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Strengthening social security in economic crises The need for a social protection floor

ELLEN EHMKE, MARA SKALETZ

Introduction

The current economic and financial crisis has created pressures on global financial markets, national industries and the labor markets alike. These pressures have not only resulted in the destruction of billions of assets in the financial world but also in rising unemployment in both industrialized and developing countries, loss of income and impoverishment. Governments have reacted with the pledge to monitor and regulate more. Besides they have put up – each one according to its potential – huge investment programs for public infrastructure and have created fiscal incentives for public spending, all of which are meant to alleviate the shocks that the crisis has created for national economies. Surprisingly, investment into social security programs has not been at the centre of public attention. Despite fears of rising unemployment the overall social dimensions of the crisis have not yet been adequately addressed in crisis response.

This briefing paper seeks to analyze the role of social security in crises and argues that investment in such may well be a substantial means to fight the negative impacts of financial and economic crises. It explores the mechanisms by which social security can make a substantial contribution to the maintenance of domestic demand and thereby curtail the potential depth of recessions, while supporting the income of those in need. In the following the authors will make the argument for the expansion of social security in times of crisis, and will call for the introduction and maintenance of sound social security systems in both rich and developing countries alike.

Governments should opt for the construction of strong social security programs for many reasons, as the paper will outline. First and foremost, the right to social security is a human right. Its realization serves both the individual, who is protected against adverse impacts of crises and poverty in general, and the society as a whole, as it decreases the pressures on public budgets in times of crises when expenditures for emergency relief programs tends to rise disproportionately. As a possible framework for the introduction of social security in countries that do not have sufficient mechanisms in place the concept of the “Social Protection Floor” will be presented. The International Labor Organization (ILO) and other UN agencies launched in 2009 a campaign known as Initiative VI: “A Social Protection Floor” that aims at the progressive realization of the human right to social security.

1 The economic crisis and its effects on employment and on the poor

The nearly meltdown of the international banking and financial system has resulted in economic contraction in almost all countries in the world and, as a result, has had strong effects on employment and wage levels. The ILO estimates that the global number of unemployed people could reach a maximum of 239 million at the end of 2009, which would be 59 million more than in 2007.¹ At the same time, workers worldwide have been affected by declines in income through unpaid leave, working hour shortages and other loss of income opportunities.

Equally, working poverty – which had steadily decreased during the past decade – is now predicted to take a steep rise. The number of those working and living in extreme poverty of less than US\$ 1.25 a day may rise from 624 million workers in 2007 to more than 850 million in 2009, and the vulnerable living on US\$ 2 may reach 43 per cent of the global workforce or 1.4 billion workers, says the ILO.²

Unlike earlier national and regional economic crises the actual turmoil poses a serious threat to welfare and employment all over the globe, also in the Global North, which had largely been shielded from the crisis of the 1990s. In many industrialized countries long-term unemployment is likely to rise and challenge existing social security systems that have so far compensated to a certain extent for the loss of income.

But, despite earlier hopes that the developing world could decouple from the economic crunch in the North, the crisis has aggravated the endemic situation of deprivation, hunger and poverty for many in the Global South, and it has erased some of the humble achievements made in a number of countries over the last decades. The vast majority of the 80 per cent of the global population who, according to the ILO, lack access to adequate social security³ live in this part of the world. People hence have to cope individually with most dramatic consequences, as access to social security is limited or not available at all. And, the current economic crisis follows last summer’s food crisis, in both, the poor in the developing world have been detrimentally affected. Hence, millions of jobless and working poor have recently joined the ranks

¹ International Labour Office, ILO (2009): Global Employment Trends Update May 2009. Geneva.

² Ibid.

