World Developments and Trends in Social Security

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A survey of developments in the social security systems of more than 125 countries from 1971 to 1975 found that most programs are undergoing significant growth This pattern is reflected primarily by the adoption of additional programs and new provisions designed to raise benefit levels, provide flexibility in retirement practices, expand coverage, and cope with demographic changes, inflationary trends, and growing costs The new measures tend to extend the role of social security programs through providing a greater proportion of the population with more comprehensive protection and setting higher benefit rates to replace income lost because of old age, disability, sickness, work injury, unemployment, or death

SOCIAL SECURITY PROGRAMS in most countries have undergone numerous changes and revisions in recent years Many new provisions are the result, directly or indirectly, of inflation that has posed new kinds of problems—particularly in the adjustment of benefit levels The push to fight off the effects of inflation has been paralleled by social pressure for an improvement in benefit packages, especially for the lower income groups, under public programs Sharply rising costs in the health insurance area in many countries have also led to the establishment of national commissions to determine the causes of the swift growth and to figure out what to do by way of curbs In some countries these three interrelated factors—inflation, improving the benefit package, and rising program expenditures—have stirred up serious concern about how to finance the added costs

Within the broader pattern sketched out above, recent social security legislation—particularly since 1971—has included significant developments in seven areas, discussed below· Adjustment to inflation, retirement age, health care benefits and costs, sickness and disability benefits, constant attendance allowances, means-tested benefits, and coverage [1]

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[1] This survey is based largely on data from *Social Security Programs Throughout the World, 1975* (Research Report No 44, 1976, Office of Research and Statistics, and on the 1971 and 1973 editions of the report

ADJUSTMENT TO INFLATION

Thirty-three countries now use some kind of "indexing" to keep up the level of past wage credits and of benefits

General wage index
- Argentina
- Austria
- Bolivia
- Finland (earnings-related pension)
- France
- Germany, Federal Republic
- Israel
- Netherlands
- Spain
- United Kingdom
- Uruguay

Minimum wage index
- Brazil
- Malagasy Republic
- Mexico

Price index·
- Belgium
- Canada
- Chile
- Colombia
- Denmark
- Ecuador
- El Salvador
- Finland (universal pension)
- Italy
- Japan
- Luxembourg
- New Zealand
- Norway*
- Portugal
- Sweden
- Switzerland
- United States
- Upper Volta
- Yugoslavia
- Zaire

* With provisions for adjustment related to income from work

Several countries use an index to trigger a *review* of benefit levels and base any adjustment on both wages and prices Most developed systems review various social and economic factors, in addition to wages and prices, in determining the exact amount of adjustment

New procedures have been established recently in 13 countries [2] At one time a main aim of indexing was to provide automatic adjustment to price or wage increases The more conservative approach had been to tie benefit increases to the price index Now that prices are rising faster than earnings, a growing trend has been toward maintaining or introducing a process that calls for a review of benefit levels when the national index rises This review is usually made by an

[2] Canada, Colombia, Federal Republic of Germany, Israel, Japan, Luxembourg, Mexico, the Netherlands, New Zealand, Portugal, Spain, the United Kingdom, and the United States

advisory council that recommends legislation based on an analysis of index changes in relation to such factors as the actuarial balance of the social security fund and employment patterns One country—Hungary—does not use an index but adjusts benefit levels by a flat-rate benefit increase of 2 percent a year

The acceleration of inflation in the 1970's has forced many countries to examine the adequacy of their indexing systems in keeping up the value of their benefits To tie benefit increases more closely to wage or price rises, the periods between adjustments and reviews have been shortened The need to assess the impact on the economy of the constantly growing increases has led many countries to consider a whole range of economic factors in weighing how much increase to allow. As a result the adjustment process has become less automatic in some systems

New provisions in six countries exemplify the continuing movement toward the adoption of indexing In Japan, under 1973 legislation, pension-level adjustments are made automatically for seamen, employee, and national pensions when a 5-percent change occurs in the consumer price index over a period of a year or more A recent provision in the United States also incorporates an automatic approach based on changes in the consumer price index Effective in 1975, that provision replaces an ad hoc approach to pension adjustments with an increase that corresponds to a growth rate of 3 percent or more in the consumer price index, unless Congress takes intervening action

