

## **SOCIAL SECURITY A TOOL TO MODERN WELFARE STATE**

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*“Social Security is social insurance that promises to provide secure benefits for all the citizens.”*

*Chaka Fattah*

### **Meaning of Social Security: -**

Social Security may refer to the action programs of government intended to promote the welfare of the population through assistance measures guaranteeing access to sufficient resources for food and shelter and to promote health and well-being for the population at large.

According to the Universal Declaration of Human Rights adopted by United Nations:-

“Everyone, as a member of society, has the right to social security and is entitled to realization, through national effort and international co-operation and in accordance with the organization and resources of each State, of the economic, social and cultural rights indispensable for his dignity and the free development of his personality”.<sup>1</sup>

In the broader context, all vulnerable groups need social security. The most vulnerable group consists of those who have neither physical endowments nor financial resources for gainful employment and therefore they do not have the purchasing power to afford a minimum standard of living.

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<sup>1</sup> Universal Declaration of Human Rights, Article 22 (1948)

## Types of Social Security Schemes:-

Social Security is a massive public enterprise it is one such system in which the state, by means of legislation, allocates some of the scarce resources to those who satisfy certain conditions, typically assumed, or demonstrated, of need. The concept of social security has evolved out of man kinds quest for protection from the hazards arising out of vagaries of nature and from arising out of life and work in modern societies.

There are five main types of social security benefit:-

1. **Social Insurance:** - These are benefits paid for by contributions. The principle behind social insurance is that people earn benefits by contributions, paid while they are at work. People feel they are entitled to benefits because people have paid for their benefits.
2. **Means-tested benefits:** - These are for people on low incomes. Means tested benefits are based mainly on a test of income, though some also include tests of assets or capital. People believe that they have concentrate resources on those most in need. <sup>2</sup>
3. **Non-contributory benefits:** - There is no test of contribution or of means, but there may be a test of need. Benefits for people with disabilities are sometimes organized on this basis. This is a broad term which can be used for any non-insurance benefit, but which tends to be used for specifically for non-means tested benefits. Non-contributory benefits based on a test of need are used, for example, for people with physical disabilities, as a form of compensation for severe disability or as a means of meeting special needs (such as a need for social care).

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<sup>2</sup> Paul Spicker, An introduction to Social Policy  
<http://www2.rgu.ac.uk/publicpolicy/introduction/socialsecurity.htm> (2011)

- 4. Universal benefits:** - These benefits are based on broad categories of people with no tests of means or needs. Universal benefits, or 'demo grants', are benefits given to whole categories of a population, like children or old people, without other tests. The benefits are administratively simple, but their wide coverage tends to make them expensive. Family allowances and some old age pensions may be examples.
- 5. Discretionary benefits:** - Discretion is widely used in the provision of social assistance, the provision of benefits for those in need who are not covered otherwise. Discretionary benefits are given at the discretion of officials, because some needs are unpredictable, many social assistance schemes have some kind of discretionary element to deal with urgent or exceptional needs; where social assistance is tied to social work, and discretionary payments may also be used as a means of encouraging and directing appropriate patterns of behavior. Some provision for discretionary benefits is generally seen as a necessity, because it is impossible to provide for every need in advance.<sup>3</sup>

Some other benefits given to citizens by various Social Security Schemes are:-

- Retirement Benefits
- Benefits to Persons with Disability
- Medicare Facility to family members of an Employee or and Government Servant
- Benefits for Children with Disabilities
- Facilities to Government Employees (Provident funds etc)

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<sup>3</sup> Paul Spicker, An introduction to Social Policy  
<http://www2.rgu.ac.uk/publicpolicy/introduction/socialsecurity.htm> (2011)

