

# *Solidarity and Equivalence in Social Systems*

## *Solidarita a ekvivalence v sociálních systémech*

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### **Abstract**

Solidarity and equivalence are long-term issues in all social systems in advanced countries. At first glance it may appear that the two principles act against one another, though in reality there are lots of very close ties between them – to the extent that social systems are constructed as universal the principle of solidarity asserts itself, while to the extent that social systems are constructed according to levels of income from economic activities the principle of equivalence asserts itself. It is just the extent to which those individual principles should be enforced that makes it such a fundamental question when deciding on modifications to individual social systems. The paper is thinking of theoretical solutions of the principle of equivalence and solidarity and their use in individual social systems in the future. It brings arguments the extent of solidarity is too large and that is why the principle of equivalence needs to be strengthened.

### **Key words**

solidarity, equivalence, social systems

### **Abstrakt**

Solidarita a ekvivalence jsou dlouhodobým tématem všech sociálních systémů ve vyspělých zemích. Na první pohled se může jevit, že oba tyto principy působí proti sobě, ve skutečnosti však mezi nimi působí řada velmi úzkých vazeb – zatímco v míře, v níž jsou konstruovány sociální systémy jako univerzální, se uplatňuje princip solidarity, v míře, v níž jsou sociální systémy konstruovány v závislosti na výši příjmů z ekonomické aktivity, se uplatňuje princip ekvivalence. Příspěvek se zamýšlí nad teoretickými východisky principu ekvivalence a solidarity a jejich uplatnění v budoucnu v jednotlivých sociálních systémech. Přináší argumenty pro to, že rozsah solidarity je příliš velký a je nutno posilovat princip ekvivalence.

### **Klíčová slova**

Solidarita, ekvivalence, sociální systémy

### **Introduction**

Social system<sup>1</sup> not only in our society but also nearly in all European advanced countries faces a necessity of a crucial change (reform). It is expected to contribute to a recovery of public finance and will support sources and incentives of the efficient economic development in postmodernist society without the heart of its social cohesion being disturbed. Even though it is impossible to state if there are any effects, the changes are inevitable.

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1 *The social system here means a social sphere - the part of the system of society which forms a reference frame for social policy with its internal relations and connected with social background as well.*

Continuing development of the current social system is not sustainable even in a mid-term horizon. There are lots of causes. In summary, we can classify them as a risk of blocking following social development which is related to a threatening of the effective economic development and possible negative impacts on creating sources of its growth and also with negative impacts on living conditions and improvement in their quality. It may be probable or even sure, more radical changes in the social system will be unpopular but unavoidable. The reform cannot be carried out without "conditio sine qua non" consisting in changes in people's approaches and behaviour. And these ones will not be changed easily and fast due to the people brought up in the generous social state in the past.

Radical changes must be based on what is crucial for their structure - which are undoubtedly two basic (absolutely different) principles: of equivalence and solidarity. It will be not only the problem of viewing them, but also a change in their position (importance) in the social system.

The aim of the paper is to point out the necessity to strengthen the principle of equivalence in individual social systems.

Most importantly, as it has been said, let's suppose two important principles in social systems play an important role, although both are supported by different ideologies and different economic and social impacts are expected from them. On the other hand, all other trajectories, including our social system, must be focused on optimum combination and cooperation and contribute to harmonious development of the whole society.

## **1 Principle of Equivalence**

### **1.1 Common Solutions**

The concept of equivalence means an equal value, something having the same effect and value. In social policy, the principle of equivalence is often applied mainly in systems of insurance and is defined as a principle according to merits or efficiency.<sup>2</sup> It supposes distribution of pensions, possessions, conditions etc to individuals will be equal, consistent with their performance, according to their merits.<sup>3</sup>

We can state, the principle of equivalence is currently in a process of a revival. Definitely, it is connected with the fact the present modern society is strongly influenced by the idea of individualism. More and more abilities of individuals, their performance, competitiveness, intellect and social qualities (communicative abilities, cooperation, personal responsibility, ethical behaviour...) are relied on. Ideas of idealism explain the fact that individuals play the most important role in the development of a society. Societies provide them with more and more freedom and assumption for their individual behaviour and finally even goals in life are met more at an individual than team level. Economic theory promotes

