

**PRESENTATION AT RECEPTION OF THE ILO INTERNATIONAL  
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Señor Secretario General de la Conferencia, Señor Director General de la OIT y Delegados.

Deseo primero expresar mi gratitud en español, mi lengua materna hoy hablada por 450 millones de personas en América Latina, España y los Estados Unidos de América donde es el segundo idioma.

He dedicado 50 años al estudio, enseñanza y asistencia técnica en seguridad social, y este Premio Internacional de la OIT a la Investigación en Trabajo Decente es el más importante que he recibido en mi vida, por lo cual estoy profundamente agradecido y lo dedico a todos aquellos que carecen de cobertura de seguridad social en el mundo. Muchas gracias a mis antiguos alumnos que me nominaron, a los cuatro gobiernos que respaldaron mi candidatura y al Ministro de Trabajo y Seguridad Social de Argentina Dr. Carlos Tomada por su generosa presentación.

En la audiencia está mi esposa Elena, compañera por más de 40 años y sin la cual no sería lo que soy, ella se merece este premio tanto como yo. También está nuestra hija menor Helena y mi hermana Lourdes a las cuales agradezco que me acompañen en este momento maravilloso.

Mi presentación sobre la necesidad urgente de mantener y extender la cobertura de la seguridad social en América Latina y otros países en desarrollo será en inglés. Un artículo mío sobre este tema acaba de ser publicado en la *Revista Internacional de Seguridad Social* y está disponible por Internet en los tres idiomas oficiales de la Conferencia.

Several Latin American countries were pioneers in the introduction of social insurance in the Western Hemisphere: Argentina, Brazil, Chile, Cuba and Uruguay; Costa Rica established its programs later but rapidly developed them. Currently all 20 countries have pension and health programs albeit with divergent degrees of population coverage. Social security has

maintained income and provided health services to millions of people in the region.

In the last 25 years, however, coverage has been harmed by a contraction of the formal sector in the economy and expansion of the informal sector (self-employed, family workers, micro-enterprises, etc.), as well as by labour market “flexibilization” through subcontracting, part-time employment and jobs without contract, which usually lack social insurance protection. The informal sector averages 47% of the regional urban labour force; one third is self-employed either excluded or with little-effective voluntary coverage in 16 countries; only in four it’s mandatory and have higher effective coverage. Although most countries of the region are now predominantly urban, in the least developed a substantial proportion of the labour force and the population are still rural and four countries exclude rural workers from coverage. Indigenous peoples are largely excluded also because they are in the informal sector or live in rural areas.

Only seven countries provide social assistance pensions for the uninsured elderly who lacks resources: the pioneers and Bolivia. Because of the low and declining coverage of the labour force, combined with lack of non-contributory pensions, protection of the elderly is projected to decrease.

The labour market transformation is not the only cause of low and declining coverage. With some laudable exceptions, social security institutions in the region has not adapted to such transformation, for instance, the self-employed are charged the sum of the percentage contributions paid by salaried workers and employers, a formidable barrier to their affiliation. Structural reforms that substituted public social insurance pension programs in ten countries by defined-contribution, privately-managed schemes have resulted in declining coverage in all of them. The reason is that said schemes were essentially designed for formal urban workers with stable jobs and high density contributions and virtually left out the informal sector including the self-employed. The reforms also accentuated gender inequalities as they eliminated solidarity mechanisms that transferred resources from men to women. In the last two years, however, reforms in three countries were annulled or declared unconstitutional or delayed full implementation. Chile, the first to introduce structural reforms, has now a legal draft to modify its pension system strengthening its solidarity and aiming for coverage extension. Segmentation in the healthcare system (by social insurance, public and private sectors) results in overlapping and makes more difficult to

extend coverage. Healthcare reforms extended legal coverage in five Latin American countries but actual coverage declined or was stagnant in nine of them.

