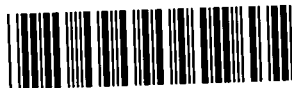
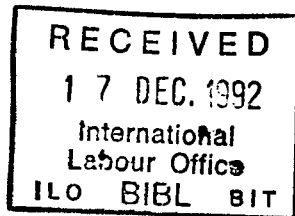


Social security
A workers' education guide



39224

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Preface

Since the beginning of time, people have been trying to find systems based on the principle of mutual solidarity for purposes of coping with different forms of hardship. In the modern world, tackling the issue of social protection is a major yardstick for gauging the political determination of a people to ensure maximum mobilisation of human resources in the national economic effort. While many, though not all, industrialised countries have set up effective national social security systems, often complemented by private insurance schemes, which together guarantee virtually full coverage for all beneficiaries, the same seldom applies to developing countries, where the family structure continues to bear the strain and cost of health and family welfare.

This guide has been produced for use in all countries where social security systems are not yet operational or need to be improved. Developing countries in particular, as well as the countries of Eastern and Central Europe, may find this guide useful as they attempt to set up systems of social protection. The many millions who make up the population of these countries still have little or no access to such protection. Apart from the distress and suffering they must endure, an entire nation's development is obstructed when people carry too enormous a burden of sickness and poverty to be able to contribute as they might to their country's development as workers.

In producing this guide, the ILO Workers' Education Programme gives recognition to the cardinal importance of ensuring that workers are fully informed about how to set up and administer social security systems and of their own role and responsibilities.

The first workers' education manual on the subject of social security published by the ILO appeared in 1958. Since then, no new editions have appeared. However, the companion title *Introduction to Social Security*, a general overview of the subject, was also published by the ILO in the same year. The present guide, specially adapted to workers' education, was prepared by Michael Jenkins, a specialist in social security and former official of the ILO.

The ILO is committed to redressing social imbalances and fighting poverty, and this title is a welcome addition to our collection of workers' education guides. It has been published in the assurance that for trade unions and workers' organisations it will be one of the sources from which effective social security systems will spring in the future.

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Introduction

From earliest times human beings have sought to protect themselves and their dependants and to provide a better and safer environment in which to live. They need security.

In this guide we will be concerned with the concept and practice of *social* security, one of the main pillars on which overall security rests. While the term “social security” may mean different things to different people, there is one common thread, that of the natural desire of communities for greater protection – protection from life’s problems, from uncertainty, disease and deprivation. Over the last two centuries men and women have become increasingly reliant for the standard and quality of their life on cash wages and on the goods and services provided by others. In the absence of wages or income they have often been unable to cushion themselves and their families from the uncertainties of life. Over a period of time like-minded individuals have banded together for mutual self-protection to try to ease their problems when income on which they have come to rely is reduced or ceases. It has not been easy, and in many countries, even today, there are communities that still have little or no protection. In more fortunate countries the infrastructure is in place to meet the ordinary requirements of its citizens in such areas as education, housing, health care, income replacement and employment, but even here there are problems which still have to be overcome, while new ones emerge because of social and economic changes and developments.

This guide is intended for those individuals and groups – and particularly workers’ groups – who wish to know more about the subject of social security; what it is, what it provides, what difficulties there are in furnishing adequate protection, and so on. It cannot be a complete or exhaustive guide. Such a guide, if it could be produced, would have to be very detailed and, even so, could not hope to cover all aspects relating to social security. The best this guide can do is to present, from the standpoint of the International Labour Organisation (ILO), the main aspects of social security programmes which need to be understood, and to provide, at the same time, some ideas and discussion points for those who may want some subjects and themes for use in training programmes.

The guide is also meant to be used, in particular, in association with the ILO publication *Introduction to social security*¹ and it has been prepared in a format which follows the various chapters in that publication. This is deliberate. For further information and insights into particular aspects of social security it is hoped that the reader or the trainer will make reference to the text of that volume. Other ILO publications which can usefully be consulted for further information are listed in the appendix.

¹ Geneva, 3rd ed., 1984.

What is social security all about?

Since social security covers such a wide spectrum and it intrudes into the “daily life” of vast numbers of people, some limits will obviously have to be set. The words “daily life” are not strictly accurate, because in truth social security starts before one is born (often pre-birth care is provided) and it continues after death (in the form of death benefits of various descriptions).

First, we attempt to define social security and give, very briefly, an outline of its historical development and mention the different types of scheme which are in operation today. We then look at who is protected by social security and talk broadly about some of the benefits and the need for qualifying conditions for them. A quick glance at the individual benefits (there are nine main types) is followed by some pointers on the financing of social security schemes and the effect of social security on the economies of countries. Since an efficient administration is vital for the successful running of schemes and of particular concern to workers’ groups, the guide covers various aspects of interest. It ends with a short look at the special arrangements which may be made for migrant workers, and summarises the role that the ILO tries to play in the development of social security.

A bit of history

The need and search for greater individual and group security has always been present. People have always tried to protect themselves and their families from such contingencies as hunger, pestilence and the other dangers which have threatened or surrounded them. They have done their best to provide the necessities to sustain life—shelter, food and clothing. It has been a continual battle, and remains a constant struggle to a large proportion of the world’s population to this day.

As the centuries unfolded, communities organised themselves into groups of various types, first in order to protect themselves from the dangers around them such as animal and human marauders, and then to try to lessen the other harsher aspects of life. In the course of time leaders emerged who, for better or for worse, tried to discipline and organise their subjects and the way in which they lived. They gave counsel and advice to those whom they led; often it was self-interested. Groups of people with similar problems and concerns banded themselves together for mutual protection. Trade and artisan

guilds were formed with the aim of helping members when hardship struck. Religious institutions alleviated some of the misery of those who were unable to cope with life's problems.

During the nineteenth century the individual, rural way of life, with many people living off the land and often in poor circumstances, gave way, in Europe in particular, to industrialisation. This posed new social and economic problems, and was accentuated by the drift away from the rural areas into the towns, in which commercial and industrial development was taking place and where wage employment might be found.

Workers in industry became reliant on the regular payment of wages for food, shelter and clothing. In the absence of such wages they lacked the traditional social shield which helped to protect them and their families from the worse excesses of deprivation. The clan and tribal systems, the extended family with the able-bodied helping to look after the children, the frail and the elderly, weakened or were no longer available to them in the urban situation.

Piecemeal attempts were made to lessen the distress of those whose wages stopped because of sickness or unemployment, through work injury or old age. Savings schemes were organised by governments or mutual aid societies. Private insurance developed to provide life cover and funeral benefits. States began to introduce legislation to require employers to provide some maintenance for their ill or injured workmen. But these arrangements were not sufficient in themselves. While the philosophy of the day might have been that workers could make their own arrangements to counteract life's risks, the reality was that they were so absorbed in the day-to-day struggle for survival they could hardly be expected to place emphasis on possible or distant eventualities.

Against this background and slowly to begin with, but with a quickening pace once labour started to organise itself and became more vocal and powerful, social protection programmes began to take shape in industrialised countries. These programmes were often compulsory, applying first to certain categories of workers but then being progressively extended to cover virtually all the population. Various types of benefit were introduced, seeking to replace – at least in part – lost wages and incomes, and, as time passed, were extended. The term “social security” was found to describe this situation.

We shall therefore define “social security” for the purposes of this guide as:

the protection which society provides for its members, through a series of public measures, against the economic and social distress that otherwise would be caused by the stoppage or substantial reduction of earnings resulting from sickness, maternity, employment injury, unemployment, invalidity, old age and death; the provision of medical care; and the provision of subsidies for families with children.

It may be of interest to note that the term “social security” was first used officially in the United States legislation of 1935 – the Social Security Act, 1935 – and it also appeared in 1938 in an Act passed in New Zealand. The ILO seized on the term, which was then used extensively in the various



ILO Conventions and Recommendations (which sought to establish standards which countries would follow – see later in this chapter), adopted in the years following 1952.

When talking of social security we should remember that it is composed of different elements. These elements are social insurance, social assistance, benefits which are financed by the general revenues of a country, family benefits and provident funds; and these must be linked to additional provisions made by employers such as workers' compensation schemes in respect of accidents or diseases of occupational origin, and to other complementary programmes which have developed around social security.

Before concluding this part of the guide, we should briefly set out what social insurance, social assistance and the other elements mentioned above really mean. We then move on to a more detailed description of the coverage of schemes both in terms of persons who are protected and the benefits which are provided, and to some of the problems which are yet to be completely resolved.

Social insurance

Social insurance was established in Germany more than a century ago when local governments set up sickness funds which required workmen to pay contributions to the funds on a compulsory basis. When an illness occurred, benefits were then paid to the insured workman. Sickness insurance schemes were followed by similar schemes covering the contingencies of employment injury, invalidity and old age. All three of the social partners – workers, employers and the State – had a say in the running of the schemes, and it should be noted that worker solidarity played a prominent role in the conception and the establishment and running of the schemes.

The concept of insurance is based on the principle of the pooling of risks. Thus everyone covered by the scheme makes a contribution to a common fund; when and if a contributor meets the prescribed conditions for benefit, for example, suffers an illness, and has made contributions, over the necessary period, his or her needs – or at least part of them – are met from the insurance fund. Social insurance schemes may differ from one another but their principal elements are that:

- they are financed by contributions normally shared between workers and employers, with often some State participation;
- they require compulsory participation;
- contributions are paid into special funds out of which benefits are paid;
- surplus funds are invested to earn further income;
- benefits are guaranteed on the basis of the contribution record without means testing (i.e. taking income and wealth into account);
- contributions and benefits are often proportionate to earnings;
- employment injury schemes are usually financed wholly by employers.

Social assistance

Instead of individual contributions from workers and employers, some countries have started — or have redesigned — their social security programmes on what is termed “social assistance” lines. Taxes, either local or national, are used to finance the various programmes which provide benefits paid as a legal right when the prescribed conditions of need are met. Generally speaking, means are taken into account when arriving at the assessment of the benefit to be paid. Many countries which rely basically on social insurance programmes also have social assistance schemes for those persons who for one reason or another fall outside the scope of the main programme or whose insurance benefits are insufficient to meet their needs. Since social assistance and social welfare can be closely related, some discretion is exercised in arriving at the amount or type of award to be made.

Scandinavian countries, and countries such as Australia and New Zealand, have opted for a social assistance type approach to social security.

Benefits financed by general revenues

In yet other countries standard benefits for all residents or persons who have been in employment for a certain length of time may be awarded and paid irrespective of means. Such benefits may include pensions for the elderly, widowed, orphaned or invalid, and they are financed from the general revenues of the State. Medical care may also be provided in some countries without a contribution or means test and the cost is met, either wholly or partially, out of public funds.

Family benefits

Many countries provide some form of social security recognition of the special needs and additional expenditure associated with raising a family. While arrangements may be made through the taxation structure to take account of family responsibilities, a number of countries provide special benefits to a person raising a child or children, either by way of a pension or by supplementing wages.

Provident funds

Provident funds and societies concerned with thrift have been in existence for generations; in the absence of other forms of social protection,

they responded to the special needs of groups of like-minded individuals who wished to save so as to meet future expenditure. States, particularly those whose economies were still in the course of being developed, adapted the approach and introduced schemes (generally known as national provident fund schemes). They have the advantage of being an easily understood form of national and compulsory savings; the accumulated contributions (savings), with added interest from investment returns, are paid out to members when certain eventualities such as old age, invalidity or death occur. Meanwhile the money standing in the fund can be used for social and economic development projects.

With provident fund schemes individual contributions are deducted from the wages of the worker, while employed. Normally this is matched by a similar contribution from employers, and the whole is placed into an account in the name of the worker which is maintained by the provident fund institution.

There are those who say that a national provident fund scheme is not a true social security scheme in the conventional sense of the term. There is, of course, no pooling of risks among the covered workers; rarely are there periodical payments in lieu of wages. Lump sum payments are the rule. Unfortunately too, in inflationary situations the accumulating contributions can lose much of their purchasing power so that the ultimate benefit paid out may have little relationship to the cost of living.

Employers' provision

Employers' liability schemes exist in many countries. Mainly concerned with the risk of employment injury (accidents at work and occupational diseases), they place an onus on the employer to provide compensation and medical care in respect of such an injury either directly or under an approved insurance policy. Most such programmes are known as workers' compensation schemes.

The labour laws introduced in many countries have also required employers to provide compulsory social security type benefits. Paid sick and maternity leave have often been introduced, and indemnities have been provided when a worker is dismissed or is made redundant. The obligation to provide medical care is found in some legislations, while more and more employers have been encouraged by States — through tax and other concessions — to create occupational pension plans either to replace the existing social security provisions, or to supplement them. While these latter plans are usually non-statutory — they are not included in an Act of Parliament — these and other similar type arrangements are increasing in numbers and scope and are a fruitful area for collective bargaining and industrial agreements.

Social services

Depending on the resources available and as a part of overall social protection, the State often provides social services to its citizens. In the absence – or because of the inadequacy – of such provision, voluntary and other organisations frequently try to fill some of the gaps. The provisions of social services includes:

- preventive action in health care, i.e. prevention of diseases such as cholera or typhoid by educating people in proper sanitation or by undertaking inoculation programmes, avoidance of accidents and so on;
- rehabilitation of the injured;
- special facilities for the disabled and elderly people;
- child welfare and care;
- family planning.

Sometimes these services are fully integrated with other elements of social security – in this respect much depends on the historical development of the country's social security system as a whole.

The ILO and social security

We shall be commenting throughout this guide on the way in which the ILO has tried to help in the development of social security, and Chapter 16 is devoted to the ILO's role in this respect. At this point, perhaps it is sufficient to say that one of the aims of the ILO, which was established in 1919 by the peace settlement following the First World War, was to encourage States to protect workers against sickness, disease and injury arising out of their employment, to make provision for old age and invalidity and to look after the interests of workers when employed in countries other than their own. In 1919 relatively few States had social security schemes, and these were mostly based on the idea of insurance.

The early work of the ILO centred round the creation of standards. In effect this involved the setting of targets which the then member States of the ILO considered to be both reasonable and attainable. The ILO is the only organisation working within the framework of the United Nations system which has a tripartite structure; that is to say, it brings together delegations from member States – governments, employers and workers – who can speak freely and with an equal voice on matters of common concern in the labour and associated fields, such as social security. After a great deal of discussion and examination, international labour Conventions may be agreed upon which members may ratify; if they do so, they are bound to comply with the terms of the Convention. The Conventions themselves contain details of desirable targets, and in the case of social security, for example, these include the

achievement of adequate social protection for workers. As the years have passed, many of the original Conventions have been updated and improved. They have also been supplemented by Recommendations which, though not binding on member States, are intended to persuade and encourage them to go beyond the limits of the various Conventions.

One final point should be made at this stage about the ILO's role in social security development. As would be expected, it is not confined merely to the production of suitable standards and targets. It is also involved in research and study of the problems surrounding the practical application and implementation of social security measures. Many countries have had the benefit of "technical cooperation" from the ILO. Expert assistance has been given to countries wishing to plan for and to implement social protection measures. Specialist advice has been made available on the many areas of concern, such as how to finance schemes, how to make them operational, how to overcome administrative difficulties, how to extend schemes to cover other sectors of the population, and so on.

The spread of social security

The aftermath of the Second World War saw a rapid increase in the number of countries which introduced or extended social security measures. Many countries had achieved or were achieving independence at this time, and as part of their reconstruction efforts they wished to broaden the social protection of their citizens. It was not possible to rely exclusively on the collective or individual efforts of workers or employers to organise, on a national basis, comprehensive coverage; the State had to take the lead. It is interesting to note the progression over the years of the number of state-sponsored social security programmes; the following table gives some idea of their extent.

It will be noted that employment injury benefit coverage is a feature which nearly every country has introduced on a compulsory basis, while a majority have also made provision for old-age, and for invalids and survivors. The "short-term" benefits – in respect of sickness and maternity (so called because they are not expected to be of long duration) – are provided in relatively fewer countries, and family allowances are also paid in about the same number of countries. Unemployment type benefits are available in most industrialised countries, but are often of limited duration.

Type of programme	1940	1949	1958	1967	1977	1988
All	57	58	80	120	129	145
Old-age/invalidity survivors	33	44	58	92	114	135
Sickness/maternity	24	36	59	65	72	84
Employment injury	57	57	77	117	129	136
Unemployment	21	22	26	34	38	40
Family benefits	7	27	38	62	65	63

Source: United States Department of Health and Human Services: Social security programmes throughout the world, 1988, Research report No. 62 (Washington, DC, 1989).

Points for discussion

1. What do you understand by the term “social security”?
2. Why and where did social security evolve?
3. Name at least five social protection systems.
4. What is the basic difference between a social insurance and a social assistance type of scheme?
5. Why are national provident funds often regarded as less effective measures of social protection?

Who is protected by social security?

The ideal – everyone!

Of course it would be ideal if everyone in the community could be protected by social security whatever the individual's station in life – in other words if the coverage could be truly universal. Such protection would be an expression of the solidarity of the community as a whole; and indeed this concept underlies the whole idea of social security. It would also be ideal if the protection could be uniform.

What is ideal is not always practical, however, and even those countries with the most advanced forms of social protection would not claim that every individual has complete or adequate coverage. Conditions and lifestyles change too, and what was thought to be adequate and just, even 20 years ago, may no longer be appropriate today. For reasons of history, culture, religion or tradition, certain programmes may be given greater emphasis than others and, as if these were not enough, the political and economic situation has to be taken into account when planning for suitable schemes.

When formal social security programmes were first started, they tended to be based purely on social insurance principles. They were often very limited in coverage, for example including only certain types of workers (coalminers, railwaymen, workers in factories employing more than 20 persons, workers in certain towns or regions, etc.). Even today many countries are unable to proceed as quickly as they would like in putting into operation limited – let alone universal – coverage of their populations.

One of the problems is that it is rarely possible to cover every individual in the community from the outset, and for a variety of reasons. Most States therefore make a start by covering those sectors which are reasonably well organised, where the individual workers can be readily identified. This eases the task of administration. As experience is acquired, the scheme can then be gradually extended to cover other sectors and more and more people.

Mention has been made in Chapter 1 of this guide of ILO Conventions relating to social security. One of the most important of these – the Social Security (Minimum Standards) Convention, 1952 (No. 102) – brought together in one comprehensive document the policies to which member States were prepared to subscribe at that time. It describes and defines a range of benefits which are at the heart of social security and lays down minimum

requirements as to coverage of the population, the content and the level of benefits, contributors' and beneficiaries' rights and how schemes should be administered.

The Convention lists nine branches of social security. In so far as coverage of the population is concerned the minimum level demanded is quite modest — in some branches it is not more than 50 per cent of the persons at risk, and even within the main standards set by the Convention a country whose “economy and medical facilities are insufficiently developed” may avail itself of temporary exceptions when applying for ratification. The idea is to encourage countries to make a start and not to impose conditions that are too restrictive. We will be referring to this particular Convention often in this guide.

Effective administration

One of the reasons why coverage of populations tends to be uneven has been briefly touched on above. Where individuals and employers contribute to a social security scheme it is necessary to have details of employment and wages, so that when a benefit is claimed the necessary information is in the hands of the clerk who is responsible. And in the case of the so-called “long-term” benefits of old-age pension, invalidity and survivors' benefits contributions may be paid over many decades, and they must be properly recorded. As will be readily appreciated, keeping an accurate track of workers, their employment and their wages over many years is a tremendous task. Modern technology, such as computers, can ease the recording task somewhat, but even so no one would pretend that it is a simple matter.

When a contributory type of scheme is set up, every individual and employer who is to be covered by it must have special and personal identification particulars. Where a country has a well-established system of civil registration or has introduced national identity cards, these can perhaps be used as a basis for the social security registration which has to be undertaken. The exercise must, in any event, be completed quickly: if not, workers may have changed jobs or employers and they may be registered more than once, causing subsequent problems for the proper allocation of future contributions.