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2 *The social system here means a social sphere - the part of the system of society which forms a reference frame for social policy with its internal relations and connected with social background as well.*

3 *Problem how to measure merits including validity of such measures is put aside.*

the individualistic concept as well. Ideology of neoliberalism puts the emphasis on individuals, their freedom, rights for property and responsibility is viewed individualistically. It supposes that the principle of equivalence meets requirements for economic growth and its stimulation better. That is why it is openly against publicly organised solidarity and social redistribution, respectively against its “excessive” dimension (despite the fact it cannot define that quantitatively).<sup>4</sup>

Ideology of individualism can be characterised:

- a) it is desirable so that every individual should work hard and exploit his/her individual talent to become competitive in the labour market,
- b) if he/she works hard, his/her work is appreciated and he/she is adequately compensated with pensions, wealth, prestige ..., and even power,
- c) those who work so hard are really successful and able to secure their existence and an independence, they “stand on their own two feet” and do not need any specific social transfer,
- d) economic failure and lack of self-sufficiency is caused by him/her, by his/her insufficient work effort a he/she must bear consequences /i.e. low income, loss of property, poverty .../ and social transfer provided by the solidarity organised by the state is according to the neoliberal concept minimal.

It is obvious that application of the principle of equivalence in social systems is in compliance with the ideology: it supports motivation to work, is aimed at social independence on the state and their self-sufficiency. Consequently, it leads to lower requirements for a range of redistribution for social purposes and therefore to save public resources mainly in the social security system. As a result, it allows lower tax burden, higher rate of investing and higher growth of GDP. It is not necessary to emphasise the ideology is obliging to the “self-sufficient” (talented, qualified, hardworking ... people), in fact high income groups of people and it is accepted by them well. As to “non self-sufficient”, who cannot meet requirements of equivalence and secure their existence with their incomes (they needn't be lazy people who parasite and stay in substandard conditions), those ones rely on a charity. We can see equivalence has its advantages and disadvantages. Positive aspects of the principle should be used without being given an ideological marking. The principle of equivalence in a social system (e.g. in pension reform) cannot be rejected only for the reason the neoliberal theory is based on it. The key criterion must be the fact whether a principle leads to creating functional and long term sustainable social system.

## 1.2 Equivalence in Social Insurance

Although the principle of equivalence may seem to be in opposition to set social systems whose the most characteristic feature is, on the other hand, redistribution and the principle of solidarity. But the principle of equivalence is relatively widely used and above all in insurance area. Equivalence is, for example, a condition of an overall balance in all insurance systems and its macroeconomic equivalence guarantees its functioning, continuity and even whether the clients succeeded in revaluation of their deposited means. It

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4 More details concerning the problems see e.g. KELLER, J., *Soumrak sociálního státu*, 2005.

applies both to private and public insurance (it is not influenced by the fact that possible deficits of a public insurance will be compensated from state revenues). The requirement for equivalence is very categorical and it is necessary to be met.<sup>5</sup> The principle of equivalence in insurance is used as a tool which helps to achieve a balance between a height of insurance and expected risk (loss) which can be compensated by it either the equivalence between individual risks and a height of adequate insurance (the principle of individual equivalence) or equivalence between homogenous group of risks and insurance of adequate group of the insured (the principle of collective equivalence). In the case, we must take into account problems of solidarity because the basis of every insurance consists in a willingness to join together to solve common problems. Insurance systems are examples how both principles are closely interconnected.

At first, the development was focused on the private insurance. Increases in risks, responses to originated demands of industrial development for insurance sector and the fact that the analysis of individual risks was becoming very difficult they resulted in gradual application of collective equivalence, applied to a big group of heterogeneous risks (similar risks were linked together). Bismarck acted with his concept of social insurance in the same way. Social and private insurance were similar to one another and based on - to a certain extent - solidarity (probability model). During the time both insurances and their development started to differentiate.

