

The Youngest Pensioners in the World

In some areas, Belarus is very much like the rest of Europe. Its population is rapidly ageing.

But unlike its western neighbours, Belarusians benefit from one of the lowest retirement ages in the world – 55 years old for women and 60 for men. To put it into context – in Poland the Parliament recently approved the increased the retirement age to 67 for most Poles. Today pensioners in Belarus make almost a third of the population.

Still young Belarusians know little about pensioners' lives and troubles. For them, ageing people fall into two very different categories: their own grandparents and the rest. The first bunch have wise eyes, soft hands, and the tastiest pies. The second is queuing in state hospitals, selling apples near the metro, and grumbling in public transport.

Belarusian employees know that 29% of their salaries goes to support the current pensioners, but nevertheless pensions have remained remarkably low. A very unfavourable ratio between workers and pensioners (100 to 57) partially explain this. And in the future the share of pensioners will grow even further. This demographic time bomb may seriously undermine the social security system of Belarus. Now the government has proposed a new solution to the problem.

Will the Pensions' Novelty Work?

By 2020, there will be 67 pensioners for every 100 working people. Each two workers will have to support three pensioners. The socialistic pay-as-you-go pension scheme used in the country has turned into an unbearable load for the nation.

Still Belarusian authorities do not want to consider fundamental changes in the current pension scheme. Instead, the government has chosen to motivate elderly people to work longer without giving them pensions.

After the pensions' novelty has come into force, people reaching retirement age and willing to work further have to make an important choice. They may decide not to get state pensions while they work and thus increase their future pensions. Alternatively, they can get their pensions while working after retirement age, but their future pensions will not rise.

The right choice requires a careful calculation. If people work for five years after reaching the retirement age without getting pension during these years their future pension will increase by 50%. But during these five years they do not get any state pension. The lost pensions will come back to people only in ten years after they finally retire. Considering Belarusians life expectancy, that may be too late.

Another reason for low popularity of the new rules is very high inflation rate in Belarus. In 2011, inflation in Belarus was over 100% – the highest in the world. The promise of more Belarusian roubles in the future may turn out to be rather empty.

Shall Belarus Raise the Retirement Age?

Raising the retirement age seems like the simplest solution. Now it is one of the lowest in the world: 55 years for women and 60 years for men. But Lukashenka has declared that ageing people have asked him not to raise the retirement age and therefore he will not do so.

However, just recently, a Deputy Minister of Labour declared that everybody understands the need for an increase in the age of retirement. He explained that the current threshold has existed since 1956 when pensioners had lived through war,

collectivisation and the difficult post-war years. Now, according to his words, the situation has changed and people can retire later.

Although the life of contemporary Belarusians may be easier than decades ago, their life expectancy has fallen. According to Antonius Broek, UNDP Resident Representative in Belarus, in 2010 average life expectancy was shorter compared to 1970 only in 9 of 169 countries monitored by UNDP. Belarus is one of them. Broek noted that while in 1970 Belarusians' life expectancy made 71 year, in 2010 it was only 69.6 years.

Referring to deteriorating of life expectancy since 1970, some more Belarusian statistics attract attention. The total [consumption of alcohol in Belarus](#) from 1970 to 2011 increased almost twice: up to 11.39 litres per person. The link looks obvious, and why so many people seem to ignore it is hard to explain.

Moving the retirement age up would be very unfair to Belarusian males. Now, their average life expectancy makes only 64.7 years (76.5 for women - which shows one of the largest gaps in the world).

The figures make Belarusians think once again whether it is really worth prolonging the retirement age now. Moving the retirement age up would be very unfair to Belarusian men. As it now stands, their average life expectancy is only 64.7 years of age (compared to 76.5 for women – which is one of the largest gaps in the world). Pensioners' folklore has already expressed its opinion on this matter: "From machine to coffin". Proud of its social orientation, Belarus will probably use rise of pensions' age only as a last resort.

Pensioner As a Job in Itself

The early retirement age does not mean, however, that Belarusian pensioners enjoy an easy living on their

pensions.

In January – August 2012 pensioners were getting on average only about \$155 per month. For this money you can afford a average winter coat or one pair of good shoes in Belarus. How all these [people manage to make ends meet](#) remains a mystery. But it is a real miracle, that with this small amount of money that they have, pensioners still continue to give money to their children and grandchildren.

