

BOOK REVIEW

Building decent societies: Rethinking the role of social security in development by Peter Townsend

In the programme for recovery from the 2009 global financial crisis, there must be a guarantee of a minimum level of social security for all. This book addresses the question of whether and how social protection systems in general, and social security in particular, should be nearer the top of the world's policy agenda. Today, despite international efforts to establish a comprehensive plan for social security, huge sections of the world's population continue to be denied this right. Bringing together historical and contemporary developments in social protection in OECD and developing countries and especially considering the current global financial and economic crisis, this book looks at new international strategies that can establish social security, reduce poverty and contribute to economic and social development. It concludes that to achieve this goal, low-income and middle-income countries require social security systems of a scale to match the systems operating in high-income countries.

Today the 30 OECD countries commit an average of more than 13 per cent of GDP directly to social security, in dramatic contrast to low-income countries that contribute an average of less than 2 per cent. Lessons have to be drawn from economic and social policies of both these groups of countries in order to remedy this discrepancy.

Social protection in Europe and the OECD

Social protection systems in Europe and the OECD countries have evolved over more than a century. Today, high social expenditure levels are generally associated with low poverty, yet there are exceptions such as Estonia, Poland and Slovakia, where despite generous expenditure levels, poverty is still high. With the integration and development of the internal market, the European Union (EU) has come under increasing pressure to adapt a new social protection development model that is based on social justice and solidarity – an EU social policy financed at EU level.

Social security systems in OECD are a mix of universal and selective measures, yet all OECD countries accept the underlying belief that the social security is a means of modernization and sustainable growth and a key factor in reducing domestic poverty. If the OECD systems of social security were to be adopted by low-income countries, key changes would have to be made that take into consideration the global economy.

The question of whether such models can be imported to developing countries depends on the differences in political voice of the country. Rich democracies have relatively egalitarian programmes, some of which are universal and some of which are targeted at the poorest income ranks. On the other hand, in many developing countries regressive or even elitist programmes still prevail. The European model of welfare, while it may never be fully emulated, still provides a useful reference for welfare state reformers in developing countries.

Experiences from low-income countries

In developing countries, social security systems are desperately under-resourced and very diverse. A century ago, colonial powers in Asia, Africa and the Caribbean introduced schemes poor in coverage that mainly benefited civil servants and employees of large enterprises for health care, maternity leave, disability allowances and pensions. The mass of the population, especially the rural poor, had no cash relief. Today, the key challenge is to extend coverage of social security to the population as a whole.

Despite long-standing doubts of governments and donors, research shows that there can be positive synergies between social protection and agricultural growth policies – the government of Ethiopia for example, is moving from a food-first to a successful cash-first approach. Research in Bangladesh, Ethiopia and Malawi generally supported a long-term build-up of social protection spending and the programmes had the positive effect of creating community assets, like soil and water conservation and roads, as well as household agricultural assets, including livestock.

South Africa, on the other hand, inherited a system of social assistance, which was racially equalized, expanded and, in 1998, complemented by a cash benefit for young children. By 2010 there will be a new mandatory, contributory earnings-related fund which will be the vehicle for retirement savings, unemployment insurance, and disability and death benefits – a major step towards a comprehensive system.

A major challenge in welfare development in South Africa and elsewhere is the lack of a coherent or comprehensive social assistance policy in the face of the HIV/AIDS epidemic. Related to this is the large-scale problem of ensuring a system of universal healthcare coverage. Of the 100 million people worldwide pushed into poverty by medical bills, the majority are in developing countries. An interesting exception is Thailand where universal coverage was achieved in a matter of only 27 years (compared to the 70 years it took developed countries) by pursuing extensive pro-poor and pro-rural policies.

Global promotion of social security

The prime strategies of the United Nations and all international bodies should consist of global promotion of a social security floor as a core element of poverty reduction policies and wider development policies that enable countries to grow with equity. There is a powerful case for rapid expansion of universal social security in low-income countries. This is a strong message that has become particularly relevant to the global financial and economic crisis of 2008–09 and has started to find its way into debates on development policy. Joint national and international efforts to introduce a basic social protection floor in all countries, as called for by governments, workers and employers in the ILO Global Jobs Pact in June 2009, are a significant step forward in this regard.