

SWK 6061

LECTURE 2

SOCIAL SECURITY: DEFINITION AND CHOICES

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What is Social Welfare?

- The term welfare state is used when a nation has at least a **minimum level of institutionalized** provisions for meeting the basic economic and social requirements of its citizens (Bryson, 1992, p.36)
- Keywords: minimum level, institutionalized, citizenship

Social Welfare

- an **organized** function to enable individuals, families, groups and communities to cope with the **social problems** of changing conditions. a further function within the broad area of a country's **social development**. contributing to the effective mobilization and deployment of human and material resources of the country to deal successfully with the social requirement of **change**, participating in nation-building (United Nation, 1967)

Social Welfare, Social Security and Social Protection

Welfare State
formation:
Social Security
is an essential
part and parcel
of the welfare
state



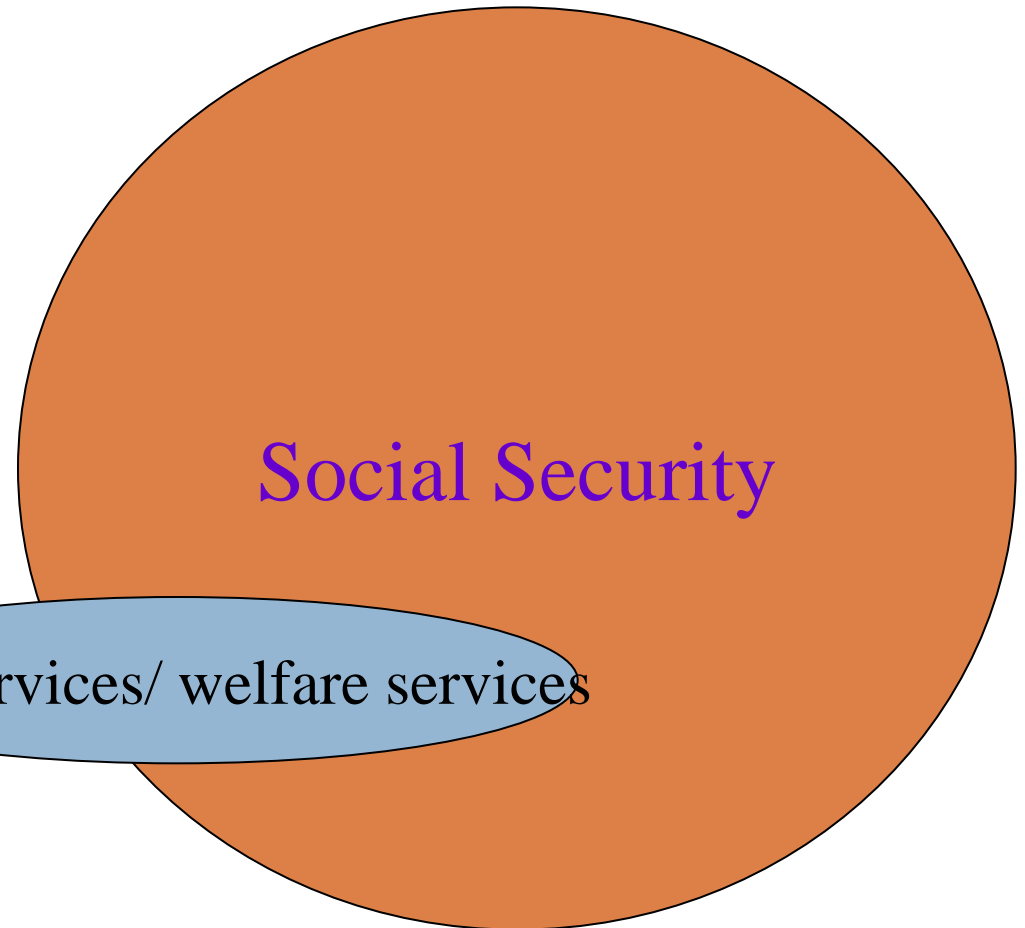
Social Welfare and Social Security

Social service
administration:

