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**Concluding remarks:
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Strengthening the security in social security

**CONFERENCE ON THE ISSA INITIATIVE
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CONCLUDING REMARKS

by

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How did we arrive in Vancouver?

In the early 1990s, it was apparent that there would be a growing debate about the shape and the form of social security protection in all parts of the world.

The criticism was heard that national social security schemes are not only financially unsustainable but also contribute to labour market distortions and divert funds that could otherwise be used for economic development. The situation was exacerbated by population ageing and then, in some countries, the scourge of AIDS.

Unfortunately, the debate was totally dominated by financing and fiscal considerations. It was frequently very ideological. And it was frequently just simply wrong with regard to the historical record and the current facts.

Under the leadership of the then ISSA President, Karl Gustaf Scherman, the Association launched the Stockholm Initiative. It was not only that he invited a major international conference to Stockholm to discuss the results, but he also successfully worked to find the necessary funding, since the Initiative was and continues to be extra-budgetary.

Looking back, it is easy to forget that we were very nervous and concerned that this Initiative might not be supported by the ISSA membership, feeling that this kind of deliberation went beyond the mandate of the Association to help its member institutions improve the administration of their programmes.

It was decided to go to the heart of the debate going on at that time. In other words, we decided to focus on the issue of the reform of old-age retirement systems, particularly the issues surrounding pay-as-you-go financing versus funding, the real impact of aging on long-term social security policies, and the advantages/disadvantages of public sector and private sector approaches for providing pensions.

When the Stockholm Initiative came to an end, the newly-elected ISSA President, Johan Verstraeten, as well as other committed representatives of member organizations, urged that the ISSA Initiative should go forward and that, based on the significant results of the Stockholm Initiative, tackle even more fundamental issues affecting the future of social security.

Since there were no regular budgetary funds available for this activity, a few member organizations stepped forward to lend their extra support to this endeavour: from Italy, United States, France, Japan, and Canada. These were the pioneers of the ISSA Initiative; since

then, member institutions from other countries and some private sponsors have stepped forward.

The new focus of the ISSA Initiative

The original planning meeting of experts hosted by HRDC of Canada in Montreal fixed the new orientation of the Initiative. The focus would be placed directly on the **security of the individual**, more specifically on how the **security in social security** could be strengthened to ensure a better life for not only the individual concerned but also for the family, the community and society at large. Moreover, the Initiative was intended to be a public information endeavour, to inform the debate and to bring a better balance in national and international deliberations. It was thus never intended to be primarily a research project.

With the help of voluntary contributions, the ISSA Secretariat and its Initiative Advisory Board set to work to develop the projects and the themes that have been highlighted in the agenda of the Vancouver Conference.

What have we learned? How has the very nature of the discussions changed since we first began the Stockholm Initiative, nearly a decade ago?

- In spite of occasional eruptions, the deliberations occurring in the ISSA community have become less ideological, more pragmatic, more honest and more open minded when looking at alternative policy solutions. There is a widespread acceptance that no national system, no international organization, no group of advisors or experts has found the magic bullet, the universal blueprint to ensure social security protection in different economic and cultural conditions.
- We are also particularly pleased to note that the discussions have become more balanced between the interests of the industrialised countries and the developing countries. Achieving the right balance in our discussions is not a total success yet but, as we have witnessed here in Vancouver, the ISSA is doing better in this respect.

Thanks to the input of a truly impressive list of speakers and panellists, as well as the active involvement of the participants, we have indeed arrived at some significant and useful outcomes. I would categorize these results under three principal headings:

- 1) The need to strengthen social security through the search for universality and inclusion;**
- 2) The need to ensure the sustainability of social security through better governance and improved administrative capacity;**
- 3) The critical need to build public support and confidence for social security through more transparency, better information, and participation of the protected persons themselves in deciding on what are the real priorities.**

Before briefly taking up these three principal thematic streams in our discussions, let me first stress that any social protection system is ultimately based on the overall performance and the rate of growth of the economy. A social security system cannot fulfil its mission unless the national economy, especially the financial institutions, function properly. Social development cannot be funded in a society unless wealth is being created. As remarked by the President in his opening remarks, there can be no redistribution when there is nothing to redistribute.

Secondly, it is necessary to keep well in mind that as communities and nations are made up of individuals, there are indeed real choices to be made about what kind of a society we wish to live in as well as the kind of future we wish our children and grandchildren to experience.

As Elder George said at the conference opening, each man has been placed on this earth to do the best he can. It does make one modest and brings home the simple fact that what we are doing is searching how to ensure a more secure living for our brothers and sisters. As the former minister of health of France, Bernard Kouchner, asserted in his keynote speech, what a wonderful profession we have, being given the mandate to seek better social protection for our fellow citizens.

1. The renewed drive toward universality

It was in fact Bernard Kouchner as well as the Honorable Minister of Human Resource Development Canada, Jane Stewart, who from the outset introduced the theme of universality in our discussions by placing the emphasis squarely on the priority of providing accessible and affordable health care to every citizen.

The primacy of universal access to benefits emerged quite strongly again during the discussions on social security rights, with Joakim Palme pointing out that it takes a broad range of policy interventions – non-contributory state-financed benefits, social services, contributory social insurance and active labour market policies, occupational and individual initiatives – to prevent vulnerable individuals from being excluded. I was particularly intrigued by his argument that certain social services are critical for helping families with children and for helping women to take up an equal place in society.

