RECENT DEVELOPMENTS AND TRENDS IN SOCIAL SECURITY

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Mid-seventees were marked by continuing progress and improvement of social security schemes in most countries. Extension of coverage; higher levels of benefits; new benefits for less privileged sectors; innovative benefit provisions; and rationalisation and simplification of existing schemes are the highlights of recent developments. Social security systems experienced, rather severely, the simultaneous impact of inflation and recession. Need for containing ever-increasing expenditure has forced social security administrations to think increasingly in terms of programme priorities.

The paper gives detailed description of the situation in countries in Asia and Oceania and the development in different branches of social security.

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The national developments which have taken place during the recent past offer clear evidence of the continuing progress and improvement of social security schemes in most countries of the world. Social security coverage has been extended to additional categories of the population, the level of existing social security benefits has been improved, significant new benefits in favour of less advantaged sectors of the population (e.g. aged, disabled, women, etc.) have been introduced. Furthermore, social security protection provided to different occupational categories such as self-employed or agricultural workers have been brought nearer to the general levels of protection. Important advances were also made in certain countries toward the rationalisation and the simplification of social security benefits, which by themselves constitute a very real expansion of social security rights.

However, the progress and extension of social security was no longer taken for granted or viewed as being a normal continuation of the past. The obvious reason for this fundamental change in attitude was the considerable slowdown in the rate of economic growth of the majority of industrialised and developing countries, causing serious repercussions for social security policy.

Clearly, social security schemes of different countries followed a different pattern of development according to the nature of the economic system of the country in question. Countries with a centrally planned economy continued to implement provisions provided for the development of their social security schemes in their national economic plans, within the framework of a system based on a complete or predominant financing of social security schemes by the State and with a centralised system of decision-making in the field of social security protection. In addition to the above-mentioned trends regarding the expansion of schemes, they have shown a particular advance in the direction of building-up social services for old people and invalids.

In the developing countries, the change in the economic situation referred to above was reflected differently in the working of social security schemes, according to the degree of industrialisation of the country in question, the more advanced countries feeling stronger repercussions than the less advanced. In many industrialised countries, however, the social security systems experienced, under the simultaneous impact of inflation and recession accompanied by high rates of unemployment, one of the
most critical stages of development since their initial establishment.

While social security schemes in these countries could accommodate themselves to a steady rate of inflation without undue hardship, through the intervention of various indexing procedures, the onset of recession modified the situation totally by a drastic reduction of income from contributions due to low employment levels. This reduction in resources was accompanied at the same time by a steep increase in expenditure on social security benefits, be it on account of unemployment compensation, earlier retirement pensions, increase in the number of disability pensions, or more expenditure on health care and sickness insurance. When it is realised that in some of the industrialised countries expenditure on social security may attain as much as 25 per cent of the national income, the overall effect of the above-mentioned economic changes on the functioning of the institution is not surprising.

While various remedies were sought to redress the economic situation, policy debates on social security most often centred around the need for "control" of rising social security expenditures. This was particularly true in the health care branch but also in the other branches dealing with old-age, invalidity and work injury benefits. As more attention was given to the control of future expenditures, social security administrators also became increasingly concerned with the "effectiveness" in relation to policy aims of current arrangements. There was, in other words, a growing demand on the part of administrators for better information on the effects social security policies actually have on the people for whom they are intended.

The problem of holding down future increases in social security expenditure and the relative lack of new sources of financing for further benefit improvements and innovations forced many social security institutions to think increasingly in terms of programme priorities. Social security administrators have always had to deal with competing claims for changes and improvements, but this task was made appreciably more difficult by the slow recovery of the economy in many countries and by the already too heavy demand on sources of social security financing.

There remain important gaps and deficiencies in the social security protection of all countries, and the experience of the past few years has strongly underlined the need to construct coherent overall strategies for social security development at the level of the national social security system and at each of its individual branches. It seems, however, that the formulation of such strategies or the introduction of major policy changes was more connected with the choice of the techniques of further development of schemes rather than with any ideological issues regarding the ultimate objectives of social security programmes.