China: Labour and
social security Ministry

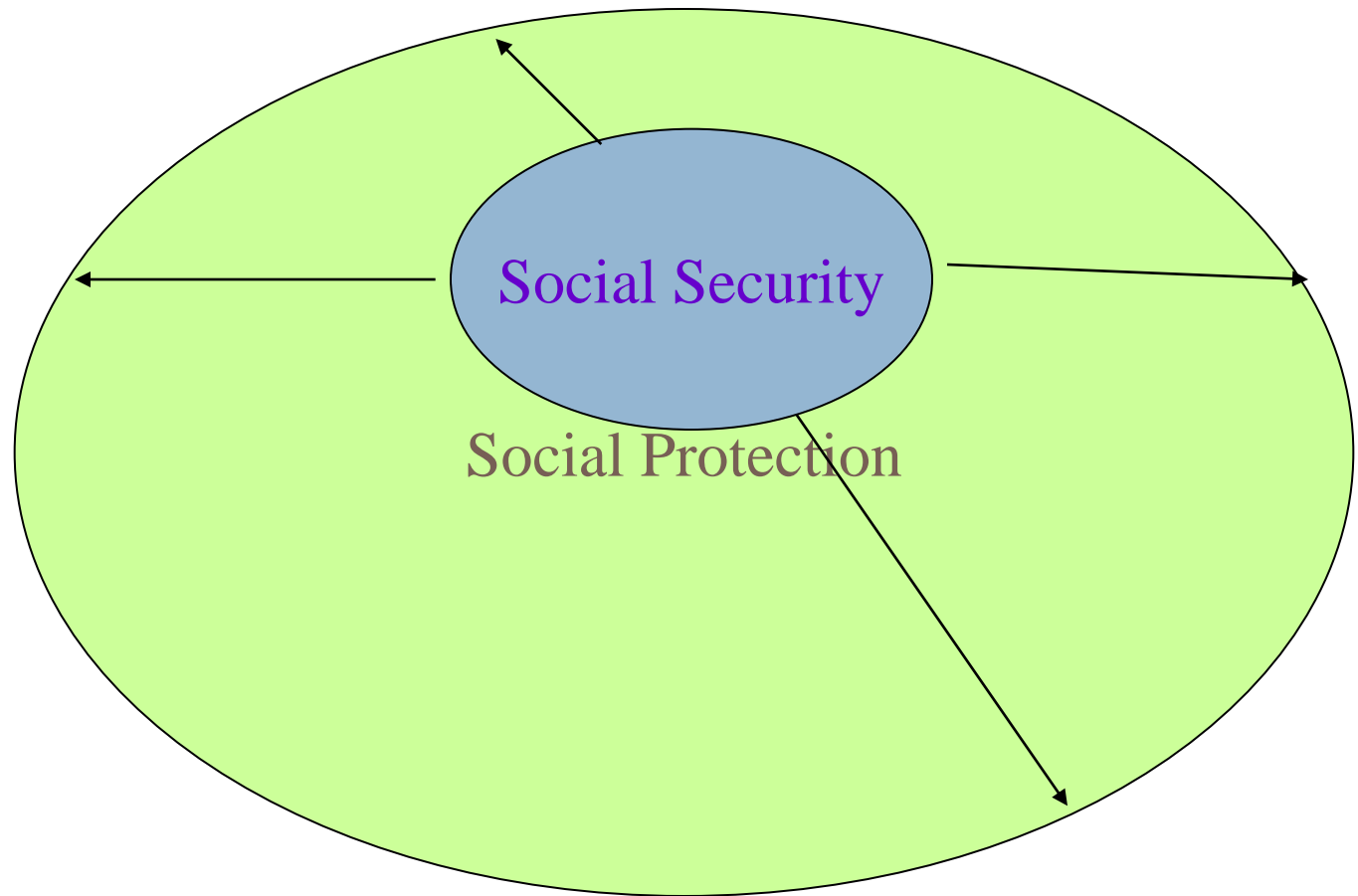
(勞動及社會保障部)

