Introduction

Within the welfare state social security is a core element. It denotes the responsibility of the state for protection of its citizens from want and this is indeed essential, since only if basic needs are fulfilled are citizens able to access other public services; for instance, going to public libraries, museums or schools. This chapter will describe the core concepts of social security and how these have developed through time. It will then describe the forms of income protection used to realise social security. After that, it outlines the international dimension before giving some conclusions and addressing the main question: Is the definition of social security as developed at the beginning of the chapter still up to date?

The core concepts of social security

The following definition of social security will be used: social security concerns the income protection regulated in statutory schemes for the compensation of the loss of income due to materialisation of contingencies closely related to the physical (personal) situation of the persons concerned, loss of work by workers, and basic provisions to protect citizens from want. This definition will be discussed in the next section of the chapter. Discussions of core concepts may also be found in Pieters (2006) and Becker et al. (2010). There is, however, no general consensus on the exact definitions of the concepts, mainly because the field of social security can vary so much from country to country and from time to time, and continues to change. In this contribution a new attempt is made to define these concepts.

The following section will also discuss core elements: the extent of the obligation to provide social security, the forms by which this can be done, solidarity, and the responsibility of the insured.
Analysis of the core concepts

General

There may be large differences in how countries use the term social security. Sometimes ‘Social Security Act’ is the name of the Act that covers particular risks. In other countries the term is used to denote the administration of particular schemes or the responsible ministry. There may therefore be large differences in what is meant by the term due to national differences and preferences. For the purpose of (comparative) research we need a general definition. For understanding the scope of the definition and better knowledge of core elements, it is useful to first describe briefly the historical development of social security.

History

The establishment of employees’ insurances

Centuries ago forms of mutual help could be found in various parts of the world. However, the adoption of the first statutory Acts is usually taken as a starting point of what is later called social security. This was an important milestone, as it showed that the state had begun to take (albeit reluctantly) responsibility for the protection of income loss due to specific contingencies. These first Acts were adopted in the last part of the nineteenth century, when in Germany statutory old age and disability insurances were established. Their purpose was to reduce dependency of workers in need on private organisations, such as charities and churches, or on local poor relief schemes. It was out of the fear of revolutions taking place at the time in several parts of Europe that Reichskanzler Bismarck decided to introduce these Acts.

The Acts were limited to workers and based on the insurance principle, i.e. only workers who had paid contributions were covered (employee insurance). Gradually, Acts for the risks of sickness, accidents at work, disability and unemployment were also developed.

The German Acts instigated other European countries to make employee insurance Acts (Köhler and Zacher, 1982), as they wished to reduce the dependency of workers on the poor laws. The poor laws involved very strict means-tests on income and capital, including those of (even remote) family members. Relief recipients sometimes lost their citizen’s rights and the administration deeply interfered with their personal affairs (see Checkland and Checkland (1834) on the British situation). Therefore provisions with a better legal position were very much needed.

Insurance, equivalence and solidarity principles in employee insurances

Insurance was a very appropriate instrument for making such first schemes, since there was still large opposition against and/or suspicion of state interference in social affairs. Insurance meant that only persons who had paid a sufficient amount of contributions were eligible for benefit; thus it was both possible to distinguish the deserving claimants from others and to serve as justification for state intervention, since recipients had also made their own efforts to reduce the income risk by contributing to the insurance. See Bruce (1961) on the British discussion of the Unemployment Insurance Act (1911).

Within insurance schemes the equivalence principle played an important role: this principle requires a relation between the level of contributions paid, the incidence of the risk and the level and/or duration of benefit payment. For instance, with each year of insurance, the level of the...
old age pension increases. The principle is not defined more precisely than this; the social security in question has to define the relation between the elements mentioned, and that can vary from risk to risk and from country to country, and can also change through time. The equivalence principle is, however, useful to describe the various schemes (e.g. differences between public employee schemes, private insurance schemes and, as mentioned below, national insurance (Beveridge-type schemes)). From the equivalence principle it follows that employee insurance schemes have earnings-related contributions and benefits; the actual relation between contributions and level of benefit depends more on policy considerations than actuarial calculations. From such policy considerations it follows, for instance, that persons with an above-average risk profile do not have to pay higher contributions than others.