The most challenging discussion occurred however when alternative models of social protection were presented by Guy Standing, David Stanton, Rene Valladon and Paul Hewitt. While each of them pointed out the distinct advantages of an approach, whether flat-rate citizens benefits, targeted means-tested social assistance, social insurance or private savings and insurance, none I think would pretend that a single model could guarantee a universal and an adequate level of protection. It takes a mix of approaches to meet the very different situations of individuals in a society, ranging from the informal sector to the formal sector, from wage-earning workers to the self-employed, from the actively employed to the unemployed and the disabled.

Then the very wide-ranging discussion about coverage issues in both industrialised and developing countries underlined how complicated it is to put together a comprehensive social security system which is sustainable, inclusive and workable.

The need to design an integrated social protection system is in my view one of the important lessons emerging from the Initiative. We concur that social insurance as it was extended and improved first in Europe and then elsewhere remains a valid model for covering those who are “inside” the formal labour force. But we must also admit that it has not proved to be the appropriate solution for the large agricultural sector and informal urban sector which makes up between 60 and 90 percent of the populations in most developing societies.

What is the answer to closing the coverage gap? What new approaches? Microinsurance, mutuals and cooperatives, or flat-rate state financed benefits such as those explained at the conference by the social affairs minister of Brazil, José Cechin?

What will be the linkage with existing social security programmes? Should ISSA member organizations become involved in delivering these new benefits to the informal sector? When there are insufficient funds at the national level, can this universality be achieved through

international and cross-national funding efforts, to ensure that the sick and the needy receive protection that could not otherwise be afforded?

These questions are challenging and lead us into new and practically uncharted territory.

2. Institutional capacity and governance

The message of the Vancouver Conference was loud and clear that unless the benefits can be delivered it is better not to embark on experimental adventures that may indeed damage the chances for future progress and bring the concept of social security into disrepute.

This holds true for both public and private approaches for providing social protection. As Nicholas Barr pointed out so eloquently, it is indeed an irony that where institutional infrastructure is the weakest, it is probably the most dangerous to embark on the privatisation of social protection and a heavy reliance on the private sector to ensure social protection. This is precisely because the state does not have the institutional capacity to provide the regulatory governance necessary.

This is fine as far as it goes, but how do we tackle the issues of improving administrative capacity? How do we ensure that the design of a programme fits the ability of public or private institutions to deliver?

Here is where the ISSA has a unique role to play, since it is the only international organization which holds the in-depth information about the administrative strengths and weaknesses of social security institutions around the world, whether they are in OECD, transition or developing countries.

3. Finally, the overriding issue of public support and understanding of social security objectives

Bernard Kouchner made a devastating criticism: social security, along with nuclear policies, are probably the least understood of all public policies. I trust that this was only to make a dramatic illustration.

But unfortunately he does have a point.

To extend coverage, to carry out reforms, to change financing, the public must be informed. If they are not informed, a whole series of perverse results can begin to occur. Including lack of compliance, increases in clandestine labour, loss of confidence in national schemes due to misinformation, etc.

But here one encounters one of the most difficult questions raised at this conference: who is indeed responsible for this public education about social security? Who are the actors? Is it first and foremost the role of the political leaders to articulate the purposes of social security and how those objectives can be financed and delivered? The future of social security and welfare in general is not solely a technical or financial question – it is essentially a political choice subject to political will.

What is the public information role of ISSA member organizations, which are responsible for the delivery of the benefits? Is their role different and separate from the role of the politicians or are they merged into a single effort? Are there sometimes political constraints imposed by governments that actually impede social security institutions from doing their public information job?

My experience is that many ISSA members have relatively limited public relations expertise. They do not see themselves as public information specialists nor would they feel comfortable articulating a social philosophy or a political agenda. Should this situation continue in the future?

When one surveys the evolution of social security around the world, one of the most perplexing questions is why some countries succeed in reforming while others do not. Surely one of the explanations is the level of public understanding and support for change. How did they build a new consensus? What do we know about building this public support and understanding for a system which includes many different parts, both public and private?

Ladies and gentlemen, in conclusion, this has been a very stimulating conference. The really tough questions have been put on the table. Many of these issues emerged with surprising clarity during the final panel, moderated by Santiago Levy Algazi, Director General of the Mexican social insurance system, who deftly drew out many of the critical issues from the other participating policymakers. We do not pretend to have discovered the answers, but thanks to the Initiative, we are better able to navigate through the critical issues of inclusion/exclusion, institutional capacity and, finally, public confidence in the future of social security.

Much remains for us to do in carrying forward the Initiative so that we will have a good final outcome to present when we meet in Beijing at the General Assembly and then for disseminating the results to a broad audience outside the circle of ISSA member institutions.

Today, the Initiative Steering Committee will meet immediately after the close of the conference to discuss how to go forward, beyond Vancouver and even beyond Beijing. What should the Association do beyond 2004 to deal with the difficult issues of better adapting and adjusting social security to a rapidly changing world? It is clear from this conference that many issues need to be further defined and investigated in order to strengthen the security in social security.

We must decide where to focus; how to undertake the work; how to disseminate the results; and how to obtain the financial and material support for this important work.