47 paragraph 1 of the Romanian Constitution also mentions that the state is forced to take the appropriate measures to ensure economic development and social security in order to provide the citizens with a decent living standard, and the citizens have the right to pensions, paid maternity leave, medical assistance in state owned medical facilities, unemployment aid and other forms of public or private social security, stated by the law (art. 47, paragraph 2). According to article 45 paragraph 1, children and young citizens benefit from special protection and assistance in exerting their rights, the state offering children’s allowances and aid in caring for an ill or challenged child (paragraph 2).

Social security is a means of guaranteeing the constitutional rights of citizens while representing only part of many measures taken to ensure a decent and civilized living standard for the citizen. From the financial point of view, social security participates in distributing part of the gross domestic product and also is a way of controlling its distribution and usage when distributing and using social security funds. The economic content of the social security system differs from one country to another and from one historical period to another. Social security is composed of monetary relations with the help of which funds necessary for the protection of employees and pensioners are distributed and used. Social security also protects the family members of those fore mentioned and consists of indemnities, aids, pensions, recovery and spa sessions as well as other free services during the time they are incapable of working (temporarily or permanently) or in other cases when aids are necessary. Through social security appropriate measures are taken to prevent illnesses, to recover and fortify the health as well as to ensure the existence of those who have lost their capacity to work due to illness, accidents, or age limits. Those with no legal guardians are also supported. Farmers who have their own household but are incapable of working are supported out of the social security funds created from reserve funds for food consumption gathered in the years with rich crops and from the associates or farmers money contributions (in case the farmer does not belong to a farmers’ association) to support these categories of persons. Lawyers who are members of the lawyers’ bar are protected by distinct social security. Also, there are social security funds for employees of various cults, covered with insurance contributions which are calculated based on the salaries used by the respective institutions.

In Romania, a national public social security system has crystallized in time, not a perfect one but a functional one. By establishing this public system, a unitary framework was created to apply the legislation in the field, flexibility in redistributing available budget resources, a tightened control on the quality of payments specific to social security. The system includes a series of norms to establish a proper hygiene and security in working, in order to prevent illnesses, to recover and fortify the health of
citizens and their families, thus contributing to economic growth. Also, conditioning social security can stimulate labour discipline, increase qualifications, increase labour quality and keep workers in the same unit. The economic effects of the national public social security system are obvious. We distinguish between the effects on the insured (providing a decent living standard) and the effects on the national economy (stimulating it through a responsible attitude towards work). The social effects of the system are also obvious: solidarity among members of the society by creating and using the social security fund. This system also interferes with ethics and morals, as it creates a responsibility for the employee with regards to his work, family and generally, the society. State social security is extended upon all categories of employees as the right to social security is considered as being based on labour relations which are mentioned in the labour code. The right to pensions and social security indemnities is a personal (it cannot be surrendered) and imprescriptible right, which has the purpose of creating decent living conditions and maintaining the work capacity of people in activity.

2.2 The principles of the public social security system
The national social security system is guided by a series of principles, which we will analyse in the following.

Uniqueness is the expression of social solidarity in general and of solidarity between generations especially. The social security system includes a unique and compulsory state regime and a series of private, optional social security regimes.

Obligativity is the principle according to which persons carrying out income-producing activities, which meet the conditions stated by the law, are included in the national public social security system, benefiting from rights and having regulated obligations. Persons who are protected by the national social security system are called insured persons. Insured persons are forced to pay social security contributions and have the right to benefit from social security services.

In Romania, all active citizens, pensioners and their family members are protected by social security, which means that at the basis of the social security system stands the principle of generality and the state guarantees these rights by the Constitution and other laws. The purpose is to ensure a decent living standard. Citizens are protected in any case and for the whole period of their loss of working capacity, and mothers enjoy special social security in case of pregnancy, childbirth, when caring for their children in case of small ill children.

Another principle is that of contribution. According to this principle, both employers and employees contribute to the social security fund. For unemployed persons, contributions are paid from the unemployment fund.