Reforms by W. Beveridge became a turning point in the development. By means of these, the principle of solidarity was strengthened and social insurance was formed in practically the same shape which is known nowadays. Strengthening of solidarity was closely connected with the adoption of insurance derived from incomes. New fixed minimal benefits and a fixed contribution for all insurance holders were set. Dependence of insurance on incomes, especially if no limits the insurance is paid from are set, puts pressure on solidarity and its acceptance not only by the high income insured but also the society as a whole.

Private and social insurance have started to go on their own ways. Private insurance is aimed at strengthening of the principle of individual equivalence. By means of improved methods and computers, it is possible to carry out highly differentiated analyses of risks which enable insurance differentiation and it is possible to adapt it to clients' requirements. Better living standard and income level of some groups encourage its development as well. It must cope with some obstacles, income differentiation in society, it means social and economic conditions of the lowest income groups for which the private insurance might not be available. On the other hand, goals of social insurance and the insurance dependent on incomes (even in addition to social security system - see health insurance) and due to a solidarity is available even to groups which are excluded from the private insurance. But its price for the society is very high. The system prompts undesirable development: solidarity is too high, relation between insurance and contribution is vague, motivation is low, incomes are lower than costs, the system is permanently unbalanced, deficits grow and macroeconomic equivalence is damaged.

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5 *Let's remind e.g. the height of the CR public debts which are considerably influenced by mandatory expenditures as an obstacle to accept euro currency. Or acceptance of euro, mergers, bankruptcies of insurance funds in case of insolvency.*

Currently, the difference between the private and social insurance is becoming topical. The principle of equivalence should be involved even in the social insurance. It prompts the questions: social conditions have changed since the past, especially the time after the 2nd world war when the solidarity in the system of social security expanded most.<sup>6</sup> As a result, besides strengthening solidarity it will be unavoidable to join other elements of the social system currently closely connected with the prosperity of the society (e.g. education sector) rather than pension and health insurance. Moreover, it is necessary to consider the fact the current system of the construction of the insurance respectively its impact on costs results that the insurance is paid in fact by consumers in prices of products not by the insured or their companies. So far the solution of the deficit of the system has been unsuccessful - it has been connected with its income side. It leads to thoughts that equivalence strengthened at the expense of solidarity must exclude the risk that some groups will stay without any protection of the state. Apart from other things, the state is bound to that by its and even multinational norms. We can say, this is an ethical requirement which tests all societies but involves some social tensions and above all necessity to cope with many false prejudices. But let's go back to the principle of equivalence.

Application of the principle can be found in social systems out of the insurance sector. In a specific modification (in the meaning of proportionality, adequacy), we can speak about it when providing social benefits which need to be equivalent and adequate e.g. to an effort to cope with poverty or to search for a job. It is similar with some benefits of the state social support where equivalent family incomes are required. Therefore, equivalence is neither alien to social systems nor far away from them.

### 1.3 Preferences and Risks of Equivalence

What are the preferences and risks in social systems? Most importantly, let's say a current glorification of social self-sufficiency which is supported by the ideology of individualism and its principle – the principle of equivalence can be, in our opinion, beneficial to some its parts. It concerns mainly our current system of pension insurance which shows excessive solidarity and besides supplementary systems it offers only limited possibility of the equivalence of deposited insurance. High income people have relatively low pensions because pension ratio to their wages decreases with higher wages. In newly set pensions, the ratio, after 40 year insurance and with the wage equal to 0.5 multiple of average wage in the national economy, is 84%. With the wage equal to four-multiple of average wage is only 17%. It is caused by a significant reduction in individual basis of assessment. The system is too generous, in favour of low incomes and provides insufficient compensation for pensions constructed from high incomes. The situation was a subject of the complaint sent to the Constitutional Court which decided that it is necessary to change the method of calculation of pensions (its findings resulted in so called "small pension reform" which came into force on the 1st October 2011).

