HelpAge Germany
Arndtstraße 19
49080 Osnabrück
Germany

via Email: ageing@un.org

January 28th, 2019

Substantive input for the focus area 'Social protection and social security including social protection floors' of the 10th OEWG-A session

MOVING BEYOND THE POVERTY AGENDA: TOWARDS A MULTIDIMENSIONAL ARCHITECTURE OF SOCIAL RIGHTS IN OLD AGE

The spread of social protection over the last 25 years has been a success story. Presently, 73 Southern countries have installed a social pension, often reducing extreme poverty among older persons significantly and strengthening the social status of older persons by turning them into rights-holders and endowing them with money. But 50% of the countries in the global South still lack a social pension, and 40% of the pension programmes are not based on statute, that is, they have a weak rights base. So there is a massive need for extending the pension rights of older persons.

But extending the social rights of older persons is not only about persons living in poverty. It is time to rethink the social protection agenda and move beyond poverty. 'Universal' programmes, such as non-contributory pensions for all older persons or a nation-wide health system, extend beyond persons living in poverty, but they tend to lead to rather thin 'basic' or 'affordable' provisions that are unattractive for better-off citizens and may create new social divisions. Such programmes remain attached to the poverty agenda.

We argue that to make social security sustainable, we need to go beyond the poverty agenda, to build an *integrated multidimensional* (composite) *architecture* of social protection that distinguishes social rights and standards in different fields of welfare (like income security, health, care, or housing) and for different social groups, including the emerging middle classes. Human rights are universal, but universalism does not mean uniformity, with one programme providing flat-rate benefits for all. T.H. Marshall, the key thinker on social rights, has argued that social rights have a composite nature. Including all sections of society in a differentiated, but integrated framework of social protection will deepen social cohesion.

Key issues of rethinking social protection in the global South include:

1. <u>Building a multidimensional architecture of social rights: towards a systemic approach</u>

The spread of social protection programmes in the global South has largely focused on persons living in poverty. Even broad ideas like 'inclusiveness' tend to refer to programmes for disadvantaged or vulnerable groups, and the call for 'universal' programmes remains attached to the poverty agenda. We argue that debates on social security need to switch from single anti-poverty programmes to the *overall arrangement* of all social protection programmes (systemic approach), which may add up to covering all groups in society. A systemic approach is called for by some stakeholder, e.g. by German GIZ, but is rarely worked out. From a systemic point of view, social protection implements a *plurality of social rights*, in two dimensions:

- Vertical dimension: Social protection falls into tiers (or layers), with, e.g., social insurance for better-off workers as higher tier, and basic protection for the poor as a lower tier. The ILO's 'staircase' model is a simple example of a tiered structure, and the Social Protection Floors also refer to 'higher levels of protection' beyond basic social protection. The World Bank's multi pillar models also reflect a tiered structure.
- Horizontal dimension: Social protection falls into a plurality of programmes, related to specific needs, welfare goods, or fields of welfare, such as cash, health, employment, housing, or education. The branches of social insurance, e.g., constitute a plurality of programmes within the higher tiers, while 'integrated poverty reduction programmes' (Armando Barrientos) are packages of provisions within the lower tier.

We argue that the plurality of social rights reflects a *plurality of principles of social justice:* provisions for employees close to government (military, civil servants etc.) may reflect merit; contributory social insurance reflects achievement; social assistance rests on need; and non-means-tested provisions for all rest on citizenship. The common call for 'universal' welfare programmes, defined as non-means-tested benefits, only reflects the latter principle of justice. Different fields of welfare may also be subject to different principles of social justice, giving rise to different standards. In the field of monetary benefits, for example, securing a minimum to all citizens is a basic standard which social assistance aspires to meet. Income maintenance—securing a standard attained in working life—is a higher standard characteristic of social insurance. Medical provisions are subject to yet another standard, a reasonable maximum, as T.H. Marshall argued.

Building an integrated multidimensional architecture of social protection raises new issues for policy makers and social movements:

- *Redefining universalism:* Universalism does not mean that single programmes need to be 'universal' (non-means-tested). Rather, the universalism of human rights requires the entire arrangement of social protection programmes to be universal. Such concept of 'systemic' universalism leads beyond the well-worn debates on universalism vs. means-testing and may involve means-tested/targeted elements as bottom tier. Systemic universalism requires a sound coordination and integration of the social protection programmes, to secure overall inclusiveness and social justice. The structure of social protection needs to be open to enable persons to graduate from lower to higher tiers of social protection, allowing transitions out of poverty.
- *Getting the middle classes on board:* A composite architecture of social rights with programmes that appeal to better-off persons will create middle-class interest in social protection and thereby broaden political support and fiscal space for social protection, as Korpi and Palme have argued.