In Mexico, on the other hand, new provisions call for periodic review instead of automatic adjustment The reviews are designed to adjust pension levels every 5 years, if the pension amounts are equal to or less than the minimum wage (which reflects the cost of living) A variation of this semiautomatic approach is found in the procedures of several European countries and most recently adopted in Portugal, Spain, and the United Kingdom According to new legislation in these countries, changes will be based on the deliberations of government officials or advisory boards, which will issue findings on an annual basis

Another evident trend is the tendency of the mature systems to relate increases in the cost of living or in wages to benefit levels more closely by (1) reducing the time lag between reviews of benefit adequacy and (2) reducing the time lag between benefit increases and actual payments

Procedures in four countries are illustrative of the move toward reduction of the intervals between reviews In Canada, automatic adjustment of pension levels on the basis of changes in price indexes has recently been speeded up from an annual to a quarterly review Canada also removed a ceiling that had restricted annual increases to a maximum of 2 percent In Luxembourg, recent legislation shortens the process by moving from an annual to a semiannual adjustment if a 2 5-percent rise in the cost of living is determined by an advisory council The Netherlands also reviews the level of pensions on a semiannual basis if there has been a substantial fluctuation in the average wage Periodic reviews in the United Kingdom have been accelerated from a biennial to an annual procedure

Austria, Canada, and the Federal Republic of Germany have recently cut the time lag between index changes and increases in pension levels In Canada, the lag was reduced from 5 months to 2 months by basing the cost-of-living adjustment on prices at the end of the first month of the last quarter Adjustments had been made every April, with payments reflecting price changes as of the previous October. The new quarterly review system allows for the reduced time lag as well as for more frequent adjustments In the other two countries, adjustments were formerly determined in January of each year, with lags of 2½–3½ years (Germany) and 2–3 years (Austria) between the average wage calculation and actual pension increases The process has been accelerated in both countries to reduce this period by making the adjustment on July 1 instead of waiting until January 1 of the next year

Another mechanism increasingly being used to reduce the impact of inflation on pension levels is revision of the benefit formula to base the pension on fewer years Recently the number of years used was dropped in Iraq from 5 years to the last 3 years, and in Panama benefits are now based on the highest 5 of the last 15 years instead of the highest 10 years Similar changes have been made in Brazil

Several European countries use benefit formulas based on recent earnings, and that methodology has spread to other areas Under new legislation in the Republic of the Congo, Peru, Portugal, and Upper Volta, for example, benefit amounts are now computed as a percentage of the highest average wage in recent years Previously, these countries based benefit levels on a percentage of earnings times the years of contribution

Spain, in seeking to achieve higher benefit levels, gave up the use of relatively low hypothetical earnings and now uses actual earnings in computing old-age, invalidity, and survivors benefits The new approach is based on a formula of 25 percent of the average wage (the highest 2 of the last 7 years) in actual earnings The replacement of the hypothetical average by actual earnings resulted in an increase in benefit rates

The provisions used to increase benefit amounts and add new programs have, inevitably, resulted in higher costs Revenue aimed at covering these additional expenditures has been acquired, in most countries, by raising the payroll tax rate and the amount of earnings subject to taxation Since 1971 the payroll tax rate went up for one or more social security programs in 51 countries More taxes also became payable where the ceiling amount was raised or eliminated in 43 countries Financing through general revenue was introduced for the first time in Chile, Egypt, Libya, and Thailand where new government contributions were instituted recently to help cover increased expenditures for specific programs

RETIREMENT AGE

One of the notable trends shown by comparing legislative changes in recent years is the lowering of the retirement age Provisions of this type have appeared, for example, in the Federal Republic of Germany, Ireland, Mauritius, Norway, and Uganda Age requirements have been lowered for men in Egypt and Malta and for women in Libya, Luxembourg, and Portugal Particularly in the developed countries, people are living longer but, at the same time, want to or must leave the labor force earlier than in the past As numerous studies have pointed out, such factors as improved nutrition, sanitation, drugs, and medical care contribute to added longevity[3]