The social security system is run according to the principle of equality, which means that insured persons have the same rights and the same obligations if they meet the same legal conditions. Citizens benefit from social security in accordance with the salary level or with the income obtained. The salary level represents the fundamental element according to which the amount of indemnities, aids and pensions is determined. Romanian citizens carrying out their activity abroad, on behalf of the Romanian state, are included in the national public social security system. Foreign or stateless persons carrying out activities on the Romanian territory which meet the legal conditions are included in the national public social security system. Persons insured by the national public system which establish their residence abroad benefit from social security rights according to the international conventions to which Romania is a signatory.

The social security system is the expression of social solidarity; the funds constituted from contributions being distributed to insured persons as pensions, aids, subsidies for rest and treatments. This system is not separated from ethics as it aims to establish a fair relation between salary income and pension income, between small pensions and large pensions. At the same time, pensions up to a certain level (1000 lei, approximately 300$) are exempted from income taxes. Finally the right to social security is personal, it cannot be surrendered or traded, and imprescriptible – persons who meet the legal conditions have the right to demand their right to pensions or other indemnities at any time.

2.3 The sources for state social security funds
The sources for state social security funds are the contributions of employees and employers established according to the amount of income obtained. Regardless of the form of property, employers are forced to submit to a bank, along with the documents related to the payments of salaries and other insurance income, documents related to the payment of contributions owned to the budget for state social security, and the payments should be made simultaneously under banking supervision. Failure to contribute to the social security budget offers the right to pension institutions to apply
forced execution in order to obtain the sums, according to the legal norms concerning the execution of budget debts. Delays in paying the contribution are penalized with increases, calculated for each day of delay until the debt is paid, sums which are included in the social security budget. Beside the contribution to social security, employees and employers also pay a contribution to the unemployment fund, out of which the unemployment aid is paid and a contribution to the health fund, out of which health aids and indemnities are paid.

The budget surplus from the previous year is also included in the social security budget (state subsidies).

3 Types of state social security
In the following, we shall present the most important types of social security, so as to create an image of the national public social security system in Romania [2].

3.1 Pensions
Pensions constitute the main form of citizen protection through social security. They are monthly monetary rights awarded to persons ceasing their activity due to reaching a certain age limit, invalidity, for the rest of their life, to surviving children up until a certain age and to the surviving spouse, in order to provide them with a decent living standard. Through social security, the following pensions are allocated: pension for labour and age limit, invalidity pension, early pension, partially early pension, survivor pension.

3.2 Spa and recovery treatments
They are another type of social security for citizens. They have an important role in preventing illnesses for pensioners, employees and their family members. Based on medical prescriptions, employees and pensioners are sent to spa and recovery treatments. Priority is taken by employees working in special conditions, which suffer from chronic or professional illnesses, invalids. Children can also benefit from this form of social security, when they are offered discounts and free tickets for resorts and school camps. The cost of transportation, meals, accommodation and spa treatment is taken from the social security budget, according to their salary or pension, the resort and the season.

3.3 Indemnities for the prevention of illnesses and recovery of working capacity
These indemnities aim to ensure the existence of employees, to contribute to the recovery and fortification of their health and to facilitate the taking of measures at the work place in order to prevent accidents and illnesses. The indemnity is allocated to employees having work contracts. Insured persons benefit from: the indemnity for the reduction of the working time if for any medical reasons they cannot achieve the normal period of labour, the indemnity for temporarily passing to an other labour and for reduced labour period (it is offered at the proposal of the social security doctor) and the quarantine indemnity allocated to employees who are forbidden to continue their activity because of a contagious disease appeared at the work place or at their home.

3.4 Indemnity for temporary work incapacity
It is a form of social security expressed in an amount of money, allocated through the state social security during the whole period that permanent, temporary or seasonal employees, found in a trial period, temporarily lose their working capacity due to a professional illness or a labour accident, an accident outside of work or a common illness, as well as during the whole convalescence period, until recuperation or pensioning. Insured persons enjoy a medical leave and an indemnity for temporary work incapacity if they can prove their temporary work incapacity through a medical certificate issued by the state social security doctor.

3.5 Maternity indemnity
Pregnant women enjoy free medical assistance, drugs and hospitalisations. Pregnant and nursing women cannot be made to work in harming, tough or dangerous conditions. Future mothers have the right to 126 calendar years of maternity leave, out of which 63 days represent pre-natal leave and 63 days post-natal leave, with the possibility of compensation between them, according to the medical recommendation and the option expressed by the beneficiary.