- *Doing away with privilege:* While seeking to get the middle classes on board, an integrated architecture also needs to challenge engrained privileges—illegitimate rights—that are often enjoyed by formal workers under social insurance and by employees close to government under special programmes set up to secure their loyalty to the ruling elites. In most Southern countries, social insurance is confined to a small section of the population, and often has a regressive character, with financing that involves redistribution from bottom to the top. Social insurance and, even more so, provisions for employees close to government have been neglected in development debates. Reforming these schemes to do away with privilege is a major task for ensuring equitable social rights. China, for example, has sought to integrate employees close to government into the general welfare programmes for non-state employees. Reforms of social insurance should also seek to open social insurance to households in the informal sector of the economy, as presently tried, e.g. in Indonesia and Ghana.

- *Regulating private welfare:* An integrated social protection policy also needs to attend to private and occupational programmes. Private welfare is often forgotten in development debates or dismissed as neoliberal. But private welfare is part of the welfare mix for significant sections of the population, and the state has a role to play in this field. The way private welfare operates in a society largely depends on how it is regulated by the state. Regulating private welfare is part and parcel of social protection policies and of human rights policies. The rights of workers to join an occupational pension plan need to be secured, against discriminatory practices. The state may also impose rules on the management of the assets of funded private and occupational schemes and on the adequacy and equity of programme design, such as unisex tariffs or subsidies for families and the low paid.

2.   Facing up to the pitfalls of universalism

If social protection is confined to 'basic' or 'affordable' services, even if universal, better-off citizens are likely to turn to higher quality private or occupational provisions, exiting from the solidarity of public social protection. In the process, universal services are prone to further deteriorate and turn into to what Esping-Andersen called *residual universalism*. In that case, the egalitarian spirit of universalism inadvertently leads to a dual social division between the poor who have thin social rights and the better-off who go private. Therefore, higher tier services, as part of a composite architecture of social protection, are needed to get the middle classes on board.

The pitfalls of universal programmes are particularly acute in the field of *health services and care* in highly unequal societies. The right to health poses different challenges of defining benefit standards than the right to monetary social protection. A reasonable maximum which medical services aspire to meet is much more demanding than securing 'basic' provisions. Any medical service that operates below the medical optimum may result in a loss of lives. Better-off citizens, therefore, strive for Western high-tech medical standards, and will seek to exit 'basic'/'adequate'/'affordable' services. A maximum standard in medical services is not affordable for the entire population in most countries of the global South. Therefore, 'universal' medical services in poor countries, even if rights-based, are liable to residual universalism, driving out the middle classes and exacerbating social divisions. It is a constant challenge to hold these divisions at bay or even get the better-off back into the solidarity of public welfare.

3. Fine-tuning social rights: a neglected avenue of social protection policy

Realizing social rights is more than introducing programmes. The social quality of programmes counts. Seemingly technical characteristics of programmes define the substance of social rights. The research project FLOOR, which covers all social cash transfers, including all social pensions, in all countries of the global South, has investigated the structure of entitlements and the institutionalization of cash transfers in depth (www.floorcash.org). We found that the institutional design of many social pensions is deficient in several respects. Issues of fine-tuning pension rights (and other welfare rights) include:

- *Standard-setting:* The level of benefits of cash transfers tends to be low, and often standards are lacking. International organizations tend to emphasize the expansion of coverage, but often remain vague about benefit levels, let alone standards. To make social rights meaningful, however, the codification of rights must include a definition of benefit *standards*. Rather than an 'adequate' standard of living (Social Covenant, art. 11) or 'nationally defined sets of basic social security guarantees' (Social Protection Floors), explicit standards need to be defined. Social rights for older persons must include minimum standards, complemented by other standards according to the field of welfare concerned, such as the available maximum in the field of medical treatment or long-term care. Politically, standards will increase accountability, e.g. through monitoring processes, and will turn the level of welfare benefits into public issues subject to democratic deliberation or even control by courts.
- *Age of retirement:* In some countries, the qualifying age for social pensions is so high that most older persons have died before reaching that age. This nullifies the right to a pension.
- *Means testing:* Most social pensions (83%) are means-tested, only in some, mostly small countries, 'universal' social pensions can be found. Beyond the universal vs. means-testing debate, the type of means test makes a difference. There is a variety of means tests, which differ by the degree of inclusion and exclusion errors and by the way they respect the dignity of claimants.
- *Legal basis:* individual rights to pensions ought to be laid down in statute or even be constitutionalized. Nationally defined 'guarantees', as called for in the Social Protection Floors, are not enough.

In all these four dimensions, there is scope for upgrading, to come closer to the aim of securing rights-based universal social protection for all older persons.

(Author: Prof. Lutz Leisering PhD)