³ ILO (2009): Bolsa Familia in Brazil: context, concept and impacts. Social Security Department, Geneva.

of the millions of people living already in poverty. In 2009 the number of people suffering from hunger has grown by 102 million, and now reaches 1.02 billion or nearly one sixth of humanity according to the Food and Agriculture Organization of the UN.⁴

Where income opportunities are lost, the risk of poverty and extreme poverty is rising; and sinking household incomes as well as poverty are generally linked to fewer resources available for food, education and health. When education and health costs have to be borne out-of pocket – as it is the case in the majority of developing countries – this expenditure becomes a relatively heavier burden for the tightened household budgets. The UN recently estimated the number of those who fall below the poverty line as a result of health-related expenses at 100 million people a year.⁵

Therefore past economic crises have partly led to lower education enrolment and had grave negative consequences in the field of health, especially for the poor. Evidence from crises in Mexico (1995), Indonesia and Thailand (1997) and Argentina (2000) show furthermore that women and children bear the brunt of the impact on health outcomes. This is even more worrying given that for children short-term nutritional deficits can have long-lasting effects such as retarded growth as well as lower cognitive and learning abilities. In many countries, children may be forced to contribute to the household income as child laborers. The effects of the crisis may thus be irreversible and deteriorate individual and collective future perspectives. Additionally to the individual's plight in coping with losses in income, deteriorating health conditions and lower enrolment in schools have long term negative impacts on the economic performance of the workforce. This circumstance creates a downward cycle: lower investment in education and health care leads to low performance that eventually leads to more poverty and marginal development gains in a given society.

One way to brake this vicious cycle are social security schemes that enable, often for limited periods of times, households and individuals to bridge the difficulties and maintain their standard of living.

2 The potential of basic social protection in crises and beyond

First of all, being a human right social security is one of the core obligations of states and thus enshrined in international law, as expressed in Art. 22 and 25 of the Universal Declaration of Human Rights (UDHR) and Art. 9 of the Covenant on Economic Social and Cultural Rights (CESCR).

But in the past, investment in social security systems has also proved to be a powerful tool to alleviate adverse impacts of crises. It can limit the contraction of aggregate demand and thus curtail the potential depth of the recession;⁶ hence, it should play a major role in crisis response.

This can be studied at the case of Argentina, where a package of anti-crisis measures successfully enhanced a relatively fast recovery after the deep crisis suffered in 2001/02.⁷ Among the measures was the introduction of the program *Jefas y Jefes de Hogar*, providing cash benefits for the unemployed under the condition of either public work or the participation in training measures. Apart from this program, minimum pensions and wages were increased significantly to stabilize household incomes and demand.⁸ The resolute Argentinean response to the crisis – implying considerable counter-cyclical spending – paid off in terms of employment creation and poverty reduction in the aftermath of the crisis. At the same time, it provided the Argentinean government with an instrument, which it has been further expanding in the actual crisis.

Another prominent example is Mexico: Two years after the economic turmoil in 1995, which made the poverty rate climb from 52 to 69 per cent between 1994 and 1996, *Progresas*, a program for social development, was implemented. Under its new name *Oportunidades*, it offers at present conditional cash transfers to improve health, education and nutrition in families threatened by extreme poverty. Since 1997, spending on the program has centupled, benefiting today 5 million households after an expan-

⁶ International Labour Conference (2009): Thematic dialogue 9: social protection. Committee of the Whole on Crisis Responses. 98th Session, Geneva June 2009 (ILC98/C.PI/TD.9.Brief).

⁷ Prasad, Naren / Gerecke, Megan (2009): Insecure and uninsured? An empirical investigation of social security spending in times of crisis. International Institute of Labour Studies, Geneva (forthcoming).

⁸ Boris, Dieter / Tittor, Anne (2006): Der Fall Argentinien. Krise, soziale Bewegungen und Alternativen. VSA-Verlag, Hamburg; ILO (2008): Setting Social Security Standards in a Global Society. An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization. Social Security Policy Briefings, Paper 2. Social Security Department, Geneva.