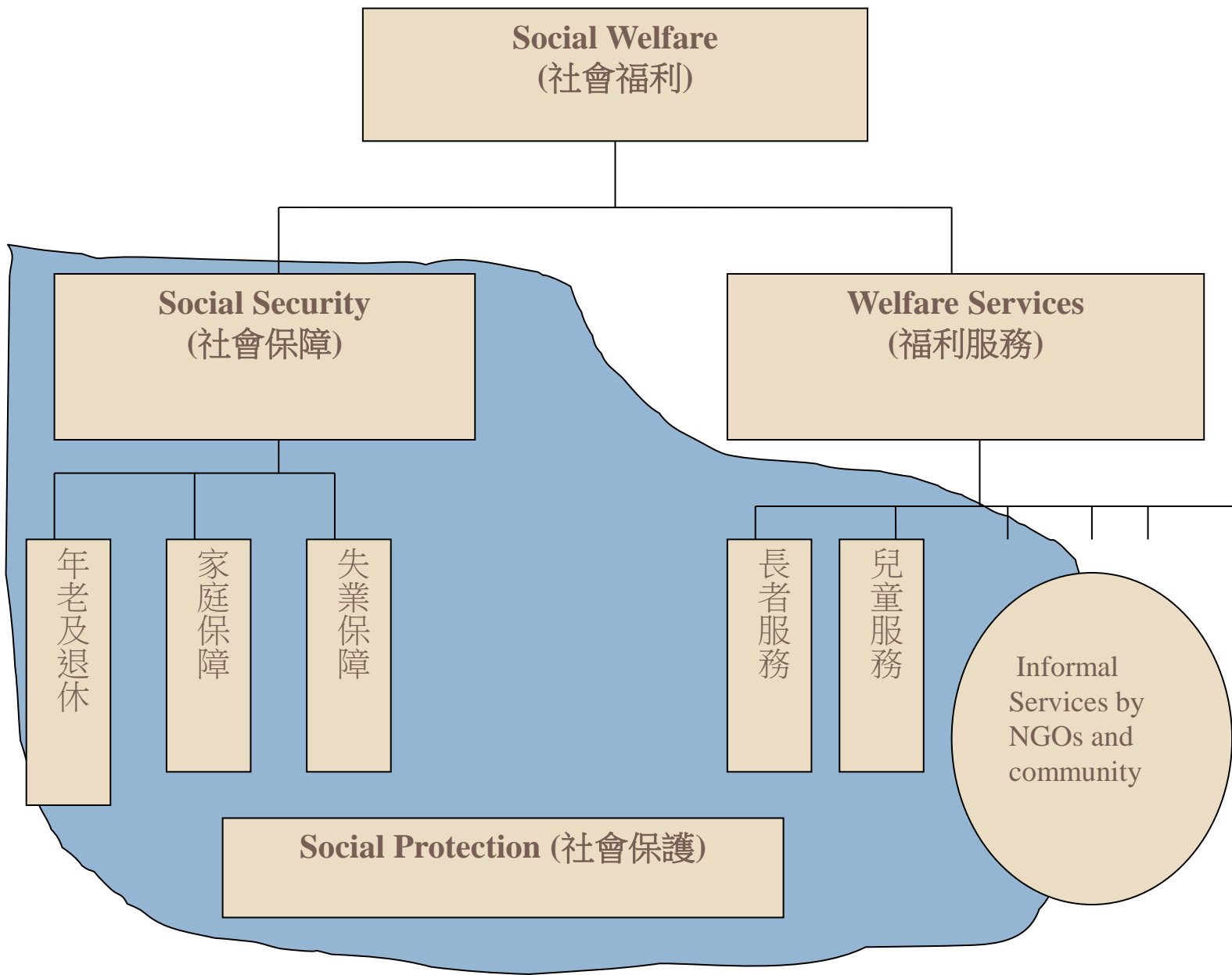
HK: Social Security
and Social Welfare
under Social Welfare
Department (社會福利
署)



Social Security to Social Protection

ILO: Social Security for all, beyond employment





Social Welfare
(社會福利)

Social Security
(社會保障)