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6 *Current system of social insurance has its roots in recent past, in the time of industrial revolution and neither reflects present conditions for the growth in productivity nor social position of insurance payers.*

Due to the growing labour costs the current basic system of pension insurance increases growing production costs and make the competitiveness of Czech producers worse. It is caused by insufficiently applied principle of equivalence (benefits respond to paid insurance insufficiently especially as regards mid and high income groups). It does not motivate even economically active citizens. Forthcoming reform should strengthen the requirement for the equivalence in the pension system. Only pensions guaranteed by the state should be provided from the current system but in more restricted height than so far. The rate of the decrease in provided pensions needs to be considered very responsibly. It should not be too high so that the system would not become unattractive for high income people.<sup>7</sup> At the same time changes in its parameters should be set to restrict the principle of solidarity and strengthen the principle of equivalence. In other expected elements of the reformed pension system (above all the second and the third pillar), the strengthening of the principle of equivalence or its dominance (the third pillar) and reduction in solidarity is expected. Those whose contributions to the system were higher, would receive higher pensions.

Emphasis put on the principle of equivalence is supported by two interconnected issues: firstly, there are demands for economic resources given by the requirement for a permanent sustainability in the future development (sustainable development). In social context, it regards mainly massive support of education system where a social transfer should be strengthened. Secondly, there are the problems coming from the current pay-as-you-go system based on the generation solidarity. Reactions of the current pension insurance to these facts logically result in another move in the responsibility for own social needs towards individuals. Strengthening of the equivalence in some above mentioned elements of a social system could lead to stabilization or a decrease in redistribution in the social security system as a whole and restrict excessive state generosity. In summary, we can make economies in public finance<sup>8</sup> (and possibility to use them in other elements of the social system) when accepting the principle of equivalence. Besides, a specific incentive how to change social behaviour of citizens can be expected as well. Without the changes in people's attitudes the reform efforts will be only partial and not very successful.

Anyway, these positive aspects connected with the strengthening of equivalence have its obstacles and risks. Above all, the principle of equivalence is hard for so called "non self-sufficient". In all societies there are and will be such people who will not be able to secure their existence in the system based on the principle of equivalence whose application represents high financial barriers for someone. The private insurance is sometimes unaffordable for those who are more dependent and need it most. A part of people is often dependent on other people's help, their tolerance, sympathy, solidarity and it is impossi-

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7 Pensions would be given those in need who could not secure themselves (low incomes as a consequence of unemployment or disease) either with private insurance or savings.

8 Economies in public finance can be found even out of social system. There is the wasting due to insufficient audits of expenditures of state budget. Lots of things are financed not effectively. Some subsidies are not dynamic and our industry and other economic institutions got used to receiving billions extra without being demanded for better results or savings. These problems, as well as other methods (tunnelling, tax evasion) need to be urgently solved. But the problem is not here on agenda.

ble to refer them simply to charity how the neoliberal doctrine thinks. Charity activities are not able to meet people's requirements, we have to respect multinational commitments, legislation, possible growth in social tension in society...

## 2 Principle of Solidarity

### 2.1 Background

Solidarity (cohesion, mutual support) is an essential element in structures of all social systems and how it is nowadays understood, it is not only mutual understanding and help, but also mutual responsibility. It is considered as a significant momentum not only of material but also moral and spiritual development and a condition of the progress.<sup>9</sup> "It is a reflection of the fact the person is dependent on the coexistence in the society he/she helps to create and which provides him/her with some benefits. It expresses human sympathy and responsibility for themselves and the others as well. In democratic countries is based on a free will and willingness to respect interests of a wider community. This is expressed in representative democracy in democratic countries."<sup>10</sup>

This mostly accepted definition characterises its heart of the matter. It might not be changed even in the future: it means it should stay in our country (in the EU as well) as a value which can help to guarantee worthy living conditions to all citizens, it should contribute to a prevention of social tensions and conflicts and to support social cohesion in the society. But we must say it cannot be on the same scale so as not to damage the idea of self-sufficiency and economic effectiveness and prosperity.

Solidarity, as we know, is not a definite term. It can have many forms, ways of implementation, different size, impacts etc.<sup>11</sup> For example, from the vertical point of view we can speak about an international solidarity (see some activities of multinational organisations such as e.g. WHO, ILO, the World Bank), about a solidarity of society which is organised by the state, a solidarity within narrow social groups (solidarity of villages, companies, communities, churches, charities) and a solidarity of individuals, families, households. From the horizontal point of view we mostly speak about an intergenerational solidarity, solidarity between ill and healthy people and the employed and unemployed etc. In addition to that (especially as regard financing health care) we speak about accidental and subsidised solidarity whose differentiation consists in defining rules to set the insurance which is delivered by the insured to a common financial fund.<sup>12</sup> We can see solidarity has a lot of meanings and therefore it demands a deep analysis and research of different motives, relations and consequences which are, of course, different. Only if we proceed this way we

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9 KREBS, V., a kol., *Sociální politika*, 2010, s. 33-34.