⁴ Food and Agriculture Organization of the United Nations (2009): Achieving Food Security in Times of Crisis. Available at <http://www.fao.org/getinvolved/worldfoodday/en/>

⁵ United Nations System Chief Executives Board for Coordination, UN (2009): Global Financial and Economic Crisis. UN System Joint Crisis Initiatives, New York.

sion from urban to rural areas. It has achieved an overall improvement in the health status and on the educational level of the beneficiaries. Moreover the government has proven its ability to handle the benefits flexibly, e.g. augmenting the benefit level in the case of rising food prices.⁹

Experience from past crises also proves that those countries, which have already installed some social security structures, are in a much better position to cope with the social fallout of this crisis by expanding them to those in need. This is not only the case in the Global North, but also in a growing number of countries in the South. For example Brazil has bundled its efforts to fight poverty in its conditional cash transfer program *Bolsa Familia* in 2003. By the end of 2008 it reached 11.2 million families. It is praised for its poverty alleviating and preventing character, as well as for its substantial contribution to decreasing income inequality. Brazil has been able to reduce its GINI coefficient at the fast pace of 0.7 per cent per year since 2001. Additionally, *Bolsa Familia* disproves concerns about a loss of incentives to work, it even enhances labor market participation: members of beneficiary households have a 2.6 per cent higher participation rate than members of other households, an effect which is even more accentuated for women and persons belonging to the lowest income decile.¹⁰ In the current crisis, the Brazilian government announced that the scheme would be extended to another 1.2 million families. At the same time, in the existing unemployment insurance scheme, benefits have been extended and will be paid for an additional two months for the formal sector workers in those branches that have been hit the hardest by the crisis.

Other examples of countries in the South that have instituted social security instruments before the onset of the crisis on which they can rely now include Mexico and Costa Rica, where unemployment insurance benefits have been extended. Similarly, China, El Salvador, India and Singapore have increased cash transfers to vulnerable households.

Additionally, recent studies come to the encouraging conclusion that benefits in cash and kind (even though they may be small) can make a direct contribution to the fight against poverty. For Tanzania a model calculation has shown that a

child benefit and basic pension can reduce poverty by 35 per cent.¹¹ A study comparing the effect of non-contributory pensions in South Africa and in Brazil shows that persons in households with a pension recipient are 1.9 per cent less probable to be poor in South Africa and 5.3 per cent in Brazil.¹² Next to poverty alleviation, the biggest potential of social protection lies in poverty prevention. The same study demonstrates that basic pensions reduce the risk of impoverishment by 11 per cent in South Africa and 21 per cent in Brazil among persons living in households with pension recipients.

But social security is more than financial support: opportunities for economic activity grow with the accumulation of human capital. The realization of extended social protection for those parts of the population who are most probable to suffer from deficits in health and education services, are a crucial investment as it leads to a higher productivity of their work. In the long run, the cost of providing at least basic social security benefits may be overcompensated by positive economic effects enhanced by productivity gains.

Evidence from a cash benefit program in Mozambique and the old age pension scheme in South Africa additionally show that increased household incomes have in return boosted demand and enhanced local economic activities.¹³

Besides its emancipatory potential for individuals, social security contributes to a fairer distribution of wealth and helps to build social cohesion and peace, thus creating an environment that encourages investment and consumption. A reduction of inequality can have positive effects on the aggregate demand, especially where the initial inequality is high.¹⁴ Tax-financed benefits for the poor contribute to an efficient redistribution and the reduction of inequality, as e.g. the case of Brazil shows.

Thereby, investment in social security can tackle a core problem underlying this crisis, which is the lack in aggregate demand triggered by

⁹ The World Bank (2009): Project Information Document. Support to Oportunidades Project. Available at http://www.wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2009/02/25/000104615_20090225120329/Rendered/PDF/PID0Appraisal0Stage0OCr.pdf

¹⁰ ILO (2009): *Bolsa Familia in Brazil: context, concept and impacts*. Social Security Department, Geneva.

¹¹ Gassmann, Franziska / Behrendt, Christina (2006): *Cash benefits in low-income countries: Simulating the effects on poverty reduction for Senegal and Tanzania*. Issues in Social Protection, Discussion Paper 15. ILO Social Security Department, Geneva.