So far as regards the general trends all over the world; nearer home too, in countries in Asia and Oceania, the situation has not been very different. There has been, during the seventees, tremendous progress and growth in social security programmes in nearly all the countries in this region: a considerable volume of new legislation has emerged; the existing programmes have been extended to cover new categories of beneficiaries and new contingencies; several countries have changed over from the employer-liability schemes to social insurance schemes; many innovative and new benefits have been added to provide wider coverage; and in a number of cases structural changes have been made in the administrative apparatus for the provision of benefits. There
is considerable evidence to show that most countries which had a modest start with the coverage of a small, defined sector of the economically active population have, during the years extended the coverage to other sectors of the population with a view to reaching the goal of providing benefits to the entire population of the country. In most countries, however, the agricultural population is still outside the scope of the statutory social security schemes.

A broad analysis of the current situation in countries of Asia and Oceania shows that the growth of social security schemes has followed closely the socio-economic development of the country. Some countries have already a highly developed system of providing adequate protection to all their nationals, covering nearly every contingency which exposes a person to distress, want or diminution in his income. These countries are constantly endeavouring to update the scale of benefits to meet the diverse needs of their population.

The general developmental trends reveal two basic aspects: the categories of the persons covered by the national social security programmes and the level of social protection. As has been stated earlier, the economic changes and the inflationary pressures during recent years have had a considerable effect on the cost of social security and on the means to find the necessary additional resources to finance the extra expenditures. The benefits, in most cases, have not been able to keep pace with the rising cost of living despite their continuous upward revision and the introduction, in many countries, of a mechanism for automatic increases with the increase in the consumer price index or the general wage level.

The varying degree to which these different tendencies are observed in different countries stands out as one of the notable characteristics in the development of social security since the beginning of the current decade.

Despite competing claims for scarce resources in the developing countries of the region, the problems of social protection are receiving high priority. Social security is now, to an increasing extent, no longer considered as a burden but as an important element in social progress. Among the social guarantees set out in the Constitutions of many countries, an important place is given to the provision of social security measures. It is gradually being realised that economic growth and social progress are inseparable parts of a single process of development and that social planning must be considered as an integral part of the national development plans. However, national social security schemes in most of the developing countries still extend only to the employees working in urban areas or industrial centres. The majority of the rural population has no social protection whatsoever, except in some cases, for social services such as child and mother welfare programmes or the provision of rudimentary public health facilities. The inadequacy of communication and transport facilities, absence of satisfactory housing, and the shortage of medical personnel and hospital facilities are serious impediments in the provision of medical care and other benefits. Domestic servants, manual workers in small establishments, seasonal workers and casual workers also remain outside the scope of social security systems in most countries.

Extension of Social Security Coverage

With regard to the extension of coverage under the statutory social security programmes, two important features are observed:
(a) the extension of existing social security schemes to other areas or to new sectors of the population; and (b) the adoption of new forms of protection. Workers who had hitherto enjoyed only limited protection are gradually acquiring entitlement to other benefits as well.

In some countries, the widening of the scope of protection has been achieved through the extension of social insurance to small-scale enterprises which had previously been excluded. Certain categories of the population, such as public servants, are also beginning to be included within the general scope of social security.

The concept of social security has been considerably broadened, particularly in the industrialised countries of the region where the social security programmes now take care of many contingencies which were previously outside the ambit of statutory social security schemes. In countries where the schemes have universal application, efforts are being made to bring the conditions and standards of social security for farmers closer to those applicable to wage-earners and salaried employees.

Social security coverage of migrant workers has also been a matter of concern for the countries which have a large number of their nationals living abroad. Several reciprocal agreements have been effected in the recent past.