10 More details see: KREBS, V., a kol., *Solidarita a ekvivalence v sociálních systémech*, 2009.

11 More details see BALDWIN, P., *Politics of Social Solidarity*, 1990.

12 *Random solidarity is used among private insurance clients when insurance paid by them reflects possibility of an event they are insured against, value of insured subject and expected compensation derived from that without considering social and economic status. As for the subsidised insurance, the height of insurance is dependent on the ability to pay it and its height must not be differentiated by the insurance office according to risks the client represents.*

can reach the functionality and sustainability of the whole social system in the long-term horizon. Without such analysis, there is the risk that the thoughts of solidarity will lead to non effective generalization aimed at e.g. a tendency to understand the solidarity as an entirely positive intellectual concept having only positive features or on the other hand, it will be rejected as a concept encouraging dependence, non-self-sufficiency, demotivation and low effectiveness of the economic system. But of course, the solidarity can be both desirable, positive, encouraging and supporting prosperity even in a social harmony and undesirable, demotivating and supporting parasitism and social erosion and resulting in delayed impacts on economic growth. It is important to recognise these effects in concrete social and political measures and make a deliberate choice.

As long as we speak about specificity of the phenomenon of solidarity, we cannot ignore the differences between the spontaneous, voluntary solidarity (some authors view that as the real one) and the forced, involuntary, real. The topic must be paid more attention since it seems there are some ways out how to solve social problems.

## 2.2 Voluntary Solidarity

Voluntary solidarity is appreciated by everyone because it is natural to give up some profits in favour of someone else either the motive is consanguinity, affection, sympathy or only the fact he is expected to do that. Someone regards it as the only acceptable one. There is a quotation: "There is either spontaneous solidarity or none. To dictate it means to damage it. A law can make people avoid immoral behaviour but the effort to force them to show their solidarity is useless."<sup>13</sup> Of course, the voluntary solidarity (supported by liberal thinking) plays an important role in social systems apart from other things, it does not create so big pressure on redistribution. It has probably higher ethical value than the forced one. It is also a base of all charity activities. But the problem is, it is impossible to guarantee the functioning neither of the social security system nor the social system as a whole.

## 2.3 Forced Solidarity

The non voluntary, forced solidarity means the solidarity forced by the state in the form of taxes and obligatory public insurance and the state obligation to guarantee even solvency of relevant funds. After the second world war- and so far - the solidarity of the society organised by the state has significantly participated in the development in social systems in our country (and in some other European countries) either in the form of taxes or insurance. Large social security of citizens needs a high rate of redistribution. When setting it, the state must be aware of the antimony between performance and equality and must take into account that the high rate of redistribution could have a negative impact on the economy and will lead to a demotivation of individuals and lower responsibility for their own living conditions. It is a notorious fact that the forced redistributions are not desirable or acceptable. The real development in the last years shows that the risk of "the incautious rate of redistribution" has become very topical in the CR.<sup>14</sup>

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<sup>13</sup> BASTIAT, F., *Justice et fraternité*.

<sup>14</sup> See KREBS, V., a kol., *Sociální aspekty transformace české ekonomiky, 2004*.



A situation in public finance shows the urgency to solve the problem: state deficit is high (2005 accounted for 5.1% GDP) and the CR does not meet Maastricht criteria (3.0% GDP). The loss of the CR credibility and the EU sanctions are becoming a real risk. Above all mandatory expenditures (mainly expenditures on the social security and health systems), which are obligatory for the state, participate in the situation. Without a reform in the field - even without a change in the current ratio of solidarity and equivalence in the social security and health system – we can hardly continue since the future mandatory expenditures could exceed the revenues of the whole state budget. Such development is impossible because the state must guarantee even its other functions e.g. development in education, science, research, investments, justice etc.