¹² HelpAge International (2003): *Non-contributory pensions and poverty prevention. A comparative study of Brazil and South Africa*. Available at www.helpage.org

¹³ Standing, Guy (2007): *How can cash transfers boost work and economic security?* DESA Working Paper No. 58. Available at http://www.update.un.org/esa/desa/papers/2007/wp58_2007.pdf

¹⁴ ILO (2008): *Can low-income countries afford basic social security?* Social Security Policy Briefings, Paper 3. Social Security Department, Geneva.

global and national inequalities.¹⁵ In that sense, the explicit investment in social security offers a more sustainable way out of the crisis than merely growth oriented strategies.

3 Lack of social security measures in actual crisis response

Notwithstanding the potentials of investment in social security in times of crises and its proven effectiveness in the fight against poverty, in the stimulus packages that have been tied as crisis response by governments around the world, social security spending has not been ranking high.¹⁶ Infrastructure programs and tax relieves for companies have been most prominent in the response to the crises and they do certainly offer important support for economies in times of crises. However, until today the biggest bulk of the more than US\$ 20 trillion global expenditures have been spent on recapitalizing banks and financial institutions.

Investment in social security has not been as popular, since the potential and stabilizing impact of social security is often underestimated and expenses appear to be high in developing countries. But also the lack of institutional and organizational capacities and structures hinder the introduction of social security as a response to economic crises.

The effective delivery of social security benefits to bridge the growing gap of income opportunities, to alleviate the plight of the poor that are hit more dramatically in times of crises, and – in more advanced systems – to substitute for temporary losses of income due to unemployment, require the pre-existence of social security structures. In the absence of such structures, targeting and administering benefits is extremely difficult, even if the necessary funding may be available. Hence, not having invested in social security earlier clearly limits the policy choices at hand during a crisis.

Social security schemes offering income replacement for the unemployed working age population are rare: from 184 countries for which information is available a mere 78 have some sort of unemployment scheme in place.¹⁷ If

at all, in most low-income countries social security benefits are only accessible to a small minority, usually the formally employed. The access to such schemes needs to be eased, made universally accessible in the long run, and target the vulnerable in the informal sector now.

At the same time low-income countries face the strictest resource constraints in the economic downturn and have in past crises been more prone to engage in pro-cyclical,¹⁸ rather than the necessary counter-cyclical spending. Countries like Kenya, Nigeria and Zambia have significantly cut the resources available to the social sector, e.g. in Kenya the allocation to the core poverty reduction program decreased by 20 per cent from 2007/2008 to 2008/2009.¹⁹

Cutting support when it is most needed is the type of response to crises which the world community truly cannot afford, given the devastating effects on the poor. What is needed instead, is a set of at least minimum social security guarantees available to each individual no matter what the economic potential of a given country may be. A minimum set of social security guarantees must and can be built in a way that it is affordable in any country. This is the concept of the “social floor”.

4 The concept of the social floor

It was the report of the World Commission on the Social Dimension of Globalization in 2004, which emphasized the necessity of a universally approved socio-economic floor for the achievement of Millennium Development Goal (MDG) 1 on poverty eradication. In its ‘Global Campaign on Social Security and Coverage for All’ the ILO has worked on a definition of the components belonging to the so-called “Social Protection Floor”. Four main guarantees have been identified as components of this floor:²⁰

- A universal basic pension for all persons in old age or with disabilities. The benefit should at least cover the cost of living at the

Coverage Extension in Asia. International Labour Office, Geneva (forthcoming).

¹⁵ Prasad, Naren / Gerecke, Megan (2009): Insecure and uninsured? An empirical investigation of social security spending in times of crisis. International Institute of Labour Studies, Geneva (forthcoming).

¹⁶ Overseas Development Institute (2009): The Global Financial Crisis and Developing Countries. Preliminary Synthesis of Ten Draft Country Reports.

¹⁷ ILO (2008): Can low-income countries afford basic social security? Social Security Policy Briefings, Paper 3. Social Security Department, Geneva; ILO (2008): Setting Social Security Standards in a Global Society. An analysis of present state and practice and of future options for global social security standard setting in the International Labour Organization. Social Security Policy Briefings, Paper 2. Social Security Department, Geneva.