Welfare Services
(福利服務)

年老及退休

家庭保障

失業保障

長者服務

兒童服務

Social Protection (社會保護)

Informal
Services by
NGOs and
community

Social Security (社會保障)

- 傳統定義:
- 國際勞工組織(ILO): 「社會保障是由社會上適當的組織對社會人士可能遭受的某種變故而提供的保障, 這些變故是入息低微的個別人士沒有辦法藉著他本身的能力和先見之明, 甚至聯同他的親朋也不能夠有效地加以預防的」。

Social security is a basic human right

- *Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and necessary social services,*
- *and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control. Motherhood and childhood are entitled to special care and assistance.*
- *All children, whether born in or out of wedlock, shall enjoy the same social protection.*

(Universal Declaration of Human Rights, United Nations General Assembly, 1948)

SOCIAL PROTECTION

- Everybody needs a minimum level of social protection and income security,
- defined according to their society's capacity and level of development.
- Each country must develop through social dialogue a national social protection system that addresses the needs of all people, particularly those of women and of the excluded groups working in the informal economy.

SOCIAL PROTECTION

- Some countries will be able to achieve this by restructuring their existing social security system and extending its coverage.
- Other countries, however, will have limited scope for extension. Instead, they will need a more pluralistic approach, devising complementary measures that embrace those not covered.
- Each country must set priorities according to local resources and circumstances.

SOCIAL PROTECTION

- Developing countries may make different choices from industrialized ones.
- Richer countries are more preoccupied with income security in old age, poorer countries may accord higher priority to adequate health care and to insurance against the risks of incapacity and death.
- Official systems will need to work closely with community schemes.

SOCIAL PROTECTION

- Lacking public provision, many communities and groups of workers have established their own systems of mutual support to share risks and resources.
- Such associations make an important contribution and need to be fostered and developed.
- ILO has also taken this more pluralistic approach in a global project on social protection aimed at extending coverage - Strategies and Tools against Social Exclusion and Poverty (STEP).

Social Security

- Dynamic economics require dynamic systems of social protection.
- These should encourage adaptation to change, while ensuring that people have the basic social and economic security that will enable them to develop their human potential - at work, within their families and in society at large.

Social Security

- The priorities will vary around the world.
- The industrialized countries need to look afresh at the coverage, adequacy and financial sustainability of many forms of social protection,
- so that they respond better to more flexible, more decentralized labour markets and to changing family structures.

Social Security

- Everywhere, countries will need to integrate different types of social protection into a coherent whole, supported by national consensus and continuously developed through social dialogue.
- An InFocus Programme will be launched to promote economic and social security in the 21st century.

Social Security

- **1. Medical Benefit:**

- **2. Sickness:**

Sickness programs cover short-term illnesses, which result in incapacity to work (usually up to one year, afterwards the case is considered under disability programs). Cash benefits are paid out to compensate, for the loss of earnings (part or all).

Social Security

□ **3. Maternity:**

Maternity programs are designed to maintain earnings for working mothers before and after giving birth. Maternity programs can be related to sickness or family allowances.

Social Security

□ **4. Old-age:**

Old-age benefits represent usually the largest share of social security expenditures. It is probably also the area with the most varied provisions. It is designed to provide resources to former workers who stop their activities or to any person reaching retirement age.

Social Security

- **5. Invalidity:** (also called disability)
Disability programs provide resources to persons who have disability.
- **6. Survivors':** (also called death)
Survivors' programs are usually part of the old-age pension programs. Survivors' benefits are paid when a member of the family dies, as rights to the survivors.

Social Security

- The branches old-age, disability and survivors' usually provide annuities, except when the program is a provident fund, in which case a lump sum is paid (sometimes there is a possibility to convert the lump sum into an annuity).

Social Security

□ **7. Work injury:**

This branch provides compensation for work-connected injuries and occupational illnesses. It is probably the most widely covered social security risk in the world.

Social Security

□ **8. Unemployment:**

- Unemployment benefits are usually paid only to involuntarily unemployed workers, who are capable and available for work.
- Unemployment programs are usually provided to compensate after a lay off.
- But some unemployment programs may not be related to a previous activity such as unemployment assistance programs.