About 25% of Belarusian pensioners continue to work afterwards even without the new incentives. Many pensioners move to dachas and villages, where they grow harvest for themselves, all their relatives and even for sale. In Minsk, single elderly ladies earn by leasing a rooms in their flats, which usually benefits them even better than pensions.

In January – August 2012 pensioners were getting on average only about \$155 per month.

“Pensions would be enough if it was not necessary to help the youth” – this is what you will often hear from pensioners around Belarus. Pensioners give money to their children even if the children are living well. That represents an eternal source of parental happiness in Belarus. Hardly any economic troubles or progress will change this.

And, for sure, the main preoccupation of Belarusian pensioners is their grandchildren. By the time a Belarusian woman retires her grandchildren are often between 3-13 years old. This turns to be the best time for mothers to return to active work and grandmothers start to take on their own part in the rearing of the child. As a rule, children welcome such changes. They get the tasty dishes, an inexhaustible source of interesting stories and an everlasting atmosphere of love.

With a very strong link between generations in Belarus, it is hardly possible that the youth will ever demand a rise in the

retirement age or any other measure deteriorating the position of pensioners.

Instead of thinking only about putting more pressure on those who work the government should also seriously consider considerable increases in productivity rates, longer life expectancy and a serious reform of the pension system. The latter seems to represent the easiest task. However, only when all these three elements will effectively come into play will Belarus be proud about its care of the ageing people.

Belarus Running Out of Medical Supplies

Over the last months problems with the supply of medicine have reached an alarming state in Belarus. While Belarus is able on its own to produce basic medical supplies, to a large extent it relies on imports. In addition, raw materials for domestic production also need to be imported. These imports became very difficult to acquire because of currency exchange rate [manipulations](#) by Belarusian authorities. The number of items available in pharmacies has dramatically decreased and the problem reached a critical level in recent days.

Despite all the declarations given by the country's president that healthcare is a strategic priority, the results of this policy show just the opposite. Over the last six months many importers have been unable to buy medical products abroad due to the lack of foreign currency. The situation changed when the authorities issued a list of medical products for which it was possible to buy foreign currency at the favorable official exchange rate of the National Bank.

The move helped to keep prices of medicine stable but expensive for retired people who have to live on their melting pensions. The system worked until about 10 days ago when suddenly the flow of foreign currency for medical purposes stopped. The impact on the market was disastrous.

Many importers recently stopped selling medical supplies to pharmacies because they had no interest in being paid in worthless Belarusian roubles which they could not convert into hard currency. They had even less interest in having Belarusian roubles in their accounts because they anticipate another wave of devaluation in the near future.

The market for pharmaceuticals is drying out, leaving less and less items in Belarusian pharmacies. On the dental supplies market, importers usually act as retailers at the same time. The currency exchange problems had the same effect here. Over the last ten days it has been nearly impossible to buy any dental materials in Belarus since all companies have stopped their operations. Some dental clinics already refuse to accept patients due to the lack of supplies.

On 26 August the government established a commission consisting of 14 people from different state institutions, dominated by nine people from the Ministry of Health. The commission's task is to make decisions on the allocation of foreign currency – what companies should get hard currency, and for what purpose. There is no legal regulation of this commission, yet and there will be further delays until it is functional. In the meantime, clinics and patients are left without the necessary medical supplies.

The only organization which may have reliable information about the market is RUP "Belmedtechnika" – a state owned trade and distribution company in charge of medical supplies. But most managers of this organization were dismissed not long ago because of corruption. Some senior managers have been arrested. The new management knows little about the market and

how it works and it will take a while before they can catch up. It can be anticipated that "good personal contacts" to members of this body will help firms to get approval for import from them. Bribing and corruption is likely to flourish again as was as in the past with "Belmedtechnika".

Health care in Belarus is in a desparate situation now, but was bad even before the crisis. According to the World Health Organization, male life expectancy in Belarus is 64 years. Compare this with 71 years in the neighboring Poland or 78 years in France. It is very common in Belarus to give small bribes to medical personnel in exchange for better treatment, a hospital bed or a badly needed surgery. It is difficult to blame doctors for this because their salaries are very low. Many doctors and medical professionals have already left the country and now work mainly in Russia. There the salary for the same job can be almost ten times higher.

As a result of failed economic policies, [support](#) of cheap alcohol and cigarettes, and poor management of the health care system, Belarusians live shorter and less healthy lives. It is impossible to buy cement and some other basic goods in Belarus right now. But this is still a minor problem compared to the situation when a person with a chronic illness cannot buy a lifesaving medicine.

AB