

ITUC-AP Action for Social Safety Nets

Evolution from Minimum Floor for Social Protection to Re-Distributive Justice

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Summary

The ITUC-AP initiated action for establishing Social Safety Nets at the time of Asian Financial and Economic Crisis. The ITUC-AP, by developing its own AP definition of the Social Safety Nets, first infused a wider meaning into the term in 1998. After intensive and extensive campaign for the Social Safety Nets, the term is now recognized by many regional and international organisations and institutions.

Though progresses in Social Safety Nets in the region are visible, however, there are still various deficits in their schemes in terms of their levels of protection and coverage, and financial strength. Due to downturn pressure from globalisation, establishment and improvement of Social Safety Nets are encountering challenging difficulties; however, the ITUC-AP will continue our action, specifically at the national level, to promote, build, defend, and strengthen the Social Safety Nets which is primarily one of the essential instruments to realise distributive justice in economy and society.

The ITUC-AP will continue our action, specifically at the national level, to promote, build, defend, and strengthen the Social Safety Nets as part of crucial instruments to realise distributive justice in economy and society through promotion of constructive industrial relations on the basis of recognition and efficient operations of trade union

Evolution of Social Safety Nets

The ITUC-AP (then ICFTU-APRO) commenced its action for Social Safety Nets during the Asian financial and economic crisis that started in July 1997 in view of the massive retrenchment, without adequate unemployment benefit and due procedures, which resulted in increase in poverty, increase in the number of children leaving school, increase in child labour as well as increase in the vulnerability of women. The contributing factors to the social crisis were lack of employment protection and the dominant role of the IFIs over the labour market through their policy recommendations/conditionality to governments.

The then ICFTU-APRO had a dual strategy, one was engagement with the IFIs¹ and the other was campaign for Social Safety Nets focusing on unemployment issue that time.

While pursuing engagement and dialogue with IFIs, through regional forums, the ICFTU-APRO developed the definition of the Social Safety Nets, which had wider coverage than the ILO Convention 102 concerning Social Security because of the alarming consequences of the massive unemployment during the crisis for the working life as a whole.

The ITUC-AP thus defines Social Safety Nets as a comprehensive mechanism encompassing employment insurance with unemployment benefits, vocational and skills training and retraining for employment and job placement, retrenchment benefits, retirement / old age benefits, occupational safety and health benefits, guaranteed minimum wage, maternity benefits and other benefits specific to women; and general social development covering basic medical care and treatment, education, housing, social assistance programmes for special groups, community development and natural disasters².

The components of Social Safety Nets under the ITUC – AP definition involved are as follows:

- Old Age/Retirement Benefits
- Employment Insurance Benefits (unemployment cash benefits, vocational and skills training and retraining and job placement)
- Retrenchment Compensations
- Medical Care Sickness and Employment Injury
- Maternity Benefits and Other Benefits Specific to Women
- Guaranteed Minimum Wage
- General Social Development
 - » Education
 - » General health
 - » Housing
 - » Social assistance for special groups
 - » Community development
 - » Natural disaster

It is clearly seen that the ITUC – AP definition of social safety nets incorporates the schemes under ILO Convention 102 on Social Security (Minimum Standards) and social welfare and assistance programmes as well as social development strategies such as basic education and health because the overarching principle in the provision of the ITUC-AP Social Safety Nets is social justice and equity.

¹ International Financial Institutions such as the World Bank, the IMF and the ADB

² Natural disaster was added to the definition after the devastation of the Indian Ocean Tsunami in 2004.

ITUC-AP's Regional Campaign 1997- and Achievements

The strategic campaign for Social Safety Nets has both regional and national activities. The regional aspect is to develop policy recommendations and produce publications on these issues for distribution to the affiliates. At the national level training courses and/or programmes with a campaign approach are to be carried out to create awareness and provide education and training

Since 1979, the ICFTU/ITUC-AP has been conducting extensive regional campaigns for Social Safety Nets with 3 surveys, 10 regional meetings and 22 national activities and published 6 reports³.