Social Security

□ **9. Family allowances:**

Family allowances can include very different provisions, from

- school grants,
- birth grants,
- maternal and child health services,
- supplements for adult dependents

Reduction of Poverty

- All potential remedies to all dimensions of poverty have three common denominators:
 - availability of resources,
 - established national policy priorities with regard to the use of resources, and
 - effective and efficient allocation of available resources.

Poverty, Economic Development & Governance

- If an economy generates reasonable national income, it also creates a tax base that should generate sufficient resources to root out the main causes of poverty.
- Whether and to what extent these resources are actually used to combat poverty is a matter of national policy priorities.
- How effectively and efficiently they are used depends on the quality of governance



HISTORICAL TRENDS IN SOCIAL SECURITY DEVELOPMENT

International Labor Organisation (ILO)

- ILO's mandate:
 - ▣ is to improve working conditions by ensuring "the prevention of unemployment
 - ▣ ... the protection of the worker against sickness
 - ▣ disease and injury arising out of employment
 - ▣ provision for old age and injury".

International Social Security Standard

- First generation (1919):
 - principles of social insurance,
 - applied only to certain categories of worker: The second generation (1952):
 - more general concept of social security
 - ensure a minimum income and comprehensive medical care for everyone who needed them.

International Social Security Standard

- ILO Convention No. 102 of 1952, which covers social security and lays down minimum standards in the nine branches of social security, provides a basic reference text in this area.
- The nine branches of social security are: medical care and benefits covering sickness, unemployment, old age, employment injury or occupational disease, family, maternity and invalidity, and survivors' benefits.
- Only family benefits and allowances are not covered by a specific ILO standard.

International Social Security Standard

- Third Generation (2000)
 - ▣ to extend social protection to everyone
 - ▣ increase its efficiency in order to make this right into a universal reality.

Factors driving the development of

international social security standards

- Social security is vital to the well-being of workers and their families and to society as a whole.
- Social security is a vital element of social integration and cohesion.
- With 80 per cent of the world's population living without adequate social security, the extension of coverage remains one of the ILO's main concerns in the social security field.



CURRENT DEVELOPMENT OF SOCIAL SECURITY SYSTEMS

Fear and a growing sense of insecurity

- For States:
 - *they will no longer be able to control health spending*
 - *globalization will affect their own decision-making capacity.*
 - *Economic globalization makes social security more essential than ever, while limiting States' capacity to finance it.*
- The increasingly competitive economic situation should not, however, be a pretext for the adoption of measures which will tend to reduce social costs unjustifiably.

Fear and a growing sense of insecurity

- *For individuals:*
 - ▣ *it is the fear of insecurity, social inequality and unemployment,*
 - ▣ *since unemployment is one of the greatest social risks faced by people whose livelihood depends on their own labour.*
- *The creation of a minimum security net for all would thus help to reduce the risk of social exclusion to a significant extent.*

Fundamental factors which affect social protection:

- The ageing of the world's population is a phenomenon which has significant effects on pension systems, whether fully pre-funded or pay-as-you-go (PAYG).
- The dramatic impact of AIDS in some parts of the world is a cruel reminder of the crucial and urgent need to achieve minimum sickness coverage and easier access to medical care.

Fundamental factors which affect social protection:

- many systems are heavily weighted in favour of men, largely because women have lower incomes, they are more numerous in sectors **which are not covered by social security and they take on major and unpaid family responsibilities.**
- Developments in the informal economy and clandestine employment mean that a large number of workers are excluded from any social protection system. This also poses the main challenge to their integration into the formal economy

Decent work campaign

- to create security and provide effective protection for the whole world population
- by establishing a minimum level of social security and,
- better control the social effects of an increasingly competitive and global economy.

