

SOCIAL SECURITY, A NEW IDEA FOR THE TWENTY-FIRST CENTURY

1. First of all, it is necessary to distinguish Social Security as an idea, or as a social value, and Social Security as an organization, or as a system.

1.1. As an idea, or a social value, Social Security represents a sort of horizon of all the social policies or, more largely even, a sort of horizon of the whole policies or the greater part of these. In that sense, Social Security is the general scope or goal of the policies when the main will of the authors or creators of these policies is to guarantee the citizens against a great number of social risks, such as for instance illness, accident, old age and so on. Naturally the practical interest of these guarantees is easy to understand. For instance a sickness social coverage allows first to cover or reimburse the medical expenses and second to obtain a compensation for the wages which have been lost because of the absence for sickness. But there is too a more general and comprehensive advantage since these benefits have for effect to insure a more secure and safe individual and collective life. So, one the of the main authors of the Social Security system in France in 1945, Pierre Laroque, used to say that Social Security had the aim to establish a more secure and safe to-morrow for anybody and particularly for the workers who had been long deprived from such a security, which was known only by the wealthy, the rich people.

1.2. As an organization, Social Security is the complex of organisms which manage the whole system, as well on the field of benefits as on the field of contributions for the financing of these benefits.

There is no chance at all of the realization of Social Security without an organization. Furthermore, the type of organization which is elected by public authorities has a great influence on the type of Social Security which is guaranteed. What we call, in our different countries, Social Security Law is indeed the Law of this organization, both the Law of the

creation and the existence of this organization and the Law on the functioning of this organization. Far more, the individual and subjective rights of social insured people are recognised and exist in the frame of this organization. So, the temptation is great to assimilate purely and simply Social Security and Social Security organization and to assimilate too Social Security Law and Social Security organization.

1.3. However, even if the idea of Social Security and the organization of Social Security form part of an inseparable couple, it is absolutely necessary to distinguish them, in order to understand better their interaction. An it is necessary to recognize to the idea of Social Security the first and leading part, for the concrete features of the organization of Social Security depend more or less directly of the leading or predominant idea of Social Security. It is the case in any country and in France like elsewhere.

2. As an idea, or social value, Social Security has in fact two different meanings because it is the consequence of two different conceptions or views of what it has to be. And these meanings have effect on the organization itself.

2.1. In the conception which is traditionally called *Bismarckian* and which is well represented by the formula of Pierre Laroque we have just recalled, Social Security has for aim to guaranty a continuity of means to workers who are temporarily or definitively prevented from working by sickness or by accident or by invalidity or by old age. In that first meaning, which pertains to a professional conception of Social security, Social security is for those who exert already a work or a job and whose means depend from that work or job. In other terms, in that first conception, Social security trends to guarantee security in to-morrow life. In the second conception, which is called *Beveridgian*, Social security has for main aim to guarantee a basic income in the present time to people who, even they have a job work, have no means at all or insufficient means to meet their basic individual and family needs. In other terms, in that second conception, Social security trends to guarantee to-day life and security. In the first conception, the idea is to guarantee at any moment sufficient means principally to these who have already a job work, in the second conception, the idea is to guarantee principally sufficient means to these who have no job-work or not enough means to live decently.

2.2. Naturally, these differences are found again on the field of organization; In the Bismarckian conception the concrete system of Social Security may be relatively or completely autonomous from the State, the organisms may be private or mutualist ones, the

financing is essentially provided by social contributions paid by salaried people and by employers.

In the *Beveridgian* system on the opposite the system of Social Security is conceived as a part of Stat administration and the financing is provided by taxes.

Indeed, each Social Security system is a mixture of these two conceptions and, when we say that a system is *Bismarckian* or *Beveridgian*, we say in reality that is rather *Bismarckian* or *Beveridgian*. Furthermore, the proportions of the mixing between these both conceptions may change more or less with time and that has been partly the case of the French Social Security system.