## **Study of various Social Security Schemes of different Countries**

### **1. Social programs in Canada: -**

Social programs in Canada include all government programs designed to give assistance to citizens outside of what the market provides. The Canadian social safety net covers a broad spectrum of programs, and because Canada is a federation, many are run by the provinces. In Canada, the entirety of the social provisions of government is called "social programs" and colloquially refers to direct payments to low-income individuals and healthcare and education spending. All provinces in Canada provide universal, publicly funded healthcare for those services which are considered "medically necessary", with their costs partially subsidized by the federal government. All provinces maintain a program of this sort known by names such as "social assistance", "income support", "income assistance" and "welfare assistance"; popularly they are known as "welfare". The purpose of these programs is to alleviate extreme poverty by providing a monthly payment to people with little or no income.<sup>4</sup>

### **2. Social Security in Indian context:-**

Several developing countries in Asia and Pacific have been searching for extending alternatives social security protection to various groups. Each country is faced with a different situation. India as such is a vast nation with one-sixth of the world human population. The social security measures planned and implemented in India in the post Independence era has been limited to organized sectors whereas the majority of the work force earns wages through unorganized labor markets.

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<sup>4</sup> Social Programs of Canada (May 8<sup>th</sup> 2015), <http://www.thecanadianencyclopedia.ca/en/article/social-security>.

The Government of India has been dealing with a population that has been ever growing. The planners with the limited resources have barely been able to cope with the ever-increasing demands. The rapid disorganization of a joint family system due to urbanization is leaving more and more families in secured, vulnerable and devoid of social security.<sup>5</sup>

The social security in India has been addressed partially as the Government of India has incorporated various Acts:-

- Workmen's Compensation Act, 1923;
- Maternity Benefit Act, 1961
- Employment State Insurance Scheme, 1948
- Employment Provident Fund Scheme, 1925
- Coal Mines Provident Fund Bonus Scheme, 1948
- Employees Provident Fund Act, 1952;
- Employees Family Pension Scheme, 1971
- The Assam Tea Plantation Provident Fund Act, 1965
- The Seamen's Provident Fund Act, 1966
- Safety Health and Welfare of Dock Workers (The Dock Workers Regulation of Employment Act, 1948)

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<sup>5</sup> Indian concept of Social Security and Various Laws of Social Security (May 8<sup>th</sup> 2015), <http://www.icsw.org/global-conferences/social-securities.htm>

**Other measures:-**

- The Survivorship Pension Scheme, 1971
- The Lay-off and Retrenchment Compensation (Industrial Dispute Act, 1947 with amendment in 1953)
- The Old Age Pension Scheme (The Family Pension Scheme, 1964)
- Social Security Measures under consideration
- Gratuity Trust Funds
- Unemployment Insurance
- Integrated Social Security Scheme

**3. Social Security in United States of America:-**

In the United States, Social Security is primarily the Old-Age, Survivors, and Disability Insurance (OASDI) federal program. Social Security is funded through payroll taxes called Federal Insurance Contributions Act tax (FICA) or Self Employed Contributions Act Tax (SECA). Tax deposits are collected by the Internal Revenue Service (IRS) and are formally entrusted to the Federal Old-Age and Survivors Insurance Trust Fund, the Federal Disability Insurance Trust Fund, the Federal Hospital Insurance Trust Fund, or the Federal Supplementary Medical Insurance Trust Fund which make up the Social Security Trust Funds.<sup>6</sup>

The largest component of OASDI is the payment of retirement benefits. These retirement benefits are a form of social insurance that is heavily biased toward lower paid workers to make sure they do not have to retire in relative poverty.

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<sup>6</sup> Social Security Act of 1935 "Legislative History 1935 Social Security Act"

Children of a retired, disabled or deceased worker receive benefits as a "dependent" or "survivor" if they are under the age of 18, or as long as attending primary or secondary school up to age 19 years, 2 months; or are over the age of 18 and were disabled before the age of 22.

A side effect of the Social Security program in the United States has been the near-universal adoption of the program's identification number, the Social Security number, as the de facto U.S. national identification number. The social security number, or SSN, is issued.<sup>7</sup>

#### **4. Mexican Social Security Institute:-**

The Mexican Social Security Institute is a governmental organization that assists public health, pensions and social security in Mexico operating under Secretariat of Health.

The Mexican Social Security law currently in effect is the legislative domain under which the law of Social security carries out its operations.

