

# *The future of Social Security Systems*

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# Contents of the presentation

- I. Legal issues: social security as a human rights (scope + standards)
- II. Economic and financial issues of social security: facts and challenges
- III. Possible options for solution - de lege ferenda

# **I. LEGAL ISSUES**

# ICESCR: The Right to Social Security (Art. 9)

- **Personal scope:** „the right of everyone to social security, including social insurance” (*regardless of age or ability to work, is guaranteed the means necessary to procure basic needs and services*)
- .....
- **Material scope:** the right to access and maintain benefits (in cash or in kind) without discrimination in order to secure protection:
  - a) *lack of work-related income* (sickness, disability, maternity, employment injury, unemployment, disability, old age, or death of a family member);
  - b) *access to health care*
  - c) *insufficient family support*, (for children and adult dependents)

# ICESCR: Social security & complementary schemes

## Main

### FOCUS:

- **Contributory schemes**  
(ins.-based)
- **Non-contributory schemes**  
(univ. or targeted soc. assistance)
- .....
- **Privately run schemes**
- **Self-help + community-based schemes**

## Complementary

- *Social services for rehab.*
- *Protection & assistance to the family (Art. 10/1)*
- *Protection & assistance for children and young persons (Art. 10/3)*

# Normative Content of the Right to Social Security

## I. Elements of the Right to Soc.Sec.

### 1. Availability – Soc. Sec. Sys.

### 2. Cover main social risks (*9 traditional risks – ILO-102*)

### 3. Adequacy (*amount & duration*)

### 4. Accessibility

- **coverage** (*everybody*)
- **eligibility** (*qual. conditions*)
- **affordability** (*contributions*)
- **participation & information**
- **physical access** (*benefit + info*)

## II. Spec. topics for broad application

- **Non-discrimination & equality**
- **Inadequately protected Ee-s**
- **Informal economy**
- **Minority groups**
- **Non-nationals/foreigners**
- **Internal migrants** (*national laws & EU co-ordination*)

## **II. ECONOMIC & FINANCIAL ISSUES**

# Traditional labour market & financing issues

**Start: Traditionally – based on work & labour market participation**

- *Employment relationship: **typical v. atypical***
- *Ee – Er legal relationship → **ex lege social insurance***
- *Mainly **contribution** and some cases **tax** based financing*
- ***Male bread winner model** (derived rights v. individualisation)*
- ***Territorial scope:** (originally) national labour market (basically no cross-border issue)*
- ***Social fraud** – criminalization of soc. sec*



# New forms of work & old logic of Soc. sec. coverage?

1. **Flexible/atypical work** (relatively new! – EU: flexicurity)

2. **Sharing economy** (shareconomy, peer economy, etc.)

.....

3. **Clandestine work** (illegal/semi-legal work (black/grey work))

.....

4. **Migration**

- **worker is moving:**

- Migration (inner)

- Immigration (out)

- **work is moving** (cross border/e-work - claud telework)

.....

5. **Robot workers** and labour market

[new ind. rev.; / replacement / EU (16-05-31): electronic person-*most sophisticated autonomous robots*;  
steal job → pay soc. sec.)]

- **No** pension, **No** health care, **No** family, **No** disability, **No** unemployment, **No** sickness, **No** pregnancy,  
**No** free time, No, No, No... **BUT**: make profit

- Company –must be charged by soc. sec. Tax (based on profit or replaced workers' wage)

# Main challenges and risks for social security

**1. Inequality** (*growth of poverty*)

**2. Financialization** (*less investment in non-financial companies → less jobs*)

**3. Lack of decent jobs** (*IT + global competition, cross border social dumping; low direct & indirect labour costs*)

**4. Divergence of productivity and wages** [*delinking **productivity** ↑ and (mainly low-skilled work) **wages** ↓*]

**5. Aging/greying societies**

**6. Changes in family structure** (*male bread-winner model  $\emptyset$  → increased female LM participation, low wages, low soc. Security, etc.*)

**7. Climate change** – (*new types of migration*)

**8. Humanitarian crises** (*armed conflicts, natural hazards, chronic diseases, etc.*)

### **III. SOME SOLUTIONS – DE LEGE FERENDA**

# Two approaches of social security

Social policy (social security) can be broadly classified into **two divergent approaches**:

- **1. Holistic** (*comprehensive in terms of personal scope and coverage of the risks – state intervention – guaranteed well-being of citizens*)
- **2. Reductionist** (*oppose income poverty – targeted groups (needy) – main objective: reduce poverty, risks and vulnerability – no interest in well-being of citizens, as a whole*)

# Structural issues: de lege ferenda

**Statement: Pluralistic/multi pillar/multi layer model** (traditions, economy, etc.)

## I. Holistic approach

- 1. Social security (insurance) [multi-layer; ~~contr.~~ → cons. tax]
- 2. Universal
  - 2.1. **Unconditional basic income (UBI)** (*full basic income for every citizen or partial basic income:  $\leq$  poverty line*) **source:** social dividend of public enterprises)
  - 2.2. **Social protection floor** (ILO, 2011)[I. Horizontal: 4 essential guarantees: 1.health, 2. children, 3. unemployed, 4. elderly&disabled; Vertical: II. mandatory soc sec., III. Voluntary private insurance ] nationally-defined set of basic social guarantees; financed: national contr. or tax)

## II. Reductionist/residual approach – targeted needy (poor) via social assistance

- **Guaranteed Minimum Income** (target: reduce poverty; **GMI eligibility:** 1.citizenship; 2.means-test; 3.available to work; 4.ready to perform community service)

# Financing issue

**Main statement:** Shift from social security contributions to consumption & service (e.g. incl. bank service) tax(es) – lower marginal tax rates on labour income → avoid in-social fraud

- **Main arguments:**

Pros	Cons
<ol style="list-style-type: none"><li>1. Higher incentives to take up work</li><li>2. Tax base is broader than the SSC (incl. non-wage earners: pensioner, unemployed, capital income earners, etc.)</li><li>3. No ceiling (some countries SSC has), etc.</li></ol>	<ol style="list-style-type: none"><li>1. Higher consumption tax often comes with lower tax progressivity</li><li>2. Cause higher level of inequality</li><li>3. Equity issue: pension, UI, etc. benefits levels may be decreased + require compensation measures, etc.</li></ol>

**THANK YOU VERY MUCH FOR YOUR  
ATTENTION!**