For this reason it is often the case that first registration is concentrated on those members of the community who are most easily reached and identifiable and for whom formal employer or other records are most likely to exist. Thus the workers of large enterprises are likely to be covered first — so as to bring into the scheme a substantial proportion of the workforce — and in due course it would be hoped to extend the coverage to the remaining workers.

Even so, in certain countries it has not yet been found possible to extend the initial coverage, and sometimes the workers in small enterprises or private domestic employment, or those working on a casual basis are still not covered.

Concentration on the employed sector

There are, of course, many other individuals who, together with employed persons, form part of society, for example, persons who work on their own account — self-employed persons — or those who are not employed at all, or who work in the home and receive no wages. Such individuals are difficult to include in an insurance-based social security scheme.

From the point of view of the worker, one of the attractions social insurance offers is its apparent value, since although the worker pays something out of his or her wages as a contribution towards benefits, the contribution is nearly always at least doubled by the employer and indeed may also gain from a supplement provided by the State. Self-employed and non-employed persons, on the other hand, will have to find most of the full contribution themselves and may find it difficult, if not impossible, to pay. Furthermore, where the country has a large proportion of self-employed persons among its citizens, such as small shopkeepers, agricultural smallholders, taxi drivers and roadside artisans, there are problems of identification and of securing proper compliance with the social security laws. Various methods have been tried in order to extend coverage to these “informal” sector workers but with mixed success.

The fact is then that most social insurance type schemes concentrate on workers who normally rely on paid and formal employment for their livelihood, while leaving social assistance or schemes providing benefits financed out of general revenues to deal with hardship cases from other sections of the community.

Other causes of unequal coverage

There are a number of other important areas where difficulties arise in applying the principles of universal and uniform coverage, even among employees themselves.

Higher-paid employees

Employees earn different wages and salaries. In the very early days of insurance-based social security schemes it was the practice — and this can still be found today in countries that have certain types of work accident legislation — to exclude higher-paid workers from social security coverage on the grounds that they were probably less at risk and, in any case, they could better afford to cover themselves by personal insurance. When flat-rate contributory schemes were developed, giving the same benefit rates to each worker, higher-paid workers were compulsorily covered; at the same time they were at a

disadvantage. They paid the same contribution as the majority of workers (such a contribution had to be set at a rate the majority of workers could afford to pay), but this was disproportionately low in relation to the higher-paid workers' salary or wage and when they became beneficiaries the flat-rate benefit usually failed to meet their needs.

For this reason, amongst others, the so-called "earnings-related" system of social security came into being. Benefits in such systems are related to the claimant's lost or interrupted earnings and the person concerned, when employed, pays contributions having regard to the level of his or her earnings. That being said, there is usually a maximum rate of benefit prescribed under the legislation and often a ceiling placed on the actual contribution to be paid, that is to say, contributions are paid on earnings up to a certain level only.

Occupational pension plans

In many countries a number of workers were already covered by different types of sectoral or employer-based pension protection when general social security measures were being planned. Such pension arrangements had often been set up after trade unions had pressed for such provisions. On the whole, however, these schemes covered a limited number of the total labour force and they frequently suffered from deficiencies such as the lack of "portability" (being able to carry one's pension rights which had been in the course of being acquired over to another employer when jobs were changed).

The question of how to coordinate existing occupational plans with the social security schemes has proved difficult to resolve. On the one hand, the interests of solidarity suggest that all workers from whatever background should become members of a general social security scheme. On the other hand, some workers do not take too kindly to the idea that they should surrender all or part of what they regard as a special and fought-for arrangement, while some employers too have used the occupational scheme to influence prized workers to remain in their employment since if a worker left employment his or her pension rights would often be terminated. Various solutions have been tried ranging from letting workers "opt out" of the general scheme if they have adequate pension coverage, taking over the occupational pension funds and their assets and liabilities, or allowing the occupational plan in a full or revised form to continue as a supplement to the general social security provisions.

Recent years have seen the trend in industrialised countries towards supplementary pension schemes and official encouragement has often been given for the provision of such supplementary pensions over and above what the general social security scheme provides. This trend may be a result of the perceived overall inadequacy of the general social security pension and the financial pressures on social security resources.

Government and parastatal workers

In most countries government workers have for many years been covered by their own special and comprehensive protection measures established by legislation not only in relation to their terms of service and working conditions, but also in respect of benefits when they incur work accidents, fall sick, become invalids, retire, and so on. Public service pensions and other benefits — like the wages and salaries paid — are usually provided out of public funds. In one sense these pension plans can be looked at as occupational pension plans operated by government as an employer. In another sense government workers, because of the nature of their employment, are in a rather special category since once “permanently” appointed they continue in employment for the whole of their working life and only in very special circumstances can they be dismissed. There are good reasons for this, among others, to avoid political bias against them.

When the policies for developing or expanding a national social security scheme are being thought out, it is of course necessary to consider whether, in the interest of solidarity, civil servants should be incorporated into the scheme or whether they should be excepted because of their special work and benefit conditions. This is all the more important in those countries where large proportions of the working population are employed in the government service. Similar considerations can apply to parastatal workers; in many countries laws relating to their occupational benefits have been passed based on the legislation for government workers.

Rural areas

Social security was at first designed to meet the economic needs of urban industrialised workers. While of course rural and agricultural workers have specific social and economic needs (perhaps even more so in some cases than their urban counterparts), it has not been found easy to transfer conventional social security programmes to rural areas. Agricultural patterns vary widely from country to country and region to region. There are large farms worked by wage labour at one end of the scale and subsistence smallholdings, tribal lands, sharecropping, seasonal labour, and so on, at the other. Given such a wide diversity, “standard” social security programmes have been difficult to develop, and in many countries, even today, very limited — or no — social protection is provided. The way ahead may be to think in terms of entirely new forms of such protection which might consist of such things as crop and natural disaster insurance, better and guaranteed prices and markets for produce, and good health services.

Voluntary contributors

In an endeavour to extend coverage to as wide a selection of the population as possible, a number of countries allow categories of persons who were previously compulsorily insured to become voluntary contributors to social insurance or continue to be members of provident fund schemes. In this way these persons can continue to build up their insurance or provident fund records and meet the eligibility requirements of the schemes. This provision is also frequently extended to self-employed persons – where the scheme has not yet been applied to them – and even to the non-employed. While this is a commendable idea, it does raise some special difficulties.

The problem is effectively to administer and oversee the provisions. First, it is not always easy to obtain the contributions once an individual has elected to start paying so-called voluntary contributions. Second, it is necessary to guard against the payment of contributions at an artificial level in order to obtain higher benefits than are appropriate (benefit-inspired contributions), these are notoriously difficult to prove and to control. Third, the arrangements must be carefully monitored to make sure that advantage is not being taken of the scheme by persons who are “high risks” who may adversely affect the prospects of other members.

Points for discussion

1. Why is it difficult to extend contributory social security to everyone?
2. Name some of the categories of individual which are particularly difficult to cover. How would you try to deal with the situation?
3. Do you think government employees and similar types of workers who already have special pension and other schemes as part of their conditions of employment should be covered by a general contributory social security scheme? If so, how would you do it, and what problems need to be overcome?

Social security benefits: The basics

General

We have reviewed briefly the development of social security and have commented on some of the difficulties in applying it globally on a national basis. We have also looked at what is being done to try to overcome some of the problems involved.

Let us now look at the other side – this time from the point of view of the benefits provided by social security schemes. The aim of social security is to provide some assistance, financial or otherwise, in the event of loss or reduction of income. Originally social insurance provided some measure of income replacement when earnings were interrupted or had ceased completely. But what was the good of receiving financial help for sickness, accidents or invalidity if no adequate arrangements existed for the medical care of those who suffered from poor health? Thus it was that many schemes began to include provision for health or medical care in their programmes.

It was hoped at one time that social insurance provision would be sufficiently adequate to meet the continuing needs of members of schemes or that, at least, it would drastically reduce the need for social assistance measures. This has proved to be too optimistic a hope. There are always some individuals or families who have special requirements or who fall outside the scope of social insurance or other schemes, as we have already learned, and society cannot escape from its responsibilities for them. Programmes have therefore been established (or existing measures have been adapted) to take care of the particular needs of this section of the community.

In the most advanced social security programmes, social insurance, even if it continues to exist, forms part of the complete range of social benefits. “Social transfers” are made – this is the term used – and they form a complex and interwoven system of redistribution of cash, goods and services to the needier sections of the community. Some of the ways of accomplishing such “social transfers” are by way of tax allowances, subsidised housing and food, provision of transportation and free health care, as well as means-tested benefits or allowances.

No one can pretend that the form and the type of protection which have evolved in the industrialised countries can be easily “transferred”, even

if it were otherwise justified, to those countries still in the course of development. The perception which people have in industrialised communities of their needs and the priorities which they attach to them are not necessarily the same as those of their next-door neighbours, let alone being appropriate to other parts of the world. Each country must develop its own style of programme, determining its own needs in the light of its resources and taking into account the aspirations of its population. Because of this, the ILO, while setting standards, has gone to a lot of trouble to make them as flexible as possible so that they can be taken into account in a wide range of differing circumstances.

So we now return to Convention No. 102 which groups benefits in a way which has regard to their functions and which only imposes minimum conditions that all countries, industrialised and developing, can build upon at the appropriate time. The benefits which, as indicated earlier, are nine in all, are as follows:

- medical care;
- sickness benefit;
- maternity benefit;
- unemployment benefit;
- family benefit;
- employment injury benefit;
- invalidity benefit;
- old-age benefit;
- survivors' benefit.

It will be noted that, apart from unemployment benefit, all have some biological association, covering as they do disease, injury, childbirth, bringing up children, old age and death. All these may affect a worker's income.

The development of benefits: Social insurance

We have learned that even in countries which have comprehensive schemes for benefits and coverage, gaps still remain. Certainly countries did not necessarily commence with a complete range of benefits covering all contingencies. Social security was introduced in stages. Most successful schemes started relatively slowly, with the introduction of uncontroversial benefits. Thus employment injury type benefits tended to be introduced first, and the pace of extension then depended on what different countries perceived as the type of protection required next. Some countries, particularly those who were witnessing the progressive breakdown of the extended family, considered that the problems of providing for the elderly were a priority. Others thought that medical care, sickness and maternity protection would be of more immediate benefit, while yet others concentrated on the provision of family benefits.

What is vital is that the social protection programme should ideally be considered as a whole from its outset, and that the pace of development should have regard to the ability of the country and its institutions to organise and administer the programme effectively.

While benefits provided through social insurance programmes often started in response to pressures from organised labour, they were extended, where it was found possible to do so, to self-employed persons. As indicated earlier, this is often difficult to achieve, and certain benefits, such as unemployment benefits, are a particular problem to introduce.

The distinction between social insurance and other programmes

For these and other reasons social assistance or general revenue programmes were considered, either to replace social insurance programmes or to supplement them. Basically, the difference between social insurance and these other programmes is that the former relies on membership of a scheme to which contributions are paid, and when one of the stipulated contingencies occurs benefits are provided to the member or his or her family; while in social assistance or general revenue programmes, the right to benefit flows from membership of the community and the community itself finds the necessary funds for their provision.

The distinction between the two types of programme is beginning to be blurred in a number of countries. Where the funds to meet the benefits come from the entire community, as is the case with social assistance and general revenue financed schemes, there is no need to keep the detailed contribution or employment records over many years which a social insurance scheme requires. The sole criterion for the right to benefit in these latter schemes is the satisfaction of a citizenship or a residence condition.

Qualifying conditions

The fact remains that, for the majority of countries, the goal of providing a fully comprehensive social protection programme is a long way off. Social insurance, however, remains a starting-point, though in every scheme, even in a comprehensive programme, there are certain conditions which have to be met before a person can qualify for benefit, if for no other reason than to protect the funds and to preclude abuse. Obviously a first condition is that of the occurrence of the contingency for which the programme is designed. Childbirth, for example, is an obvious one. An accident at work will need to be proved. The claimant for an old-age pension will have to satisfy the authorities that the required age has been reached, and so on.

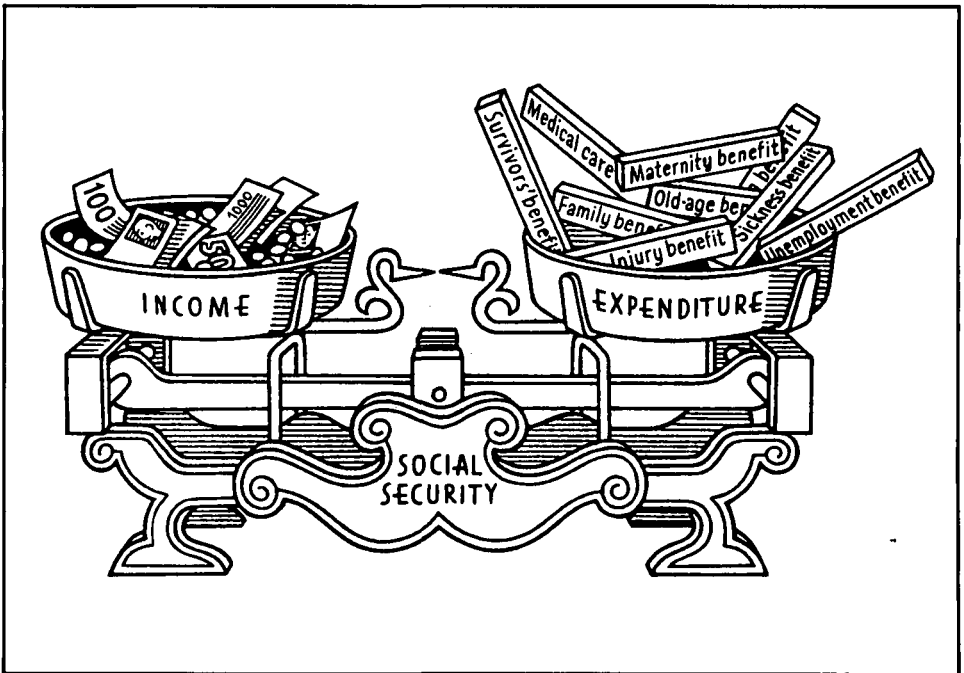
Secondly, it will be necessary to show that the person concerned is covered by the scheme and, lastly, so as to protect the fund and its members, the claimant must show that he or she has the necessary period of insurance or residence and is adhering to the various rules stipulated in the legislation for the award of benefit to be made.

In social assistance or general revenue financed schemes, there is no personal membership and insurance is not a requirement for the receipt of benefit. Means are assessed in most cases and proof of residence is also necessary, the period of residence required being greater for the longer-term old-age or invalidity benefits than for those of short duration.

Very often the rules set limits as to the quantity and duration of benefits, and special conditions may apply to medical care benefits such as the necessity for the claimant to follow the course of treatment prescribed by the medical authorities.

Benefit levels

Social security benefits are not “free”. They have to be paid for. The total sum involved may be very considerable indeed, amounting in some cases



to a large proportion of national wealth. When planning for social protection it is necessary to ask how much a country can afford when balancing the various social and economic considerations which have to be taken into account. This is not an easy task, and is often a controversial matter generating fierce debate and requiring compromise. ILO Conventions recognise that there must be a great deal of flexibility when putting forward standards for the levels of benefit. Generally there are two approaches to this.

The first is to base benefit levels on a proportion of the wages normally earned (in other words, earnings-related benefits). The second is to base them – in the form of a so-called flat rate benefit – on the cost of subsistence. Those who drafted Convention No. 102 went to a lot of trouble to try to establish fair and reasonable rules having regard to the economic situations of different countries. For example, there is a method of arriving at a “typical” wage for the country concerned and measuring the adequacy of the benefit level by reference to that wage.

Where the scheme is intended to provide flat rate subsistence levels of benefit, the Convention indicates that reference is to be made to the wage of a typical unskilled male worker, while benefits in the case of an earnings-related scheme should be related to the wages of a skilled manual worker.

In practical terms there are limits to the types and levels of benefit provided, but it is rare to find benefits in respect of lost earnings to be below a quarter of the wage of an unskilled worker and there are countries where the replacement rate reaches 100 per cent of an individual’s wage. Maximum rates of benefit are, however, often set.

The reason for the differences between one country and another lies in the variation in economic, philosophical and cultural patterns and approaches to the systems and to their aims. Thus in countries where personal rather than collective responsibility is emphasised, encouragement will be given to personal and voluntary supplementation of the basic benefits which are provided. Other countries, taking the view that social protection should be a completely national concern, leave little room or see no necessity for private insurance or supplementary schemes.

Maintaining the value of benefits

Over the last decades most countries have been caught up in what is called the “inflationary spiral”. Social security benefits are supposed to be related to the needs of the participant and the beneficiary. Benefit levels, possibly adequate when first awarded, may no longer be sufficient, because of inflation, to buy the goods and services for which they were originally designed. A social security scheme which does not adapt its benefits to changes in the value of money is not fulfilling its purpose. Thus many schemes revalue the benefits in payment from time to time, and often there are legislative provisions requiring them to do so in line with the current general levels of prices

or wages. As long ago as 1944 the ILO was advocating that benefit levels ought to be reviewed following any substantial change in the general level of earnings or the cost of living.

While this problem may not be so acute with short-term benefits such as sickness benefit (where the rate of benefit is often based on very recent earnings), it is certainly so in the case of pensions in payment, and particularly for old-age pensions. These are typically based, at the outset, on past earnings which, unless themselves revalued, may reflect the level of wages paid many years ago. Unless adjustments are made from time to time pension values will depreciate more and more during periods of inflation.

Points for discussion

1. What are the nine contingencies which are taken into account by Convention No. 102 for benefit purposes?
2. Why must there be qualifying conditions for the receipt of benefits:
 - (a) in social insurance programmes;
 - (b) in social assistance programmes?
3. What two criteria are used to establish an appropriate level of benefit? Are these adequate?
4. Why is it vital to review benefit amounts from time to time?

Medical care

General

We will now take a more detailed look at the individual benefits which are made available under conventional social security systems.

It will be seen that all the benefits are interrelated in some way – they all have something to do with the preservation or improvement of health and well-being. The relation is direct in the case of employment injury, sickness, invalidity, disablement and maternity benefits, that is to say, in each case there is total or partial incapacity for work. In the case of old-age, survivors', family and unemployment benefits the relationship is not quite so obvious, but these benefits too are intended to keep beneficiaries in a state of adequate nutrition and health. There is a specific connection between ill health and poverty. So it is no accident that the first benefit we look at in rather more detail is the medical care benefit.

What medical benefits are designed to do

Medical care is provided to maintain, restore and improve the health of individuals. In an ideal situation all citizens of a country would have access to medical care. Its provision is, however, an expensive business, the more so as modern medicine has become highly sophisticated while, at the same time, the expectations of people increase. It has been forecast that many countries will be devoting at least 10 per cent of their gross national product to medical care by the year 2000, and indeed the forecast has already been realised in some instances. Where the provision of medical care is, for one reason or another, inadequate, it may be necessary to make a judgement on the distribution of the country's scarce and available resources; there are so many and varied demands on the finances of a country for all sorts of expenditure. Not all can be fully or even partially satisfied. A balance has to be struck between the various programmes which the State has to undertake.

So in the absence of universally available medical care provided by the State, and particularly before the days when the State was able to place the emphasis on such care as it does nowadays, social security insurance schemes often took it upon themselves to provide benefits – usually in the form of

facilities and services — for those individuals who were participants. There are many variations in the types of scheme and the benefits provided — for example, sometimes consultations with doctors, as well as medicines and hospital treatment, are provided at little or no direct charge. In other schemes, however, in addition to the contribution which a participant may make for health insurance from his or her income, certain charges are levied for services provided or treatment given. We shall now examine some of the systems a little more closely.

Medical care systems

History plays an important part in the pattern of medical care which is available. Generally speaking, two broad systems have evolved. These have become known as the “indirect” and the “direct” systems of organisation.

Let us first take a look at the “indirect” system. When social security schemes were first set up, many countries already had well-established medical care professionals in private practice, and hospitals and such institutions were already in existence. In these cases social security schemes tended to enter into agreements with such services to provide facilities for insured persons under fairly complex arrangements where a fee for the service was negotiated. Prices were agreed for a long list of medical services, prescriptions and medicines, and so on, these being reviewed from time to time. As would be expected, difficulties can occur with regard to proper control and verification of the services provided. To minimise abuses, therefore, various devices may be used such as, for example, a system where only a proportion of the fee is paid by social security itself, the balance being paid by the insured person. In some cases it is the insured person who pays the whole fee. He or she is then reimbursed, either wholly or in part, by the social security office. One other variation should be mentioned. In a few countries the “capitation” method of paying doctors is found — they are paid a fixed amount for the provision of general practitioner services to patients who are registered with them.

With “direct” provision of medical care, it is the social security institution itself which owns, operates and controls the necessary medical facilities, and the medical staff are employed by the institution.

There are divided views as to the merits of the two systems. On the one hand, if the “direct” services can be provided on an efficient basis, operational costs adequately controlled and a good geographical spread achieved, it would appear to have advantages. On the other hand, the protagonists for the “indirect” system point to the “direct” system’s bureaucracy and lack of free choice, the loss of the important personal relationship between patient and doctor, and the limitations in coverage of populations — since they tend to serve only the membership of the particular scheme.

Qualifying conditions and duration of benefit

Many contributory social security programmes require insured persons to have a minimum number of contributions or a period of employment before medical care benefits can be provided. Convention No. 102 indicates that there may be such a qualifying period “as may be considered necessary to preclude abuse” – although it should be noted that for employment injury benefit or maternity protection (under the Maternity Protection Convention (Revised), 1952 (No. 103)), no prior qualifying period is necessary. In practice, the conditions may vary considerably but often countries match the qualifying conditions to those for sickness benefit. Paragraph 4 of the Medical Care and Sickness Benefits Recommendations, 1969 (No. 134), proposes that countries should provide medical care without the imposition of a qualifying period of insurance or employment for all types of incapacity.

A limit is usually set on the duration of medical care – Convention No. 102 lays down a limit of at least 26 weeks – but there is, in fact, a noticeable trend towards doing away with limits.

The situation in developing countries

What has been said so far relates mainly to the position in industrialised countries with well-developed social security medical care programmes. The situation in developing countries can be markedly different. The population spread is often very uneven and the growth rate is high, with a large proportion of inhabitants being under 15 years of age. Mortality rates, particularly of infants and children, are also high and many infectious diseases are yet to be adequately controlled. There are limited resources, few doctors and a lack of trained personnel. From the point of view of medical care much needs to be done, and such facilities as do exist tend, naturally, to be concentrated in urban areas.

As with other branches of social security, medical care schemes in developing countries tend to start off by covering a limited group of employed persons, and the intention is that they will eventually be extended to other sections of the population. To some this concentration on employed persons is a cause for adverse comment, since special facilities are being provided for an already “privileged” segment of the community. However, there are counter-arguments, principally that resources are created which would not otherwise be available through public health budgets; also, by concentration on the health of the labour force, the productivity needed for economic growth is increased and this will have an overall beneficial effect.

What is certain is that any system of social security medical care must be within the framework of the national health plan and must be developed in close coordination with the country’s ministry responsible for health.

Primary health care

No comment on medical benefits would be complete without reference to the work of the World Health Organization (WHO) in the sphere of primary health care, and the place of social security in this sphere. In essence the WHO's strategy is to make the best use of available resources by employing educational, preventive and curative services to maximum advantage at village, town and regional levels. Reliance is placed on low-cost technology; for example, the supply of drugs is drawn from a model list of about 200 regarded as essential by WHO experts.

Since primary health care requires all the resources it can get to achieve its goal, social security, among the other sectors concerned in this area, can contribute in a number of ways to the overall objective. Staff, equipment and premises can be shared. Joint planning of financial resources in such projects as clinic and hospital construction can be undertaken. Training can be coordinated, and so on.

The rising costs of medical care

As was indicated earlier, medical care programmes are very expensive to establish and to run. Workers' organisations, as well as employers and the State, are very much concerned about their cost and especially as in recent years this has risen sharply, particularly in the industrialised countries. Developing countries, too, are beginning to feel the effects of rising expenditure, so that planners and administrators have to try to make sure that the resources available are used to maximum advantage.

The main reasons for this increased cost are not difficult to establish; indeed some have already been touched upon. They include: better public awareness of, and general concern for, medical care; the additional and longer-term needs of expanding elderly populations; the new and costly drugs which have become available; and increasingly sophisticated and expensive equipment together with the skilled, more highly paid, medical and other expertise which must accompany its use.

To try to keep expenditure down, a number of cost control measures have been introduced. These include cost-sharing arrangements, limits set on the duration of and the reimbursement for treatment and, of course, control of the provision of drugs (or the substitution of a less costly alternative). With good organisation and efficient administration, coupled with effective educational and preventive measures, the average length of stays in hospitals could be reduced.

Points for discussion

1. Indicate the different methods of providing medical benefits. Say which of these methods you prefer, and give reasons.
2. Can you justify limiting the duration of medical care benefits to, say, 26 weeks?
3. What action would you take in your country to improve existing medical care facilities and services, always remembering that funds are limited and there may be many other calls on available resources?
4. What would you do to try to contain the rising costs of medical care?

Sickness, maternity and funeral benefits

General

It is now time to look at certain other so-called “short-term” benefits and at funeral benefits. These particular benefits are cash benefits.

Why do we call sickness and maternity benefits “short-term” benefits? In so far as sickness is concerned, it is to be hoped and perhaps expected that employment will be interrupted for only a relatively short period of time; with regard to maternity benefits, an uncomplicated pregnancy does not last beyond a certain period of time. Some benefit schemes allocate funeral benefit to the longer-term benefit branches of social security, but the qualifying conditions for it are usually minimal and fairly informal so that when looking at how to finance it, it is often taken into account along with the short-term benefits. There are, it should be noted, two other short-term benefits – for unemployment and in respect of the initial incapacity following an employment injury – and we will be looking at them in more detail later in this guide.

Where sickness is prolonged, some schemes arrange for a continuation of benefit, perhaps by way of invalidity benefit; or by way of an extension of the period of maternity benefit if there are complications occurring during the period of pregnancy or after childbirth. Normally, sickness and maternity benefits are provided at about the same rates.

As would be expected, most schemes provide medical care in cases of maternity. Should this not be given directly by the scheme itself, arrangements may be made under special contracts with private medical practitioners or institutions, or the facilities of the state public hospitals are used. In a number of countries, although the social security organisation will pay out the cash benefits, medical and maternity services are provided quite separately by the public health authorities.

Cash sickness benefit

For sickness benefit to be paid, certain crucial conditions must of course be satisfied. One obvious condition is that the claimant must be

suffering from an illness or disease which prevents him or her from following employment. Usually this condition is met by the provision of a medical certificate from a qualified medical practitioner, but in certain circumstances other types of evidence of incapacity may be accepted by the social security authorities. The certificate will often show the period of incapacity, and this and other factors will be taken into account when determining the duration of any benefit to be paid.

Another crucial condition in a social insurance type scheme is the satisfaction of the relevant contribution conditions. These vary quite significantly from country to country, but where the benefit level is related to wages they tend to require, for example, six months of contributions since the date of the claimant's entry into the scheme plus two months of contributions or so in the last three months of employment prior to the beginning of the illness. Benefit is then related, reasonably closely, to current wages.

The actual level of benefit in any scheme is a matter which is decided by government or by the social security authorities. Convention No. 102 calls for minimum standards which require, in a flat-rate scheme, benefit to be pitched at 45 per cent of what a typical male unskilled labourer with a wife and two children would receive by way of wages plus family allowances while in work; or, in a wage-related scheme, 45 per cent of wages plus family allowances for a skilled labourer. These are relatively modest requirements and a later Convention – the Medical Care and Sickness Benefits Convention, 1969 (No. 130) – while not superseding Convention No. 102, sets 60 per cent instead of the 45 per cent as the desirable standard.

The labour legislation in many countries places an obligation on employers to continue to pay wages for a certain period of time after the onset of an illness and absence from work, or at a certain point in pregnancy. Most countries coordinate their labour and social security legislation, and sickness and maternity benefits are sometimes paid by the employer to the sick or pregnant worker, reimbursement being effected by the social security authorities to the employer in due course. In yet other instances sickness benefits are paid only when the claimant has exhausted his or her title under the labour laws (if an initial period of sickness is financed by the employer). And there are other variations on the same theme.

Before we leave the subject of these benefits, two other points should be made. The first is that many schemes impose a "waiting days" limitation on the payment of sickness benefit (Convention No. 102 allows three such working days at the commencement of incapacity to be classified as "waiting days"). The idea behind this is mainly to save expense, since it has been shown that very brief illnesses account for a large percentage of the total claims received and the cost of processing these very short illness claims is disproportionately high, adding considerably to the contributions required from the participants to finance the scheme. It is reasoned that no appreciable hardship is caused to those individuals who occasionally go without wages on account of very short and intermittent illnesses. None the less, most developed schemes will waive

the waiting-day rule in respect of second or subsequent spells of illness if they follow soon after a previous spell.

The second point to be made is that most social insurance type schemes recognise that in a small proportion of cases incapacity will become chronic or prolonged. In a number of them the normal sickness benefit period, which may run from six months to one year or so, can be prolonged, after which time the claimant will receive invalidity benefit if he or she is otherwise eligible for it. In social insurance schemes it is sometimes the case that after a prolonged illness title to sickness benefit is exhausted and there is no title to any invalidity benefit — due to the conditions which have to be attached to the duration of benefits and in order to safeguard the overall finances of the scheme. In this situation there is an obvious contradiction between social need and the maintenance of sound finances. Social assistance or general revenue financed schemes are less prone to this type of problem though the levels of benefit provided will often be less, since they are based on the criterion of hardship.

Maternity benefit

One of the earliest Conventions to be adopted by the ILO — at its first International Labour Conference, in fact — was the Maternity Protection Convention (No. 3) of 1919. The purpose of the Convention was to try to ensure that a woman who was working could sustain and care for herself and for her baby over the period before and after confinement. With the increasing number of women who are in the labour market it is more important than ever to make sure that the conditions are as tolerable as possible for a woman and for her unborn baby prior to confinement and for proper care and support immediately after the baby is born.

Convention No. 3 has been updated, particularly in relation to the level of benefit provided (not less than two-thirds of previous earnings when the system is a wage-related social insurance one), but its other principles remain largely unchanged. There should be abstention from work, for example, for at least 12 weeks starting from six weeks before the expected week of confinement but, in any event, continuing for six weeks after the actual confinement. Medical care should be provided by a doctor or a certified midwife. Cash benefits should be available for maintenance during this period and the mother should be guaranteed reinstatement in her job. The Convention also indicates that arrangements should be made for a mother to be able to nurse her baby during working hours.

Labour legislation often requires employers to grant paid maternity leave, and coordination between the social security authorities, labour ministries and employers should ensure that there is no overlap with regard to wages and social security benefits. While the 12-week period mentioned by the Convention is no doubt still the norm, a number of countries have lengthened

the duration as regards both leave and benefit, and have also made available sickness benefits at the end of the period where the mother has not yet fully recovered from the effects of childbirth or complications have arisen.

Funeral benefit

A few words should be said about funeral benefit, one of the oldest benefits to be covered by some form of social security. As the name implies, this benefit is designed to help to meet the cost of a burial and the associated expenses on the death of an insured person. In point of fact, many schemes make funeral benefit available, not only in respect of the covered person, but in case of the death of a spouse or other member of the immediate family.

The amount of funeral benefit varies considerably from country to country depending upon custom, but the idea is that it should cover the costs of a modest but decent funeral. While it may, under a social insurance scheme, be a fixed amount, the amount is sometimes calculated on recent wages or the old-age benefit received.

Points for discussion

1. Why are sickness and maternity benefits called “short-term” benefits?
2. What can happen to benefits if sickness is prolonged or, in the case of maternity benefit, if there are complications after confinement so that the mother cannot return to work?
3. Do you think that “waiting days” for sickness or other benefits are justified? Why?
4. What is your view about some sort of control over sickness claims to prevent possible abuse? What would you do about this?

6

Employment injury benefits

Background

Employment injury and occupational disease programmes are perhaps the oldest and certainly the most widespread (see the table at the end of Chapter 1 of this guide) of all formal social security schemes. Original laws, which in a number of countries date back to the early nineteenth century, tended to cover just accidents at work and specific types of occupation, in particular the most dangerous ones such as the coalmining, quarrying and heavy engineering industries. At the outset the term “workmen’s compensation” was used – and it is still used to this day – to refer to benefits paid in the event of incapacity due to work accidents or diseases. These benefits could be temporary or permanent, total or partial, and could cover cases of death.

The term “employment injury” was used in Convention No. 102 to cover both accidents at work and occupational diseases, a distinction being drawn between the different types of incapacity or disability which can flow from such injuries. Before these are described it would perhaps be useful to look briefly at how the present situation has arisen. It is not hard to imagine.

In the early days of the industrialisation process a worker could have enormous financial and other problems if injured at work unless his or her employer was of a charitable disposition and provided for the workers on a personal basis. Even if, in the event, it was possible to take an employer to the courts for redress for an injury which arose in the workplace, the problems facing the worker or his or her survivors of producing adequate evidence and providing the necessary proof were almost insuperable.

Some means had to be found of avoiding, or at least reducing, the litigation process which at that time was weighted heavily against the worker. A rough and ready way to do this was to lay down that the person owning the enterprise in which the injury was incurred should provide compensation in prescribed cases without any question being raised as to whether the injury was attributable to fault on the part of the employer, the employee, or any third party.

Nowadays the general trend is towards placing employment injury within social insurance programmes. Indeed in some countries there has been a widening of the whole concept of compensation for accidents to include not

only those incurred in the workplace but those which have happened outside, at home or in the street; in other words, whether work related or not.

Workmen's compensation

At the outset, then, workmen's compensation was a legal liability placed on employers to provide compensation in certain regulated situations. They could, in most cases, either take this liability on charge themselves or they could take out some form of commercial insurance to cover the legal liability, and in a number of countries the law made it compulsory to do so.

The levels and duration of compensation vary widely from country to country. Typically, however, there are five elements in the compensation structure. These are:

- medical care and hospital treatment;
- benefits in respect of temporary incapacity;
- a lump sum for permanent and total incapacity;
- a percentage lump sum or grant for a permanent but partial incapacity; and
- a sum, usually, a lump sum, where death has occurred.

While workmen's compensation schemes have stood the test of time and have been refined and extended to deal with many of the difficult problems surrounding employment injuries, their critics point to two weaknesses in the majority of schemes. One of these is that disputed claims must go before the courts with consequent delays in settlement and the employer-worker confrontation and acrimony which is often involved in such proceedings. And pressure may be put on the worker to accept what at first sight may appear to be an attractive settlement, but in reality may not correspond to his or her long-term financial situation or physical handicap. Another weakness is that even in very serious cases of employment injury or in the case of death, many schemes do not make periodical payments or pensions available.

Lump-sum payments to "settle" outstanding claims may be justified in certain circumstances, but generally they are markedly inferior to a pension for a worker with a lifelong disablement or where there are survivors.

One should add another possible deficiency to the two mentioned above. Where employers are not compulsorily required to insure their liability with an outside private or public carrier, a heavy lump-sum settlement in favour of an injured or deceased worker could well cause financial problems to the employer. If the employer is unable to meet his or her liabilities and proceedings have to be undertaken for recovery, it is possible that he or she will be put out of business and the worker or his or her survivors, would get little or nothing by way of recompense.

Coverage

Workmen's compensation schemes did not, as indicated above, cover all employees from the outset and, even today, do not necessarily do so. Opinions vary on whether non-manual workers, for example – particularly those who are fairly highly paid – should be included in schemes. Frequently there are “fringe” areas where there is no coverage, such as in the domestic service sector, or where the status of an employee is difficult to define, as is frequently the situation in the case of relatives working in a family business, and so on.

In social insurance programmes the tendency nowadays is to cover all employees although, as with workmen's compensation schemes, some problems still surround the “fringe” sectors.

Employment injury insurance contingencies and benefits

Two international labour Conventions are of interest and importance when looking at employment injury benefits and the conditions attached to them: Convention No. 102, naturally, and another Convention, the Employment Injury Benefits Convention, 1964 (No. 121). In an employment injury insurance scheme, benefit is paid out of a common fund and is provided for medical care, for the interruption of earnings because of incapacity following an injury, in respect of the “residual loss of physical or mental capacity” and in cases of fatal injury.

It is important to establish whether and in what circumstances a work accident occurred or whether a particular disease is an occupational disease which was caused by exposure of the worker to the conditions at work which bring it about. A “work accident” or an occupational disease is usually defined in some way in the legislation which, quite naturally, it will no doubt indicate that such an accident must have occurred or the disease developed “in the course of employment”.

One of the additional advantages of bringing employment injury cover under a social insurance umbrella is that contestation between the parties concerned is reduced. As indicated earlier, under workmen's compensation schemes, the employer or the insurance company with whom the employer has insured his or her liability has an interest in narrowing the interpretation of a work accident, and this can cause delay, litigation and undue expense, besides the possibility of souring relationships between employers and workers.

Medical care

As with the other benefits under employment injury programmes, medical care provisions tend to be more liberal than under other branches of social insurance. The reasons for this are historical and there are many who would argue that there is no real justification for the distinction to continue to be made. Under Convention No. 121 an injured worker is entitled to every type of care and sets no time limits for this, nor does the worker have to meet any of the costs.

Interruption of earnings

In workmen's compensation schemes a distinction is often made between temporary and permanent incapacity for work, that is to say, if the injury or disease is likely to last for a short period only or whether it will lead to permanent incapacity. Under employment injury insurance systems this distinction is normally of no consequence, since benefit is paid for incapacity for work which follows from the accident or the development of an occupational disease for as long as incapacity for work lasts. The rate of benefit is usually higher than, say, sickness benefit — indeed Convention No. 121 mentions a minimum of 60 per cent of pre-accident earnings — and many countries exceed this minimum figure.

So while incapacity for work continues, most schemes continue to pay the benefit on a periodical basis. After varying periods of between six and 12 months (by which time the vast proportion of injury cases, with the requisite medical care, will have cleared themselves up) the worker's condition has usually stabilised. At this point an examination is undertaken to determine the extent of the impairment to the worker — in other words, the “residual loss of faculty”.

Residual loss of faculty

This “residual loss of faculty” can be a difficult question to determine. The Conventions actually speak of “loss of earning capacity likely to be permanent or corresponding loss of faculty”, but in practice, because of the different circumstances which affect individuals (the employment prospects, psychological factors, for example), an absolutely correct evaluation becomes almost impossible. In some countries the legislation lists items of physical injury and loss of faculty, and this method is of particular use in countries having limited medical resources. Other countries attempt to assess the extent of the disability in terms of the resultant loss of earnings, taking into account

the pre-injury status of the person concerned, rehabilitation and future career prospects, and the like.

Total incapacity will attract an award of benefit at the 100 per cent rate; lesser disablement will give title to an award which is proportional to the full benefit. Relatively small assessments (perhaps when disablement or impairment is assessed at between 10 to 30 per cent) will merit a lump sum payment rather than the periodical pensions paid in respect of the higher assessments. ILO Recommendation No. 121 suggests that lump sums should be paid only in cases where the disablement or impairment does not exceed 25 per cent.

The methods of arriving at awards which are as fair as possible vary considerably from country to country and have regard to policy requirements and the availability and adequacy of medical and administrative expertise. The idea is to try to compensate as far as one can for the loss which the injured person sustains as a result of his or her work-incurred injury or disease. Many schemes make special efforts to rehabilitate injured persons by retraining them and providing them with useful alternative work. Where a person is so seriously handicapped that he or she requires the constant attendance of another person, a special allowance is often paid and in some programmes an unemployment supplement may also be paid.

Survivors' benefits

When an employment injury results in death, pensions or grants are paid to survivors. Who is regarded as a "survivor" is defined in the legislation and, again for historical reasons, the scope tends to be somewhat wider than for survivors under the non-employment injury branches of social insurance schemes. Priority is given to the widow, then children. Widowers may also receive benefit but usually only if they relied for their maintenance on the earnings of the deceased spouse when she was alive. Dependent parents may also benefit in certain circumstances, as may other dependants if the total amount available under the legislation has not already been allocated to higher-priority survivors. Typical rates for survivors' pensions are 30 per cent of the worker's pre-accident earnings for a surviving spouse; 15 per cent for each child (20 per cent if both parents are dead) and 20 per cent for a parent, subject to an overall maximum of, perhaps, 75 per cent.

Prevention of employment injuries

Workers' organisations – as indeed do employers' – attach particular importance to safety in the workplace. The health of the individual worker depends on a proper industrial environment. Social policy must be directed

towards the goal of reducing accidents and injuries, and in many countries standards of conduct and safety have been established which both workers and employers are required to respect.

Indeed social security benefits themselves are at the end of the protection chain. It would of course be highly desirable if they were not necessary at all — and they would not be there if accidents and diseases could be avoided. The economic, domestic and social distress caused by accidents and diseases does not need to be stressed. Quite obviously, prevention is better than cure!

Social security institutions generally cooperate with the agencies which are concerned with industrial safety, health and welfare, and indeed there are institutions which themselves undertake the necessary policing exercises or divert some funds to enable this to be done. One way which employment injury benefit branches have helped to draw attention to the vital importance of safety in the workplace is to penalise employers whose safety record is poor by requiring them to pay higher employment injury contributions. In other words they are “rated” according to their accident history. This is an attempt to encourage employers to pay greater attention to their safety record by “hitting them in the pocket”.

Trade unions have been very active in the field of prevention and do a great deal to train workers and to make them more aware of their responsibilities in this area. Of course it is not only in the workplace that accidents occur. They happen in the street, in the home and elsewhere, and thinking people are beginning to concern themselves more and more about the overall effects of all types of accidents. The needs of an injured or disabled person are the same whether the handicap is work related, or non-occupational in origin or congenital. Perhaps at some time in the not-too-distant future the same safety, health and welfare facilities can be made available to all.

Points for discussion

1. Do you think that a distinction should be drawn for benefit purposes between accidents or diseases which are work incurred and those caused in other circumstances? If so, why?
2. Should benefit amounts for employment injuries be based on the extent of the physical disability or on the loss of earnings resulting from the injury? Distinguish between the two concepts and discuss the advantages and disadvantages of each.
3. Discuss the merits and demerits of lump-sum settlements following employment injury or disease.
4. Examine the question of rehabilitation. Why is it so important? Who should pay for it? Where does it feature in the scale of priorities?

Old-age benefits

The various types of programme

Nowadays most countries have some form of social security programme for old-age protection which covers, if not all the population, at least sectors of it. There are a number of different schemes, spread over the various social security programme structures. They include flat-rate and employment-related pensions, means-tested non-contributory pensions and sums payable at specific ages under provident funds. Private insurance and employer-based pension plans, too, are increasingly being linked to state systems.

The extent of coverage of the population really depends on the age or “maturity” of the social protection system and how industrialised a country has become, but both scope and coverage have been influenced, of course, by historical, cultural and social patterns.

In a few countries it has still not been found possible to introduce social security legislation in respect of old-age cash benefits for a multitude of different reasons. The economy may not be able to support a programme, emphasis being given to other priority areas, at least for the time being. Perhaps the perceived need is not yet there. Societies which retain strong extended family ties tend to take care of their elderly as a matter of course, so the need for old-age benefits may not be so urgent or apparent. Even in these countries, however, there will often be limited old-age benefit programmes for, say, civil servants and public employees, with the idea that similar programmes for other sectors of the community will be gradually introduced when the time is right.

We should look rather more closely at the various types of programme for old-age benefits. Each of them have certain different characteristics which are important; we have touched on some of these characteristics briefly in Chapter 1 of this guide.

1. *Universal benefit schemes.* In principle, universal schemes cover all residents, and provide pensions for all those over a certain age, whether working or not and irrespective of their income. Often the only condition attached to the receipt of the benefit, apart from the age condition, is that the person must be a long-term resident or a citizen of the country. Benefits tend to be paid on a flat-rate basis — the same rate for everyone.

2. *Social assistance schemes.* These schemes provide means-tested benefits, including old-age benefits, and may either provide benefits as of right or supplement benefits received from other programmes when the latter do not cover the person concerned or provide sufficient minimum income. The social assistance scheme may also stand on its own, that is to say it may be the sole general social protection measure. Often the benefits rates are set at subsistence levels.
3. *Social insurance schemes.* Old-age and other benefits are provided to participants subject to their work record or the contributions that they have paid over their working lives. Benefits may either be earnings related or be paid on a flat-rate basis, or even a combination of both.
4. *Provident funds.* These generally provide lump sums at a specified age. The lump sums are made up of the accumulated employer and worker contributions to the fund, with the added interest. In some schemes it may be possible to convert the lump sum into a continuing pension.
5. *Private pension schemes.* These are not, strictly speaking, part of the social security network. But some governments are now working alongside providers of private personal pensions and employers' plans to arrange some form of alternative or additional benefit in old age. This can take the form of allowing individuals to "opt out" of certain parts of a state old-age scheme if the private or employer-based pension plans covering the individuals satisfy certain prescribed conditions, as happens in the United Kingdom. It goes without saying that the best old-age benefit is the one which continues for the rest of the life of the recipient. In other words, it is a regular, continuous pension (though subject to review in the case of social assistance schemes, if the resources of the recipient increase). And ideally it should be sufficient to meet the needs of the pensioner and be revalued when and if the cost of living increases.

Contingencies and pensionable ages

Working capacity diminishes with advancing age and most people would agree that there comes a time when an individual has earned the right to a rest and, of course, to be provided with sufficient resources on which to live in a reasonable manner. Some occupations are dangerous or entail hard physical labour. It may be thought that the workers in such occupations have earned the right to an earlier respite than those whose work is of a less onerous nature. But there are different views as to what should constitute a "normal pensionable age".

Given the choice, some people will want to continue to work. Others are only too pleased when the time arrives for them to retire from their normal occupation. Whatever the type of scheme in operation, the fact remains that a normal age for receiving old-age benefit is established by legislation.

Whether an individual receives benefit depends on a number of circumstances and the philosophy which underlies the scheme.

With universal schemes, old-age benefit is put into payment when the specified age is reached, and with the early social insurance schemes this was also the practice. Social assistance means-tested schemes provide old-age benefits only if the person concerned meets the prescribed income conditions. Since provident funds are forms of compulsory savings schemes, the accumulated amount standing to the credit of the participant is paid out when the age specified in the rules is reached, while the regulations governing the payment of pensions in private or employer-based plans also stipulate the age for their payment.

Retirement

There is some controversy as to whether a person who continues to work after the normal pensionable age should be allowed to receive an old-age benefit or whether it should be paid unconditionally. In a social assistance means-tested scheme benefit is payable only if income is below a certain limit, so the situation is quite clear. In other types of scheme, however, some hold the view that since old-age pension is an income replacement measure, it should be withheld until there is income to replace, i.e. retirement actually occurs. On the other hand, many feel that since the contribution requirements (in a social insurance scheme) and residence conditions (in an universal scheme) have been satisfied, there should be an unconditional right to receive the benefit when the stipulated age is reached.

Between these two extremes are intermediate arrangements. For example, there are some schemes where benefit is suspended but the building up of additional benefit rights continues during the period of work after normal retirement age, or a reduced old-age benefit is paid along with wages. Usually, however, at a relatively advanced age, benefits are put into payment irrespective of continued work.

One other aspect might be mentioned before we turn to the equally difficult point of what can be regarded as a "normal pensionable age". The financial and economic climate in a particular country may influence the decision as to the age from which old-age benefits should become payable. Where the policy is that of encouraging older workers to remain in the labour force, for example, it might be that if the actual payment of benefit were made conditional on cessation of work ("retirement") this would constitute a disincentive for them to continue at work since they would no doubt want to retire so as to obtain their pensions. Old-age benefits are costly and are particularly so in countries where there is a decline in the number of younger workers in the population while, at the same time, the number of older persons is increasing as a result of their greater longevity.

We will return to this latter point when we look at the financing of social security, later in the guide.

Normal pensionable age

The legislation for most schemes defines a “pensionable age”. At this age — the other qualifying conditions being satisfied — old-age benefit (or whatever it is actually called) is usually put into payment. Normal pensionable age is the same for both men and women in many existing schemes, but it is still possible to find pension programmes where there are different ages, the pensionable age for women being five or so years lower. In most instances old-age benefits become payable between the ages of 60 and 65 years, but some countries allow “length of service” pensions to be put into payment after a certain period of employment, commonly between 30 and 40 years.

What should be regarded as a normal pensionable age has become a major policy question in recent years and, as one can understand, there is much public pressure for a reduction. There are a number of reasons for this sentiment — job dissatisfaction, fatigue, inability to adapt to technological and other changes, to mention some. For some people, however, to be forced to leave fulfilling employment because of pension rule requirements is also unsatisfactory, and in some countries there is a move towards greater flexibility in pension policies. In one country, the United States, for example, the statutory pensionable age will be increased from the present age of 65 to the age of 67 in the year 2027.

Having said this, once a normal pension age is introduced it is obviously difficult to change it, and particularly upwards. One must not forget the financial implications either — the pensions have to be paid for — and lowering the normal pensionable age increases benefit expenditure very considerably, a burden which might be regarded as insupportable.

Other aspects relating to pensionable age

Quite a number of countries make special arrangements to pay early old-age benefits to persons who have worked in conditions which are regarded as arduous or unhealthy, although these individuals are not necessarily in poor health. Special schemes may have been set up for miners, the police and the military, and the merchant marine service, for instance, which recognise the onerous nature of the work performed. As advancing age is more prone to bring complete or partial inability to continue in employment, either because of health problems or because of redundancy or extended unemployment, a number of schemes coordinate their old-age pension arrangements with the invalidity or unemployment programmes. Some authorities believe that early

retirement of older people should be encouraged, or at least that a strict retirement policy should be enforced, thinking that such moves will mean making more jobs available for the young unemployed.

Voluntary early retirement is also a feature of a number of schemes, while sometimes deferment of retirement are allowed and will frequently qualify the claimant for a higher rate of pension when he or she does retire or reaches an upper age limit at which the pension is put into payment irrespective of continued work.

In industrialised countries one can sometimes find arrangements which are designed to lessen the psychological impact of retirement. Loss of the discipline of regular employment, of companionship formed over a working life, and so on, can be distressing to those suddenly removed from the work environment. Recognition of this has led to a policy of preparing individuals for their retirement by granting special concessions to them at the run-up to retirement age. For instance, an individual might be allowed to reduce actual working hours on a phased basis or additional leave might be granted to ease the transition into retirement. In some instances, for example in Scandinavian countries, Spain and Germany, partial old-age pensions may be granted or facilitated in the years prior to the formal pension age. These pensions at least provide some replacement of lost income resulting from the reduced working time.

Qualification for old-age benefits

Mention has already been made of the fact that conditions for benefit differ depending upon the type of old-age benefit scheme in operation. In an universal scheme, for example, all that is necessary is to prove age and residence. In a social assistance means-tested scheme, there will be an additional test – that of showing that income is less than the specified level. In a social insurance scheme, a person must show that he or she has participated in the scheme for a certain period of time by paying contributions or proving employment, in addition to reaching the pensionable age.

These tests are necessary for two reasons. The first is that they prevent people who have only made a nominal contribution to an insurance scheme from procuring a pension (in the case of universal or social assistance measures, from migrating to a country purely for the purposes of taking advantage of the scheme in operation); the second is that they establish some form of relationship between the contributions or employment period and the benefits which have to be paid – and this financial aspect is, of course, most important.

There is a great deal of diversity in the minimum period of coverage required to qualify for an old-age pension. Social insurance systems often require a minimum of ten or 15 years for a pension to be paid; Convention No. 102 – and the later Invalidity, Old-Age and Survivors' Benefits Convention,

1967 (No. 128) – provide that a reduced rate of benefit should normally be made available where a person has completed 15 years of contributions or employment, but there are instances where the amount of benefit varies according to the duration of the contributions, employment or residence, and no qualifying period is required at all.

When a scheme first starts it is frequently the practice to make special concessions to those older people who, because of their ages, would not be able to meet the set minimum qualifying conditions. Special “credited” periods of contributions or employment are granted to help them meet the conditions.

Where employment is interrupted because of sickness, maternity, unemployment, and so on, for which benefit is paid, it is common to find special arrangements for the crediting of contributions or employment periods for the duration of absence from work. This helps towards the ultimate satisfaction of the qualifying conditions for old-age benefit.

Method of payment

In most countries old-age benefits are paid in pension form, that is to say, periodically (weekly, monthly, etc.). Social insurance pensions are often wage related – that is, they bear a direct relationship to the wages earned (often revalued to take account of the changes in the value of money) over the “service” life of the person concerned, or they are based on an average of the wages earned in the final years of work. In this way the pension has some relationship to the standard of living which the claimant enjoyed immediately prior to pensionable age.

Universal schemes, and social assistance type systems, on the other hand, generally provide flat-rate pensions whose amounts are based on the subsistence cost of living in the country concerned – the so-called “poverty line” – and indeed there are also some social insurance type schemes which have adopted this method. But as a general rule, these schemes are supplemented by earnings – or contribution-related complementary schemes on either a national, a sectoral or an enterprise basis.

While it is difficult to make a direct comparison of the pension amounts provided in different countries, the ILO has tried to indicate what an average wage earner might expect to receive as a fraction of his or her earnings. Under the Conventions mentioned above it should normally be not less than 40 per cent (Convention No. 102), or 45 per cent (Convention No. 128), of average wages where there have been 30 years of contributions or employment under a social insurance scheme, or 20 years of residence under a social assistance or universal scheme.

Maintaining the value of a pension

Inflation can play havoc with pensions, as it can with other sectors of the economy of a country. Pensioners are, however, more vulnerable to the immediate effects of increasing costs of foodstuffs, goods and services. They should also be able to benefit from any general improvement in the living standards of their country. Most countries have a mechanism for adjusting the pension rates in payment from time to time, though no one would pretend that it necessarily works perfectly.

The adjustment of new pensions and those already in payment may be based on different criteria. Some countries have regard to the movement of a consumer price index. Others take account of the changes in the average wages of the working population. Yet others look at both of these criteria before deciding the extent of the adjustment, if any, to be made.

Generally speaking there are three ways of dealing with adjustments. The first is to legislate for automatic adjustment; the second is to provide for a periodic review but without setting absolute amounts; and, lastly, there is the system of "ad hoc" adjustments.

Population and ageing

If one looks at the figures relating to the spread of ages in the populations of countries one will find much of interest and, often, of concern. There are countries where the population, on average, is very young — for example, half is, say, under 20 years of age. Conversely there are those — particularly a number of industrialised countries — where the evidence shows that older people are beginning to outnumber younger ones.

Both these tendencies have important repercussions for benefit schemes. With a young population, the problem is often to create sufficient jobs for them to do. For countries with an ageing population with many persons already receiving pensions or expecting to receive them when they reach pensionable age, expenditure on pensions is bound to increase substantially even without taking into account possible inflation. Furthermore, one must remember that people are living longer and, with the rise in the numbers of older persons, the costs of medical care and social service are also bound to rise.

Whatever state-wide social security system is in operation, in the final analysis, without the "full funding" of any pension scheme, it is the active sector which supports the non-active. As the numbers of the former decline, particularly in the industrialised countries, succeeding generations of pensioners in the years after 2000 may well be forced to accept lower standards. This problem has been exercising the minds of social planners worldwide and different ideas have been put forward to try to deal with it including, as discussed above,

raising the normal pensionable ages, or making individuals themselves more responsible for their own protection in old age.

Points for discussion

1. What is the desirable age for paying old-age benefits?
2. Should old-age benefits be paid whether or not a person “retires” from employment? What are the merits and demerits of this approach?
3. Do you think that people who have made efforts to save during their working lives should have reduced pensions or should be denied pensions when they reach pensionable age because they have savings of some description or another (for example, in social assistance means-tested type schemes)? Give reasons for your views.
4. What would you do to try to reduce the rising cost of pensions?
5. Why is “inflation proofing” of pensions so important?

Survivors' benefit

General

When one thinks of “survivors” — especially in the context of a social security scheme — one usually thinks of widows and of children. Although the majority of survivors indeed still fall into this category, changing lifestyles and differing patterns of family life require that, if social security systems are to move with the times, they must reflect new situations as they arise.

In a number of societies it has now become usual for both partners of a marriage or stable union to be working, and very often both parents of a child or children will be out at work; or indeed it may be that the woman has become the major provider for the family. There are also more single-parent families in many countries than there were, say, 30 years ago, while the legal marriage bond is no longer as evident as it once was.

National schemes reflect the wide differences in culture and tradition with regard to dependants within the immediate or the extended family, so that, for instance, in countries where polygamous relationships are accepted, different criteria will be adopted as to the dependency status of survivors.

Thus it is difficult to outline a “typical” survivor’s benefit scheme. We will attempt to draw attention, however, to the major aspects of systems in operation and begin with the “widow” since she is still likely to be the principal beneficiary, and especially so in countries where tradition dictates that women should not find work outside the home.

We have put “widow” in inverted commas because in a number of countries no distinction is drawn between the legally married person and one who has lived in an extra-marital relationship, provided that, in this latter event, stability of relationship can be proved.

Qualifying periods

In a social insurance type of scheme the qualifying conditions are usually automatically satisfied if an old-age pension was in payment; thus if a male pensioner dies leaving a widow, provided that the widow is not herself in receipt of an old-age pension by virtue of her own contribution or employment record, the test for a survivor’s benefit will be satisfied. As would be expected,

and as befits the nature of the contingency — given that death of the participant can, of course, occur before pension age — there are different and much shorter qualifying periods in respect of deaths in these circumstances.

Conventions Nos. 102 and 128 indicate that, in general, the prescribed person (the person on whose record the survivors' benefit is based) must have five years of contributions or employment; in practice there are very considerable variations to this, and many schemes have far more generous conditions attached to them.

Beneficiaries

The national legislations will always take the surviving widow as the principal beneficiary in the first instance, though many will then vary the extent of the benefit having regard to the family situation. So a widow who has care of the children of her late husband will have social security support while the family grows up. Most will also have regard to the widow's state of health, so that if a widow is relatively elderly or is otherwise unable to support herself, a periodical pension will be made available to her. On the other hand, in a number of schemes the young widow without children will receive benefit for only a relatively short duration, the idea being that she may be expected or encouraged to take up work.

Protection of the child is another and obvious feature of survivors' benefit schemes, though it should be remarked that where a country has a scheme of family allowances, coordination is necessary between the authorities concerned or the different branches of programmes to make sure that there is adequate, but not excessive, protection. National legislation normally defines the term "child" for the purposes of benefit. Issue children (generally those born to one or both partners and living with the covered person at the time of death) would obviously be included but sometimes the definitions are broadened to include illegitimate or adopted children so as to take into account who actually supports the child rather than the strictly legal property and inheritance situation.

Many schemes cover children until they leave school (though invalid children may be covered for life).

Other surviving dependants are taken into account by a number of schemes, though few go outside the immediate family circle. Aged dependent parents are sometimes included, as are other persons who relied on the deceased breadwinner for support.

This being said, it is not possible to place all the social security provisions for survivors into a survivors' benefit branch of a scheme. Other branches also play their part, as indicated above, in particular those relating to family allowances, invalidity benefits, social assistance and health services. With different family compositions and the variety of relationships and dependency, a certain amount of ingenuity and flexibility is required on the

part of planners and administrators to respond adequately to changing social needs.

Benefits

The Minimum Standards Convention (No. 102) and the later Invalidity, Old-Age and Survivors' Convention, 1967 (No. 128), indicate that the minimum rate of benefit for a widow with two children after 15 years of contributions or employment, or ten years of residence, should be the same as the old-age pension rate for a married couple: this would mean that the widow would receive one half of her husband's old-age or invalidity pension entitlement, while one quarter would be provided in respect of each child. However, the proportions vary between countries, a widow, for example, receiving a pension which ranges from 40 to 100 per cent of the deceased husband's entitlement having regard to her age and to her family responsibilities.

Many schemes make distinctions between "half-orphans" and those children who have lost both their parents, awarding these latter twice as much benefit than the former, and ensuring that the rules for payment are such that the payments are used for the benefit of the children.

Other aspects

Before leaving this subject, a few further points should perhaps be made.

First, one should not confuse survivors' benefit programmes where the death of the covered person has resulted from an employment injury with those programmes for the survivors of persons who have died from natural or non-occupational causes. In the former case, as has been mentioned in the section devoted to employment injuries, there is no contribution or residence test and benefits are often, for historical reasons, set at a higher level.

Second, it is difficult to make direct comparisons between different schemes relating to survivors' benefits. This is because benefits and services are often provided through other programmes to widows and to dependent children, and these have to be taken into account.

A third and last point relates to the changing family situations which were touched on above. Some survivors' benefit programmes recognise the fact that it may be the wife who has been the economic provider in the family, so that if she dies the husband and children should receive some form of protection similar to the widows' and children's benefits in traditional schemes. While Convention No. 102 covers widows only and Recommendation No. 131 advocates equality for widowers who are "invalid" and "dependent", these concepts are increasingly being questioned — and particularly in European

countries where constitutional courts are beginning to rule out distinctions in survivorship cases based on sex. There is increasing recognition, too, that a dependant, perhaps a sister, brother, son or daughter, may have had to stay at home to look after someone who had been the breadwinner in the family and that he or she, also should have the benefit of social security protection.

Points for discussion

1. Who should be regarded as a “survivor” for the purposes of benefit in your country? Give reasons for your selection.
2. Since the amount of benefit available must, perforce, be limited, who should receive priority? Draw up a list setting out the order of priority.
3. Should a widow or widower receive some compensation on the death of the spouse irrespective of age and family responsibility? What conditions would you impose?
4. Do you think that widowers should have the same rights to survivors' benefits as widows? Discuss this aspect in relation to the situation in your country.

Invalidity benefit

What do we mean by invalidity?

If we look at the various national laws we will find different ideas about what constitutes “invalidity”; the definition of this social security contingency will vary according to which idea or concept is followed. The concepts can be briefly set out as follows:

1. *Physical invalidity*, which means the total or partial loss of any part of the body, or of any mental or physical capacity – but irrespective of the economic or occupational consequences of that loss.
2. *Occupational invalidity*, that is to say, the loss of earning capacity resulting from the inability to follow the occupation previously undertaken by the person concerned.
3. *General invalidity*, which is the loss of earning capacity resulting from the inability to find a suitable job, even jobs which might mean a change in the work previously undertaken as well as, perhaps, some sacrifice of status.

The essential difference between them is that in the first case emphasis is put on impairment without taking into account its economic consequences for the victim, while both of the other concepts give the economic aspects of invalidity much greater weight. In practice, however, the legal definition tends to take both features into consideration so that an assessment of the disability has regard to the physical and the economic consequences, though almost all countries require there to be a certain minimum degree of disability for there to be title to benefit.

But it is not quite as simple as all that, of course. In some countries invalidity benefit has come to be thought of as an extension of normal sickness, a kind of prolonged sickness benefit. In others it has become regarded as a form of premature old-age benefit where older persons who have not yet reached the official pension age can obtain benefit on the grounds of inability to follow employment because they are wholly or partially incapacitated. A comparatively new phenomenon, coupled to the downturn of the economies of a number of countries, is that sympathetic consideration is sometimes given to the possibility of making an invalidity benefit available to elderly persons who have no jobs to go to, who cannot be retrained or who cannot be expected to “relocate” to places where jobs might be found.

Generally, however, invalidity benefit is regarded as one of the “long-term” benefits and is grouped alongside old-age and survivors’ benefits, with the same basic qualifying conditions, at least in a scheme of social insurance. They were certainly grouped thus in the ILO Convention of 1952 (No. 102), and this feature was carried over into the later 1967 Convention (No. 128). Invalidity benefits are also usually available in countries which have social assistance or universal benefit type schemes, while statutory provident funds normally pay out the balance of funds due when the invalidity of the participant is established.

Assessment of invalidity/disability

Most social security schemes rely, in the first place, on a doctor’s certificate indicating that the person concerned is unable to work because of some mental or physical condition. What follows later depends on the scope of the particular scheme and, of course, whether the other specified conditions are satisfied. The person concerned may be required to appear before medical and other assessors so as to identify the problem more precisely and to have second opinions as to the extent of the invalidity and its probable future course. At this time too, it may be that vocational rehabilitation aspects will be investigated, since it is most desirable that the applicant, if possible, is encouraged to follow some useful occupation – he or she might, for instance, be unable to work regularly or to follow his previous occupation but, with help, could undertake some less demanding work.

When entitlement is being looked at, some laws require that a comparison be made between the health condition of the applicant and a normal person of the same age and sex and, in fact, the importance of age means that the same impairments and health problems usually have more serious consequences for older than for younger people. This is reflected in the award that is ultimately made.

The term “invalidity” usually implies some fairly stable incapacity, that is to say, the invalid’s condition is permanent in nature and is not likely to change. Indeed many national laws emphasise the permanent nature of invalidity, with benefit only being awarded if the authorities are satisfied that the condition will not improve. Even so, some countries permit revisions of the initial assessment and even require beneficiaries to submit themselves to periodical examination to see whether the condition for which invalidity benefit is paid has improved or deteriorated, with consequent readjustments, as appropriate.

Qualifying periods

As with old-age and survivors' benefits, invalidity benefit is usually subject to qualifying periods in social insurance programmes (either a certain number of contributions or intervals of employment) or periods of residence in universal or social assistance schemes. Such periods are necessary, first to prevent abuse of the particular scheme by persons who might otherwise obtain a long-term and potentially very expensive benefit at short notice and, second, to ensure that there is a significant participation in the scheme by the individual concerned before making benefit available.

Qualifying periods vary considerably from scheme to scheme. The relevant ILO Conventions talk of 15 years of contributions or employment and 10 years of residence for a standard invalidity benefit, with a reduced rate being available after five years of contributions, employment or residence. When all working people are members of a contributory scheme, the Conventions lay down that benefit should be payable after just three such years.

However, there are some schemes which provide invalidity benefit without any conditions other than that the applicant is a member of the scheme, or which regard invalidity benefit, as mentioned above, as an extension of sickness benefit. Other schemes may have shorter qualifying periods for younger members than for older ones, while yet others treat non-work-incurred accidents which cause invalidity on the same footing as occupational accidents and waive qualifying periods.

Benefits

As indicated above, some countries require that there is total and permanent invalidity before benefit is awarded. At the other end of the scale there are many schemes that assess the extent of the partial invalidity and/or the loss of earnings and pay a proportionate pension. Usually an invalidity benefit for total disability will be calculated on the basis of the claimant's average earnings over a period prior to the onset of invalidity – often the immediately preceding 12 months.

Where the social security programme is of the social assistance type, the award of invalidity benefit will be subject to a means test and this may be the case also with a universal scheme. In all types of programme, – except for provident funds – various supplements and increments in respect of dependants and particular problems (such as blindness, need for constant attendance, etc.) will often be available.

As can be seen, the various provisions for invalidity benefit are fairly complex and in many countries the awards made are not always straightforward. We have already mentioned that invalidity benefit may be used to try to lessen problems associated with unemployment in cases where it is impossible

to find suitable alternative work for older persons. Again, in instances where individuals have worked for many years in dangerous occupations or their work has involved heavy manual labour, an invalidity benefit may be made more readily available during the years preceding the statutory pensionable age and can almost be regarded as a form of premature old-age pension.

Rehabilitation

It is in the interests of everyone to have adequate rehabilitation services for those who are handicapped; in some countries it is the social security authorities who have the responsibility for the establishment and the support of such services. In other countries the responsibility is given to the social services generally or may be contained in separate enactments dealing with national health services, education, housing, and so on. Sometimes no distinction is made as to the cause of the impairment; for example, a person who is injured at work, in the street or at home will still be provided with the same services as someone who qualifies for invalidity benefit under the social insurance programme.

The rehabilitation services may cover the caring for and the training and employment of handicapped persons and deal with such aspects as special services for the blind, education and welfare of handicapped children and, among others, disabled ex-servicemen and women.

Convention No. 128 of 1967 requires that every member State which ratifies it should provide for rehabilitation services which, wherever possible, help disabled people to resume their previous activity or try to find them suitable alternative gainful employment. Some countries have been able to set up special sheltered workplaces and are able to provide subsistence allowances, transport, necessary tools and equipment, and even loans and grants to individuals who are undertaking vocational rehabilitation. All these are designed to assist the disabled person to live as full and as useful an active life as is possible.

Apart from the overriding morale-boosting aspect, it is obviously helpful to the finances of any social security programme if handicapped persons can rely on their own resources rather than exclusively on the State's, and indeed there are a number of schemes which regularly monitor invalidity and work-disabled pensioners to ensure that they take advantage of the services which are provided either by the programme itself or which may be available to them from some other authority.

Points for discussion

1. In what circumstances are invalidity benefits awarded? Distinguish between these and the disablement benefits awarded under an employment injury programme.
2. Why should periods of qualification be shorter for title to an invalidity benefit than for old-age benefits?
3. Should invalidity be defined as “permanent incapacity” to follow employment, as is often the case in a number of countries, or should this condition be relaxed? What are the implications?

Unemployment benefit

The contingency

Unemployment benefit schemes under social security are usually found in industrialised countries which have market economies, and rarely in countries which have large rural and agricultural-based communities. Unemployment benefit is paid in respect of those individuals who, through no fault of their own, have become unemployed and who, as a result, have lost the earnings on which they and their families have come to rely. Normally unemployment benefit is paid for a relatively short period of time where there is what is called “involuntary” unemployment, that is, the person concerned has not done anything to cause him or her to be out of work. The problem is not a simple one and unless there is fairly strict control over the potential claimants the social security authorities will find that there is an open-ended commitment and a damaging possibility that the motivation to find other work will be removed.

The differing approaches

In fact, no doubt owing to the problems of adequately financing and administering unemployment benefit schemes, only some 40 or so countries around the world have been able to establish such schemes. Three types of scheme can be identified and they are as follows:

1. *Compulsory unemployment insurance* – in which specified categories of workers must participate.
2. *Subsidised voluntary unemployment insurance* – where participation is optional, except perhaps in the case of trade union members who are required to subscribe to union funds.
3. *Unemployment assistance* – where public funds are made available to those out of work, provided that a means, income or earnings test is satisfied.

Some 30 countries have compulsory unemployment insurance programmes, often as branches of the main social insurance scheme, although unemployment assistance may be available as a form of safety net measure

where a person has exhausted the right to insurance benefits or fails to qualify under the insurance benefit conditions.

Because of the economic changes which have occurred over recent years (with the decline of traditional basic industries and the restructuring of others such as, for instance, shipbuilding, coalmining, steel making, railways, etc.), some programmes have tried to be more flexible and seek to provide partial benefits where earnings have been reduced because of work-sharing or retraining programmes, or because of shortage of work due to lack of orders or bad weather conditions.

Labour or other legislation often obliges employers to make severance or redundancy payments available to workers who are discharged for reasons other than misconduct. Normally these are paid as lump sums and have some relationship to the length of time the worker has been employed. Where no unemployment benefit scheme is in operation, these payments do at least provide some cushion during the interval between work periods. There are differing opinions, however, as to whether they should be regarded as a form of unemployment protection. On the one hand, there are those who argue that severance or redundancy payments are, in effect, forms of deferred pay or compulsory savings which are related to the work and should thus not be taken into account when determining title to any unemployment benefit which may be available. Others argue that since both redundancy/severance pay and unemployment benefit arise from the same contingency – the loss of a job – the employer should not be expected to double the expense by contributing towards the funds to cover both payments.

Who is protected?

Unemployment benefit schemes normally protect only those who are in regular paid work since, the theory goes, it is only these people who are at risk of involuntary unemployment. Thus self-employed people are not usually covered, nor are persons who undertake casual and occasional work. There are also administrative difficulties of proving unemployment in these cases, apart from problems of identifying those involved, collecting appropriate contributions and determining earnings.

Some schemes extend protection to all sectors of the wage-earning community whether they have weekly wages or monthly salaries, whether they are in the private or the public sector. If a person is in receipt of some other social security benefit (for example an old-age pension), unemployment benefit will be denied to them on the grounds that they already have some form of income replacement.

Qualifying conditions

As might be expected, the payment of benefit is often the subject of the satisfaction of fairly complex conditions, the object being to make sure that benefit is paid only to those who rely on regular paid work for their livelihood and who have become involuntarily unemployed.

In insurance schemes, a suitable qualifying period of regular work must have been undertaken, in other words, sufficient contributions must have been paid or employment must have lasted for a particular duration. The idea of this is to make certain that the claimant is properly within the scope of the scheme. Many schemes prescribe a period of at least six months, perhaps in the last 52 weeks prior to unemployment. In unemployment assistance schemes, where benefit depends on a means test, it will normally be necessary to show that the person concerned has been resident in the country for a certain length of time.

There are a number of other tests which are frequently applied. In sickness benefit cases, of course, apart from satisfying the contribution, employment or residence duration tests, it is necessary to show that the person concerned is genuinely “incapable” of work by reason of sickness. In the case of unemployment benefit, besides satisfying the contribution or other similar tests, at least five other aspects are usually taken into account.

First, there is the question of whether the claimant *left work voluntarily or not*. Obviously if a worker left work merely because he or she was dissatisfied with the job at the time or on mere whim because he knew he or she could rely on unemployment benefit, the underlying object of the benefit would be defeated. So, although it may sometimes be difficult to find out exactly what was the justification for leaving work, a critical look is none the less taken at the accompanying circumstances.

The second question concerns discharge for *alleged misconduct*, and many unemployment benefit schemes disqualify a worker, at least for a certain length of time, who has been dismissed for this reason. Again, this is often a difficult question to resolve and sometimes the legislation tries to spell out just what is regarded as “industrial misconduct” — for instance repeated negligence, theft, intoxication at work, wilful disobedience, frequent unjustified absences, and so on.

Third, there is the question of *industrial disputes* and work stoppages. Social security schemes have to try to remain neutral in these cases, and usually disqualify a worker from receiving unemployment benefit where such unemployment is a direct result of an industrial dispute. Problems arise, however, in cases where a particular worker is not a party to the dispute or where a worker is unable to follow his or her employment because of the closure of the workplace, even though he or she would be willing to do so. National practice varies a great deal with regard to these difficult aspects.

A fourth aspect relating to the payment of unemployment benefits is that the claimant must be “*capable, willing and available*” for work. This means

that, within reason, the claimant must remain part of the active labour force. Again, some problems arise and a number of schemes try to deal flexibly, for example, with the question of whether a person who is in doubtful health is indeed really available or even capable of full-time work. They will also try to coordinate action with other branches of the social security programme, or with the authorities responsible for vocational training or rehabilitation.

The fifth and last aspect concerns the question of “*suitability*” for the job, and this also poses a number of problems. The fear of being disqualified from receiving benefit may encourage an individual to accept something quite unsuitable in his or her case. Age, type of experience and past wages, not to mention the location of the new job, will ideally be taken into account, but what has probably been more important in recent years is the state of the labour market and the length of time that unemployment has lasted.

These are, as can be seen, all areas where it is difficult to have a completely objective view. There are so many “ifs and buts” and disputes can easily arise. In an attempt to smooth the path various devices have been tried, ranging from the submission of problem cases to appeal bodies and industrial tribunals for decision to the establishment of a body of uniformly applied case law.

The benefits

In social insurance programmes the usual rates of unemployment benefit are around 50 to 60 per cent of previous earnings. Occasionally the benefit may be at a flat rate and this would normally be the situation in schemes where unemployment benefit is of the social assistance means-tested variety. Usually there are supplements for dependants. Convention No. 102 lays down that unemployment benefit should be at the rate of 45 per cent of the claimant's previous earnings (for a man with a wife and two children), taking family allowances into account, and, in the case of a flat-rate scheme, 45 per cent of an unskilled worker's wages, again taking family allowances into account.

The Convention mentioned above expects that unemployment benefits should be paid for at least 13 weeks during the course of a year, or 26 weeks in the case of social assistance. But schemes vary considerably with regard to the duration of such benefits though most apply some form of waiting period before benefits commence, often of between three and seven days.

As indicated earlier, many of the more developed schemes are closely integrated with other branches of social security. While the principal objective is to pay benefits to the covered person, the scheme may be used in the application of overall policy directed to promote employment or to facilitate training or retraining.

Recent trends

It is these last aspects — the promotion of employment policies and the emphasis on vocational training — which have altered the traditional role unemployment benefits have played in social security protection in recent years, particularly in industrialised countries with market economies. Some countries have introduced special arrangements to help school-leavers and have assisted self-employed persons who have lost their livelihood, have actively encouraged the unemployed to learn new skills, have provided grants for them to set up their own businesses and have paid out special allowances to stimulate mobility. Subsidies have been given to employers as part of the wages of new worker trainees and money has been made available to enterprises to prevent or minimise retrenchment and redundancies. In some instances it is the unemployment benefit schemes themselves which have found the necessary finance for these costly exercises; sometimes they have been provided from the general revenues of the State or have been the result of levies of one type or another.

The provision of an unemployment benefit as such cannot solve root problems, which require overall policies designed to stimulate the economies. It can, however, play a useful role in alleviating hardship and encouraging the unemployed by retraining and other measures to obtain suitable employment elsewhere.

Developing countries

While much has been done in industrialised countries to minimise the scourge of unemployment, and they have the advantage of working from a relatively sophisticated base, countries still in the course of development are in a particularly difficult situation. The overriding priority in most of these countries is to promote employment and there has often been a lively and sometimes bitter debate over whether some form of income protection can be introduced for unemployed people.

The usual argument against the possibility of introducing some form of unemployment protection is that, given the lack of resources — and such resources that are available have to be allocated on many fronts in developing countries — the priorities for expenditure must be concentrated elsewhere for the time being. In any event, the establishment of any form of unemployment benefit programme must be preceded by a properly organised network of efficient employment offices, and for the most part these do not yet exist. Certainly any realistic programme of unemployment benefit will certainly outrun the resources of any contributory scheme. And it would be very unfair to provide the small, comparatively privileged wage-earning sector with unemployment benefits which have perforce to be denied to the mass of their fellow

citizens who are not able to take up wage employment because of the lack of opportunity to do so.

Points for discussion

1. What is the definition of unemployment benefit for the purpose of claiming benefit and what eligibility conditions should be fulfilled in order to obtain it?
2. What different types of unemployment are there?
3. Should there be a “waiting period” before unemployment benefit is paid? If so, why?
4. What particular difficulties are encountered in trying to set up unemployment benefit programmes in developing countries? How would you try to overcome the problems?

Family benefit

General

Another of the branches of social security deals with allowances for families. Convention No. 102 of 1952 incorporates the main ideas contained in a 1944 instrument, the "Income Security Recommendation, No. 67" which had indicated, quite simply, that family benefits should be for the "responsibility for the maintenance of children".

In fact, family benefits are somewhat different from other cash benefits provided by social security programmes. Whereas these other benefits seek, in principle, to provide income when wages are lost or are interrupted, or when a person no longer works on account of old age, family benefits are normally paid along with wages and have regard to the fact that wages do not usually reflect family commitments.

Family benefits were introduced rather later than other branches of social security for a number of reasons. One of these was the prevailing idea that large families and poverty went hand in hand and that, because of the expense involved in raising children, this could provoke an eventual decline in population numbers unless some special encouragement was given to the parents towards the costs.

Concern over the general welfare provisions for children also meant that other reforms were being introduced. Thus, over the years, many countries have adopted policies for free education and for subsidised meals, and have introduced school medical services. In yet other countries priority has been given to families with children when accommodation is allocated, and income tax arrangements invariably provide special concessions and allowances after taking into account the number and the ages of the dependent children of a taxpayer.

More about the different types of allowance

We can distinguish two types of family allowance, the so-called "employment-related" allowances and those provided under a national "public service" arrangement.

Employment-related allowances were made available in the early 1920s in Belgium and France by industrial employers who were worried about the increasing pressure for higher wages. They decided to organise “equalisation funds” to try to even out the cost per worker of supplementing wages proportionate to the size of a worker’s family. This is, of course, an application of the insurance principle. Nowadays allowances (at a flat rate for each child who qualifies) tend to be paid along with the worker’s wages and then the account is settled with the institution running the family allowance or benefit scheme.

There are many variations on this principal theme, with some countries having special arrangements for self-employed workers and with the State paying a subvention from its general revenues, so that, in the most advanced cases, schemes have more or less the same scope as alternative national public service arrangements.

Public service or universal programmes also started in the 1920s. In New Zealand allowances were first made available to families with small incomes, but this idea was soon dropped and now those countries which have such universal schemes usually provide them irrespective of parental income and finance them out of the general revenues of the State. There is no direct link with employment and – one other important point – the allowances normally go to the mother. The emphasis is on help towards the family budget and in many instances, the allowances increase for second or subsequent children.

Family composition

Title to family benefits depends on a number of factors. Often these vary between countries, though most do indeed follow the Recommendation and Convention referred to above and pay in respect of each child. Universal schemes at one time tended to exclude the first-ranking child in each family on the grounds that normal family income should be sufficient to meet the cost and for the State to do so might in some way undermine parental responsibility.

The legislation of the country will often define the term “child” for the purposes of family benefits. This is necessary because, in other respects, children may be excluded (for example, under inheritance laws, etc.). Issue children and stepchildren will no doubt be included, and legally adopted and illegitimate children also. The test is often that the child or children are living with and/or are maintained by the parent or guardian. But no hard and fast rule can be given.

Age is also a factor. Many countries tie the upper age limit for title to family benefits to the school-leaving age – often 14 to 16 years – but the limit may be extended if the child continues further education, undergoes vocational training or becomes an apprentice. An invalid child will also retain title until

he or she is absorbed into some other scheme paying comparable or better benefits.

While some schemes make “progressive” amounts of benefit available — that is, so much for the first child, more for the second, and so on — employment-related family benefits usually make no distinction. One should also note that in some countries family benefit schemes are very directly linked to national family policies, and increases (or decreases) in benefits may well be used as an instrument for encouraging or discouraging the number of children in a family.

Other family benefits

The definition of “family” and “child” contained in the legislation relating to family benefits is frequently used for other social security benefits, for instance, when establishing title to survivors’ benefits in respect of children, or where dependency allowances supplement basic sickness allowances or personal old-age pensions. There is an affinity too with maternity benefit. Some family benefit schemes make pre-natal and birth grants available. They may also be the vehicle for paying marriage grants and housing allowances, while holiday bonuses are a feature of some schemes. New ideas continue to emerge including such approaches as supplementing benefits when a parent, who normally works, stays at home to care for a child up to a certain age or who looks after a sick child.

Having said all this, there are still many countries who have not yet been able to introduce a family benefit scheme or which believe that, at least for the time being, they are inappropriate. Interestingly, only seven countries had full family allowance programmes in 1940. The numbers increased progressively until 1977 when there were said to be 65 programmes in operation while, at the last count in 1988, the number had declined to 63.

Rates of allowances

It is particularly difficult to make comparisons between the effective value of allowances in one country as against another. There are too many factors involved such as real exchange rates, cost of living, and the different types of benefit included in the programme. The impact of taxation also has to be taken into account, for in many countries the levy of a direct tax on personal incomes may affect or be affected by the payment of family benefits. The combination of cash benefits and services and the national or local policies applied in the fiscal sphere are such complicating features that a rate cannot be defined in the same way as for other social security benefits. In fact, all that Convention No. 102 could do when attempting to deal with this aspect was to

ask ratifying countries to ensure that where the scheme is universal in application it should provide a benefit at least equivalent to 1.5 per cent of an unskilled worker's wage, multiplied by the total number of children of all residents, while if the programme is limited in coverage the figure should be 3 per cent of a unskilled worker's wage, multiplied by the total number of children covered.

Benefits in kind

We should not leave the subject of family benefits without reminding ourselves of some of the other services which are often provided to assist families. Some have already been mentioned. These may be quite extensive in some countries, although they are not necessarily regarded as part of the social security programme package. Labour and other laws often incorporate welfare facilities for expectant and nursing mothers, and free or subsidised milk, meals and the provision of medical care may be part of school or other programmes, as are assisted holidays. Concessionary housing may be available and special medical attention may be given to expectant and nursing mothers and to any children who are not yet within the school system. No doubt one will be able to think of other services which are provided to support the family, but a full discussion of these is really beyond the scope of this guide.

Points for discussion

1. Should family allowances be paid as part of wages, or is there a better way of supplementing family income where there are children?
2. Discuss the merits or demerits of "public service"/universal family benefit schemes.
3. Should developing countries concentrate their efforts on upgrading services for the delivery of food, better housing, health care, etc., for children, rather than providing cash benefits?

The financing of social security

General

Social security benefits are expensive. They have to be paid for. People have to have confidence that the benefits will be available when they are needed, so that there must be an effective administration and the money must be there to meet the payments when they have to be made.

How are benefits financed? What are the problems associated with financing social security? A proper appreciation of these aspects will give workers' and employers' representatives, as well as the public at large, a better insight into why it is necessary to concentrate resources in this or that particular area and, when allocating these resources, to identify priorities.

It is no use setting up a scheme without looking very carefully at how it is to be financed. What is normally done when a new scheme is developed is to weigh up carefully the cost of the proposed benefits in a scheme to see whether they can be afforded. This is common sense, and it is done for virtually every type of scheme, whether it is a small and simple occupational pension scheme, for example, or a nationwide insurance or means-tested system.

The only exception to this rule is provident funds. Here the combined contributions of employers and workers together are collected and made available at some future date; but even with provident funds there is a question of how big a contribution can be tolerated if it is not to have adverse effects on a worker's take-home pay and his or her ability to meet daily expenses or, from an employer's point of view, on the profitability of the business and thus his or her ability to keep the workers in employment.

In industrialised countries criticisms are levelled at social security because of its rising costs caused by progressive extensions and because some believe it has not altogether fulfilled its social purpose. In developing countries it is criticised because it does not go far enough or because some think that it provides for those who are already comparatively privileged at the expense of those whose needs are just as great but whom it fails to cover. Having said this and despite its gaps, the achievements of social security cannot be minimised and it must surely be regarded as one of the most fundamental and beneficial developments of this century.

In industrialised countries these social security developments are now reflected in the growth of expenditure. Some countries in the European

Communities, for example, are spending up to one-third of their gross domestic product on social security, a price which many people, and particularly the younger generation, grumble about when paying their contributions or social security taxes but, on the whole, take for granted. They do not think about how they would manage if they had to bear the full cost of raising families, of supporting parents and contributing to the health care costs of elderly relatives.

No apology is necessary for emphasising these points. It is the price to be paid for the extensive protection which is given to citizens in industrialised countries and it is very relevant to any discussion about the financing of social security. Those involved in shaping social policies have constantly to bear the cost aspect in mind.

Factors which affect the cost and its trend

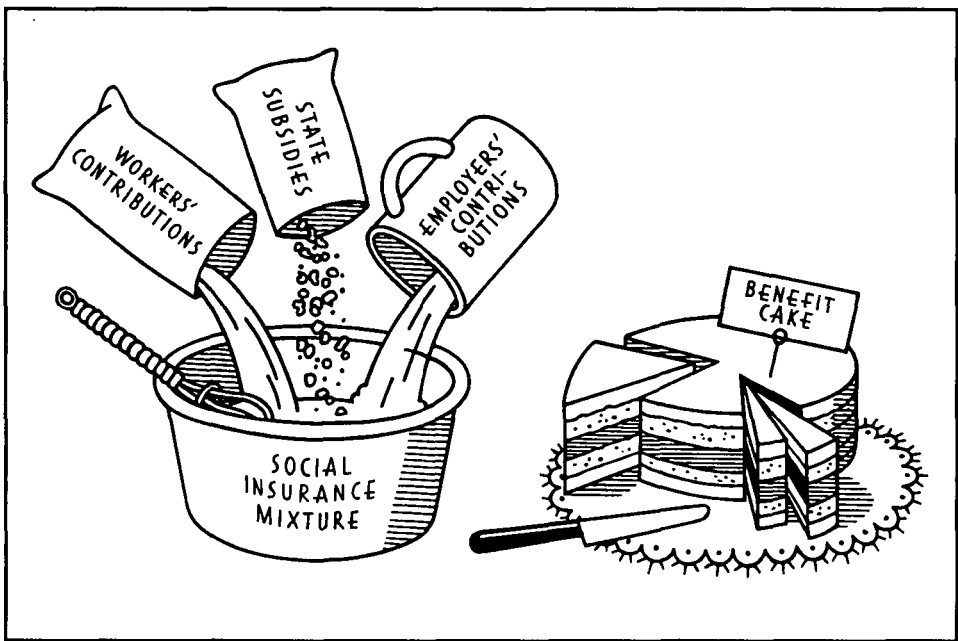
Since different countries have their own inherent characteristics, direct comparisons between them are not always practicable. For instance, one country may have an age distribution of the population which shows that a big percentage of its citizens are over a certain age, perhaps older than 50 years of age, while others may have a very young population on average – many of whom are of school age or who may be of working age but are unable to find jobs. All these factors obviously affect the financing of social security, as will the types of economic activity undertaken and the various wage levels.

Short-term benefits, as the name implies, are normally paid for a limited duration. Such benefits are sickness and maternity cash benefits, medical care benefits, temporary incapacity following an employment injury, and benefits in respect of unemployment and for family responsibilities. Since, apart from catastrophic situations, the incidence of these contingencies can be reasonably foreseen, it is comparatively easy to come to a conclusion about how much provision must be made to cover the cost of these benefits and this can be done, broadly, on a fairly short-term basis.

Longer-term benefits, which include old-age, invalidity and survivors' benefits, together with disablement benefits under any employment injury scheme, are in a different category. They are obviously more expensive, paid as they are in most cases month by month until the death of the individual beneficiary. It takes some considerable effort to arrive at a satisfactory conclusion as to the prospective cost of such benefits, even if the age and sex distribution of the population which is at risk is known with accuracy. Additionally, provision has to be made for present pensioners. It might be thought that it would be sufficient to ensure that each person, when in the workforce, pays an adequate contribution in one form or another to meet, on average, the cost of his or her ultimate benefit – the financial device known as the “full funding” of benefits. But unfortunately it is not as simple as that, as a moment's consideration will show.

Over the period of time when prospective pensioners are building up their title to long-term social security benefits, all sorts of changes may have taken place. Wages may have altered radically during the period. Inflation may have soared. Existing pensioners may have had their pensions increased, because of this latter factor, way beyond the forecasts which were made at the commencement of the scheme. All this has to be taken into account by the actuarial and financial evaluations which must be undertaken on a regular basis to determine the present and future costs of the scheme and to enable appropriate recommendations to be made.

These actuarial forecasts are particularly important in the case of insurance-based social security schemes, but in principle the same sort of exercise must be undertaken for all systems — insurance, universal or means tested. Various adjustments can be made if the costs are too high, for instance, by reshaping the benefit qualifying conditions, directing resources into other areas, reviewing priorities, and so on. But it is obvious that once a benefit is in existence it is extremely difficult, if not unjust, to withdraw it. One is also faced with the fact that participants are in the process of acquiring rights under the rules in operation and it would not be ethical to remove these rights.



Systems of financing

In this guide we shall not go into the details of the different actuarial techniques which are used to try to secure a balance over a longer or shorter period of time between social security income and expenditure. Suffice it to say that the “fully funded” system mentioned earlier is relevant to private pension schemes but is not applied to social security. A comparable system for social security is the “general average premium” system, which determines a constant rate of resources at the outset as a percentage of the insured wage bill to guarantee, in theory, the perpetual financial well-being of the scheme. At the other end of the scale are the “annual assessment” or “pay-as-you-go” systems in which, broadly speaking, the annual income and expenditure are the same. In practice, an intermediate, partially funded system is generally applied with some capital being accumulated, not for expenditure, but for the sake of the interest it yields. One important case in point is the so-called “scaled premium” system, under which the contribution rate remains stable over successive intervals of time, being revised at the latest when the accumulated reserve fund starts to be depleted. Finally, mention should also be made of the “assessment of constituent capital” system, generally applied to finance pensions arising under employment injury branches of insurance, in which calculations are made to equate each year’s income with the capital value of pensions awarded in that year; that is to say, each year’s contributions, invested with interest, should in theory be sufficient to meet the liabilities arising out of awards in that year.

The importance of having regular actuarial and financial reviews of schemes is, of course, obvious. Each actuarial technique has its particular characteristics and applications, though one or more may be appropriate for the different types of benefit contingencies. Those readers wishing to look more closely at the various systems and their particular advantages and disadvantages, can refer for additional information to in the ILO publications *Introduction to social security*¹ (Chapter 12: “The financing of social security schemes”) and *Financing of social security: The options*.²

How contributions are fixed

In the case of universal or means-tested schemes, the financing of the benefits is undertaken out of general revenues of the country, and revenues come, for the most part, from various sources of taxation. The amount of money allocated to meet the social security benefits will usually be estimated having regard to anticipated expenditure and approved by the country’s Parliament.

In the case of insurance schemes, contributions are normally paid by insured persons and by employers (with, sometimes, a state subsidy from

general revenues). The contributions, as has been mentioned already, may be uniform for all insured persons (i.e. "flat rate"), or they may be wage related.

One should note that when contributions are paid at a flat rate, benefits are also usually payable at flat rates. While the contribution arrangements may be relatively easy to understand, the problem is that a contribution which is at the same proportion of wages for all insured persons bears most heavily on the lower paid. Hence some so-called flat-rate schemes reduce the contribution where wages are low, though maintaining the benefit levels if these do not exceed the worker's normal earnings.

As regards wage-related contributions, there are two methods of fixing the appropriate rate. In the first method contributions are strictly proportionate to earnings. In the second, contributors are divided into wage bands, and earnings within these bands attract their own flat-rate contribution. Often an upper limit or ceiling is set for benefit and contribution purposes, and these limits or ceilings are revised from time to time in line with the movement of economic indicators (price rises, cost of living indices, inflation, etc.).

Investment of reserve funds

As would be expected in respect of institutions which collect money, funds may accumulate, and particularly if certain types of financing methods are used. It is normal financial practice to invest money not immediately required for the best possible returns, and this is the case with social security schemes.

The basic principles which govern the investment of social security funds are the classic ones of safety, yield and liquidity — safety, to ensure that contributors' funds are maintained, yield in order to maximise the funds (and thus perhaps keep contributions lower, or increase benefits) and liquidity in order to ensure that the necessary money is on hand when needed.

But another factor usually is considered when the above three prerequisites have been met social and economic utility. The idea here is that social security funds should, to the extent possible, be invested in order to improve the overall quality of life in the country. Thus there might be investment in housing, health and education or in enterprises that are creating jobs. Such funds as are available for these types of project are normally, however, invested through the appropriate financial institutions, otherwise the focus of the management of social security schemes might well be diverted from its cardinal objective, which is ensuring the efficient operation of the scheme.

Particular aspects of costs

Before leaving the subject of how social security is funded we should perhaps comment on two other aspects, mentioned only briefly so far, which have far-reaching consequences on overall costs and, thus, on the financing of social security. These have been, and continue to be, the subject of considerable concern and debate.

The first concern relates to the soaring cost of old-age pensions. In industrialised countries this is increasing not only because of the continuing maturity of schemes (that is, more and more people have satisfied the qualifying conditions of contributions, employment or residence and are receiving their benefits) and because people tend to be living longer, but because of the age at which the pensionable age has been set. Nearly all countries have a “normal” pensionable age established when the schemes were first set up. Some critics believe that the time has come to review that age, and attention has been given in various quarters to the best strategy to raise it – or at least make it much more flexible – so that those who are capable of working and wish to continue to work should be allowed to do so. It goes without saying that the raising of the pensionable age would, of course, have very significant effects on the overall cost of social security. These arguments are countered by the assertions that releasing older workers will improve the chances of young unemployed people to find jobs, and also that after, say, 40 years of work, older persons certainly deserve a paid respite. This is a matter which has previously been mentioned in Chapter 7.

The second area of concern, again previously mentioned, is the increasing cost of health care. In developing countries there are obvious difficulties in finding sufficient money to set up and to deliver health care on a nationwide basis. There are so many demands on the available money and services, and other priorities may have to be established. In industrialised countries, too, priorities for available resources have to be set. Progress in medicine has led neither to a fall in the frequency of illnesses nor in the use of health care services. People have more sophisticated expectations, and are more aware of and concerned about their health than their parents were; and it is only natural that affected patients will wish to take advantage of new and expensive technologies if they think these will improve their chances of a cure. There is also the fact that as people live longer so their need for access to medical care and social services increases; not to mention that more attention is given to the special needs of the seriously disabled, who nowadays have greater chances of survival than in days gone by.

Points for discussion

1. When an old-age pension insurance programme is established, expenditure is low to begin with. But then it increases annually and for many years. Why should this be?
2. What are the relative advantages and disadvantages of a “pay-as-you-go” system of financing social security benefits as against a “scaled premium” system?
3. What are the main difficulties, as you see them, in finding the necessary money for an adequate social security programme in your country? What priorities would you give to which benefits?

¹ Geneva, 3rd ed., 1984.

² Geneva, 1984.

Social security and the national economy

General

As has been indicated earlier, social security can have a profound impact on the economy of a country and particularly so if the scope of the programme is extensive. Social security in its present state developed out of the growth of industry, the shift of populations from a rural to an urban setting and the increasing use of cash in the economy. Workers who had been used to rural subsistence within their villages or extended families became totally reliant on money wages when they moved into the towns. With this change in the economic setting, some kind of formal social security programme became vital to protect workers against the risks which menaced regular incomes and threatened their ability to be able to support themselves and their families. One should not overlook the fact, too, that it also helped to reduce social tensions and disturbances.

Social security programmes continue to be a crucial element in industrialisation, economic development and growth — though the form the programmes take clearly depend on the priorities — while their contents help to mould the direction and pace of economic development to a significant degree. Social security may be used — and deliberately — as an instrument for economic change, as we have seen from the various sections devoted to benefits.

Medical care helps to provide a fit and efficient workforce, thus affecting productivity and, consequently, economic growth. Cash benefits replace wages during unemployment, absence due to work injuries or illness or when a woman is having children. People can move from place to place more readily since benefit rights do not depend on continuing employment with the same employer. The longer term benefits provide the means for continuing purchasing power and circulates money, while investing surplus funds in insurance or provident fund schemes can make important contributions to the availability of finance for social and economic purposes.

Social security and income redistribution

The broad social aim and effect of social security programmes is to improve the quality of life. The broad economic aim and effect is to redistribute income. Under social security, income is redistributed in two ways. One way is by “horizontal” redistribution, the other by “vertical” redistribution.

By “horizontal” redistribution we mean that people pay taxes or contributions on a regular and continuous basis and these are then transferred to those for whom the system caters. In other words, the working, healthy population who do not, at least for the time being, need social security benefits, transfer resources to those who require such benefits. When the social security programme is a small one, for example a limited scheme covering only a small segment of the population, the horizontal transfer may be fairly insignificant, but where there is countrywide coverage the scale of transfer can be very considerable.

A provident fund scheme does not transfer income in the same way or with the same impact since, as explained in an earlier section, such a fund is a form of individual savings plan — albeit of a compulsory nature — though some redistribution is, in fact, achieved by way of the transfer of the employer's element of the combined contribution to the benefit of the worker.