Rigorous trade union campaigns for better Social Safety Nets have successfully created general awareness of the necessity and importance of such nets among governments, employers and other international institutions. Despite difficult situation, affiliates have made certain progress. For instance, NTUC – I and GEFONT in Nepal are now actively campaigning for the provisions of social safety nets where there is hardly any in the country. In Korea the affiliates (FKTU and KCTU) campaigned for the improvement of the employment insurance system. In Thailand the affiliates lobbied for the introduction of the employment scheme which was later put in place. In the case of Hong Kong (HKCTU) and Malaysia (MTUC) the affiliates campaigned for the legislation of minimum wages⁴. The NTUC in Singapore continuously involves itself in improving the skills development of workers especially on a tripartite basis. In India the affiliates campaigned for the right to employment and later the rural employment scheme was introduced by the Government.

However reviews of the campaign for Social Safety Nets under the current downward cost-cutting pressure and demographic changes such as aging and surge in entry of youth into labour market identified three targeted action areas as follows:

- a) establishing social nets and expanding them to non-traditional working populations,
- b) defending existing social safety nets: and
- c) struggling hard to build social safety nets

Many countries have already established to a certain degree social safety nets. However, their coverage is narrow, usually limited only to the formal sectors particularly to the public sector. Of essentially importance is universal application of Social Safety Nets to all population and to informal economy, agriculture workforce, atypical workers and migrant workers in particular.

³ See Annexure

⁴ Hong Kong has just passed a law on the provision of minimum wages while in Malaysia there are indications that a National Minimum Wage Act would be ready by June 2011.

Before that the term “Social Safety Nets” was understood to refer to only social welfare and assistance program when the ICFTU-APRO first infused a wider meaning into the term in 1998. However, with the vigorous national, regional and global campaigns, the term “Social Safety Nets” is now recognised by other organizations and institutions or commonly used although levels of protection which their term Social Safety Nets envisages are different, from positive protection to a minimum protection to the vulnerable. For instance;

ASEAN: Social Safety Nets and protection from the negative impacts of integration and globalisation...⁵

APEC: Improve Social Safety Nets and reinforce Social Protection and Employment for Vulnerable Group⁶

ADB: Finally, Social Safety Nets must be strengthened to prevent extreme deprivation⁷.

G20 also referred to Social Protection in 2010; we are determined to put jobs at the heart of the recovery, to provide social protection, decent work and also to ensure accelerated growth in low income countries...⁸

Challenges ahead for Institutional Reform

With the economic growth and progress in social Safety Nets, social indicators show progress to a certain degree. For instance in Nepal⁹:

Adult literacy

1985	2006
Male: 42.7	69.0
Female: 9.8	42.0

Primary School Net Enrollment

1990	2008
64.0	91.1

Infant Mortality Rate per 1000 live births

1990	2006
97.0	48.0

⁵ ASEAN Road Map for an ASEAN Community 2009-2015, p. 73

⁶ 5th Human Resource Development Ministerial Meeting, 2010, Beijing

⁷ ADB Strategy 2020, p. 19

⁸ G20 Seoul Leaders' Declaration

⁹ ADB CPS 2010-2012

Improvement of Social Safety Nets is largely made through institutional reform by means of legislation, except a few areas of bi-partite or trade union schemes such as cooperate based pension and healthcare schemes and cooperatives or social enterprises, which are established and run through collective bargaining or under the unions' own management.

The items of Social Safety Nets as defined by the ITUC-AP clearly indicate that Social Safety Nets are important mechanisms of re-distribution of national wealth. In fact, the effectiveness of the redistributive function of Social Safety Nets is statistically evidenced, one example of which is that GINI Coefficient after adjustment by Social Safety Nets was 0.3726 from the original 0.5318¹⁰.

In order to build and improve Social Safety Nets, labour friendly legislation with universal coverage and sufficient governmental budget to run Social Safety Nets are crucial. Funding of Social Safety Nets by governments is directly linked to the fiscal and development policies of governments, which leads to, naturally, taxation system. This is where the issues of Social Safety Nets and taxation/fiscal policy are structurally interlocked.

Ultimately, Social Safety Nets are instrumental to realise distributive justice in national economies. Economic growth should be fairly distributed to the labour through collective bargaining or minimum wage, but also re-distributed to the entire population by means of Social Safety Nets.