The extent to which proportional relations are loosened (i.e. that equivalence is less strict) shows the solidarity realised in the scheme. For instance, elderly unemployed are often entitled to a longer benefit period, since they are presumed to have greater difficulties in finding work again (this is, for instance, the case in France, Germany, the Netherlands and Belgium). The equivalence relation between risk, contribution and level of benefit can vary from scheme to scheme, but the very influence of the solidarity principle is the reason to call the schemes social insurance schemes. Neither the equivalence nor the solidarity principle is defined in an absolute way; they are merely notions to describe provisions of concrete schemes.

From the solidarity principle also follows the compulsory character of the schemes: all persons within the personal scope of the scheme are compulsorily insured. This means they are obliged to pay contributions, even if their risk is lower than for other insured persons. Solidarity thus contributes to a certain redistribution of the effects of unequal impact of risks upon persons.

The creation of residence insurances

During the Second World War in some countries plans were made for a better future after the war, which would solve some of the pertinent pre-war crises. An example was a blueprint for a new, general and comprehensive social security system proposed by Lord Beveridge in the United Kingdom (Beveridge, 1942), whose purpose was to free all citizens from want. For this purpose it envisaged to no longer limit state protection to workers, since this left important parts of society (such as self-employed and non-economically active persons, including housewives) unprotected. The Beveridge proposal also took the form of insurance, since in such a system it is easier to justify that persons receive benefit on the grounds that they have been insured for the risk.

After the war, Beveridge’s plan was implemented in the National Insurance Act. State protection of income was now extended to the whole population of Great Britain, although protection against some contingencies, for example, unemployment, was limited to particular categories.

Residence schemes have specific characteristics. Earnings-related contributions do not fit well in these schemes, since not all insured have an income and some can to a large extent influence the level of their own income. Therefore, Beveridge-type systems (often) have flat rate contributions and flat rate benefits (see also George, 1968; Gilbert, 1966). As a result of this character the solidarity principle may have different effects than under employee insurance schemes.

Coining of the term ‘social security’

It seems that the term ‘social security’ was first used in the 1930s, when the United States accepted obligations for income protection of particular groups by means of the Social Security
Act (1935) (see Pennings and Secunda (2015) on how this term is used in the United States and how social security developed in this country; see also Chapter 18, this volume).

When, after the war, the Beveridge plan instigated governments, not only in the UK, to accept a general responsibility to protect the whole population from want, the term ‘social security’ was used to denote this broad objective and the means to reach it.

**Further development of the types of income protection schemes**

After the Second World War many countries developed a social security system. Employee and residence insurance often served as examples, although the details of the schemes actually implemented vary considerably. Some countries have residence schemes only, others predominantly employee schemes, and still others have a mix of these schemes.

In addition, subsistence schemes (social assistance) were developed. Gradually they began to ensure a much better legal position than the old poor laws. However, since means-testing remained an essential aspect of social assistance and this was found undesirable in case of some contingencies, schemes with minimum incomes (without means-testing) were developed. Sometimes these were made for a particular category (e.g. the disabled) and sometimes for the whole population (e.g. the elderly). These schemes are paid for from taxes and therefore it may be said that the insurance character is losing ground within the social security system.

After the war in many Western countries family benefit schemes were introduced in order to compensate for the costs of having children. Healthcare schemes were also introduced to ensure that persons had access to healthcare. These were initially often limited to workers, but in several countries they were gradually extended to the full population. They began also to be considered as part of the social security system.

**The definition of social security**

Earlier in the chapter, social security was defined as income protection regulated in statutory schemes for the compensation of the loss of income due to materialisation of contingencies closely related to the physical situation of the persons concerned, the loss of work by workers and basic provisions to protect persons from want. This definition attempts to cover the provisions described above.

The contingencies covered are traditionally the following: old age, survivors, disability, industrial accidents, unemployment, sickness, and maternity. In the definition it is attempted to characterise these schemes: they are linked with the physical situation of the person which means that he cannot work anymore (sickness, disability, old age) or a personal situation that has led to a loss of income (death of breadwinner). Unemployment is not related to the physical position, but is often the result of economic development.

This definition does not mean that there is also an obligation to give protection in all situations which fall within this definition. For instance, self-employed persons are hardly ever protected against loss of income due to economic developments. However, if a scheme meets the definition, it is considered part of social security.