Currently the law indicates that Social Security has the following purposes:-

- Medical assistance
- Protection of basic necessities of subsistence
- Social services necessary for individual and collective well-being
- Giving out a pension which, depending on the completion of the legal prerequisites, will be guaranteed by the State.<sup>8</sup>

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<sup>7</sup> Section 205(c)(2) of the Social Security Act, 42 U.S.C. § 405(c)(2)

<sup>8</sup> Mexican Social Security Institute Mexican Social Security Institute (May 8<sup>th</sup> 2015) ://www.imss.gob.mx.

## Various International Treaties on Social Security

### 1. International Covenant on Economic, Social and Cultural Rights:

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The International Covenant on Economic, Social and Cultural Rights (ICESCR) is a multilateral treaty adopted by the United Nations General Assembly on 16 December 1966, and in force from 3 January 1976. It commits its parties to work toward the granting of economic, social, and cultural rights (ESCR). As of 2015, the Covenant has 116 parties.

The Covenant recognizes "The right of everyone to social security, including social insurance" It requires parties to provide some form of social insurance scheme to protect people against the risks of sickness, disability, maternity, employment injury, unemployment or old age; to provide for survivors, orphans, and those who cannot afford health care; and to ensure that families are adequately supported. Benefits from such a scheme must be adequate, accessible to all, and provided without discrimination. The Covenant does not restrict the form of the scheme, and both contributory and non-contributory schemes are permissible.<sup>9</sup>

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<sup>9</sup> International Covenant on Economic, Social and Cultural Right, art 9 16 December, 1966



## 2. International Labor Standards on Social security: -

International Labor Organization standards on social security provide for different types of social security coverage under different economic systems and stages of development. Social security Conventions offer a wide range of options and flexibility clauses which allow the goal of universal coverage to be reached gradually. In a globalizing world, where people are increasingly exposed to global economic risks, there is growing consciousness of the fact that a broad-based national social protection policy can provide a strong buffer against many of the negative social effects of crises.

### Various ILO instruments on Social Security: -

1. **Social Security (Minimum Standards) Convention, 1952 (No. 102)** Lays down the minimum standard for the level of social security benefits and the conditions under which they are granted. It covers the nine principal branches of social security, namely medical care, sickness, unemployment, old age, employment injury, family, maternity, invalidity and survivors' benefits. To ensure that it could be applied in all national circumstances, the convention offers states the possibility of ratification by accepting at least three of its nine branches and of subsequently accepting obligations under other branches, thereby allowing them to progressively attain all the objectives set out in the convention. The level of minimum benefits can be determined with reference to the level of wages in the country concerned. Temporary exceptions may also be envisaged for countries whose economy and medical facilities are insufficiently developed, thereby enabling them to restrict the scope of the convention and the coverage of the benefits granted.<sup>10</sup>

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<sup>10</sup> Social Security (Minimum Standards) Convention, 1952 (No. 102)

## **2. Social Protection Floors Recommendation, 2012 (No. 202)**

This instrument gives guidance on introducing or maintaining social security floors and on implementing social protection floors as part of strategies to extend higher levels of social security to as many people as possible, in accordance with the guidelines set out in ILO standards relating to social security.

Social Protection Floors Recommendation provides guidance to Members to: -

- (a) Establish and maintain, as applicable, social protection floors as a fundamental element of their national social security systems; and
- (b) implement social protection floors within strategies for the extension of social security that progressively ensure higher levels of social security to as many people as possible, guided by ILO social security standards.<sup>11</sup>

Social Protection Floors recognizes the overall and primary responsibility of the State in giving effect to this Recommendation: -

- Universality of protection, based on social solidarity
- Entitlement to benefits prescribed by national law
- Respect for the rights and dignity of people covered by the social security guarantees
- High-quality public services that enhance the delivery of social security systems
- Regular monitoring of implementation, and periodic evaluation.<sup>12</sup>

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<sup>11</sup> Social Protection Floors Recommendation, art 1 2012 (No. 202)

<sup>12</sup> Social Protection Floors Recommendation, art 3 2012 (No. 202)