A search for an “optimal” rate of redistribution respectively the state forced solidarity in social systems is not new. We have been able to see that at least since the beginning of the 80st of the last century. Since the time an increase in expenditures on health care, a pension security of ageing population, an increase in unemployment but also the need to improve the education system have got in a conflict how to solve such extensive problems and how to finance the solidarity. It seems that the changes that happened due to the concept of so called “post-welfare state” and correspond with the optimization of the system of solidarity became a step in the right direction (emphasis put on strengthening of the mentality of independence and responsibility, voluntary solidarity, the principle of subsidiarity, differentiation and testing of social benefits etc. They were also considered in the reform at the beginning of the 90s). But currently, we can see they were not sufficient.<sup>15</sup> We cannot accept them and we must insist on a state shift towards some restrictions in the forced solidarity in some elements of the social system. We must consider that the viewing solidarity is not restricted only to it.

Mainly, as far as the extent of solidarity of society the size of the forced solidarity is too wide. Such solidarity is desirable where a person in need and without means is provided a help. It is desirable and ethical so that such burden will be shared by the state (by fellow citizens). On the other hand, there is a question whether the same solidarity should increase many citizens' incomes (e.g. of mid and high income groups) by means of miscellaneous benefits. If a person in need gets a support to a worthy life in society it is something else than a person using it to save its expenses (in fact, it increases incomes) which could be paid by himself/herself. In the second case, the solidarity of society seems to be entirely redundant and the financial transfer is far from the redistribution between the rich and the poor. No one doubts it is reasonable and right. The core of the problem is in an expansion of the solidarity related to strong social states after the 2nd world war and connected with the historical situation and conditions of the time.<sup>16</sup> But these are currently different and the policy of solidarity must respect that.

Another example of excessive dimension of the solidarity forced by the state can be found in the system of health insurance financing health care. Nobody is sceptical about the necessity of significant changes which will have to accept a reduction in the weight of soli-

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<sup>15</sup> See ASPALTER, CH., *The Welfare State in Emerging-Market Economies*, 2003.

<sup>16</sup> See e.g. SPIEKER, M., *Sociální stát a jeho krize*, 1996.

parity and strengthening of equivalence. It is obvious that the ideas of long-term stability of the system coming from different ideological solutions, attitudes to health care cannot succeed. The solution may insist in an acceptance of a certain complex of objectively respected requirements for health care.<sup>17</sup>

Essentially, it can be expressed in three axioms:

- a) health care can be provided by the state only in a socially limited extent;<sup>18</sup>
- b) the principle of solidarity between healthy and ill people must be partly restricted and compensated by the principle of equivalence;
- c) health care drawn from solidary health insurance must support individuals' responsible approach to health.

The situation when practically all the health care is financed by the fund of general health insurance is not sustainable in the long-term. It will require sophisticated negotiations and reach an agreement on content and extent of provided guaranteed care. In addition to it, limits to what individuals are entitled from their policy, implement e.g. a specific contract between a client and his/her insurance office. The insurance of people who risk their health and lives in extreme sports or consciously damage their health (alcohol, smoking, drugs) must be solved as well. Health insurance offices e.g. could take into account patients' care of their health and commercial insurance offices should make provision for that.

Finally, a very important fact of excessive solidarity in the system of basic pension insurance is necessary to be mentioned. Here we must only emphasize that the system of pension insurance is an area which definitely meets requirements for strengthening the principle of equivalence best: paid insurance give the right to an adequate benefit, but at the same time it is an area which is in the social security system most closely connected with a participation (and reintegration) of people in the area of work and which provides wide space for partial compensation of the principle of solidarity by the principle of equivalence.<sup>19</sup> It could relieve a resource of society e.g. to finance development in education which is most suited to balance limited life chances. Therefore, it is not possible to make only "cosmetic changes" in the current basic system but restructure it and strengthen the weight of equivalence.