Family allowances and healthcare schemes were also considered as falling within the definition. Family allowances were considered necessary, since the incomes of low-paid workers were otherwise insufficient to bear all the costs of living. Healthcare is considered necessary to ensure that everybody has access to healthcare provisions.

More generally, even though not addressed by an insurance scheme, meeting the needs of the poor is also part of social security.
The Committee on Economic, Social and Cultural Rights (2007), which gives an interpretation of the right to social security laid down in the International Covenant on Economic, Social and Cultural Rights, follows narrowly the contingencies mentioned in the previous paragraph and is not able either to give one single definition. Instead, it needs a three-tier definition to include all the schemes: the right to social security encompasses the right to access and maintain benefits, whether in cash or in kind, without discrimination in order to secure protection, *inter alia*, from (1) lack of work-related income caused by sickness, disability, maternity, employment injury, unemployment, old age or death of a family member; (2) unaffordable access to healthcare; and (3) insufficient family support, particularly for children and adult dependants.

The following sections will discuss criticism of this definition and approach, for instance, in view of the so-called new risks (e.g. the risk of divorce or the ‘risk’ of having to care for another person such as an aged parent).

Another point of criticism is that the enumeration is the result of developments across, in particular, European countries. In other continents other risks occur, such as the high impact of AIDS/HIV, tsunamis or draught (Becker et al., 2013). However, so far this has not led to a new definition of social security.

The definition is sometimes adapted to fit with the actual question to be answered or research to be done, for instance, if used to describe developments in government expenditure or to compare budgets of countries. However, in discussions on the definition it is important to realise that the term ‘social security’ also has a *normative* dimension. For this purpose delineation is useful or even necessary. We will discuss this in the next section.

### The normative dimension of social security

Social security as a norm is laid down, in particular, in national constitutions and international instruments. For example, Article 22 of the Universal Declaration of Human Rights of the United Nations provides that ‘Everyone, as a member of society, has the right to social security’ and the International Covenant on Economic, Social, and Cultural Rights recognises ‘the right of everyone to social security, including social insurance’ (Article 9). Although no enforceable rights can be derived from these provisions, member states are given the obligation to elaborate this right (see also Riedel, 2007) and therefore the provisions have indeed a legal meaning.

In order to be able to interpret the obligations following from the said instruments, it is necessary to limit the scope of social security to the protection for well-defined risks. Otherwise it is impossible to criticise a state for not fulfilling its obligations.

Contingencies in respect of which many states have already shown that they are willing to accept their responsibility for protection are very useful for the interpretation of the term ‘social security’ in international instruments, as mentioned in the previous paragraph.

Contingencies for which there is a widespread accepted responsibility are basically related to physical reasons for not being able to work and economic reasons affecting the dependent working populations (including poverty). An example is, in particular, ILO Convention 102, the Social Security (Minimum Standards) Convention in 1952, which addresses the same contingencies as mentioned above. See also below and Dijkhoff (2011).

In addition, in other international contexts the term ‘social security’ is used and here a broad interpretation could also lead to unacceptable results for states, so it has to be narrowed down for this purpose. For instance, Article 48 of the Treaty on the Functioning of the European Union (TFEU) requires that the European Parliament and the Council adopt such measures in the field of social security as are necessary to provide freedom of movement for workers. Examples of such measures are the export of benefits. If, for instance, the term ‘social security’
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is interpreted as also including housing benefits or study grants, these would have to be exported. This would be unacceptable for the EU member states. Regulation 883/2004 elaborating Article 48 solves this problem by giving a limitative list of benefits, corresponding with the benefits mentioned above (see also Pennings, 2015).

We may conclude that for the purpose of defining the extent of obligations of states and/or international bodies following from international instruments, it is necessary that the scope of social security is limited. The list of risks mentioned above is generally accepted for this purpose. For other purposes the term ‘social security’ may have another meaning. Basically, for the purpose of interpreting international standards, the definition of social security is rather narrow, focused on traditional risks.

**Criticism on narrowness of the definition: ‘new risks’**

The definition given earlier in this chapter is sometimes criticised for being limited to so-called old risks, in particular those relevant to workers (see contributions in *EJSS Special Issue*, 2005). It is also argued that new risks have to be taken into account: for instance, the loss of income in case of divorce or the need to care for children or relatives, in particular if they become seriously ill.