Theoretically, workers who remain capable of working might be expected to work longer The general tendency, however, has been in the opposite direction—toward retiring earlier This tendency has been ascribed to such factors as exhaustion at an earlier age because of the rapid pace of modern industrial life, inability or lack of desire to keep up with more technical job requirements, and displacement from regular trades by technological advances The higher amount of old-age benefits in most countries may also have led many still capable of work to retire earlier than they would have in past decades The number of persons aged 65 and older who continue to work has declined sharply since World War II[4]

As the number and proportion of older people has been growing in most developed societies, the ratio of aged persons continuing in the labor force has declined, especially in the United States and Western Europe This development has been accompanied in a number of countries by relaxation of the age requirements for old-age, invalidity, and survivors insurance Until the sixties, most industrial countries awarded old-age pensions at a fixed age, usually 65 or older, on the basis of 15 to 30 years of insured employment Those countries that did permit withdrawal from the labor force before the "normal pensionable age" usually did so with the proviso that benefits payable would be actuarially reduced below the amount that would otherwise accrue to the individual at the normal pensionable age

Starting in the sixties, there has been marked progress toward providing earlier retirement opportunities under public social insurance plans while minimizing the financial sacrifice required of the insured person Under several types or combinations of arrangements now provided under general public programs, described below, an insured worker may withdraw from the labor force and receive an early retirement benefit that is more liberal than the standard actuarially reduced benefit

Early Retirement from Hazardous or Arduous Employment

Earlier, the sole exception for a lower retirement age had been for arduous, unhealthy, or

[3] See Alan Chase, *The Biological Imperatives Health, Politics, and Human Survival*, Pelican Books, Inc, 1971, page 360

[4] United Nations, *United Nations Demographic Yearbook*, 1955, 1964, and 1972

dangerous employment where experience shows that, on the average, the working capacity of persons employed for a number of years in such occupations is diminished sooner than it is for persons working in other conditions Since 1971, Cuba, Libya, and Peru have lowered the retirement age by 5 years for workers in dangerous employment The countries having provisions of this type as of the end of 1975 are listed in the accompanying table

Provisions for Flexibility

In some systems, early retirement has been made possible not necessarily by lowering the statutory retirement age but by providing the worker with a number of choices Under recent "flexible" retirement provisions in the Federal Republic of Germany, an ordinary worker no longer must wait until he reaches a fixed age, many stop work several years earlier Such cases require long service for eligibility (35 years) and a retirement test that applies only to the worker who chooses early retirement The worker also has the option of drawing a full pension in the earliest possible year or continuing to work for one or more years and earn special increments for the eventual pension

Other countries have provided flexibility on the basis of long service As the table shows, it was achieved in some cases without regard to age That is, if a worker has had the equivalent of a career of normal length before electing to retire, he can collect a full pension generally up to 5 years earlier than the statutory retirement age or, sometimes, at any age

The existence of such provisions has spread from 11 countries in 1961 to 21 in 1975 Countries permitting retirement at any age usually require more years of service because of the anticipated longer benefit period Those setting a minimum retirement age below the regular statutory age hold the view that some long-service employees in nonhazardous occupations may for a variety of personal, physical, or health reasons want to retire early. They have fulfilled the prescribed period of contributions and are therefore not placing an undue burden on the financial structure of the funds

France has provided flexibility in a different manner That country does not have a statutory retirement age but has long permitted workers to collect a pension at age 60 Few did so because the benefits at that age were relatively low. Most workers preferred to continue in their jobs to age 65 Benefits at age 60 have been increased for long service, with the idea that more workers can afford to stop working before they reach age 65

Malta now provides for early retirement subject to an earnings test and for increments that may be earned if work is continued beyond the normal retirement age Entitlement is based on 3 years of contribution

Early Retirement for Ill Health and Partial Disability

Provision for early retirement specifically for reasons of health or prolonged illness that results in partial disability has also been written into an increasing number of social security programs around the world The deterioration of a worker's health may not necessarily arise from the hazards of his occupation or work, but failing health and partial disability may keep him from performing the job requirement of his customary occupation Since 1971, disabled workers in Burundi, the Peoples Republic of Congo, France, Peru, and Upper Volta are now entitled to a retirement benefit 5 years earlier than otherwise authorized In Zaire such benefits are now granted 1 year earlier. The accompanying table shows that provisions relating to health and disability conditions for early retirement were operative in 18 countries in 1975, 11 countries had such provisions in 1971, and only two in 1961.