Increased Social Security Costs

The rising trend in the cost of social security has been more pronounced lately as a result of the rapid rise in inflation, causing higher costs in benefits and their administration. This problem has been dealt with mainly by raising contributions and less frequently by creating new sources of finance. The inflationary pressures have necessitated in many countries the steep revision upward of benefit rates and the introduction of the mechanism of automatic adjustment at fixed intervals. Besides increasing the rate of contribution, other methods employed have been the raising of the basic wage used for the calculation of the contribution and increasing the wage ceiling for contribution purposes. Governments have in many cases taken on a heavier financial responsibility, either for the cost of administration of social security programmes or for the cost of benefit, or both. In developing countries where the social security programmes cover only a small sector of the population, largely those engaged in economic activity in the urban areas, and a much larger population in the rural areas is not yet covered, the Governments are naturally hesitant to agree to direct participation in the cost of the scheme. On the other hand, it is precisely in these countries that the general wage level is low and, therefore, the resources available for providing social security benefits are insufficient to meet the cost of an adequate standard of protection.

Several methods have been used to increase benefit rates: ad hoc increases, regular revisions, changes in the method of calculation, exemption of pension and allowances from taxation, etc. One or more of these methods have been applied for improving the standard of living of pensioners and other beneficiaries. The minimum old age pension rates have been substantially increased in many countries. Another method to help the pensioners is to allow them to work for wages without substantial reduction in their pension benefit. Some countries have introduced supplementary benefits for the pensioners. The assistance, generally based on a means test, is given in the form of a cash payment, a housing allowance or a grant for care of
dependent persons, concessional fees for radio and TV, cheap meals, etc.

**Developments in the Principal Branches of Social Security**

Based on the I.S.S.A. annual survey of social security developments and the documentation on current activities received from social security institutions in Asia and Oceania, a brief study has been made of the more recent developments in the principal branches of social security in this region. The countries for the survey include: Australia, Burma, Fiji, India, Indonesia, Iran, Iraq, Israel. Japan, Korea, Lebanon, Malaysia, New Zealand, Pakistan, Philippines, Sri Lanka, Syria, Turkey and the U.S.S.R.

**Old-age, Invalidity and Survivors' Benefit:**
The study shows some form of old-age, invalidity and survivors' benefit programme in 16 out of the 19 countries examined. The only countries which do not yet have old-age benefit schemes, whether in the form of provident funds or pensions, are Burma, Indonesia and Korea. The existing programmes fall under one or more of the categories generally described as universal, employment-related, means-tested and provident funds.

Among the new schemes for old-age, invalidity or survivors' benefits, established recently, mention may be made of: family pension benefits, gratuity and the deposit-linked insurance schemes for the members of the provident funds in India; disability insurance scheme in Israel; introduction of farmers' retirement pension in Japan; the invalidity insurance scheme in Malaysia; the old-age benefit scheme in Pakistan and the pension fund for the self-employed in Turkey.

During the current decade, substantial improvements have been made in the level of pensions and benefits and the conditions for eligibility have been relaxed in many cases.

In order to meet the cost of the high rates of pensions now paid, additional resources had to be found. This has been achieved by periodical increases in the rates of contributions, pushing up the wage ceiling for the levy of contribution, and higher Government grants and subsidies.

**Sickness and Maternity Insurance Benefits:**
At the end of 1976, 13 out of the 19 countries surveyed had some form of health insurance programmes. The exceptions were Fiji, Indonesia, Korea, Malaysia, Sri Lanka and Syria. The countries which have already introduced sickness and/or maternity insurance schemes can be classified into two broad groups. Countries like Australia, Israel, Japan, New Zealand and the U.S.S.R. have more or less universal coverage for health protection, covering all or nearly all the citizens. There are, however, wide differences in the approach to attain the goal of providing comprehensive medical care in these countries. Australia, for instance, has so far depended on a dual system of public service and voluntary health insurance. Since July 1975, a universal health insurance system has been introduced which is administered by the Department of Health. Israel, depends entirely on a mutual benefit or health cooperative approach for medical benefits. Japan has the traditional social insurance system, although different sectors of the population are covered by different health insurance schemes. New Zealand is an example of an entirely Government-financed public service or a national health scheme with no cost-sharing by the citizens through contributions to the fund. The U.S.S.R. is yet another country which provides complete medical cover to all its nationals as a public service without
levying any contribution on the earnings of beneficiaries.