## 2.4 Perception of Solidarity of Society

Next, the perception of solidarity of the society should be changed. So far the aspect of help and understanding has predominated and mostly positives and expectations have

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*17 This one was developed in compliance together with new advantages and disadvantages of models of health care, based on ideological solutions above all in the European region and they consider even the situation in our medical care after the year 1989.*

*18 It should be a result of a consensus of society. It can be defined as a willingness of citizens to contribute to the fund of public health insurance through solidarity and willingness to accept a certain level of health services (determined by the solidarity). Perceptions are different which open a space for a private health insurance.*

*19 Expenditures on pension insurance accounted for about 338bn crowns in the year 2010 and represented about 70% of all expenditures on social security, 9.1% GDP.*

been emphasized. But the solidarity at the same time means responsibility which can be connected even with negative impacts. We must be aware of that especially when considering the solidarity forced by the state. This is not only a matter of those who draw from the solidarity funds but also of those who are obliged to contribute. Currently, preferences of solidarity are spoken about not possibility of getting into a conflict with other legitimate interests. The solidarity has its ethical and material value even for those who benefit from it (benefits, support etc). But is it an ethical value for those whose well-earned incomes are reduced and whose freedom is limited? Evidently not. There is a problem of covering taxes and insurance without non incentive consequences, possibly even unwillingness to pay them and also a conflict - freedom versus extreme regulation. From the point of view, the solidarity of society gets "an ethical certificate" if it is adequate to the economic development and suitable for those who profit from it and for those who contribute. The payment on solidarity purposes must be "reasonable", as far as the effect and use and a burden of payers. An alternative solution supports tax evasions, insurance frauds, black economy etc. Current agreements in the tax area and in public insurance (social and health) - especially in long-term horizon - show that the forced solidarity is often inefficient and has negative impacts on the moral and social behaviour, it narrows space for the voluntary solidarity. And it results in changes in rules of their setting.

One thing is certain, the present methods in the social system have not been sufficiently significant so that they could set a trend heading towards an acceptable solidarity of society. So that is why such objective is hard and redistributions are always a political decision of the government where not only ideas but also interests of various groups and lobbies are met. In addition to that, we are still influenced by our socialistic past and the idea of equality is deeply rooted in our society. That is why not only the social development brings crucial changes in new technologies and their application in production but also changes in social relations, life style, labour market, education ... whose consequences cannot be fully predicted or we do not want to imagine them because they do not concern us directly. These changes as the whole expect a revision of the current social state and its functioning and necessarily change opinions on redistribution of the society.

## Conclusions

Most importantly, we should say the development of a society (not only ours) currently faces a certain friction between economic and social area. The turning point between them is far from a balance between an economic effectiveness and social thoughtfulness, (which were more common in the beginning of a development of the welfare state and social market economy in west European countries after the 2nd world war). Each of these areas - despite obstacles and their approaches - works according to its own logic: effectiveness and performance is a domain of the economy, a passive social state mainly based on the forced solidarity is a domain of the social sphere. To a large extent, both areas are functioning so that they destroy each other. What is the way out of the vicious circle? Either higher and higher economic performance, supporting growing and never ending demands for a solidarity how they were accepted by the industrial society in the last century or an effort to optimize the rate of the solidarity connected with a reevaluation of its extent, purpose, effects etc, connected with a strengthening of the principle of equivalence and preferring other life values which will meet requirements of modern

post-industrial society better. We cannot ignore the fact that opinions on the development in the world which advances and are in the permanent process of reassessment. Dominant values in a specific society are always connected with the history, reached degree of social development, with commitments and mission of a given stage, with other perspectives of development etc. They are not definite for ever which applies to the Czech social system as well. In our opinion, changes in hierarchy of values, other conditions of social development, its mission and goals must be reflected in attitudes to the solidarity and equivalence in social systems. But so far it has not happened.<sup>20</sup>

We can summarize: current social system and especially changes in the social security system reflect conditions in which relatively generous social system was developed and has been working till now. The etatist concept of solidarity, we are still based on, is sharply inconsistent with requirements of the future post-industrial society. Not only the state of public finance, but also the increasing impact of individualism which relies on individuals more and more, his/her abilities, performance, intellect and social qualities confirm that. The change in perception of the sense and the role of solidarity and equivalence in social system and necessity to change proportions to strengthen the principle of equivalence are connected with it.

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<sup>20</sup> As long as we do not specify solidarity, we have the solidarity forced by the state – in the form of taxes and obligatory insurance in mind.