3.6 Indemnity for raising and caring for a child until two years of age
Mothers who have adopted children, who have been named legal guardians, who have children entrusted to them for upbringing and education until they are two years old also benefit from this indemnity. Any of the parents can benefit from the leave and the
indemnity if they choose so. The period of leave is considered to be experience on the labour market.

3.7 The indemnity for nursing an ill child
It is offered to mothers who have an ill child of up to seven years of age and until he is 18 years of age in the case of a child with disabilities. This indemnity is allocated based on a certificate for medical leave issued by the family doctor and on a certificate for persons with disabilities issued according to the law. The period during which the indemnity is awarded is 14 calendar days per year, except for the situations in which the child comes down with a contagious disease, is immobilised in a cast or undergoes surgeries. In the latter cases, the period of medical leave is determined by the family doctor.

3.8 The death aid
This aid is allocated through the national public social security system in case the insured person dies. The death aid is allocated to a sole person, who can be one of the following: the surviving spouse, the child, the parent, the legal guardian, the heir, or in lack of thereof, the person who can prove that he/she attended the expenditures. This aid is allocated also to persons who have an insured person under their care, even if they have their own right to social security.

3.9 Health insurance
Health insurance is compulsory but can be organised under other forms (optional) to cover individual risks. The insurance covers persons who pay the contribution to the health fund – Romanian citizens residing in the country or temporarily abroad. Benefiting from health insurance without contribution are several categories as: children and young persons until 26 years of age if they are not students or apprentices and if they do not obtain income from working; persons with disabilities who do not obtain income from working or who are under the care of their family; wife, husband, parents and grandparents without personal income who are under the care of an insured person.

The attribute of insured person can be proven by presenting the health insurance card. The attribute of insured person of employees is gained from the day the individual work contract is signed and it is kept during the entire period of the contract. Persons who are not employed gain their attribute of insured person the day the contribution was paid and it is kept according to the law.

Insured persons have the right to medical services, drugs, and medical materials without discrimination. Rights for insured persons are established based on a master contract established by the National House for Health Insurance and the Medical Doctors College of Romania, with the approval of the Ministry of Health, approved by Government Decision. The Master Contract regulates the conditions based on which medical assistance shall be awarded, concerning: the list of medical services, drugs and other services for insured persons; parameters for quality and service efficiency; level of costs, the methods of discounting and the necessary papers; basic medical assistance; hospitalizing and discharging ill persons; the necessity and duration of hospitalizations; provision of hospital treatments with caring and recovery measures; general conditions of awarding treatment by the hospital; prescription of drugs, medical equipments, therapeutic procedures, prosthesis and walking devices; conditions and payment of dental technique services; proper informing of patients.

3.10 Unemployment insurance
Employers are forced to award notification to employees that are about to be dismissed, in accordance with the provisions of the Labour code or of the collective work contract. During the notification period, employees are forced to participate at pre-dismissal services organized by labour force agencies or by other public or private accredited labour force providers. Pre-dismissal services are considered to be the following categories of activities:

*information concerning the legal provisions related to the protection of unemployed persons and professional training services;
*occupying the vacant jobs existing locally and training in finding a job;
*professional reorientation within the unit or short-term training classes, surveying the employees’ opinion and counselling them towards measures of combating unemployment.

Persons that contribute to the unemployment fund have the right to an unemployment indemnity. Besides these contributions, the unemployment fund is fuelled with contributions from employers. Both contributions are calculated, retained and paid by the employer just like in the case of the contributions to social security and health insurance. Another source for the fund is the budget allocations. The unemployment indemnity is allocated monthly, for a limited period of time, according to categories of persons and experience. The state can reduce expenditures on this type of insurance through a series of measures to reduce unemployment like: encouraging investments, awarding facilities...
(including fiscal) to economic agents hiring unemployed persons, supporting professional conversion through free training classes.

4 Conclusions
Social security represents part of the measures taken by the state to ensure a decent living standard. It represents a necessary institution to combat the negative effects of certain physical or economic events that may alter, diminish or suppress the working capacity of persons and thus their possibility of providing a decent living standard for themselves.

References: