

»» Social security – a vital source of stability in unsettled times



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Development processes are typically accompanied by upheaval...

Development is not generally a linear process and often goes hand in hand with social and political upheavals, crises and temporary setbacks. Global mega trends such as climate change, digitalisation and urbanisation can also lead to turbulent adaptation processes.

In and of itself, disruption is not necessarily a negative thing – shocks are often needed to overcome entrenched structures and patterns of behaviour, while creating new opportunities and potential for development.

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The effects are usually felt by all members of society, albeit to varying degrees. It is often the poorest and most vulnerable who suffer most from such upheavals, as their opportunities to adapt are limited at the subsistence or near-subsistence level. People in this category often lack savings, support structures and alternative courses of action to help them effectively cope with shocks, making them the least resilient section of the population.

In times of increasing global uncertainty, the need to strengthen resilience is growing in importance

In a world increasingly defined by uncertainty, fragility and upheaval, there are two ways in which social security systems play a key role in stabilising the situation. First, their redistributive effects can prevent the build-up of large or excessive economic inequalities, which are often a leading cause of increased turmoil and political upheaval. Second, they can mitigate the negative impacts of crises (and not only for the poorest and most vulnerable), safeguarding developmental progress that has already been achieved.

Social security systems have this latter

effect regardless of how a given crisis came about, since they enhance resilience to economic, political and environmental crises, as well as natural disasters such as flooding, drought and earthquakes. As a result, these systems become an absolutely crucial, multi-faceted source of stability within the development process.

How, specifically, do social security systems boost social cohesion and resilience?

Social security systems generally consist of a combination of transfer and risk mitigation schemes, which ultimately aim to provide for the essential living needs (food, housing, basic health, etc.) of people unable to attain this minimum standard by dint of their own efforts. This can be accomplished through policies such as cash transfers, cash for work, or health, unemployment, old-age or drought insurance.

However, the impacts go far beyond simply reducing risks of impoverishment among individuals. Guaranteeing that beneficiaries' essential needs are met also frequently allows them to start participating in social and political life, as well as empowering them to deploy their skills, energy and financial resources towards productive and investment activities. This provides income and employment which, in turn, increases resilience levels.

In the wake of a conflict or shock, social security systems help to ensure that transfers reach the affected target group quickly and directly, meaning that human capital, productive goods and social cohesion can be protected.

Especially in fragile situations, the state can boost social cohesion and increase its legitimacy by fulfilling its welfare function, causing it to play a major role in providing stability in these fragile circumstances.

Long-term commitment, leadership and broad public agreement are needed to establish social security systems

However, successfully developing social security systems requires a certain basic level of good governance – and, in particular, long-term commitment. Even in today's industrialised nations, it took several decades for these systems to evolve into their current form, and there is always more work to be done.

Social security systems can only be introduced step-by-step and must initially focus on the most pressing problems and risks. The process can look very different from one country to another. This cannot happen without political leadership, as the horizontal, vertical and intergenerational transfers associated with these systems are often hotly disputed among the public.

However a given scheme is configured, special attention must be paid to avoiding misplaced incentives; otherwise the basic principle of solidarity will be eroded.

Conclusion: early strategic planning is the only way to provide long-term stability

With growing levels of uncertainty around the world, it is becoming more and more important for sustainable development to be coupled with a functioning social security system.

Establishing these systems is a complex and lengthy process, which can often only take place with the aid of international development cooperation. There are no ready-made blueprints for leaders to follow; instead, each country must chart its own course. The sooner this occurs, the better. ■