### **3. Equality of Treatment (Social Security) Convention, 1962 (No. 118)**

According to Equality of Treatment (Social Security) Convention, 1962 Each Member may accept the obligations of this Convention in respect of any one or more of the following branches of social security for which it has in effective operation legislation covering its own nationals within its own territory: -

- a. Medical care
- b. Sickness benefit
- c. Maternity benefit
- d. old-age benefit
- e. Survivors' benefit
- f. Employment injury benefit
- g. Unemployment benefit
- h. Family benefit.<sup>13</sup>

### **3. Maintenance of Social Security Rights Convention, 1982 (No.157)**

These instruments provide for certain social security rights and benefits for migrant workers, who face the problem of losing entitlements to social security benefits which they enjoyed in their country of origin.

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<sup>13</sup> Equality of Treatment (Social Security) Convention, art 2, 1962 (No. 118)

## Meaning of welfare state: -

A welfare state is a concept of government where the state plays a key role in the protection and promotion of the economic and social well-being of its citizens. It is based on the principles of equality of opportunity, equitable distribution of wealth, and public responsibility for those unable to avail themselves of the minimal provisions for a good life. The general term may cover a variety of forms of economic and social organization.<sup>14</sup>

There are two main interpretations of the idea of a welfare state:

A model in which the state assumes primary responsibility for the welfare of its citizens. This responsibility in theory ought to be comprehensive, because all aspects of welfare are considered and universally applied to citizens as a "right". Welfare state can also mean the creation of a "social safety net" of minimum standards of varying forms of welfare.

In the strictest sense, a welfare state is a government that provides for the welfare, or the well-being, of its citizens completely. Such a government is involved in citizen's lives at every level. It provides for physical, material, and social needs rather than the people providing for their own. The purpose of the welfare state is to create economic equality or to assure equitable standards of living for all.<sup>15</sup>

The welfare state provides education, housing, sustenance, healthcare, pensions, unemployment insurance, sick leave or time off due to injury, supplemental income in some cases, and equal wages through price and wage controls.. Some of these items are paid for via government insurance programs while others are paid for by taxes.

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<sup>14</sup> Concept of Welfare State and Its Relevance (May 9th 2015),  
[http://www.legalservicesindia.com/article/article/concept-of-welfare-state-and-its-relevance-in-indian-scenario-507-1.html#\\_ftn1](http://www.legalservicesindia.com/article/article/concept-of-welfare-state-and-its-relevance-in-indian-scenario-507-1.html#_ftn1)

<sup>15</sup> Welfare State (May 9<sup>th</sup> 2015) [http://et.legaldefinitions.org/collin\\_dictionary](http://et.legaldefinitions.org/collin_dictionary).

## Two forms of the Welfare State

There are two ways of organizing a welfare state: -

According to the first model the state is primarily concerned with directing the resources to “the people most in need”. This requires a tight bureaucratic control over the people concerned, with a maximum of interference in their lives to establish who are "in need" and minimize cheating. The unintended result is that there is a sharp divide between the receivers and the producers of social welfare, between "us" and "them", the producers tending to dismiss the whole idea of social welfare because they will not receive anything of it.

According to the second model the state distributes welfare with as little bureaucratic interference as possible, to all people who fulfill easily established criteria (e.g. having children, receiving medical treatment, etc). This requires high taxing, of which almost everything is channeled back to the taxpayers with minimum expenses for bureaucratic personnel. The intended – and also largely achieved – result is that there will be a broad support for the system since most people will receive at least something.

Social Security is the key concept of the welfare state, as the welfare state has a notion to help an individual to develop at its fullest and social security schemes like pension schemes, direct payments to low-income individuals and healthcare and education spending, Retirement Benefits, Benefits to Persons with Disability, Benefits for Children with Disabilities, Facilities to Government Employees (Provident funds etc) are important aspects of Welfare State, with the help of these schemes Government can fulfill its goal of individual development and development of society and country as a whole.