The second group is comprised of countries such as Burma, India, Iran, Iraq, Lebanon, Pakistan, Philippines and Turkey which have, after the Second World War, introduced sickness and maternity insurance schemes as an integral part of a comprehensive system of social security for defined sectors of the population, providing for medical care in addition to cash benefits in specified contingencies.

As far as medical care is concerned, two definite trends were in evidence: (i) the universal recognition of the need to improve the level of health protection and to introduce a generally accessible system of medical care of a high quality; and (ii) the ever rising cost of both medicines and medical services, making it still more difficult to fill the gap between the recognition of the need for better and more efficient provision of medical benefits and the actual situation. Other constraints in the developing countries in the provision of the desired standard of medical treatment were the shortage of medical and para-medical personnel and the lack of financial resources.

Sickness and maternity cash benefits have been increased and the qualifying conditions relaxed in many countries. Reduction in the waiting period and extension of the period of entitlement for benefits figure among the most important changes in this respect.

In several schemes, besides appreciable improvement in the level of cash benefits, significant extensions have taken place in the category of beneficiaries covered for health care benefits.

Employment Injury Insurance: Compensation for work-related injuries and occupational diseases is the earliest and the most widespread social security measure. All the countries included in the study have, in one form or the other, provision for compensation for work-connected injuries. Nearly everywhere, employment accident and occupational diseases were the first set of contingencies to attract attention. While Australia, Japan, New Zealand and the USSR had enacted workmen's compensation legislation before the First World War, other countries in the region adopted work injury compensation laws during the following three decades.

There has been a trend in recent years, however, towards integrating the work injury benefits with other social insurance programmes, or where workmen's compensation is the only social security programme in force, converting it into a more comprehensive scheme.

Two distinct types of systems can be recognised: (a) national legislation requiring the employers to pay a prescribed rate of compensation in the event of disability or death caused by employment injury or by specified occupational diseases, the employers insuring their liability with private insurance companies or with public carriers; and (b) social insurance system under which a prescribed rate of contribution is paid by all employers covered under the programme, to a central fund out of which the statutory authority administering the fund pays the compensation in the event of disability or death caused by employment injury or occupational disease.

Indonesia, Malaysia, New Zealand and Philippines have replaced their workmen's compensation law by social insurance schemes. Thailand, too, has enacted an employment injury insurance legislation. The countries which still have an employer-liability workmen's compensation legislation are: Australia, Fiji, Japan, Korea and Sri Lanka.
Other developments in the area of work injury compensation have been the increases recorded in the rates of benefits, generally accompanied by increases in the rates of contributions payable by the employer; and the extension of the scope of coverage, both with regard to the categories of persons covered and the contingencies for which compensation is available.

**Other branches of social security:** The two other major branches of social security are: the Unemployment Insurance and Family Allowance. The only countries in the Asian region which have a compulsory unemployment insurance scheme are: Japan and Israel, Australia and New Zealand have public assistance programmes which restrict benefits to unemployed persons who satisfy a prescribed means or income test. The entire cost of the benefits in these two countries is met out of the general revenues. Seven countries — Australia, Iran, Israel, Japan, Lebanon, New Zealand and the USSR — have also a family allowance provision as a component of their social security system.

**Social Services**

Lately, social services are assuming an increasing importance in many countries which consider that additional protection of this kind renders the social security system much more effective.

Medical and vocational rehabilitation has gained high priority among the services provided by several social security institutions. Similarly, social services for the elderly have also developed to a substantial extent in many countries. Not only homes for the aged have been provided in large numbers, the trend is to provide various services at the home of the aged, including the delivery of prepared meals, home help, etc. Additional attention is also being given to the needs of elderly workers. In a few countries, special employment exchanges for persons nearing the pensionable age have been organised. The social welfare programmes of certain developing countries also provide for child care services.

**Conclusion**

The positive development of social security programmes reflects the general desire to provide all sectors of the population with adequate measures of protection against social risks. It may be hoped that the coming years will exhibit an even greater growth in the development of social security in all the countries of Asia and Oceania.