The key question for trade unions is how to put into practice nationally the regional and global consensus about the necessity of Social Safety Nets. The essential factors for building and improving Social Safety Nets are sustained economic growth and national consensus so that wide variety of Social Safety Nets can be established, grown and run¹¹ on the basis of diverse political situation and social and economic conditions in countries across the region. To this end importantly, strong bi- and tripartite consensus about the national development and distributive justice under constructive industrial relations are also essential. The ITUC-AP defines the constructive industrial relations as follows:

“On the basis of full recognition and operations of trade unions in compliance with the ILO Conventions No. 87 and No. 98 in pursuit of Decent Work and common welfare, and in a stable political climate for social partners to operate without fear of reprisal; parties concerned share common interest in labour standards, performance of business, conditions of national economy, industries and labour market; and share a principle of fair distribution of output to stakeholders.”

¹⁰ Japan 2008

¹¹ Good governance where there is accountability and transparency is essential in the provision of social safety nets. For example workers' representation in provident fund board including the investment body of such a fund is necessary for the democratic functioning of the fund.

The regional campaign of the ITUC-AP for the establishment of Social Safety Nets evolved from the economic and financial crisis and the ITUC-AP has garnered wider support by social partners regionally and globally. On the basis of such recognition of the importance of Social Safety Nets, ITUC-AP will continue our action, specifically at the national level, to promote, build, defend, and strengthen the Social Safety Nets which is primarily one of the essential instruments to realise distributive justice in economy and society.

The ITUC-AP welcomes the ASEM Leaders' Statement which reads, "Leaders recalled how Social Safety Nets operated in times of crisis on economic stabilization and not just as a welfare or redistribution mechanism. Social Safety Nets can foster equal opportunity, remove barriers to social mobility and produce beneficial effects on the allocation of resources, sustainable economic growth and overall macro-economic sustainability¹²." Our action for Social Safety Nets should lead to a "global social protection floor¹³."

Ends

¹² ASEM Leaders' Statement 2010, Paragraph 27

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Annexure:

Regional and sub-regional level action for promotion of Social Safety Nets

1. Conferences and Workshops on social safety nets

- ICFTU – APRO/JIL/ILO Regional Workshop on Social Safety Nets, Manila, Philippines, 28 July – 1 August 1998
- ICFTU – APRO/ILO Sub-regional Workshop on Social Safety Nets for East and Southeast Asia, Langkawi, Malaysia, 28 – 30 October 1998
- ICFTU – APRO/JIL Regional Conference on Trade Union Paradigm for the 21st Century – Industrial Relations, Social Safety Nets and Financial Architecture, Langkawi, Malaysia, 1 – 5 September 1999
- ICFTU – APRO/ILO Regional Conference on Social Safety Nets and Dehumanising Market Economy, Singapore, 5 – 9 October 1999
- ICFTU – APRO Regional Conference on Campaigning for National Social Safety Nets in collaboration with the LO-FTF (Denmark), Singapore, 7 – 11 March 2000
- 18th ICFTU – APRO Regional Conference, Kathmandu, 2 – 4 February 2005 : omnibus resolution with a part on institutional reforms that also covers the issue of social safety nets
- ICFTU – APRO Regional Review Meeting on Social Safety Nets, Singapore, 22 – 24 May 2007
- ITUC – AP Regional Conference on Institutional Reform – For A Better Social Safety Nets and Fiscal/Monetary Policies, Bangkok, 6 – 7 August 2008
- ITUC – AP Regional Conference on Minimum Wage Fixing, Petaling Jaya, 18 – 19 November 2009
- ITUC – AP Regional Conference on Social Safety Nets focusing on Provisions for Retirement and Old Age, Singapore, 18 – 19 August 2010

2. Surveys on social safety nets

- ICFTU – APRO Survey on the provision of social safety nets in selected countries before and after the start of the Asia financial and economic crisis (Date of completion: February 2000)
- ICFTU – APRO Follow – up Survey on the Provisions of Social Safety Nets After 1999 (Date of completion: January 2003)
- ITUC - AP Survey on Social Safety Nets (Date of completion: July 2008)

3. Production of reports on social safety nets

- Report on the ICFTU – APRO/JIL/ILO Regional Workshop on Social Safety Nets, Manila, Philippines, 28 July – 1 August 1998
- Booklet on Social Safety Nets in Asia and the Pacific – for a Better Tomorrow – Statement and Recommendations of the ICFTU – APRO/JIL/ILO Regional Workshop on Social Safety Nets, Manila, Philippines, 28 July – 1 August 1998
- Trade Union Perspective of an Asian Monetary Fund – Conclusions and Action Plans of the ICFTU – APRO Preparatory Workshop , Seoul, 6 – 8 May 1999