¹⁵ Stiglitz, Joseph (2009): The global crisis, social protection and jobs, in: International Labour Review 148(1-2); ILO / International Institute of Labour Studies (2008): A global policy package to address the global crisis. Geneva.

¹⁶ Khatiwada, Sameer (2009): Stimulus Packages to Counter the Global Economic Crisis: A review. International Institute for Labour Studies, Discussion Paper DP 196/2009, Geneva.

¹⁷ Scholz, Wolfgang / Bonnet, Florence / Ehmke, Ellen (2009): Income support in times of global crisis: An Assessment of the Role of Unemployment Insurance and Options for

poverty level and would have to be financed by the state, to address those who are not protected by any other (protection) mechanism.

- Income or subsistence security for all children, also providing resources at least at poverty level. This guarantee includes the access to nutrition, education and care.
- Income support for working-age poor, under- and unemployed. This support can be realized through cash benefits or through public work programs, e.g. in infrastructure projects.
- Universal access to basic essential health care. The state needs to take the general responsibility for the adequacy, delivery and financing of health care, responding this way to the human right to social security and health.

It is certainly a difficult task to define the absolute minimum of social security, which everybody should be able to enjoy, given the ethical questions concerning human dignity that are involved. To avoid generalized recommendations the concept of the floor consists of more general guarantees instead of specifically defined benefits. The concrete realization of the guarantees depends on country specific preconditions such as possibly pre-existing social security structures, fiscal space available for action, institutional structures and capacities as well as the particular needs of the population. In order to identify these, and make sure that the benefits efficiently address the most urgent needs, stakeholder involvement in the development of the national social floor is crucial.

The concept of the social protection floor is specifically designed for countries with no or only deficient social security structures in place. The social security minimum guarantees are aimed at the protection of the most vulnerable groups of a society and people in critical situations that render them vulnerable to impoverishment. In countries with social security systems that exclude parts of the population, the social protection floor is a meaningful concept for closing this gap and to ease the socio-economic pressure on the excluded groups.

The concept of the social floor has been criticized for not providing more comprehensive and extensive social security guarantees and fears have been voiced as to its potential to undermine more advanced systems of social protection already in place. These fears have been addressed by ILO's lobbying for a "concept of progressive universalism" of which the social floor may constitute a first step: universal and com-

prehensive social security coverage being the ultimate objective, the progressive extension of social security systems – according to the specific conditions of each country – is the way universality can be reached. It is a staircase model, in which the social protection floor and the related benefits constitute the first step towards higher levels of social security.

5 Actors and initiatives for basic social security

The ILO has been one core actor working for the global extension of social security. On a policy level the ILO's mandate was strengthened throughout the last decade. One key conviction behind the ILO's efforts is that social security systems do not come as a result of successful economic development but that social security policies rather help countries to develop in an equitable way. Thus, they are a precondition to economic development. Most of the evidence comes from the industrialized countries but this hypothesis has lately also been supported by the cases of countries from the South, as the above-mentioned examples testify.

In 2009 the International Labour Conference (ILC) dealt prominently with the economic crisis and its impacts. As one of its results, it developed the Global Jobs Pact, a frame for appropriate reactions to the crisis. The pact calls for the extension of social protection to all, for a social protection floor and even more concretely for the introduction of cash transfers in order to meet the urgent needs of the poor. The tripartite conference of governments, employers and workers representatives jointly reiterated the importance of reinforced efforts to extend social security in times of crisis.

The UN Economic and Social Council (ECOSOC) has recently expressed its support of the Global Jobs Pact and encouraged the UN Member States to make use of it as a framework for crisis response. It also calls on the UN agencies to take the pact into account in their policy decisions (ECOSOC E/2009/L.24). Also, the G20 at their Pittsburg meeting in September 2009 have reiterated their collective responsibility to mitigate the social impact of the crisis and assured that all parts of the world shall participate in the recovery. Furthermore they have confirmed their will to continue assisting in the construction of safety nets.