## Welfare systems of different Countries

- **Denmark:** - Characteristics of the Danish welfare is that it is handled by the state through a series of policies that seeks to provide welfare services to citizens, hence the term welfare state. This refers not only to social benefits, but also tax-funded education, public child care, medical care etc. A number of these services are not provided by the state directly, but administered by municipalities, regions or private providers through outsourcing.
- **Japan:** - Social welfare, assistance for the ill or otherwise disabled and for the old, has long been provided in Japan by both the government and private companies. Beginning in the 1920s, the government enacted a series of welfare programs, to provide medical care and financial support and educational facilities to its citizens. Companies in Japan are responsible for enrolling their employees in various social insurance systems, including insurance, employee, unemployment insurance, and workers' accident compensation insurance. The employer covers all costs for workers' accident compensation insurance, but payments to the other systems are shared by both employer and employee.
- **Sweden:** - Social welfare in Sweden is made up of several organizations and systems dealing with welfare. It is mostly funded by taxes, and executed by the public sector on all levels of government as well as private organizations. It can be separated into three parts falling under three different ministries; social welfare, falling under the responsibility of Ministry of Health and Social Affairs; education, under the responsibility of the Ministry of Education and Research and labor market, under the responsibility of Ministry of Employment.

- **Germany:** - Welfare in Germany is codified on the "Social Code", contains 12 main parts, including the following: -
  - Unemployment insurance and public employment agencies
  - Health insurance
  - Old age pension insurance
  - Invalidity insurance
  - Child support
  - Social care

## **Conclusion**

Social security systems provide for basic income in cases of unemployment, illness and injury, old age and retirement, family responsibilities such as pregnancy and childcare, and loss of the family breadwinner. Such benefits are important not only for individual workers and their families but also for their communities as a whole. By providing health care, income security and social services, social security enhances productivity and contributes to the dignity and full realization of the individual. Social security systems also promote gender equality through the adoption of measures to ensure that women who have children enjoy equal opportunities labor market. For employers and enterprises, social security helps maintain a stable workforce adaptable to change and by providing a safety net in case of economic crisis, social security serves as a fundamental element of social cohesion, thereby helping to ensure social peace and a positive engagement with globalization and economic development. From its modest beginnings, Social Security has grown to become an essential facet of modern life.

The welfare state is such a convenient and elastic phrase that it is tailored to fit various developments in the social and economic fields. To some, the definition of the state assumes a welfare state. There can be no argument about the achievement of the welfare state. It has been immense.



The welfare state enjoys widespread popularity, the concept of welfare state helps to implement the welfare state policies in an efficient way of meeting social needs and that policies are the most effective way of supplementing, complementing and correcting the shortcomings of the society, these welfare policies are the only satisfactory way of meeting needs which other traditional sources of welfare can no longer supply and welfare state is an important mechanism for securing social stability that it provides a basis on which to build a genuine welfare society.

## References

- 1) Universal Declaration of Human Rights, Article 22 (1948)
- 2) Paul Spicker, An introduction to Social Policy  
<http://www2.rgu.ac.uk/publicpolicy/introduction/socialsecurity.htm> (2011)
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- 4) Social Programs of Canada (May 8th 2015),  
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<http://www.icsw.org/global-conferences/social-securities.htm>
- 6) Social Security Act of 1935 "Legislative History 1935 Social Security Act".
- 7) Section 205(c)(2) of the Social Security Act, 42 U.S.C. § 405(c)(2)
- 8) Mexican Social Security Institute Mexican Social Security Institute (May 8th 2015)  
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- 9) International Covenant on Economic, Social and Cultural Right, art 9 16 December, 1966
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13) Equality of Treatment (Social Security) Convention, art 2, 1962 (No. 118)

14) Concept of Welfare State and Its Relevance (May 9th 2015),

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15) Welfare State (May 9th 2015) [http://et.legaldefinitions.org/collin\\_dictionary](http://et.legaldefinitions.org/collin_dictionary).

The logo for IJESLS is presented on a stylized, aged scroll with a yellowish, textured background and irregular, torn edges. The letters 'IJESLS' are rendered in a large, bold, grey, blocky font with a slight 3D effect, centered horizontally across the middle of the scroll.

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