2.3. In the French Social Security literature, it is frequent enough to read that the initial French system, in 1945, was a Bismarckian one and that it is now more Beveridgian than in the past. It is exact that in the first decades of the French Social Security system, the so-called general scheme concerned only salary people, the benefits were financed essentially by social contributions on the wages and not by taxes and the general scheme itself was managed by elected representatives of the salaried workers and of the employers; So the nature of the system was very largely professional and Bismarckian. Nowadays these features have not disappeared but the French system has integrated new and rather Beveridgian components. So it concerns now all people who work and among them independent workers like employed workers. It is yet financed predominantly by social contributions (60%) but the part of taxes has enhanced (40 %). As for its benefits, some of them consist in minimum incomes or universal forfeit coverage and are not linked with anterior earnings. So the present of the French social security is a sort of mixture of guarantee for to-day and security for to-morrow. Likely, this complex trend is not proper to French Social Security systems and concerns many other Social Security systems in the world. This trend reveals one of the major features of the idea itself of Social Security, which is the plasticity of its ways and forms of realization and its adaptability to new challenges and new needs. So the relatively traditional idea of Social Security can become a new idea for the coming century.

3. In reality the future of Social security systems is neither very clear nor easy to decipher or to read.

3.1. First, let us avoid the extreme predictions, which have no chance or very few chance to realize.

In one hand, people could believe that the Social Security systems will remain fundamentally such as we have known them from the beginning and that there will be no very important change in the future. For those who are linked to the idea itself of Social Security it is a soothing view but it is not sure that it is realistic and even that it may correspond to an idea of Social Security which is fundamentally an idea of the move, both as an answer to the social and economic moves and, in itself, as a permanent trend to move. So, the French Social Security system has clearly grown up since its beginning and the answers it gives to social problems are far more rich and complex than the first ones.

In the other hand and on the contrary, many people today believe or, at least, say that they believe there will be no more Social Security by some decades. It is a creed that is largely enough shared by the younger generation in what concerns old age pensions. This creed is based on the contemporary trend to move later and later ~~back more and more~~ the age of retirement, in order to avoid that the financial charge of pensions become unbearable. For instance, in the French Social Security system, between 1982 and 1993, it was enough to have paid social contributions on wages and so to have contributed to the financing of the pensions during 150 trimesters to have right at the age of sixty to an old age pension at the maximum rate of 50% of the former activity wages. Now, since the reforms of 1993, 2004, 2010 and 2014, it is in principle necessary to have contributed during 160 semesters to have the same right, but only at 62 years of age. So the idea has spread itself that this movement of containment of the right to receive a pension was about to go on in the future decades so that the today workers and particularly the young ones would be threatened to have no more old age pension when they reach the adequate age. Naturally, this projection is exaggerated but we must admit that it is founded at least on current appearances and that, too, it contains a danger of self-realization if young people become persuaded that there is no future for them in what concerns Social Security old age pensions and if they support policies in favour of private systems of financing old age pensions.

On the other fields of Social Security system, fears about such a danger of reducing of the social rights is not so important. However, current moves are often felt of signs of a general crisis of the system and as announces of its complete or partial extinction. So it is the case with the reducing of the rate of compensation of health expenses by the Social Security organisms. So it is the case too, in what concerns family policies, by the trend to reserve family benefits to families which have no sufficient means to meet their basic needs whereas, in

The French traditional view of family benefits, these benefits had to be served to every family, independently of its means.

Here too, the appearances do not seem to be very favourable. Nevertheless, there are too signs of maintain or even of development of the social coverage, so that the only secure prevision is to think that the future of the Social Security will be neither so bad no so stable than many people think. Furthermore, as for the possible excess of pessimism of public opinion on Social Security future, we must not forget a feature which is very characteristic in matter of social coverage. In fact, when a social coverage is well organized and works correctly, it tends to become invisible for the public opinion, as it was so natural and so evident that we have no more conscience of its existence and of its specific organization. For instance, in France, many people think that we can no more afford the social protection as it was created in 1945. Indeed, it is a sort of absurdity since France of 1945 was less and less rich than today France and also because the today system is much more developed than the former one. Let us conclude: it is necessary to try to see the social security system as it is really and currently in the whole national society as it is really. To reach this goal is very difficult and perhaps impossible at first and superficial view. It is a reason more to tend to have such a developed and more acute view.

3.2. In order to get such a realistic view, it is necessary, first, to make an inventory of the features of current and future change of our Social Security system. Consequently, we shall be able to develop what could be or can be a new idea of Social Security for the 21st century and, following that, what could be or can be the organization of the system which would fit with this new idea.

3.2.1. The forces which can lead the system to change are, for some of them, of economic nature, and, for others, of social nature. However, behind these economic or social moves, there are always, in the effective play of the different factors, cultural changes.

3.2.1.1. Economic factors of change

On the economic field, there are two phenomena, which can have a strong and specific impact on the existence and on the evolution of a Social Security system, and for instance on the French one.