The latest initiative comes from the UN system, in which a coalition of different international organizations has been set up. Under the slogan "responding as one" it has formulated nine responses of the UN system to the current crisis, among which Initiative VI: "A Social Protection

Floor” stands out that advocates the universal introduction of a social protection floor. It calls for the basic social security guarantees as listed above, which are to be complemented with access to social services such as education, water and shelter. The ILO in collaboration with the WHO remains one of the driving forces behind this coalition and behind the concept of the social floor itself. Each of the participating organizations has committed itself to push for the realization of the social protection floor in its own thematic field of work, in close cooperation with the other agencies causing synergy effects: The WHO for example works on the extension of health systems with the support of the World Bank and the ILO, to provide more of the vulnerable with financial protection in case of ill health. Another example is the World Food Program (WFP), which is engaged in school feeding programs.

6 Prospects for the realization of the social floor

As can be seen from the number of initiatives listed above, things have been set into motion. The social floor enjoys growing support among the international community and was backed by the delegates to the ILC, thus representatives of states, workers and employers. Nevertheless, reservations towards the social floor remain and its financial feasibility is continuously called into question. But these are countered by a number of studies, which prove that such a package is affordable. Projections show that a basic social security benefit package can be realized at relatively low cost. The complete set of benefits would cost between 3.8 per cent (Pakistan and India) and 10.6 per cent (Burkina Faso) of the national GDP according to the ILO.²¹

In this light, the universal realization of the social protection floor appears to be a tangible goal, even though the needed sums per country are likely to exceed the current levels of social security spending in most countries. The creation of fiscal space remains one of the main challenges for these countries when they plan to realize the social protection floor. This can happen through tax reforms, rationalization of revenue collection or shifting funds to new social protection priorities. The ILO projections demonstrate both, that several countries (Guinea, India and Viet Nam) could finance the social protection floor fully domestically if they had the political will to increase social security spending to 20 per cent of government expenditure; for other countries, even this rise in expenditure would be insuffi-

cient. However, according to estimates less than 2 per cent of global GDP would be sufficient to provide a basic benefit package to all currently not covered by social security.

The realization of a social protection floor is thus not a problem of resources but rather one of forging the political will for setting the right priorities. International support through donor funding could make the global social floor a reality. The rationale behind international funding may be:

- To fight global poverty and achieve the objectives set in the MDGs while striving for the realization of the human right to social security;
- To put into action the obligation of states to cooperate as Art. 55 and 56 of the Charter of the United Nations and Art. 2 of the Covenant on Economic Social and Cultural Rights – and more specifically, paragraph 61 of General Comment 19 calls for international assistance for setting out social protection;
- To lay the foundations for individual and collective development potentials, which offer hundreds of millions of potential clandestine migrants viable perspectives in their home countries;
- To enhance social cohesion and thus reduce potentials for unrest.

An influential body in the donor community, the OECD Development Assistance Committee has lately expressed its conviction that social security has a direct impact on poverty and helps make growth more pro-poor. The committee also confirmed the protection offered to the poorest and most vulnerable in a downturn and concludes that „investing into social protection program can be affordable, including for the poorest countries, and represent good value for money“.²²

Also, the G20 have committed themselves to push for a fairer and more sustainable world economy. To this end, they expressed their will to support the development of social protection measures in low-income countries to counter the effects of the current crisis. Already at their meeting in April 2009 they had pledged US\$ 50 billion for social protection, trade and development in low-income countries. This represents a good starting point, but the comparison to the US\$ 20 trillion that have been spent on recap-

²¹ ILO (2008): Can low-income countries afford basic social security? Social Security Policy Briefings, Paper 3. Social Security Department, Geneva.

²² OECD Development Assistance Committee (2009): Making Economic Growth More Pro-Poor: The Role of Employment and Social Protection. Policy Statement; DAC High Level Meeting, 27 and 28 May 2009.

talizing banks and financial institutions globally, show that social security is not ranking high enough on the political agenda yet. It is time to convert the G20 declaration of intent into action, to release funds for the alleviation of the most pressing social problems caused by the crisis and to invest in durable long-term strategies that tackle the endemic lack of social security in the world. Every country that wishes to extend social security but cannot afford it through domestic resources should be able to count on international support.

