Discussions on social security for all get under way

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GENEVA (ILO Online) – Social security has a pivotal role to play "in achieving a fair globalization, facilitating economic development and structural changes, and managing crises," the International Labour Organization (ILO) said in a report submitted to a historic session of its International Labour Conference which runs here from 1-17 June.

According to the report, the issue is particularly relevant in light of the global economic and social crisis. "It became clear that countries at all levels of development, which have social security systems in place, are in a much better position to cope with the social fall-out of the crisis," the report said.

The report stressed that impoverished countries need social security even more than others as it constitutes a major factor in development. "For us, social security is the core tool to combat poverty quickly, and to invest in people quickly," said Michael Cichon, director of the ILO's Social Security Department.

"The first priority today is to provide the 75-80 percent of those who are excluded with some form of social security, which will allow them to live without fear of losing their livelihood," he added, pointing out that social security is recognized as a fundamental human right.

The delegates, representing governments, employers and workers, will tackle a range of complex issues, including what may be the thorniest of them all: how to finance adequate social protection coverage – a hot-button in wealthy and impoverished countries alike.

At present, countries allocate 10.9 percent of their respective gross domestic product (GDP) to social security – ranging from 4.8 percent in sub-Saharan Africa to 16.2 per cent in North America and 23.2 per cent in Western Europe.

The good news, the ILO says, is that "almost everywhere, progress towards extending social security coverage is possible," although some low-income countries may initially need help from international donors.

In recent years, more than 30 low- and middle-income countries have taken measures to introduce elements of "social protection floors" – national strategies that protect a minimum level of access to essential services and income security for all.

Social protection pays off

Investing in social protection "helps ensure the population is healthy, well nourished and educated," enabling low-productivity subsistence level workers to enter the formal economy and pay taxes that, in turn, will help finance national social security systems.

The report dismissed arguments that countries with high levels of social expenditure can no longer afford the cost in light of global competition, saying that those "most successful at achieving long-term sustainable growth and poverty reduction all have extensive social systems – and open market systems".

It did, however, acknowledge that social security systems are currently experiencing their lowest level of revenues at a time when they are most needed to provide income support. As a result, governments may have to spend "fairly heavily" while allowing "the depletion of social security reserves".

Addressing the more than 3,000 delegates at the opening of the conference on June 1, Finnish President Tarja Halonen said discussions would address “how social security can be guaranteed to all – not only to those in gainful employment, but also to those millions of people who have been excluded from the labour markets or are otherwise trapped in the grey areas of the global economy”.