Early Retirement for Involuntary Unemployment

A growing number of countries, especially in Europe and Latin America, grant early retirement to persons approaching retirement age who have been involuntarily unemployed for a specified period of time The number of countries with such provisions rose to 10 in 1975, as listed in the table on early retirement provisions

This idea recognizes the fact that older workers close to retirement age who are forced out of their regular employment find it increasingly difficult because of age, health, or physical exhaustion to become reemployed

Early retirement permitted in this situation is usually 5 years in advance of normal retirement, but Austria has made provision for 10 years

Countries with early retirement provisions, by type, beginning of 1975

Country	Maximum number of years before normal retirement age				
	Hazardous or arduous occupation	Based on length of service [1]	Partial disability [2]	Involuntary unemployment [3]	With pension amount reduced [4]
Argentina	5				
Austria		5 (35)		[8] 5	
Belgium					5
Bolivia	5				
Brazil	15	Any age (30)			
Bulgaria	(6)		(6)		
Burundi			5		
Cameroon			10		
Central African Republic					5
Chile		[7] Any age (30)			
China, People's Republic of	5				
China, Republic of	5				
Colombia		[8] (20)			
Congo, People's Republic of			[9] 5		
Costa Rica		5 (25)			
Cuba	5				
Czechoslovakia	[8] 5		5		
Denmark			[9] 7		
Ecuador		Any age (35)		[10] 15	
Egypt		[8] 14 (20)			
El Salvador		[8] 5 (25)	5	5	
Finland				5	
France			5	(11)	
Germany, Democratic Republic of	[12] 15				
Germany, Federal Republic of		2 (35)		5	
Greece	2				
Guatemala			5	5	
Guinea			[9] 5		
Hungary	5				
India	5			[13] Any age	
Iran	5	5 (30)			
Iraq		Any age (30)			
Italy		Any age (35)			
Ivory Coast					5
Kenya				5	
Lebanon		Any age (20)			
Libya	5				
Luxembourg		[14] 3 (40)			
Mali					5
Mauritania			5		
Mexico				[8] 5	
Morocco	[15] 5				
Nicaragua	5				
Niger			5		
Norway		[16] 3 (40)			
Panama			[8] 5		
Paraguay		5 (20)			
Peru	5	5 (20)	5		
Poland	5	5 (25)			
Romania	(6)				
Spain	(6)				
Sweden					4
Togo			5		
Trinidad and Tobago					5
Tunisia	5				
Turkey		Any age (25)	5		
Union of Soviet Socialist Republics	(6)				
United States					3
Upper Volta			5		
Uruguay		10 (30)			
Venezuela	(6)				
Viet Nam (North)	(6)				
Yugoslavia	(6)	Any age (40)	2		
Zaire			1		

[1] Figures in parentheses represent required years of contribution for men
[2] For workers in failing health, handicapped, unable to work, or prematurely aged
[3] Workers at specified age who have been unemployed for a period of time in last year
[4] Actuarially reduced in relation to the period of retirement before normal retirement age
[5] 10 years in special cases
[6] Data on number of years before normal retirement age not available
[7] For salaried women
[8] Benefit reduced for each year before normal retirement age
[9] Universal pension
[10] Worker must have contributed for 25 years
[11] For persons aged 60–65, required number of contribution years reduced from 34 to 10 (including 1 in last 5 years)
[12] Worker must have contributed for 5 years or be aged 50 when first covered
[13] Worker must have contributed for 15 years
[14] 5 years for salaried workers, 15 years of contribution
[15] Worker must have contributed for about 10 years
[16] Benefit reduced if less than 40 years of contribution, benefit level subject to maximum of 80 percent of former earnings

in advance in special cases A somewhat different approach in France provides early retirement for unemployed persons where the required number of contribution years was reduced from 34 to 10 (including 1 in the last 5 years) for those aged 60–65 Other countries—Belgium, for example—have bridged this gap by providing extended unemployment benefits to workers aged 60 and over until such time as the insured worker reaches normal retirement age

