

# 1. Introduction

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At the start of the twentieth century only three countries had any form of national social protection. By the end of the century almost all nations had legislated some form of social protection. Thus social protection is very much a creation of the twentieth century. The form and extent of social protection differ greatly between nations but the fact that nearly all countries, differing greatly in their economic, social and cultural circumstances, have introduced social protection is of itself remarkable.

Now, early in the twenty-first century, social protection remains a highly contested area of public policy. Some nations are looking to cut it back, others to expand it, many are concerned about its future cost and sustainability. Some politicians, policy analysts and citizens see social protection, or welfare generally, as unaffordable and undesirable, creating dependency and undermining economic and family life; others see it as a force for good, liberating the most disadvantaged, reducing poverty and inequality and underpinning a modern economy.

Yet while social protection is a huge worldwide phenomenon – the ultimate determinant of the level of living of a large proportion of the world's population and the largest component of public spending in many countries – it is often regarded as boring and complex, totally lacking the glamour of, for example, health interventions, which have spawned countless television shows. Discussion of it tends to be very local and detailed, reflecting national histories and institutions, often focussing on the short-term impact of marginal changes. There is little focus on wider dimensions – the global picture and the long-term issues.

This book attempts to redress this neglect. It does not attempt to consider all nations but is focussed on four of the largest and most rapidly changing nations in the world: China, India, Brazil and South Africa. Together they contain almost half of the world's population.

Each of these nations is experiencing rapid economic growth, rapid urbanisation and fundamental social change. Some indications of the extent of development are shown in Table 1.1. The challenges and issues

*Table 1.1 Comparison of four countries*

	China	India	Brazil	South Africa
Population in millions, 2011	1 344	1 241	197	51
Growth of population, 1991–2011	+17%	+39%	+30%	+41%
GDP per capita, 2011 (PPP current \$)	8 400	3 627	11 640	10 960
Growth in GDP per capita, 1991–2011	+462%	+167%	+43%	+25%
Agricultural employment (% of all), 2009*	40%	51%	17%	5%
Urban population (% of total), 2009	48%	31%	84%	61%
Female labour participation, 2009	68%	31%	59%	45%
Life expectancy at birth, 2009	73	65	73	52
Poverty (% below \$2 per day), 2009*	30%	69%	11%	31%

*Notes:* \*Indicates 2008 for China, 2010 for India.

*Source:* World Bank, *World Development Indicators*, downloaded 27 December 2012.

these changes have posed and will pose for social protection are the subject of this book.

The structure of the book is simple. In the next chapter, the background and philosophy of social protection is reviewed. Then for each country in turn we consider the past, the present and the future.

How social protection will develop clearly depends on the economies, the social structure, the cultural traditions and the political system of each country. Whilst it is impossible to consider all of these in detail in one volume, it is important to consider the past and the present before considering the future. Therefore each country is reviewed: how has social protection developed, who have been the main beneficiaries, what types of support have been provided, how has it been paid for, what have been the principle goals?

Then we consider current approaches to social protection, the provisions for different groups – children, people of working age who may be low paid or unemployed, and older people. What is the role of social

protection in tackling poverty and reducing inequality? How does social protection impact on urban and rural populations, on men and women, and on richer and poorer?

Third, we consider possible future developments. What are the implications of current and planned policies? How might economies and societies change and what are the challenges to social protection and what are possible responses? The aim is not to forecast the future but rather to consider the likely influences on future developments in social protection and the implications of possible future trajectories.

Finally, we attempt to draw together and compare the evidence from each of the four countries; what common issues arise and what can be learned from this comparative approach.

This is a broad canvas and no one individual can claim expertise on social protection throughout the world. The study therefore brings together experts on each country. All the authors attended a joint symposium held at the London School of Economics in March 2012 and made a presentation to it; there was an opportunity to discuss each presentation and review general concerns and conclusions. These presentations were then developed into the chapters that make up this book. While all follow the same broad structure, national concerns differ and chapters reflect these differences. (For Brazil, the redistributive impact of social protection and its politics are considered in separate chapters.)

In preparing chapters, the editors have offered comments and suggestions, but the content of chapters remains the responsibility of individual authors and there was no attempt to enforce conformity of structure, analysis or conclusions. The concluding chapter is the responsibility of the editors alone and should not be read as indicating an agreed consensus.

‘Social protection’ is a broad term used to include many things ranging as far as handguns and deodorants. Even within the field of public policy there is no one agreed definition. Here, to make the scope of the study manageable, we do not consider the financing or provision of health care or of education. We have concentrated on children, working-age people and older people; given the complexity involved, we have not attempted to compare policies for people with disabilities. The focus here is on policies that in some countries are grouped under the heading ‘social security’ – primarily social insurance, social assistance and categorical or contingency-related benefits. Some types of benefit, such as housing allowances or tax credits, may also be a form of social protection. We are also concerned with other policies aimed at altering the distribution of incomes and protecting people from poverty, such as food subsidies, employment guarantees and obligations on employers to pay minimum wages or meet pension requirements.

There are many issues that arise with social protection. Not all can be exhaustively discussed. But it may be helpful to distinguish some of these issues to help clarify subsequent discussion.

First, there are issues of *coverage*. Does social protection cover the whole population or only the urban population? Is coverage limited to the formal sector of employment or does it include informal employment? How far are women covered as well as men?

Second, what is the *basis of protection*? Is social protection targeted or means-tested to benefit the poorest, as with most social assistance? Or is it based on contribution, as with social insurance schemes? Or is it available to all who fall into certain categories as contingencies? Or is it some combination of these?

Third, if it is based on categories, what *categories or contingencies* are covered? These may include old age or retirement, unemployment, sickness, the presence of children, or simply citizenship.

Fourth, there are issues about *benefits*. Are these based on individual circumstances or household circumstances? They may be linked to current income (means-tested) or to past earnings (earnings-related). There may also be conditionality, with benefits linked to satisfying certain tests, for example whether children attend school or adults seek employment. What are the rates of benefit paid?

Fifth, there are issues about *finance*. Who pays for social protection? Is it contributions from employees, employers or the state? Is it general taxation or a special social security tax? Are benefits paid for out of current revenues on a pay-as-you-go basis or is a fund built up? How do revenues and benefits adjust to inflation and to changes in the level of earnings?

Sixth, there are issues of *administration*. How efficiently and fairly is social protection administered? Does it reach those it is intended for and not those it is not intended for? With what delays and costs to those eligible? How costly is it to administer?

Finally, there are issues about *consequences*. How does social protection affect economic and social change? And how do economic and social changes affect social protection?

Some of these issues are questions of fact but some, such as the last, are contentious issues on which there are deep disagreements and no definite answers. Yet, despite the difficulties, all these issues are important for the lives of individuals and the state of nations, indeed for the welfare of the world.