The first one is the very large phenomenon of globalization which concerns about any country in the today world and particularly the developed ones. Actually, it is relatively difficult to define precisely what is exactly globalization. The general trend is to consider that one of the main features of globalization is the opening of the national markets to worldwide producers, in the frame of the largest competition. This opening is far from having only bad effects and, for instance, it participates likely to a global move of reduction of poverty in the world. However, these goods effects are accompanied too of worse ones, particularly when countries with a weak or an inexistent social coverture propone lower prices for their products and goods. And many observers in the developed world fear that such a trend be more or less rapidly extremely dangerous for the maintain of high grades of social protection, insofar as a higher grade of social protection can weigh on the prices of the national production and bring about a lack of competitiveness of that production.

Consequently, there are too economic and employment changes within the national system, at least from two points of view.

First there is indisputably a trend to precarization, mainly in the new hirings since, for instance in France, an important part of them is constituted of fixed-term contracts and often with a short or even very short duration. There is too a development of the temporary work, naturally with fixed-term contracts, sometimes of a very short duration and, in any hypothesis, with an externalization of the concern eures of employment management since the temporary worker is the employee of the agency of temporary employment and not of the enterprise in which he works. So, we move away from the classical model of employment of the second mid of the twentieth century, which was a model of employment contracts with an indeterminate duration and which could last a long time and even during a long period of the life of the worker. Indeed, that classical model of employment contract was adapted and favorable to the classical model of Social Security system.

Second, even in the frame of non precarious employment, the trend is currently more and more developed of relatively frequent changes of job during a professional career, not only for the workers who have difficulties to find a stable employment but too for workers who are well integrated in the employment market and who have good cards in the search of a new employment. So the common idea has spread itself that in the future a professional career will be a following of different sequences in different enterprises and firms and even of

sequences of dependent and independent jobs working. So the future idea of continuity in employment could not be that of the continuity of a single employment but the continuity stemmed from the following of successive and as far as possible rewarding jobs.

3.2.1.2. Social factors of change

Changes in the economy and in the employment have been backed up by social changes, especially what is called in France societal changes, in other terms the changes in personal and family relations. It may be astonishing to refer to such changes in the field of the Social security system. Nevertheless they have an important impact, as far as the classical architecture of the Social Security system has been founded on a classical view of personal and family relations. So, in the first stage of the system, immediately from 1945, the member of the family who was social insured as a worker was generally considered to be the husband, his wife and children, the one and the others without occupational activity, were in the majority entitled to social rights by their insured husband and father. Indeed, such a view and such an organization supposed a stability of the family links.

Today, the general situation is not completely opposite but it is very different, both because of the large female employment and of the fragility of marriage and family links, with an important number of divorces and an important development of recomposed families, monoparental families, free unions and cohabitations. So it is no more possible to organize a genuine generalization of the social coverage only by leaning on family links as in the past. Strong is the current trend to consider that any grown up is from now an is personally social insured and, on that field, doesn't depend of his/her family environment. So is the more recent position of the French sickness social coverage, since the Act of 21 December 2015, applicable from 1st January 2016 on.

3.2.1.3. Cultural factors of change

In fact, we have already evocated the factors of change which impact the Social Security system. Nevertheless, it is important to stress that these factors of change are so more important that they are leaned on a change in the cultural views. Here we refer to a change in the conception of what is better in personal and social life. Classically, there was a great desire of stability. That desire has not disappeared and it goes on founding an important part of the Social Security system. However, in what we may call the current views on society it is partly replaced by a preference for mobility or, as employers organizations say, agility or

nimbleness. It is a new social or societal ideal, at least in the influent parts of society and economic life.

At present, in the beginning of the 21st century, the question is to know whether the stability guaranteed by the Social Security system is compatible with agility, with move, with change ? From now on, it is one of the main issues.

3.2.2. The features of a new idea of Social Security for the 21st century

To change but not Neither destroy nor reduce, such could be the motto of a prospective reflexion on the future of Social Security. In other terms, how to guarantee to Social Security, which is itself the guarantee of a secure future, a secure future ? This future cannot pass through a destruction or even a reduction of the social coverage. Indeed, some important reforms are desirable and a strict economic management of the system is required. Nevertheless these necessary efforts can be supported only if it is at the service of the social coverage and not at its detriment.