- ICFTU – APRO Reference Series No. 1 on Report of the ICFTU – APRO Survey on the provision of social safety nets in selected countries before and after the start of the Asia financial and economic crisis
- ICFTU – APRO Reference Series No. 2 on Report of the ICFTU – APRO/JIL Regional Conference on Trade Union Paradigm for the 21st Century : Industrial Relations, Social Safety Nets and Financial Architecture, Langkawi, Malaysia, 1 – 5 September 1999
- ICFTU – APRO Policy Series No. 1. on Conclusions and Recommendations of the ICFTU – APRO/JIL Regional Conference on Trade Union Paradigm for the 21st Century : Industrial Relations, Social Safety Nets and Financial Architecture, Langkawi, Malaysia, 1 – 5 September 1999

4. National level activities

- ICFTU – APRO (LO-FTF)/CWC National Conference on Social Safety nets, Colombo, 24 – 26 April 2000
- ICFTU – APRO (LO-FTF)/TUCP National Workshop on Social Safety Nets, Manila, 13 – 16 June 2000
- ICFTU – APRO (LO-FTF)/CMTU National Conference on Social Safety Nets, Ulaanbaatar, 22 – 24 June 2000
- ICFTU – APRO (LO FTF)/NTUC National Conference on Social Safety Nets, Kathmandu, 27 – 29 June 2000
- ICFTU – APRO/ LCT and others National Workshop on Unemployment Insurance Coverage, Nontaburi, 21 – 23 July 2000
- ICFTU – APRO/CFL National Workshop on Social Safety Nets, Taipei, 9 – 11 August 2000
- ICFTU – APRO (LO-FTF)/ICFTU – PC National Conference on Social Safety Nets, Rawalpindi, 16 – 18 August 2000
- ICFTU – APRO/NTUC National Workshop on Campaigning for Social Safety Nets, Kathmandu, 18 – 22 September 2000
- ICFTU – APRO/FKTU/KCTU National Workshop on Social Insurance, Seoul, 17 October 2000
- ICFTU – APRO/LO – FTF)/NTUC Regional Workshop on Campaigning for Social Safety Nets, Pokhara, 11 – 14 December 2000
- ICFTU – APRO(LO – FTF)/NTUC Regional Workshop on Campaigning for Social Safety Nets, Kathmandu, 15 – 18 December 2000
- ICFTU – APRO (LO-FTF)/CMTU National Workshop on Social Safety Nets, Tuv Aimag, 6 – 9 March 2001
- ICFTU – APRO(LO – FTF)/NTUC National Workshop on Campaigning for Social Safety Nets, Kathmandu, 26 – 30 April 2001
- ICFTU – APRO/FTUC National Workshop on Social Safety Nets, Suva, 2 – 4 May 2001
- ICFTU – APRO(LO – FTF) National Workshop on Campaigning for Social Safety Nets, Ulan Bataar, 22 – 25 May 2001
- ICFTU – APRO(LO – FTF)/HMS Conference on Campaigning for Social Safety nets. LOnavala, 5 – 7 June 2001

- ICFTU – APRO/HKCTU Workshop on Social Safety Nets, Hong Kong, 9 – 10 June 2001.
- ICFTU – APRO(LO – FTF)/ICFTU – BC National Workshop on Campaigning for Social Safety Nets, Dhaka, 9 – 13 November 2001
- ICFTU – APRO(LO – FTF)/INTUC National Workshop on Campaigning for Social Safety Nets, Bangalore, 3 – 7 December 2001
- ICFTU – APRO(LO – FTF)/ICFTU – BC National Workshop on Campaigning for Social Safety Nets, 30 Jan – 3 Feb 2002
- ICFTU – APRO(LO – FTF)/INTUC National Workshop on Campaigning for Social Safety Nets, Kolkata, 18 – 22 March 2002
- ITUC – AP/CMTU Round Table Meeting on Social Safety Nets and Fiscal Policy including Taxation, Ulan Bataar, 29 May 2009