Relying on statistics and surveys from the 20 countries, I have calculated that either 34% or 60% of the regional labour force lacks pension insurance; the first estimate is based on affiliates and the second estimate on more reliable active contributors. Concerning healthcare insurance, 60% of the total population lacks it; when adding access to public services, still 38% of the population is unprotected. Coverage of the elderly ranges from 62-87% in the pioneer countries to 5-20% in the least developed and, with one exception, coverage of women is substantially lower than men. The most developed countries are also the pioneers, have the lowest informal and rural sectors, provide social assistance pensions and exhibit the highest coverage. Conversely, the least developed are those that introduced their programs latest, have the largest informal and rural sectors, lack social assistance pensions and endure the lowest coverage. There are significant geographic differences in healthcare coverage: the best-covered areas are those developed and urbanized, whereas the worst covered are the least developed and rural.

The ILO and the ISSA have given priority to the extension of coverage, and some international financial organizations have recently joined that orientation. For instance, a recent study by World Bank experts concludes that Latin American structural reforms in the last ten years placed too much emphasis on the mandatory-savings pillar (capitalization) and neglected the poverty-prevention pillar; hence, they recommend a reversal of previous priorities in favour of public PAYG non-contributory pensions targeted on the poor. United Nations regional branches, such as ECLAC and PAHO, also give priority to the extension of coverage in both pensions and healthcare, as does the IADB.

Despite such consensus, however, there is not a common front of all international organizations to confront the grave and worsening problem of coverage in developing countries, because of their divergent views on how to tackle it (the ILO and PAHO have signed healthcare cooperation agreements). I have identified areas in pension and health programs where international organizations share common approaches and policies, hopefully a base for a future fruitful cooperation. But the main effort must be done by the countries themselves based on successful policy experiences

to extend coverage in the region and the substantial body of technical work available. The following are the principal suggestions although with different application in the 20 countries:

- Social security should adapt to the transformation of the labour market, expanding coverage to informal and rural workers and peasants.
- Affiliation of these groups could be made more flexible, e.g., permitting them select one program instead of mandated incorporation in all at once; facilitating payments in shorter and longer periods than one month and through different channels; using unions, cooperatives and associations as intermediaries for enrolment and perhaps collection.
- Countries with legal mandatory affiliation of said groups (Argentina, Brazil, Costa Rica and Uruguay) have higher coverage than countries with voluntary affiliation, but legal inclusion by itself is insufficient. Low-income self-employed should only paid the percentage contribution assigned to salaried workers, combined with fiscal subsidies in lieu of the employer contribution (as in Costa Rica).
- Special pension regimes for rural workers or peasants get better coverage than those with voluntary coverage but with diverse results; government commitment and financial resources are vital (as in Brazil; other programs to be considered are those of Ecuador and Mexico).
- Non-contributory pensions targeted on the elderly poor have significantly reduced poverty at relatively low cost; on the other hand, universal flat pensions are much more expensive and regressive, hence inadequate for developing countries.
- Integration or high coordination of segmented healthcare systems is needed to extend protection; Costa Rica's unified social insurance, Cuba's unified public system and Chile's well coordinated public-social insurance and private sectors are alternative means to achieve that end.
- A guaranteed basic package of healthcare benefits should be mandatory in all sectors (public, social insurance and private) for the entire population regardless of income, age, risk and gender.
- Integral coverage in social insurance healthcare should be legally extended to the spouse, as well as children below age 18.

- Coverage of indigenous people should be a priority, targeting the geographic areas where they are concentrated and assigning the needed fiscal funds.
- Geographic inequalities in healthcare coverage can be reduced by compensation funds such as those in Argentina, Brazil, Chile and Colombia.
- Fiscal subsidies granted to pensions and healthcare schemes for separate groups of the labour force, which have sufficient income to self-finance their coverage, are regressive and should be eliminated and the saved resources used to extend coverage to vulnerable groups.
- Last but not least, there is a crucial need to compile standardized reliable statistics on coverage from all countries, with data on the socio-economic-financial characteristics of those excluded in order to design adequate programs to incorporate them.

My first social security book published 30 years ago was dedicated to “the millions of workers and peasants in Latin America who suffer from lack of coverage or poor protection against social risks.” My latest book, currently in press, repeats the same dedication. It is my hope that coverage is substantially expanded in the next decade through a combined effort from the ILO, the ISSA and other international organizations, as well as all countries represented in this Conference.