Deferring Retirement

A few programs appear to be going in the opposite direction—prolonging the period of work This approach, of course, has the effect of reducing expenditures by withholding or cutting down benefit payments as well as by adding revenue from payroll contributions In Japan an effort is being made to defer actual retirement for 5 years, since there is a lag between the normal retirement age (men 55, women 50) and the pensionable age (men 60, women 55). Since 1971 a number of countries, including the Central African Republic, Cyprus, El Salvador, Germany (Federal Republic), Malta, Norway, Panama, and the United States, initiated cash incentives for wage earners who work beyond the statutory retirement age

Most of these programs provide a straight percentage increase in pension amount based on specified periods of additional work time Under new provisions in the Central African Republic, for example, an increment of 5 percent a year is paid to workers who defer retirement between ages 55 and 60 In El Salvador, workers now receive 3 percent of earnings for each additional 50 weeks of work beyond age 65 for men (60 for women) Germany adds an extra amount to the pension of workers who qualify for benefits at age 63 for each month they continue to work from age 65 to age 67 In Norway, workers who defer retirement beyond age 67 receive an increment of 9 percent a year for each year up to age 70 A 1972 amendment in the United States ensures an annual increment of 1 percent a year for each year that a beneficiary does not receive benefits because of earnings from age 65 to age 72 Using a variation of the cash-increment formula, Cyprus, Malta, and Panama now add an additional benefit for a specified number of years of contribution beyond the statutory retirement age

HEALTH CARE BENEFITS AND COSTS

The rapid rise in health care costs has become an increasing concern in recent years, particularly in the developed countries Significant elements underlying this rise have been the expansion of health coverage under national social security provisions in the decades after World War II and, more recently, the steep increase in medical and hospital costs specifically

The number of national health programs stood at 24 at the beginning of World War II; it rose to 36 in 1949 and then to 65 in 1967. The creation of new programs has slackened since that time By January 1975, the number stood at 70 The most notable recent development is Australia's adoption of a universal health care system, effective July 1975

Progress has been made in extending social security coverage for medical care in less developed countries, particularly in Latin America Although for these countries the percentage of the working population entitled to medical care under social security programs remains low in comparison with that for the industrial countries of Europe and elsewhere, the proportion of the population that is covered has grown rapidly through the extension of the programs to new geographic areas and through the addition of new categories of workers In some countries, including Brazil, Colombia, Costa Rica, Panama, and Peru, the percentage of the population entitled to medical care under the social security program has been growing more rapidly than the growth rate for the working population This process has been accelerated in several countries—Costa Rica, Haiti, and Panama, in particular—through the blanketing-in of dependents of insured persons already covered for health care and hospitalization

Efforts to expand medical services in the social security programs have been complicated by the steady rise in medical and pharmaceutical costs and inflation Everywhere in the world, the cost of medical care has been rising more rapidly than per capita income The advances in technology involved in diagnosis and therapy require more elaborate equipment and a more skilled staff to operate it Salaries of health workers have moved upward as has the cost of prescription drugs, laboratory tests, and hospital equipment

By the late 1960's and early 1970's the higher cost of care was causing considerable concern A number of countries established special commissions at the national level to identify the specific factors in the skyrocketing costs and to recommend sanctions to be imposed, as well as suggest additional sources of revenue Among these countries were Austria, Australia, France, Japan, and the United States These commissions found no overall solution to the rising cost problem, however Several countries did enact certain provisions to tighten control over reimbursement rates for medical services through the establishment of fee schedules

In several countries, reorganization of the national health care system has been carried out (as in the United Kingdom) or is under national study (as in Italy, Switzerland, and the United States). The search for additional sources of revenue has produced proposals for increased Government subsidies, channeling of special taxes from other purposes to help finance health care, and diversion of surpluses from another branch of the social security program to help cover health insurance deficits In the operation of hospitals and health centers, attention has been directed toward increasing efficiency both through better training for the technical staff and by maximum use of paramedical personnel In countries operating under the free choice of doctor and the fee-for-service principle, efforts to contain rising costs of medical care have taken the form of agreements negotiated between the social security institute and the representatives of the medical profession through which the cost of services is controlled, according to a fixed schedule of fees