Challenging factors

- In the most advanced industrialized nations, the systems of social protection are being challenged by many different factors:
- *Populations are aging which means pressure to increase public spending on both transfer systems and care services.*

Challenging factors

- *People are leaving employment at progressively lower ages, at the same time as it has become more difficult for young persons to get paid employment.*
- *Declining birth rates are problematic not only in terms of maintaining a balance between workers and retirees in the future, but also as an indication of a failure to support families in child bearing ages.*

Challenging factors

- In addition, divorce rates and single-parenthood are increasing.
- High levels of unemployment are accompanied by poverty and social exclusion, not least of immigrants.
- History shows that reforms of social security are responses to changing economic and social structures, as well as political mobilization.

The Nordic Model (Palme, 2002):

- ▣ to start from the idea that success in meeting new needs with restricted resources, as well as in avoiding trade-offs between equality and efficiency,
- ▣ requires improved incentives, human resources, social services and employment opportunities.

Universal Approach

- ▣ to maintain, and when necessary restore, the universal approach to social protection. By this is meant, not only that entire populations should be covered within the same framework, but also that benefits and services should be adequate enough to really provide protection for people in different situations and with different income levels.

Avoid Poverty traps

- **A central question when it comes to the incentive structure is how to avoid poverty traps.**
- **A rule of thumb is to use universal benefits and services rather than means-tested ones.**
- **The reason is that as soon as we start means testing, it will affect the advantages of low-income persons particularly - often women - of engaging in paid employment.**

Make social insurance provisions earnings-related

- ▣ **Another strategy is to make social insurance provisions earnings-related, making it profitable for people to work and pay social security contributions.**
- ▣ **The more they earn and pay, the better their benefit entitlements will be.**

human resources

- The most effective strategy when it comes to human resources is education and training, as well as other forms of active labour market policy, such as public relief work and subsidized employment.
- The aim of these measures was to improve, or at least maintain, the employability of unemployed persons.
- In Sweden, this approach has probably contributed to the overall high employment rate.

Social services

- **Social services can be seen as vital resources that also make it possible for adults in families with small children, or frail elderly relatives, to participate in the labour market.**
- **The Nordic approach to social service resources is to give heavy subsidies to public services, such as day-care facilities.**
- **This has undoubtedly contributed to the overall high employment rate among women.**

Equal opportunities for women and men



- Policies aimed at equal opportunities for men and women on the labour market and equal participation and responsibility in family life should be encouraged.

Social service as investment

- Social services may be seen as investments that provide people with a dynamic opportunity to become tax payers and thus to contribute to balancing public finances.
- Social services are also needed to ensure the full participation of all citizens in society in general and not only in the labour market. Access to services is therefore crucial to a democracy.

ILO (2001) guiding principle of development of ss

- coverage should be universal and benefits adequate;
- the State bears the ultimate and general responsibility of guaranteeing a framework of
- good governance and the assurance that benefits will be paid as and when due;
- social security should be organized on the basis of social solidarity between, inter alia, men and women, different generations, those in and out of work, and the rich and poor;

ILO (2001)

- social security systems must be sustainable;
- the rule of law must prevail at both the national and international levels.
- In support of these specific principles, wider linkages are also needed to:
 - the principles enshrined in ILO legal instruments;

ILO (2001)

- the further principles enshrined in the concept of decent work, the promotion of
- which will ensure an additional linkage with all other ILO activities, in particular
- employment generation;
- strong and well-functioning social dialogue, involving social actors – specifically the
- ILO's social partners – in building and managing social security policy.

Essential features of social security systems

- Who get What from Whom by How?
- Coverage: *Selectivity vs. Universality*
- Funding: *Funded vs. Non-Funded (general revenue)*
- Redistribution/ Transfer: *inter-generation vs. inter-lifecycle vs. inter-groups*
Strategy: *Passive protection vs. Active policy*

Who get what from whom by how?

Who? 誰人 需要?目標?	全民性 Universal	選擇性 Selective
Get What? 獲得什麼 水平?是否足夠?	現金 Cash	照顧 Care
from Whom?從那裏 提供者?財政來源?	國家 一般稅收/專門稅收	市場/家庭 僱主稅收/用者自付/購買 服務
by How?用什麼方法	中央—政府，公營部門	分散—非政府機構，社區