Another idea for social security financing is the Global Social Trust, which has been developed and is promoted by the ILO. It is a people-to-people trust that aims at linking donations from employees in the Global North to social security financing in the Global South. It encourages global citizenship and social partnerships in long-term projects that support sustainable social security schemes in the South, paid by individuals from the North. One project of the Global Social Trust has been established between a Luxembourg trade union and the national health insurance system in Ghana. Such individual commitments can complement the necessary efforts on national governments and the international community. Both donor governments that provide funding for programs of poverty reduction and the international organizations need to reinforce their commitments to the extension of social security – if not for other reasons – for its effectiveness as a means to poverty reduction.

Additionally, the international organizations could take a leading role by providing governments with concepts and policy frameworks for the implementation of the social floor. They could assist all those countries with low technical capacities to build social security schemes and support them in formulating their national strategies and priorities.

Even when funds are available, implementation and monitoring remain big challenges for the realization of social security. The international community of states should therefore discuss whether they could create a new legal instrument that would reinforce the rights based approach already established in the Universal Declaration of Human Rights and the CESCRC but would additionally be guiding states in the development and the implementation of social security schemes. The ILC could be the forum for such an instrument, as it could ensure the support of its constituents, governments, employers and employees alike. It is in the framework of the ILC that fears and reservations of governments, employers and workers concerning the costs of such concepts and their relation to exist-

ing social protection systems can be discussed and resolved.

Commitment and persistence at national level from politicians, parties, unions, employers and civil society groups are indispensable in this global effort. It is on the level of national and regional administrations that social security programs need to be implemented, and without their conviction all efforts might remain vain. The required political feasibility of the floor depends highly on the agreement of all stakeholders, including those in need of protection and those who pay for the financing. As outlined above for the ILO, the concerns of the stakeholders must be taken seriously if the social floor is to succeed. Only the involvement of all relevant groups can make the social floor a success.

7 Conclusions

Social protection systems have long term stabilizing impacts both on individual and national levels; especially in times of crisis, which are times of high vulnerability for the poor. A global response could be the introduction of the social floor in countries where social security is either non-existent or too limited in its extent and scope. Introducing social security schemes is costly where the basics are missing, and especially difficult in times of fiscal constraints. But, virtually all countries have some social security instrument in place that can serve as a starting point for immediate reactions to financial and economic crises, and serve as a foundation for the development of sustainable, inclusive social security structures in the long term. The immediate effect of paying social security benefits in crises can be individual poverty alleviation. When workers and their families are enabled to continue investing in consumption, health and education, this will pay for the economy as a whole by way of sustained demand and rising productivity.

Investments in social security enable societies to be better prepared for future economic crises since these tend to be cyclical. Even though the actual crisis might be the worst since the Great Depression of the 1930s, it will probably not be the last. Working towards the universal realization of a social floor and subsequently the full realization of the right to social security will pay off by now and in the future. It is never too late to invest in social security, new schemes can still have positive effects in the direct aftermath of the current economic turmoil and they can avoid similar hardships in the times to come.

About the authors

Ellen Ehmke holds a degree in Political Science from Freie Universität Berlin, Germany.

Mara Skaletz holds a degree in Latin American Studies and is based in Hamburg.

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Friedrich-Ebert-Stiftung
Department for Development Policy
- Dialogue on Globalization –
Hiroshimastrasse 28
10785 Berlin
Germany
Tel.: ++49 (0)30 26935-7404
Fax: ++49 (0)30 26935-9246
Mail: globalization@fes.de
www.fes-globalization.org

Friedrich-Ebert-Stiftung
Geneva Office
6 bis, Chemin du Point-du-Jour
1202 Genève
Switzerland
Tel.: +41 (0)22 733 34 50
Fax: +41 (0)22 733 35 45
e-mail: info@fes-geneva.org
www.fes-globalization.org/geneva/index.htm