SICKNESS-DISABILITY BENEFITS

A few countries have taken steps to unify the programs that cover those suffering a short-term loss of income because of injury or illness[5] As a result of historical developments, most of the advanced countries have several concurrent insurance programs in this area

1 Most of them pay cash sickness benefits to workers who would otherwise lose their wages because of illnesses that are not job-connected but nonetheless prevent them from working The cash benefits are normally fixed at some percentage of the regular wage and are typically payable for up to 26 weeks

2 The regular invalidity program, which is not job-related covers not only workers but also their dependents

3 Workmen's compensation covers job-related illnesses and injuries

It should be pointed out that the interpretation of job-relatedness has become progressively more liberal in many systems, and consequently a jurisdictional conflict sometimes occurs Usually the work-connected benefit payments are higher than the others, and there is a tendency to try to prove work-connectedness, often in prolonged court cases These three programs are normally administered by different agencies, on the basis of different legislation and different criteria

The Netherlands in 1966 and Norway in 1971 merged benefits in this area, although in somewhat different ways The Netherlands law in 1966 combined into one the three social insurance measures designed to meet financial hardships caused by incapacity for work and made benefits for all three contingencies identical It is interesting to note that Norway set up one level of benefits for temporary illness and incapacity and also included unemployment, thus linking virtually every common cause of short-term loss of wages More recently, Denmark brought together under one agency the cash-sickness and temporary work injury programs and made benefits the same for both

New Zealand also simplified its administration of programs by setting up two interrelated "no fault" accident compensation programs These programs provide occupational-disease and 24-hour accident coverage for the entire labor force and complete motor-vehicle-accident coverage for the entire population[6]

A matter of growing concern is the rising cost of cash sickness benefits brought about by an increase in absenteeism, as well as by higher

[5] Leif Haanes-Olsen, "Standardization of Short-Term Benefits," *Social Security Bulletin*, May 1975

[6] Elizabeth Kirkpatrick, "No Fault Accident Compensation in New Zealand," *Social Security Bulletin*, September 1973, pages 25–29

benefit rates and improvements in wages These benefits are usually included in the health care program and have been a significant factor in the upward trend of national health care expenditures In Austria, Ghana, and Iraq, the Government has recently sought to ease financial pressures on the health insurance system by requiring the employer to cover the full cost of a worker's cash sickness benefits during a specified period (the first 4–10 weeks, 3 months, and 8 days of incapacity, respectively) In Belgium the employer's responsibility was recently broadened to require payment of 100 percent of earnings for 30 days, instead of 80 percent of earnings for 7 days In the Soviet Union, incentive funds have been made available at the local level for increased housing and other social measures to be paid for from any savings from the curtailment in demand for cash sickness benefits

CONSTANT ATTENDANCE ALLOWANCE

Several countries have introduced a "constant attendance" supplement to disability benefits for persons not covered by workmen's compensation [7] This benefit is a cash allowance paid on behalf of disabled beneficiaries who require the care of a third person for a specified number of hours a day The allowance is cut off if the recipient becomes institutionalized The intent is to permit the disabled to have help and thus continue to remain at home, thereby reducing the utilization of hospitals and nursing homes The cash amount may be used to hire someone or to enable the family to continue its own care for the individual by helping to meet the costs involved

The constant attendance supplement has become a part of the disability programs of 49 countries (25 in 1961) Nine countries have adopted some form of the supplement since 1971 [8]

MEANS-TESTED BENEFITS

The relaxation of age requirements discussed earlier was aimed at getting pensions to certain persons at a time when they may need them most —to those who are not able to continue working and those who for various reasons do not want to continue on the job Persons in these groups can at least qualify for a benefit In most countries an additional group exists that is eligible for only the statutory minimum—which, in general, was not intended to serve as the sole source of income and is not enough to live on—or for no benefit at all For the two categories in this last group, virtually all the developed countries now provide means-tested benefits [9]

As the most recent survey of world trends in social security programs shows, 26 countries have means-tested benefits for the low-income aged The recent pattern has been not so much the creation of new programs, but rather the effort to bring up the existing level of payments to a minimum that would permit recipients to get along In some areas the main advance has been the unification of existing programs at the national level, like the programs for supplemental security income in the United States and for a "guaranteed income" in Belgium