“Vertical redistribution”, on the other hand, is effected by transferring money from higher-income groups to persons with smaller incomes, something which is done almost as a matter of course nowadays by governments. Taxes on incomes, and controls on prices, wages and profits are some of the direct means of achieving vertical redistribution: indirectly such transfers can be effected by applying certain types of policy to education, housing projects, health and child welfare, and so on, as well as by social security.

The level of social security contributions in an insurance scheme can be weighted in favour of the lower-paid workers, for instance, and this is a part of the mechanism for vertical redistribution. Benefits too can form part of the mechanism. Many schemes give preferential treatment to the lower-paid worker by making the conditions for and the amounts of benefit, particularly old-age or invalidity benefits, especially favourable to them.

The economy and social security contributions

As has already been indicated, there are some critics of social security who say that in many countries “social” charges, of which social security contributions form a part, have become exorbitant and are a drain on the economies of the countries concerned — that the burden of social costs is damaging economic progress. What is the truth?

Undoubtedly the imposition or the increase in social security contributions has an impact which filters through the economy. Usually the effect on

workers' wages has meant not so much a drop in consumer demand and spending, but pressure for wage increases. And one must look at the combined effect of contributions and benefits. Contributions are raised to meet benefit increases, and the money provided by the benefits returns through the economy. Certainly in hard times less is spent on luxury goods; none the less, social security benefits go some way towards protecting the purchasing power for essential goods and foodstuffs and maintains the circulation of money.

In industrialised countries the number of pensioners has risen dramatically over the last decades, and with it their social and economic influence. The total amount of their disposable incomes has increased and, on the whole, they are consumers rather than savers. Again, the effect is not damaging to economic prosperity.

The social security contribution of the worker in economic terms is relatively straightforward; it is an element of wages, of take-home pay. The status of the employer's contribution is more complex, since it forms part of a package of costs, profits, prices, wages, turnover and taxes. While the increase in a worker's contributions can, for example, be measured in terms of "a drink or two a week", the same increase in the employer's contributions can amount, globally, to a considerable sum and have an untoward impact, particularly in labour-intensive enterprises.

So there remain different views on the effect of social security costs on production and employment. While benefits are, in general, spent to meet current needs, there are those who argue that the volume of benefits, and particularly family benefits and old-age pensions, sustains heightened demand for goods and services and thus stimulates employment. Those who argue differently say that benefit costs reduce the profitability of an enterprise and encourage employers to substitute capital- for labour-intensive systems.

Perhaps a reasonable way of looking at things is to appreciate that social security as such is only a part of total labour costs, even though a significant part, and to take the philosophical view that economic and social well-being are mutually sustaining.

Savings and investment

Social insurance and provident fund schemes can generate and accumulate considerable financial surpluses. The amount and nature of these surpluses depend on the scheme and the method of financing applied, as was briefly indicated in Chapter 12 devoted to financing. These surpluses must be used in some way and normally they are invested to produce the best possible returns.

Many developing countries have accumulated significant surpluses. This is because they either have national provident funds (which are essentially savings schemes), or have introduced old-age benefit branches to their social insurance systems at a time when the average age of the population is so low

that most participants will not qualify for benefit for at least a generation. Thus a considerable surplus of funds is available at present.

Generally the national legislation lays down the way in which surplus funds should be invested, often in government securities or at least under the direction of an investment committee on which central government is strongly represented. It is surprising then that in a number of developing countries, although the national authorities may rely on funds generated by their social security schemes as an important source of funds for capital formation and investment, social security is not always integrated with development planning.

Unfortunately, developing countries have particular problems to face when confronted with where and how to invest surplus funds. There is a good case for devising, and insisting on, public policies designed to safeguard the adequacy of returns on social security investments and to try to preserve the real value of funds. But where do these countries find suitable investment opportunities which match up to the desirable criteria?

Economic pressure and social security

In recent years nearly every country has felt the effect of economic strain, some considerably more than others. No one would pretend that there is one overall solution; some of the best brains and research teams have tried to find national, regional and worldwide antidotes to this problem, with mixed results.

When planning or reviewing the finances of social security measures, the policymakers and actuaries take account of predictable changes and make assumptions on the basis of population statistics and economic expectations. Safety margins are left. But in times of economic crisis, when inflation is high and there is a recession with consequent widespread unemployment, severe strains are placed on all forms of financing, including that of social security. Under social security schemes based on insurance principles, benefit levels can match wage levels when the contribution is a proportion of the wage, and provided that wages follow the inflation rate the result may not be catastrophic. In countries with flat-rate contribution and benefit structures, however, there may be a need for frequent changes in the standard contributions to pay for the increased flat-rate benefits.

It is standard practice in a number of countries to finance social security from general revenues. In these countries governments are constantly involved in the setting of priorities and allocation of funds, and even more so when the taxable capacity is in straitened circumstances following economic difficulties. At times like these there are particularly strong competing claims on available resources. The question of allocating further funds to social security in an emergency depends on the merits of the various programmes and the arguments advanced by the parties concerned at the time. One should perhaps note in this connection that the closer a contributory social security

programme approaches complete coverage of the population the more it can be likened to a universal scheme and the more the contributions approximate to a general tax, and with similar effects on the economy.

We have already mentioned the difficult problems thrown up by demographic changes. The economic implications for some industrialised countries of an increasing older age group of the population means that in years to come, if there are no dramatic changes, just one or two active workers will be supporting one old-age pensioner, a ratio which will have intolerable consequences. There are other important implications too, arising from the increasing number of women who work, the phenomenon of single-parent families, the apparent insatiable need for health services – to mention but a few. The social security financing problems of industrialised countries may well be viewed by developing countries with something less than enthusiasm, but they can profit from these experiences when planning and implementing programmes best suited to their economic conditions.

At the end of the day, what is certain is that social security programmes have been, and continue to be, of immeasurable benefit to the vast majority of people and a bulwark against social unrest; of course there is a price to be paid and it is undoubtedly necessary to have regard to what is generally acceptable. It is also necessary to monitor continually, review and adapt programmes to respond to prevailing situations and inevitable changes while, at the same time, trying to give the best value for the money spent. This latter aspect brings us naturally to the next chapter, which is devoted to the administration of social security.

Points for discussion

1. How is income redistributed under social security programmes? Discuss the different approaches.
2. The critics of social security say that total costs in many countries have become a “drain on the economy”. What do you think?
3. How can surplus funds accumulated under social insurance or provident fund schemes best be used? Give reasons for your views.

How social security is administered

General

What should we expect of a social security administration? An administration exists for one purpose only – to provide an effective and efficient service to its clients, the clients being the various participants in the scheme, that is, those who are working for employers, the employers themselves (and if the programme is so designed, other sectors of the population such as the self-employed and the non-employed).

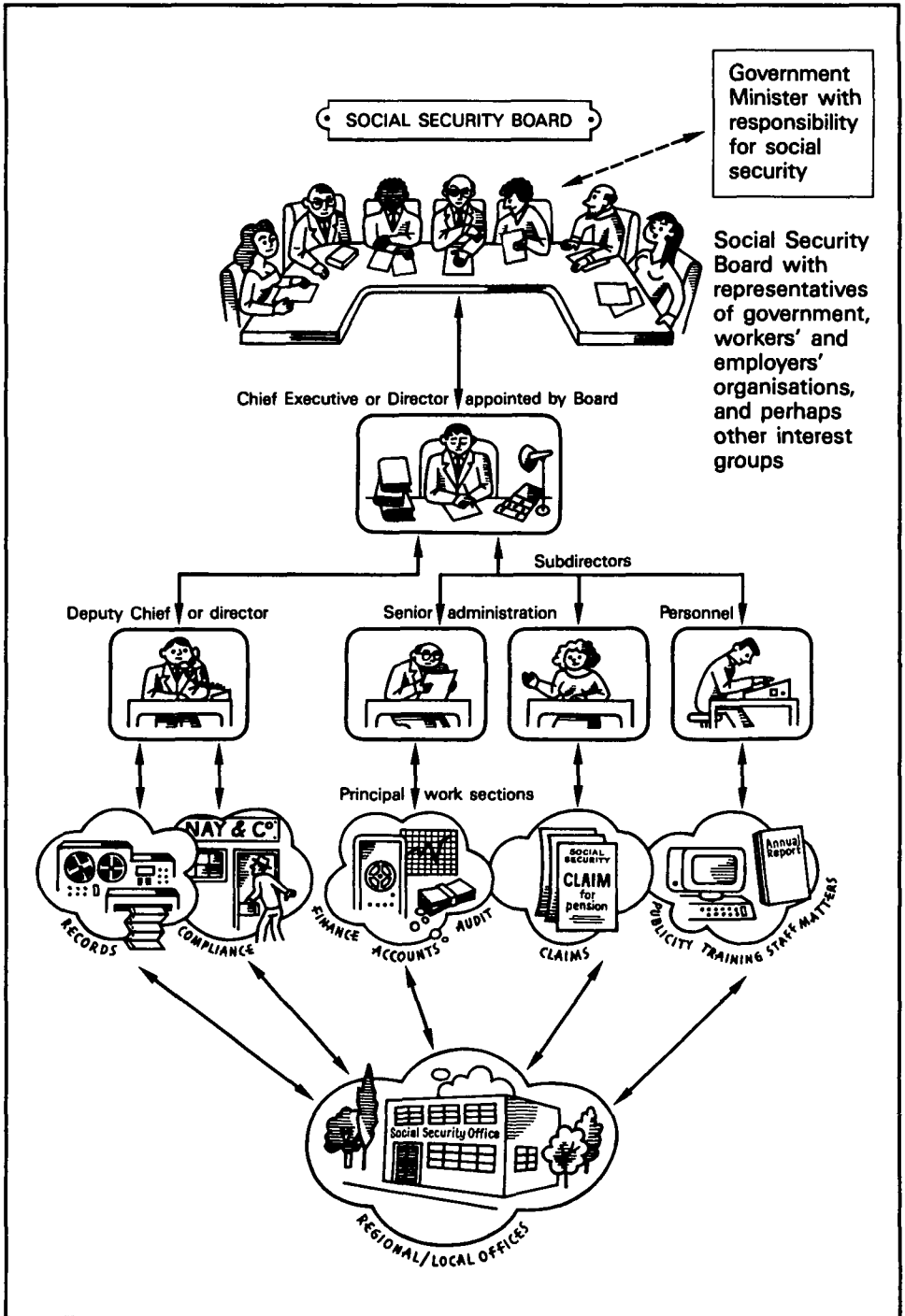
The ideal administration is one which is both effective and efficient, working along with its participants, providing help and advice, explaining and reasoning. Since there are rules and regulations to be observed the administration should apply them impartially, and there should be a clear-cut right, if a decision goes against a claimant or a beneficiary, for a right of appeal to be made to an independent body.

Such is the ideal. Unfortunately, in practice, it is not always like this and few institutions would say that there is no room for improvement in the running of their administrations.

Structures

There is no particular and special model for social security administrative structures and organisation. Different structures suit different situations, and they seem rather to have developed on the basis of what was regarded as right at the time and then adapted as required. The earliest formal social security programmes were administered through employers, commercial insurance companies and the courts of law (work injuries), or by representatives of the participants themselves who were often working in particular industries (and perhaps on a regional or local basis); these forms of administration exist up to this day in a number of countries.

In yet other countries the structural pattern is much more formal, and where near-universal coverage has been achieved, it is quite common to find a single institution concerned with all aspects of the programme, from collection of contributions to determination of and payment of all the various forms of benefit.



Between these extremes will be found a variety of other administrative structures.

The law will govern all or many of the administrations' functions. It will say what is required of the institution or bodies charged with running the programmes. The rules and regulations can be very detailed or they can merely provide the framework of the organisation, in which case the institution or the body itself will regulate itself within the limits laid down.

Social security policy

The more widespread the coverage of social security the greater the central government direction of policies. This is only to be expected given its ultimate responsibility for the overall social and economic well-being of the population. Central government will certainly want to have a say in the nature of the benefits to be provided, the contents of the legislation, and the amount of and the allocation of funds within the framework of national economic plans.

The most frequent arrangement which is found is of a central government department with the overall policy responsibility for social security — perhaps the Ministry of Labour or Social Services or Health. There may even be a special ministry for social security itself. In some patterns, there is a Social Security Commission or similarly named body, charged with policymaking and supreme oversight of social security but still, in the final analysis, responsible to central government. Sometimes policymaking is divided between a number of central government departments; in this case close coordination between them is vital.

Common features

All social security insurance programmes and provident funds have one thing in common — the need to collect contributions and to account for them by properly allocating them to the personal records of participants. Means-tested and universal social security schemes, on the other hand, do not need to maintain records of employment or contributions, since the qualifying conditions for benefits are normally based on the period of residence and not on amounts of contributions and/or the length of employment.

The records for social security insurance and provident fund schemes are essential to arrive at the amount of benefit due. Qualifying periods for the long-term benefits may extend over many years and it is vital that the individual records are properly maintained and easily accessible. This meant that until recently all records tended to be centralised — to help in the identification and recording processes, particularly when workers moved from employer to employer. Nowadays, with the increasing use of electronic aids in the form of

interlinked computer networks, centralisation of records is no longer of paramount importance. But whatever system is used, each worker and employer or other participant has to have a unique reference number which is kept for as long as there is an association with the social security programme.

In social security insurance and provident fund schemes, employers normally deduct the appropriate contribution to the schemes from the workers' wages. These are paid over periodically to the relevant institution along with the employers' contributions as laid down by the regulations in force. Self-employed persons pay their contributions directly. Earlier schemes used stamped cards, stamps being purchased by the employer or self-employed person at the appropriate rate and then affixed to the relevant space on the unique card for the person concerned; these cards were current for six months or a year, being exchanged at their expiry date for a fresh card for the next period.

Relatively few schemes now use the stamped card method. For the most part this method has been superseded by the payroll system of payment and collection of contributions. In the payroll system employers remit contributions directly to the institution with a nominal roll giving details of individual workers at intervals of about a month, and details are then transferred to the participants' records, either manually or electronically.

Administration at the local level

As indicated above, the principal task of a social security organisation is to pay benefits correctly, promptly and humanely, in accordance with the law. Everything else it does, though necessary, is subservient to this.

But by its very nature — responding as it does to the many varieties of individual circumstances — social security administration is a complex operation. Social security is also very “big business”, a large scheme handling thousands of claims, paying millions of benefits, dealing with huge sums of money during the course of a year. The organisation must be flexible, in order to implement changes quickly. It must deal with each customer on an impartial basis.

The point at which the customer — the participant — meets the organisation is at the local level. The personal service is given here. Even if the actual claim which a person makes is dealt with elsewhere, it is at the local level that the first and subsequent inquiries are made. Local offices are normally set up at population centres and will normally receive claims, pay benefits and deal with questions on a personal basis. They may also have health centres attached to them, but much depends on whether medical care is organised on the “direct” or “indirect” system, as mentioned in Chapter 4 of this guide.

The local office is also, more often than not, responsible in the first instance for ensuring that there is a satisfactory level of compliance with the law on contributions within the area of its jurisdiction. Some employers may

try to avoid their liability to pay all their dues or are frequently late in submitting the remittances in respect of contributions. The spearhead of the attack on these types of problem — to which even old-established schemes are not immune — is the local office staff. It is they who know the locality, become aware of new employers, can more easily initiate action against those who fail to comply and generally police the working of the law in the area which they serve. Most schemes have social security inspectors attached to the local office whose main task is to ensure a satisfactory standard of compliance. For this purpose they will probably have been given special powers in connection with the right of entry into employers' premises and the production of wages books and associated documents. It is they who routinely carry out surveys of employers in the areas assigned to them and will, if all else fails, institute legal proceedings for the recovery of contributions which are unpaid or in respect of other serious failures to comply with the social security law. As with social security insurance programmes, universal or means-tested schemes will require local representatives or inspectors to check, in cases of doubt, on a person's title or continuing right to the benefit claimed.

A few words should be said about the local administration of unemployment benefit since, as indicated in Chapter 10, there are special circumstances which affect its payment. The right to the benefit often depends on the fact that the claimant is "available" for work and should take suitable work if it is offered. Such tests are normally administered through an employment exchange or placement office of the Department of Employment which will frequently take over the payment of benefits, maintaining a close relationship with the social security institution. This is especially necessary if there is a doubt about the claimant's actual fitness for work.

Regional and headquarters structures

In many countries, especially if there are well-defined provinces, one will often find regional offices which have responsibility for the oversight of local offices within their region. They do not normally deal with the public but monitor the work of local offices and may have some management functions as well. For example, the hiring and disposition of staff may be one of their responsibilities. Local offices may be required to submit specific or unusual types of claims to them, particularly if the matter is not covered by existing instructions or appears to raise problems of interpretation of the law.

The headquarters itself will retain overall direction of the scheme and will be particularly concerned with research activities, the collection and interpretation of statistics, developing policy and responding to the requirements of any Board or Commission set up to control the scheme. Where the social security programme is run as a government department, headquarters officers will advise the Minister in charge, will often frame the various instructions and will be responsible for budgets, accounts and internal auditing. It

may be that central records are maintained at headquarters and that it will deal, on a general basis, with "public relations" which are so essential for a proper understanding of the scheme. Much depends, however, on the scope of the coverage and the size of the programme. There are, for instance, small schemes where there is only one office and this office assumes all the functions of direction, management, evolution of policy, finance, dealing with the public, and claims and payments, as well as overseeing the collection of contributions, and so on.

Appeals

Every claimant to benefit should have the right of appeal in case of refusal of benefit or complaint as to its quality or quantity. This is one of the points made in ILO Convention No. 102. The Convention does not lay down any particular avenue of appeal: in some countries the ordinary law courts are used; others set up special social security appeal bodies — often tribunals consisting of a legally qualified chairman and two members drawn from lists nominated by workers' and employers' representatives respectively; yet others use the existing arrangements under their labour legislation. Under the later 1967 Convention (No. 128), a claimant should have the right to be represented or assisted by a qualified person of his or her own choice or, for example, by a delegate from the trade union and, although this Convention only refers to the named benefits (invalidity, old-age and survivors'), it is usual to give the same rights in all benefit cases.

Quite often a distinction is made between the interpretation of the law, on the one hand, and a point of fact, on the other. For example, it may be the case that if benefit is claimed late it can only be paid back to its starting date if there was good cause for not claiming at the right time — otherwise it is paid from the date the claim was received. Whether good cause exists or not is determined on its merits and, in the event of the social security institution refusing to pay benefits from the starting date, an appeal body might, after looking at the circumstances and possibly hearing the appellant and/or the trade union representative, come to the conclusion that there was indeed good cause for claiming late. It will then order benefit to be paid. There are many similar cases when considering benefit claims. A social security institution can often review a previous decision itself, if fresh facts on a case come to light.

Sometimes there are disputes over highly technical matters and particularly medical questions — for instance, the severity or disabling effect of an illness or a work injury. Here, it is often the case that a medical board can make a decision or, if necessary, review an earlier decision which was made. Or it may be that a special review body is established to deal with the cases on appeal.

There are, as would be expected, different methods of trying to make sure that the customer — the claimant — gets a fair hearing. In dealing with

so many cases under a social security system it is inevitable that some misunderstandings occur and there must be a remedy. Each country tries, having regard to its customary practices, to provide the machinery for this. It goes without saying that ideally appeals and reviews should be carried out quickly and their decisions acted on with speed.

Automation as an instrument of social security administration

The electronic computer is now commonplace in social security. It does, of course, provide the means for collecting a mass of routine information, and for processing and storing it economically. Administrators see the computer in other terms too, a way of abolishing monotonous jobs and, by rapid access to and retrieval of information, giving the public a more reliable and speedy service. There are those who view developments with a certain amount of anxiety, however. They fear that some of the information recorded may, through human error, be incorrect and that the public may have no access to their records in order to contest any inaccuracy of the information recorded. An increasing number of laws are being passed which will give participants the right to know what information is stored about them on their records so that it can be updated and otherwise changed if necessary. Laws also exist to protect this information from disclosure to third parties.