3.2.2.1. In any case, there is no necessity at all of destroying what is working in the current system of Social Security. And what is working is the major part of this system. Indeed, it is not what is generally stressed, many studies and commentaries laying on the contrary great stress on all the defaults, lacks and contradictions of the system of Social Security. One of the most frequent critics concerns the financing of the System and the financial charges it would carry along. None of these critics is completely wrong. However, it is a pity that the Social Security system be not sufficiently highlighted. Among these merits, we can perceive, in France, a good coverage of health, a good level of means of old age people, a good level of means of families, important supports to lone-parent families, and so on...More largely, even if it is not been naturally seen and considered, we can imagine and even notice the deep and personal security felt by people who know their social guarantees is a precious asset it is out of the question to reduce and even less to abolish.

3.2.2.2. Consequently, it is absolutely necessary to consider Social Security as the guarantee of a stability and notably a stability of means, which would be the best answer to the multiple changes and moves of the current and future economic and social environment. Many people say that we have to live the times of mobility and change, far away from the ancient

stabilities. It is perhaps true on the economic field. Supposing that it is true on the economic field, it is perhaps true, too, on the employment field. However, change must not mean necessarily instability and even less insecurity. Insecurity must neither be the requirement nor the consequence of freedom and movement. And it is essentially the role of an organization like Social Security to guarantee the continuity of essential means, in spite of discontinuity of the different sides of the complex situation of citizens, workers and residents. That has always been the scope of Social Security, notably in what concerns consequences of sickness and accidents. But, now, it is too its scope in what concerns the consequences of economic and employment events. So we can understand in what the idea of Social Security will be new in the present century. Not new in the sense of radically different from that it was in the beginning of its era but in the sense of radically adaptive, at the service of the same ideal but with the want to correspond better and better to the new social challenges. To change in the form of its existence to remain deeply faithful to its values.

3.2.3. The organization corresponding to this new idea

3.2.3.1. In the scope of integrating a new idea of Social Security, which will be more adaptive to the consideration of change and mobility in the career and in the social life of people, it is likely no need of a completely new organization of Social Security, at least if, by organization, we understand the dense and wide web of organisms which compose the concrete and current system of Social Security in a country like France.

3.2.3.2. On the other hand, it will be necessary to modify or to reinforce some substantial rules which command the system. For instance, if professional and family links are effectively destined to change much more frequently than in the past, it will be very appropriate to establish a complete and solid regulation of what we call transitional periods in a life. These periods come in between two different employments or two personal or conjugal situations. That is to say the importance and the future of the rules which organize a maintenance, at least temporary, of social rights proceedings from precedent situations.

3.2.3.3. It is nonetheless true that there is another way to regulate the problem of transitions between different situations and this way consists in stopping to establish social rights on fragil or temporary situations. So the French legislator has decided that, from 1st January 2016 on, each person who is at least 18 years old will be personally entitled to benefit of the sickness social coverage, whatever his/her professional situation or his/her family links. In

that perspective, the universalization of the coverage can shelter anybody from any social or personal change. It is too a way to consider the quantitative importance of these changes and, thus, to universalise an important part of the Social Security system. -

3.2.3.4. It will be important too to reexamine and review the relations between social protection and occupational life. Without any doubt, as we have already said, occupational mobility will be one of the main features of societies of the XXIst century. It is thus necessary to allow ways and systems apt to maintain and conserv the social rights already acquired and, even better, to increase and strengthen them. In that spirit the French legislator has just created, in 2015, a new type of account, called activity personal account, in which, in a first stage, are put down in writing some rights to training and other rights acquired in compensation of the exercise of hard works and which could, in the future, integrate other social rights, included security social rights when these rights are more or less linked with professional activity. And we must add that nothing will prevent the legislator and social partners from raising, regularly or punctually, the amount of the social rights so included in the activity personal account. So, the activity personal account has vocation to follow the person from his/her entry in a professional career up to the end of the life, whithin the framework of what we may call a Professional or Occupational Social Security.

Short Conclusion

Consequently, we find again here this continuity along the whole life which is one of the strongest answers of social protection and Social Security to the modern trends to mobility and discontinuity of the current and future situation in economy and in employment. Naturally, it supposes that Social Security remain dense and comprehensive and not too much restricted by a more or less privatized Complementary Social Protection, ant it supposes that the new forms of Social Secuty be not considered as competitive or adverse forms of Socila Security itself. All in all, that supposes that we keep on our trust in the Soical Securiy. We can keep it for Social Security is a new idea for the XXIst century because more than ever it detains the good answers to the new problems of our societies.

Jean-Pierre Laborde

Professor emeritus of the University of Bordeaux

Member of the Centre for Comparative Labour and Social Security Law