While it is not the definition of social security which is being criticised as such, it is argued that state responsibility should extend to adopt a new risk under the definition. The state should also adopt compensation schemes for loss of income in case of such a new risk.

In this discussion it is important to point out that the provisions recognised so far as social security (the ‘old’ risks) fulfil the requirement that their materialisation is not due to the initiative of the claimant. More precisely, it is possible to define precisely when a person is eligible or not, for example, between voluntary and involuntary unemployment. This criterion is closely linked with the insurance character of a large part of the schemes, but is also more generally still relevant, since the sustainability (financing) and legitimacy of the system depend very much on the possibility to control access and use. If one can claim ‘at will’ the system cannot survive. Therefore this principle that the materialisation of the contingency must not depend on personal choices is essential for distinguishing schemes as social security schemes.

The distinction between old and new risks on grounds of the possibility to influence one’s own risk is not an absolute one. For instance, unemployed people can to a certain extent influence the duration of their unemployment depending on their willingness and attempts to accept and find work. Also in case of illness there can be large variations in the work which persons are still willing to do. Family benefits are only paid after a couple has taken the initiative to produce a child. If we compare this with a new risk, namely the obligation to care for a seriously ill child, this does not leave much choice, in some situations, to quit or reduce work.

The problem is, however, that for the old risks the legal conditions for benefit eligibility can be much more sharply defined and supervised than in the case of the new risks. This makes it more difficult to control access to compensation for such new risks. For instance, in the example of the ill child, it can still be disputed whether the partner, or other family members, of a professional organisation is asked to provide the care. And in case of care for other family members, friends or relatives the question also arises if the person concerned has to undertake the task of caring or whether somebody else can be asked. Comparable discussions arise in case of divorce insurance. The new risks make supervision difficult and would require a thorough investigation of the private situation of the claimant.

Study grants and housing benefits also provide for income compensation and could therefore be considered a form of social security. However, also for these risks the problem is that there is
a choice for claimants to influence their materialisation; moreover, there can be different views on whether these risks should be collectively borne than in the case of the traditional risks.

This does not mean, of course, that states cannot make arrangements for such contingencies, but they fall outside the concept of social security generally used.

**Is the concept too Europe-centred?**

Another criticism on the social security definition is that it is too Europe-centred. Indeed, the history of European schemes was highly influential on the types of risks to be covered and the ways protection is ensured. Critics argue that in particular in developing countries their economies are still at a stage that is very far from being able to establish the ‘Western-type’ protection schemes against, for instance, unemployment and disability, in particular because of their large informal economies. Moreover, they argue that the most important risks which affect the lives of their people, such as drought, earthquakes and tsunamis, HIV/AIDS and large movements of refugees and other migrants, are not taken into account.

Although these are very valuable criticisms, at this stage of the discussion it is not yet possible to define more generally the measures to be taken to respond to these contingencies and to know what their long-term impact is. Therefore it is premature to incorporate such contingencies into the definition of social security. Further research on these issues is necessary (see Becker et al., 2013).

The conclusion from the above is that although the contents of the concept of social security are not fixed forever, the present definition is useful to elaborate obligations of states to ensure income protection of their citizens.

**Types of schemes that can serve to realise social security**

In the previous section I discussed the types of contingencies falling within the social security concept. The second question is which types of schemes can serve to realise social security. As we saw above, social insurance schemes were established to make workers less dependent on poor relief provisions. A first question is therefore whether the successor of poor relief, social assistance, is part of social security. This is particularly relevant in view of the question of how states can fulfil their obligation to provide for social security.

In my view social assistance is part of the social security system. This does not mean that (international) obligations to provide social security can always be fulfilled by social assistance only. For instance, ILO Convention 121 does not allow means-tested benefits as a way to provide income compensation for the victims of industrial accidents.

The view that social assistance belongs to social security is based on the fact that currently most, if not all, social assistance schemes do not essentially differ from other types of schemes, except from the fact that income of claimants is taken into account for benefit eligibility (means-test). Claimants have, however, a legally enforceable right to income if the conditions are satisfied; also their legal position is often well defined.