The means-tested programs have, in effect, been a kind of catchall for the elderly poor. Some countries originally intended this type of payment as a supplement for social security beneficiaries only Large numbers of the aged were not eligible for any form of regular pension, however, and this situation evenutally led either to the creation of similar means-tested programs especially for such persons or to the extension or creation of programs for all the needy elderly. In the United Kingdom, for example, the cash payments to the elderly poor are part of a national means-tested program to cover all the needy

From the very first, the means-tested programs encountered problems that in most instances have not yet been solved The level of the cash payments were "too low" to live on, and usually no provision was made for increases to keep up with the rising cost of food, clothing, rent, and other essential items In other words, the countries were aware of the serious gap between the amount of the payment (the minimum social security pension plus means-tested benefit or the means-

[7] Martin B Tracy, "Constant-Attendance Allowances for Non-Work-Related Disability," *Social Security Bulletin*, November 1974, pages 32–37

[8] Australia, Belgium, Democratic Republic of Germany, Honduras, Tunisia, United Kingdom, Upper Volta, Yugoslavia, and Zaire

[9] Max Horlick, *Supplemental Security Income for the Aged A Comparison of Five Countries* (Staff Paper No 15), Social Security Administration, Office of Research and Statistics, 1973

tested benefit alone) and the amount really needed even for subsistence

The main problem that has prevented the bridging of this gap is that the number of recipients has generally been larger than expected and the costs therefore higher Other problems in many of the programs have been the administrative complexities—the existence of multiple programs, the enforcement of the means test, and the treatment of regional variations, for example

The question arises as to the need for such programs in the developed countries, where there was virtually full employment for years and the social security systems are very advanced The answer is a complicated one Many workers came to retirement age during a transitional phase in which the social security system was maturing, and consequently they could not receive full benefits Others did not have enough years of coverage In addition, marginal groups—particularly those in agriculture and small-scale self-employment—were provided coverage under the program at a very recent date

The main obstacle to bringing the means-tested benefits up to a subsistence level has, of course, been the cost involved The number of recipients of the means-tested benefits may be as high as one-third or more of all old-age pensioners Expenditures for these benefits may be as high as 25 percent of the amount spent on regular old-age pensions To increase benefit amounts significantly for so many persons means the developing of new sources of revenue This has not been an easy task, since the tax level is already high in many countries and competing programs—in the health care area, particularly—also require added revenue Because of the recognized need and despite the financing problems, the level of means-tested benefits has, however, risen considerably—in a number of cases more rapidly than the regular old-age benefits or the national price or wage indexes

Other alternatives have been sought, such as the establishment of a special minimum old-age benefit intended to help those who have qualified for only a very low pension This step was taken in the United States and in the Federal Republic of Germany, effective in 1973 Other specific legislation has included the kind of action taken in the United Kingdom—setting up a special minimum for persons aged 80 and over, calculated much like the new minimum in the United States

Belgium introduced a guaranteed income for the aged and the disabled, beginning in 1969 Discussions of related programs are in progress in a number of countries, notably the United Kingdom (on negative income tax) and Israel (on unified national income maintenance)

COVERAGE

Added groups of persons are being covered under social security programs, particularly in many less developed systems where coverage primarily applies to industrial workers in factories with a required number of employees Since 1971, more industrial workers were brought under mandatory coverage for old-age, invalidity, and survivors benefits in India, Iraq, and Libya and for work-injury protection in the Philippines Coverage is also being expanded from urban areas to rural sectors in a number of South American and Asian countries

In the more developed systems, where nearly all workers come under the social security programs, coverage is being expanded for special groups Persons not reached by compulsory coverage because they do not work—housewives in the Federal Republic of Germany, for example—or those in the United Kingdom excluded because their earnings are below an established minimum may now be covered on a voluntary basis

Women have also benefited from recently expanded maternity coverage in several countries where cash payments are now being made to women who care for a sick child or adopt a child under a specified age such as in Israel In Sweden, maternity benefits are now payable to fathers who stay home to care for newborn children while the mother returns to work Divorced wives and deserted mothers were recently covered as "widows" and entitled to full benefits as survivors in Australia, Ireland, and the Federal Republic of Germany.