



THE INTERVIEW: MICHAEL CICHON

DIRECTOR OF THE SOCIAL SECURITY DEPARTMENT OF THE ILO

“SOCIAL SECURITY FLOOR”: THE GROUND WHERE GROWTH CAN MEET EQUITY

While the World Social Security Forum is to be held in Moscow in September, the ILO, through its Global campaign for Social Security and Coverage for All, promotes the idea of a social security floor: Strategy aimed at achieving the Millennium Development Goal N° 1 on halving poverty, it is also a case for early investment to reach the 80 per cent of the world's population that lacks adequate social protection. Interview with Michael Cichon, Director of the Social Security Department of the ILO.

GIMI : The extension of social security for all has moved recently at the top of the international agenda, why?

Michael : For years we've been following a development paradigm that said you need to get developing countries to grow before they can start redistributing and combating poverty. But that's not working, otherwise how could you explain that countries with the same level of income per capita have different levels of poverty? Growth doesn't work for the poor by itself.

If we want to meet the 2015 Millennium Development Goals, especially goal N°1 on halving poverty, we have to build the channels that make growth trickle down to the poor and that's what social security systems in a developing country context should do: create the re-distributive systems that actually benefit the poor, directly.

In fact, the G8 acknowledged that social security should be part of a development paradigm. There is a commitment to improve the advisory services and technical assistance for the build-up of social protection systems.

GIMI : Why is it crucial for a developing country to develop its social security system?

Michael : We consider social protection as being an investment in development. You need to share and balance your investments between social investment and the solid infrastructure, hardware investments.

In the past, it has been said that the priority is to put the country in a position that it invests in hardware before it invests in software. That means build bridges, build roads, build telecommunications, but how can you? If you have roads and nobody travels on them, because nobody knows how to drive, it makes no sense; and if people can't work because they are not healthy; if they can't be productive because they didn't have any schooling since they had to work at a very early age... You can build as many roads and airports and telecommunication units as you want, that doesn't create a productive workforce.

GIMI : But would the costs be worth it?

Michael : It doesn't cost anything, because social protection contributes to the increased productivity of the worker. A study conducted in Mexico, for example, showed that people who have been benefiting from youth and family health programmes during their adolescent years, had their labour productivity, indicated by the level of earnings, increased by about 20 per cent higher over a life-time, compared to others who have not benefited. So that productivity shift alone would pay the transfers by itself.

Social security also contributes to social cohesion, which is the prerequisite for any long-term investment. Nobody invests in the long run in a socially unstable, insecure society. The World Bank acknowledges that poverty and inequality in a country can lead to insecurity, which is a major infringement on international and local investments in a country. So social security contributes to long-term growth.

GIMI : Universal social coverage is a high level goal, is it achievable financially as well as technically?

Michael : We've done simulations on how many countries could actually afford a basic system in the developing world, and 10 out of the poorest 12 countries that we actually analyzed, where such systems don't exist, could afford some form of basic social security without external assistance provided.

In a country like Tanzania or Senegal, if you were to spend between three to four per cent of GDP on social security, you could reduce the poverty headcount by 40 per cent, which is – of course – a rule of thumb. Three to four per cent of GDP represents about 25 per cent of these governments' budgets that needs to be re-allocated.

Policy priorities need to be shifted towards redistribution rather than towards something else that the country is spending its money on, like defence. Apart from the political will, a national consensus process is needed with the employers and the workers on board. You don't do it overnight, you don't do it next year, but you can do it over a ten-year development plan.



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GIMI : Have any developing countries successfully extended their social security system?

Michael : We have many positive experiences in a set of developing countries, but basically, looking back in history, all of the OECD countries which are now prosperous had started to develop their social security systems when they were poor, and it was part of their growth pattern. The paradigm - what we call the new development paradigm, instead of aiming at stabilizing economies rather than stabilizing societies, would stabilize societies first and let people grow in equity, wealth being redistributed while growing.

Let me give you one concrete example: Namibia I has a modest universal pension scheme which has clear effects on old age poverty; but what's more interesting is that also it has an impact on whole families: school attendance rate of girls as well as their height and their weight are correlated to the existence of a pension in the family, for in this country, grandmothers buy or finance school fees and food for the family.

The question is - can you deliver a pension into the last remotest village and benefit? It happens in South Africa, it happens in a country like Namibia. It does happen in a country like Nepal. So it can be done. It's not principally impossible. If we can deliver Coca-Cola cans into the remotest African village, we should be able to deliver a pension.

GIMI : What is the ILO agenda in supporting the process of extending social protection to all?

Michael : The ILO Global campaign for Social Security and Coverage for All promotes the idea of a social security floor. As a standard setting organization, the ILO is undertaking a process aimed at fixing a minimum level, globally accepted, of benefits and securities anybody in the world should enjoy, and that shouldn't be undercut. The instruments that we have already defined protect people who are paying taxes, contributing from regular incomes, but they are not necessarily reaching out to those who don't. We have to return to ILO recommendations that already in 1944 requested universal basic income security and universal access to health care and should turn these ideas into an instrument that makes them a real social floor for all. There is no doubt that the global society can afford that. At the same time we will continue to help countries implement basic social security system through our STEP programme and other activities.

Anybody should have access to a minimum protection. Nobody should be in a position where he suffers from hunger. Every child should have access to schooling, we should all have access to a minimum essential set of healthcare services, and we should all have access to a minimum pension when you are old or disabled. That would take most of the risks off you. At least it would stop people from dying in the streets.