Moreover, means-testing is nowadays not limited to social assistance and the distinction between the traditional schemes and social assistance is declining. Insurance-type schemes sometimes have means-tested elements, for instance, for supplements to the benefit for dependants, or because of the nature of the benefit (e.g. in case of survivor benefits). Therefore there is no good reason to exclude social assistance from the concept of social security.

Second, the question is whether social security is strictly limited to public schemes. As discussed at the start of this chapter, acknowledgement of state responsibility for income protection
was at the root of social security, thus stressing the importance of public responsibility. Of course, income protection can also be organised by other parties, including employers, family members, mutual funds and private funds. This raises the question whether such provisions are also to be counted as social security. This question has become more relevant now that in many countries the role of the state is being reduced and some public tasks are privatised, including parts of social security.

There is nothing against including such forms in the concept of social security, for instance, for calculating expenditure on social issues or income redistribution. However, in view of the normative dimension the issue is different, since again the question has to be answered whether the state has fulfilled its obligations. Because of the impact upon the legal position of the persons concerned, it still makes a very important difference as to who is responsible for income redistribution.

The normative dimension requires that the term ‘social security’ is limited to those forms of income protection that are defined by statutory law giving the core obligations to be fulfilled. Within this context private parties can also be given the task of providing an income. For instance, if the employer has a statutory obligation to continue to pay wages to ill employees, this obligation and payment may be considered as social security. If, however, the employer pays the employee money on the basis of an individual or collective employment contract, this is outside the scope of social security.

How is income protection organised within social security?

Types of benefit

Income protection can be organised in various ways. The current forms may be characterised as follows.

_Social insurance, where the insured receive benefits or services in exchange for contributions_. There are two main schemes: employee insurance schemes, limited to workers and certain assimilated categories; and residence schemes, covering all residents.

The schemes are designed for specific contingencies and define the level and duration of benefit. In case of a low benefit and/or limited duration, recourse has to be made to schemes to supplement these schemes, which are often means-tested (i.e. they are paid only if a person has less than a certain amount of income).

Employees’ insurance schemes are often administered by organisations of social partners, but this is not always necessarily the case. Public bodies may also have this task. Residence schemes are administered by public bodies.

In some systems statutory law allows or obliges private parties (including employers) to take over part of the income protection (previously or still currently) organised by social insurance. This was discussed above.

_Universal benefits_. These differ from the residence schemes mentioned above, as the latter schemes are based on insurance and are thus contributory. Universal schemes are non-contributory benefits without a means-test for all residents. Examples are family allowances or public pensions. Strictly speaking, social assistance schemes can also be universal; however, because of their very important characteristic of being means-tested, social assistance benefits are often put in a separate category.

_Minimum benefits_. These provide for a minimum income for particular groups with a low income (e.g. for disabled persons or the elderly) and are paid from taxes. The difference with public assistance is mainly that these benefits generally do not have a means-test on the capital.
Social security

Social assistance (means-tested benefits). These benefits are paid to guarantee the subsistence level as defined in the country in question. For this purpose the income and capital of the person (and often also other family members) are taken into account.

Social security may also be realised in the form of services (e.g. by means of delivering special services). Healthcare schemes often provide care in the form of services rather than in cash.

Activation

We have already mentioned the principle that recourse to social security has to be limited to the minimum in order to keep the system sustainable. Although this general requirement has always been connected to social security, it is not automatically fulfilled. Benefit conditions are often not sufficient to limit recourse to the system, and persons are sometimes not able to leave benefit through their own efforts. Therefore active labour market measures are undertaken to help persons back to work. Examples are work experience measures and training activities. Sometimes privatisation of parts of social security are also feasible, and thus shifting the responsibility for income compensation to parties who feel the costs of their activities more directly is a way to realising activation.

Because of the essential link of such measures with benefit schemes, active labour market measures may also be seen as part of social security.

International aspects

International standards

Earlier we mentioned some international instruments which gave a general right to social security for ‘everyone’. Much more fully elaborated and extensive are the international standards for social security set by the International Labour Organisation.