The use of the computer does not, in itself, overcome basic problems stemming from poorly designed systems and it is sometimes the case that there have to be manual back-up procedures as a safety feature in case of a breakdown of computer facilities.

In developing countries policy may dictate that labour-intensive methods should be used instead of electronic or machine processes. There are other problems too for developing countries, such as the need to use hard-earned foreign currency to rent, buy and install these aids. Lack of trained staff is also a difficulty, not to mention the retention of such staff. Some of these problems can be overcome by sharing facilities with other users but caution is needed, to ensure, first, that the computer is available when needed to deal with the claims and payments which have to be processed speedily, and, second, that there is adequate protection of the confidentiality of claimants' records.

Points for discussion

1. Discuss the situations where a stamp method of paying contributions to an insurance scheme is to be preferred to a payroll method, or vice versa.
2. Should different organisations be represented on:
 - (a) the administrative bodies of schemes;

(b) the appeal bodies of schemes?

Say why you think this is important.

3. Is it better to have one institution involved with the administration of social security benefits in a country, or a number dealing with the same or different benefits? Discuss this and indicate how local representatives of insured persons and employers can best make their views known about social security features of concern to them.
4. What safeguards should be introduced to preserve the privacy and confidentiality of insured persons' records? Should employers have the same rights to confidentiality?

Migrant workers

General

Over the period of their working lives people may move from job to job, perhaps in the same village or town. Or they may move from one region to another in search of work or better-paid prospects. A nationwide social security programme should be able to ensure that when the time comes for them to make a claim to benefit, all the necessary records of employment, contributions or residence are to hand and easily accessible.

There are, however, some categories of workers whose jobs, by their very nature, take them to other countries and away from the immediate protection of their home social security system or systems. Such categories could include, for example, seafarers or international airline personnel, persons serving their country abroad as diplomats, consular officials, construction workers and sales representatives who go abroad on foreign contracts.

Over the years many social security insurance programmes have been extended to try to maintain special coverage for these groups, such as the continuation of compulsory cover for limited periods of say, 12 months, so as to bridge the gap which might otherwise open up in their social security records.

In the past, however, once people moved to another country, whether or not they took up employment, they lost the social security cover which they had enjoyed. Although they would come within the cover of any social security programme in the new country, they could perhaps find themselves up against restrictive rules there. Such restrictions might cover nationality and residence conditions, the need to serve new qualifying periods of employment or contributions, the absence of cover for dependants, and so on. This was clearly unjust, the more so since many of these migrant workers were vulnerable and less able to make their arguments for continued protection plain to their home authority or to that of the new country.

A number of well-established social security systems tried to overcome at least some of the problems by making reciprocal agreements with neighbouring countries to which their nationals traditionally migrated, and indeed by the end of the 1950s, in Europe and even further afield, there was a network of bilateral agreements.

The ILO had done much to encourage these international agreements. As early as 1919, when it was adopting the Unemployment Convention (No. 2) at its very first Session, the International Labour Conference provided that member States bound by the Convention who had established an unemployment insurance scheme should make arrangements which would permit workers of one State, but working in the territory of another, to receive benefits equal to those paid to workers who were nationals of the second State. Many Conventions have been adopted since then, all designed to encourage equality of treatment in social security no matter what the nationality of the worker or where he or she was working.

Basic principles

While the actual terms of social security agreements between countries are bound to vary widely, since the contents of two or more sets of national legislation are often so different, one can identify five basic principles for their application. It is not intended to do more than outline these principles here – for a fuller explanation of these the reader is referred to Chapter 15 of the ILO publication *Introduction to social security*.

The first principle relates to *equality of treatment*, that is to say, the immigrant worker should have, as far as possible, the same rights and obligations under the law and should receive benefits on the same terms as national workers in the country of immigration.

The second principle is that of the *determination of the applicable legislation*, in other words the migrant worker should know clearly which law specifically covers him or her.

Third, the migrant worker's *acquired rights should be maintained*, that is, any right to benefits which he or she has acquired – or any prospective right – should be guaranteed even if it has been acquired in the other territory.

The fourth principle is that of the *maintenance of rights which are being acquired*, so that if benefit title is dependent on the completion of a particular qualifying period, account should be taken of periods served by the migrant worker in all the countries which are a party to the agreement.

Fifth and last, there should be no restriction on the *payment of benefits abroad* – an increasingly important feature in international relations in the social security field.

The mechanism for dealing with benefit claims arising out of the increasing international mobility of labour is fairly complex. After agreements of a bilateral or multilateral nature have been concluded between countries, administrative arrangements are usually drawn up between officials of the parties concerned and claims are often handled by special departments in the appropriate social security bodies. Benefit may derive from one law only, or from two or more of the national laws involved in proportion to the periods during which the worker was covered under the law. It may be that the claimant

will have partial entitlement under each national law, or a single entitlement, with some form of financial adjustment being made between the countries involved.

It is important to remember that all the techniques have the same objective – to give migrant workers and their families complete social security protection which otherwise might be denied to them.

Extension of scope

The five principles which were mentioned above have increasingly been extended to operate for non-contributory benefits as well, that is, in respect of those benefits which are largely or entirely financed out of public funds. This is a modern trend and recognises that the effective participation of migrant workers in the financing of national social security programmes is not just limited to social security contributions which may be deducted from wages – migrant workers also make a contribution by way of the work they perform and/or by paying taxes to the public funds of the country in which they are presently working.

Finally, it should be noted that the ILO itself has taken the initiative to supplement its own Conventions, concerned as they are with a statement of fundamental principles and the definition of general methods of coordination, by helping to evolve regional and subregional instruments aimed at bringing groups of countries more closely together in the social security field. It has devised model articles laying down the principles for countries to follow, together with draft administrative arrangements which countries may use, in whole or in part, to operate any agreements that are entered into. The ILO has also been closely involved with a considerable number of multilateral agreements which are of great importance, such as those for the Central Commission for Rhine Navigation, the Council of Europe, the European Communities, the Organisation of Central American States, the Common African and Mauritian Organisation and the Andean Group of Countries.

Points for discussion

1. Do you consider that the protection of migrant workers is of particular importance in the field of social security?
2. What are the fundamental principles relating to social security for migrant workers?
3. What arrangements can be made under social security to protect workers and their dependants who move from country to country? What kind of difficulties do you see in operating these arrangements?

The ILO's role in social security

General

The ILO has already been mentioned on many occasions throughout the pages of this guide, and particularly in relation to the Conventions and the Recommendations that the International Labour Conference has adopted in the field of social security. It is not too bold to say that these instruments have had a marked influence on the shaping of social security programmes throughout the world, setting as they do norms and standards, and giving guidance.

The ILO's social security activities go beyond this, of course, and a few remarks are appropriate, in conclusion, on the Organisation itself and its social security activities.

As was indicated in Chapter 1 of this guide, the ILO was established by the peace settlement of 1919 and has a Constitution which requires it to bring together at an annual conference tripartite delegations of its member States, that is to say workers, employers and governments. Among other things, these matters include — in the words of the Constitution — “the protection of the worker against sickness, disease and injury arising out of his employment provision for old age and injury, protection of the interests of workers when employed in countries other than their own . . .”.

The ILO is one of the senior of the specialised agencies which originally formed part of the League of Nations and is now one of the members of the family of the United Nations. It has its Headquarters at Geneva in Switzerland, and regional and area offices around the world. The Conference elects a Governing Body, also tripartite in nature, which in turn elects a Director-General of the International Labour Office.

Among the other departments at ILO headquarters is one concerned exclusively with social security, while at some outside offices of the ILO social security advisers are attached to the staff.

As we now know, relatively few member States had anything like comprehensive social security programmes when the ILO was established in 1919. Such programmes as existed at that time were mostly insurance-based with “workmen's compensation” employer liability schemes predominating, although a number of countries had varieties of “poor law” provisions to fall back on in cases of where individuals were destitute. By 1988, however, as

mentioned earlier in the guide, about 145 countries had some formal social security programme. During and immediately after the Second World War the ILO broadened its view of social security, which until that time had tended to be concentrated on the insurance programmes mentioned above, turning its attention to all types of social protection programmes that is to say, those we have discussed in this guide.

This new departure was marked by the adoption of a landmark Recommendation, the Income Security Recommendation, 1944 (No. 67). It was accompanied by a Recommendation specifically relating to health care, the Medical Care Recommendation, 1944 (No. 69), which proposed, among other things, that all members of a community should have access to health services on the basis of universality.

It will be seen that over the years a comprehensive set of principles has evolved. But how are they translated into action? The means vary. They range from the setting of standards – targets to be achieved – which can only be arrived at following study and research, and practical technical assistance by field staff, coupled with a programme of training in cooperation with national and international bodies.

Standard setting

As we have learned, the International Labour Conference has adopted a number of Conventions and Recommendations and many of these concern social security. It is the member States in Conference which, in point of fact, adopt these, and they set standards or make proposals which these States consider to be reasonable and attainable, if not immediately, then in the fullness of time. Member States are encouraged to accept the provisions as binding, to ratify them in whole or in part, and to include them in their national legislation. Once ratified, the ILO takes it upon itself to monitor compliance. While ratified Conventions are binding on a country, Recommendations are merely persuasive, perhaps “looking a little more into the future”. Recommendations may indeed be included, in time, in Conventions.

The ILO Convention to which reference has most frequently been made in this guide is the 1952 Social Security (Minimum Standards) Convention (No. 102). This particular Convention brought together many elements incorporated in earlier separate instruments; it attempted to be comprehensive, covering the full nine contingencies for benefit and seeking to extend coverage to the whole population. While States may ratify the whole Convention if they are in a position to do so, flexibility of application was achieved by allowing a State to accept parts of the Convention according to its own needs and its stage of development. Furthermore – and this was a novel feature – a developing country “whose economy and medical facilities are insufficiently developed” could claim exemption from some of the more exacting – and even minimum – standards.

There are, as we have learned, later social security Conventions. These generally set higher standards in such aspects as the coverage of the population and/or the level of benefits, but Convention No. 102 remains very much in force embodying the basic minimum targets for each branch of benefit and setting out the broad framework of common standards to encourage the widest development of social security programmes.

Studies and research

To undertake the work required of it by its member States the ILO must keep abreast of current trends. If it is to give competent advice about adaptations of programmes or the establishment of new schemes, the ILO's Social Security Department must acquire the knowledge and experience to be able to do so.

The research activities which are carried out are three-pronged. Firstly, there is work connected with policies and standards; second, particular subjects of concern are studied in depth; and, lastly, training material and information must be made available to those who require it.

For the first activity — policies and standards — a vast amount of time-consuming research work must be carried out. It is necessary to establish the up-to-date position with regard to the law and practice of social security throughout the world, and this material is used not only for possible consideration of Conventions or Recommendations but for regional and other Conferences, as well as by countries who wish to change or develop their social protection programmes. Between 1919 and 1989 some of the more important national social security laws and subordinate legislation were published in three languages in the ILO's *Legislative Series* (replaced by *Labour Law Documents* from 1989), while information about social security policy and legislative changes can be found in the periodically published *Social and Labour Bulletin*.

With regard to the second major activity — in-depth studies — the Social Security Department looks at social security related matters which are of concern in today's world, as well as those which are likely to affect social security programmes in the future. The various publications which have appeared over the years bear witness to the range of studies which are either prepared by the research staff of the Department or are specially commissioned from outside consultants and experts. One regular major periodical publication is *The Cost of Social Security*, which gives data relating to the financial operations of an increasing number of social security schemes in both industrialised and developing countries and attempts an international comparison of these data. Mention should also be made of the ILO's bi-monthly publication, the *International Labour Review*, which frequently contains articles on major aspects of social security.

The third and last major activity is in relation to training and the dissemination of information. Training publications are designed for administrative officials of social security programmes and may have a regional bias or treat specialised subjects in a detailed way. The ILO has an important body of documentation on social security and this is available on request to those who need information and reports.

Technical cooperation

The ILO has given practical assistance and advice to member States for many years. In the early days this usually meant short exploratory or advisory missions from the Geneva headquarters and, despite the growth of and the accumulating expertise in social security round the world, there is still no shortage of requests for help.

Three principal methods of undertaking technical assistance work are used by the ILO. The first is to assign staff members, other experts or consultants to the country or countries concerned; second, fellowships for training may be granted; and, lastly, training courses may be organised.

Missions to countries by ILO staff, experts or consultants are undertaken for a myriad of reasons. A far from exhaustive list of projects would be pre-planning broad or limited social security programmes, helping with drafting of legislation, setting up the administration of a scheme or improving the administrative capability of existing programmes. Financial and actuarial advice is also an important feature of ILO technical assistance projects.

The jobs are usually very demanding, for apart from the technical qualifications required, they call for tact and diplomacy and an ability to adapt quickly to the different conditions and attitudes which prevail in the various countries and to take these into account when giving help and advice.

A most important part of any mission is the early contact with representatives of workers and employers. Given the tripartite structure of the ILO, this is vital and goes beyond mere politeness since such contacts help to orient experts or consultants more quickly and give them a speedier insight into local attitudes, needs and circumstances.

Fellowship programmes are used to train the younger social security administrative officials in developing countries. They normally entail a period of attachment to one or more social security organisations outside the person's home country.

ILO officials regularly participate in social security training and other courses, particularly those organised by the International Social Security Association (ISSA). In the field it is common for ILO consultants and experts to be invited to address meetings of workers' organisations or representatives of employers. They participate in training courses run by trade unions and by workers' education groups.

How technical assistance projects are financed

A few words should be said about how ILO technical assistance projects are paid for. Some of them are financed by the ILO itself through its regular budget programme, but normally these are projects of short duration only. Other agencies, such as the United Nations Development Programme (UNDP), may also make arrangements for technical cooperation to be carried out. On occasions the UNDP will ask the ILO to execute projects, and particularly when the project has a social security content.

Bodies such as the World Bank or development banks will plan projects along with the ILO and the governments concerned, and the ILO will often be asked to execute the projects. Some industrialised countries collaborate directly with the United Nations and its specialised agencies, including the ILO, to provide technical assistance, while a few countries are prepared to meet the whole or part of the cost of a project and ask the ILO to make the technical input.

International cooperation

The Social Security Department of the ILO maintains close relationships with a large number of bodies active in the field of social protection. Of particular importance is its contacts with the ISSA, an association, already mentioned, which was founded in 1927 under the auspices of the ILO. While the ILO serves member States, the ISSA is a grouping of "services, institutions or bodies administering one or more branches of social security or mutual benefit schemes". ISSA operates on a worldwide basis and every three years it holds a General Assembly. Permanent technical committees deal with an array of topics — medical care and sickness insurance; insurance against employment injury and occupational disease; unemployment insurance and employment maintenance; old-age, invalidity and survivors' insurance; family benefit; the prevention of occupational risks; organisation and methods; and common subjects, such as legal, actuarial and statistical questions.

The ISSA holds technical and research meetings and regional training courses. It also supplies members with periodical publications including the *International Social Security Review*, and has built up a central reference library of many thousands of social security publications from all over the world.

Among the other bodies which should be mentioned are the Inter-American Committee on Social Security, to which the ILO has provided technical and financial support in the Committee's efforts to develop, reform and improve social security in the American region, while close contacts are maintained with the Organisation of American States, the Pan American Health Organisation and the Ibero-American Social Security Organisation.

In Africa, contacts have been continued with the Organisation of African Unity to develop suitable training courses in social security not only for staff members of institutions but also for workers' and employers' representatives who participate in the formulation and direction of policy through their membership of statutory boards and advisory committees.

Epilogue: Workers and social security

This section has been left to the end, not because it is of less importance, but because it would be convenient at this point to draw together some of the elements mentioned in the guide which are of particular concern to workers. At the same time, they can be given added emphasis.

Workers and their families are central to social security and vice versa. They were the reason for its commencement and are the reason for its continuation. They pay their contributions or taxes, often without realising why this or that benefit exists, or why, for example, certain tests have to be satisfied before a particular benefit can be granted and payment made. Perhaps in many countries workers are so used to social security they take it too much for granted. This can be dangerous.

In developing countries, a better understanding of what social security can achieve, even with a limited spread of coverage, may encourage greater initiatives to be taken by workers and their organisations to press for improvements in the present scope of any social security programme which is in existence. In this brief guide they can learn of the experience of other countries and about some of the advantages or pitfalls of the different approaches to social security.

Apart from the natural curiosity of workers as to what happens to the deductions from salary or wages on account of contributions or taxes which this guide, it is hoped, goes some way to answer, trade unionists and representatives from workers' organisations may find themselves asked to represent their bodies on tribunals concerned with social security appeals or become members of statutory boards set up to direct and deliver social security programmes. Or they may be asked to give a talk on the general topic of social security. Again, it is hoped that this guide will give them useful background material.

It should not be forgotten that workers have a primary interest in the prevention of certain of the contingencies which have been mentioned in this guide. It is of course far better to spend time, effort and money, for instance, on avoiding injuries at work or preventing sickness or invalidity. As a principal theme, safety in the workplace, at home or in the street goes beyond the scope of this guide, though because of its importance stress was laid on certain aspects of it in Chapter 6 on employment injury benefits. Yet it is a vital feature of

overall social protection, and must certainly occupy a major place on the agenda of workers' organisations.

The guide is also intended to be used as reference material for trade union and workers' education workshops, seminars, study groups and the like. Social security is a complicated subject with its own terminology, sometimes highly technical. We hope that such terminology as used in this guide has been kept to an absolute minimum.

Finally, it should be recalled that this is just a *guide* to social security. If deeper study is required, readers can consult the ILO publication *Introduction to social security* on which the guide has been closely and deliberately based — even to the extent of following its various chapters so as to give access to further reference material and numerous other ILO studies, some of which are mentioned in the Appendix to this guide.

Social security must adapt itself to the changing world, to changing needs, if it is to remain true to the promise it holds out. Because of the efforts of the originators of social protection programmes, many of whom have had trade union connections, millions of ordinary workers have benefited immeasurably from social security. But vigilance is required to defend and extend it; at the same time we must be prepared for change. No one would deny that there are problems which have to be faced, but they can and will be resolved. The ILO has contributed to a better understanding of these problems, for example, in its study *Into the twenty-first century: The development of social security*.¹ For this study it brought together a group of eminent social security experts to examine evolving social security developments. A dip into this highly readable publication is well worth since it provides insights into the difficulties facing social security, its future role and the developments which are likely to take place. Workers the world over have a vital part to play in this most crucial sphere which affects, in one way or another, nearly all of us.

¹ Geneva, 1984.

Appendix: Suggested ILO publications for further reading

- Pierre Mouton: *Social security in Africa: Trends, problems and prospects* (Geneva, 1976).
Social security for the unemployed (Geneva, 1976).
Social security for migrant workers (Geneva, 1977).
Social security for teachers (Geneva, 1979).
The ILO/Norway African regional training course for senior social security managers and administrative officials (Geneva, 1983).
Maintenance of rights in social security, Report V, International Labour Conference, 69th Session (Geneva, 1983).
Financing social security: The options (Geneva, 1984).
Into the twenty-first century: The development of social security (Geneva, 1984).
Introduction to social security (Geneva, 3rd ed., 1984).
From pyramid to pillar: Population change and social security in Europe (Geneva, 1989).
A.-M. Brocas, A.-M. Cailloux and V. Oger: *Women and social security: Progress towards equality of treatment* (Geneva, 1990).
A. Ron et al.: *Health insurance in developing countries* (Geneva, 1990).
The ILO and the elderly (Geneva, 1992).
World Labour Report 1, Ch. 6, "Social security in the highly industrialised countries", pp. 151-173 (Geneva, 1984).
World Labour Report 3, Ch. 2, sec. 3, "Social insurance and social assistance", pp. 38-43 (Geneva, 1987).
World Labour Report 4, Ch. 4, sec. 2, "Public-private comparison of social security protection", pp. 96-103 (Geneva, 1989).
World Labour Report 5, Ch. 4, sec. on "Social protection in Eastern Europe and the former Soviet Union", pp. 69-74 (Geneva, 1992).