The ILO was established after the First World War with the aim to promote social peace and prevent another war. Social unrest was considered a serious threat, and the Russian Revolution of 1917, which took place shortly before the creation of the ILO, confirmed the founders of this organisation in their view that measures had to be taken in order to raise the standards of living in the world. The ILO developed a large codex of standards in the form of conventions and recommendations giving minimum rules on the contents of the national social security legislation, including the persons covered, the content and level of benefits, conditions for entitlement to benefits, and the administration involved. These standards are minimum standards; the conventions themselves explicitly allow higher levels of protection.

Alongside the ILO there are regional organisations also setting standards, including the Council of Europe, the States Parties to the American Convention on Human Rights and the Southern African Development Community (SADC). These have very different functions and instruments. Here we will limit ourselves to ILO Conventions.

In the development of ILO standards two main eras may be distinguished. During the first era, which lasted from 1919 to 1944, most of the standards envisaged social insurance as the means for their application. This was the influence of the Bismarck-type schemes, discussed earlier.

The second era began after the Second World War and responded to the developments in the 1940s, when new concepts of social security were developed. A key element in these developments was the Beveridge Report, mentioned above. As we saw, this report proposed universal and comprehensive coverage, guaranteed income security and medical care for the entire
population. This concept was in contrast to the pre-war schemes which covered particular risks and groups only and where poverty of those not covered remained a large problem.

The Beveridge approach was laid down in Convention 102 of 1952. This convention covers nine main branches of social security in one single instrument, thus encouraging the establishment of general social security protection at a national level. The nine principal branches of social security addressed in this instrument are the same as those mentioned earlier in the chapter.

Convention 102 encourages member states to realise the protection mentioned and, since this is not easy to realise immediately, offers the ability to ratify this convention by accepting at least three of its nine branches and subsequently accepting obligations under the other branches.

Some obligations which follow from the Convention are that benefits in cash have to be periodical payments; this excludes, for instance, in principle, lump-sum payments. Benefits have to replace previous income to a certain extent or establish a guaranteed minimum. Thus, defined contribution schemes do not seem to be compatible with the conventions. Benefits and administration thereof have to be paid from insurance contributions or taxes; contributions paid by employees must not exceed 50 per cent of the total costs of the scheme. The state has to assume at least general responsibility for the due provision of the benefits and for the proper administration of social security institutions. Representatives of the persons protected have to participate in the management of a scheme, or at least be associated with it in a consultative capacity in all cases in which the administration is not entrusted to an institution regulated by public authorities or by a government department.

Later conventions follow these principles and lay down higher standards. For a description of these, see Pennings, 2007.

So far, ratification of the conventions on social security is limited (www.ilo.org), since states are reluctant to make their national powers in the area of social security subject to international supervision.

The conventions give obligations to member states, but sanctions in case of non-implementation are limited. After an ILO convention has been ratified, member states have to report periodically on the Convention concerned. These reports are examined by the Committee of Experts on the Application of Conventions and Recommendations (CEACR), which is composed of 20 independent persons (experts), and which offers comments or asks further questions.

The EU and social security

We saw that relatively few ILO member states have adopted social security standards. EU member states are also very reluctant to give the Union any power in defining the contents of their social security system – even more so because if such powers exist, supervision within the EU is much more powerful than in the ILO framework.

According to the TFEU, the Union will support and complement the activities of the member states in *inter alia* social security and social protection of workers, the combating of social exclusion and the modernisation of social protection systems. However, Article 153(2)(a) TFEU also provides that the Council must not take any measure which brings about harmonisation of the laws and regulations of the member states. The Council may adopt minimum measures in the field of social security and social protection of workers but for these, unanimity within the Council is required. So far no use has been made of this possibility. Instead, soft law is used to encourage member states to take, for instance, measures to reduce social exclusion and
to ensure the sustainability of pensions by means of the Open Method of Coordination (OMC) (see Berghman and Okma, 2002). Within the framework of the OMC, member states must make national action plans in which they specify how they aim to realise the objective defined, thus not principally affecting the national autonomy to decide how this is realised (see also Chapter 41).

**Conclusion**

The main objective of social security is to ensure income protection, and social security is a core part of the welfare state. This chapter has shown that its concept is to a large extent based on Bismarck- and Beveridge-type schemes, and has discussed whether these origins mean that the concept has become outdated. Finally, it was concluded that, in view of the normative dimension, the concept as defined initially is still very useful, although it does not mean that it is unchangeable.

**References**


