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# SOCIAL SECURITY AND THE PROBLEM OF OLD AGE IN LATIN AMERICA */

*/ This document was prepared by Rubén Lo Vuolo, Consultant of ECLAC's Social Development Division. The views expressed in this work are the sole responsibility of the author and do not necessarily coincide with those of the Organization. Document not subjected to editorial revision.

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# I. SOCIAL SECURITY SYSTEMS IN THE REGION

## 1. Evolution and different situations

Different analytical paradigms have attempted to explain the development process of social security systems in Latin America. In characterizing and classifying these processes, prerogative has been given to legal, socio-political and administrative-organizational analyses. Methodologically, inputs and outputs are defined which are assumed to be exterior manifestations of the degree of development of the social security systems in the different countries (risks covered, extension of coverage, seniority of legislation, method of financing, etc). The search for common denominators and the defining of chronological stages in this process is the expositive result of this type of analysis. (ILO, International Labour Organization, 1967).

This idea of development of social security systems in stages assumes that the systems have their own dynamics, which allows one to identify degrees of maturity. In Latin America, the motor behind such dynamics appears to be the dialectics between different pressure groups (identified primarily as professional corporations) and the State, as institutional counterpart and intermediary in the resolution of social conflicts (Mesa Lago, 1978). The distinctiveness of each country derives from the individual charateristics which the dialectics assumes in them.

In distinguishing degrees of maturity in social security systems, a wellknown ECLAC study ranks the countries of Latin America into three groups (high, intermediate and low) according to values given to a selected group of variables, at the beginning of the eighties (Mesa Lago, 1985). In the "high" group are found Uruguay, Argentina, Brazil, Cuba, Chile and Costa Rica; in the "intermediate" group are, Panama, Mexico, Peru, Colombia, Bolivia, Ecuador, Paraguay and Venezuela; and in the "low" group, the Dominican Republic, Guatemala, El Salvador, Nicaragua, Honduras and Haiti (table 1). The study referred to does not take into account non-Latin Caribbean countries, because the development of social security systems in these has been substantially different and it would complicate comparisons proposed in the study.

This classification overlaps with another which orders the countries according to the time of nascence of their social security system institutions. Based on this, a double entry table combining both classifications could be devised (Table 1). In this way, the high group countries would coincide with the pioneers in establishing social security institutions in the region, and their salient characteristic would be institutional fragmentation of the system. Costa Rica, despite its lateness in organizing its system, by the beginning of the eighties had achieved levels in indicators selected, similar to the high group. Countries included in the intermediate group organized their institutions from the forties onward and in a more unified manner. Countries of the low group are those in which social security systems only appeared in the fifties and sixties, with more formally unified systems.

For the purposes of comparing indicators, the study continues to be relevant because the indicators have not undergone major changes from the time of its writing, at least in those aspects which determine their ordering. In fact, in some cases, a certain regression has been observed in indicators, as a logical outcome of the economic crisis which affected the region during this decade.

In addition to being pioneers with regard to the establishment of institutions typical to social security, the following elements were common to the "high" group countries: coverage exceeded 60% of total and working population, covering the rest with assistance benefits; taxation on money wages exceeded 26%; system expenditure as a whole neared or exceeded 10% of Gross Domestic Product (GDP), with approximately half of it going to the pensions programme, for which reason the system experienced serious financial imbalances; the method of financing in force, at least in fact, was one of distribution; the ratio of passives to working population was very high, reaching 0.6 to 1; and life expectancy was high, while the population growth rate was low.

Countries in the intermediate group had lower coverage and a broader range (between 18% and 50%); taxation on money wage was lower (around 20%); social security expenditure averaged 3% of GDP, with the majority of it going to the health programme; the system for financing pensions programmes involved stepped mean premiums or distribution of coverage capital; the ratio of passives to working population varied from 0.05 to 0.15; life expectancy was lower and population growth rate was higher.

In the case of countries ranked in the low group, population coverage was very limited (less than 10% of total population and 19% of working population) and it was concentrated in the capital and other major cities; social security expenditure did not exceed 2% of GDP and the greater part of it went to sick and maternity programmes (less than one fifth went to the pensions programme); the passives/working ratio was extremely low (between 0.02 and 0.08); life expectancy was low and population growth rate extremely high.

The study estimated an average of approximately 61% for both total population health coverage and working population pensions, for Latin America as a whole. Nevertheless these figures were heavily influenced by Brazil, since when this country was excluded the percentage dropped to 42.7% (table 2). In the majority of countries, the percentage of working population covered by social security is similar to that corresponding to the formal-urban sector. Although there are no recent comprehensive studies, partial data from various countries allow one to suppose that coverage has shrunk in recent years, particularly in the pensions programme. The increase in unemployment, the drop in real wages and the increase in the informal working sector, among other factors to which the functioning of the social security system is sensitive, justify this observation.

By 1982, both health and pensions programmes, together with that for occupational hazards, were institutionalized in the 20 countries considered in the study cited. On the other hand, family allowance and unemployment programmes existed only in seven and five countries respectively. In general, risk coverage in Latin America has expanded in the sense of offering more services to the same people, rather than expanding coverage, thus generating serious problems of fragmentation and inequity.

Evolution-based paradigms, with their emphasis on legal-institutional matters and financial balances, have given prerogative to analysis of the internal dynamics of social security systems, disregarding to a certain extent the conditioning factors of its reference framework. This is in part a result of the demonstration effect deriving from recommendations by international agencies and from the experience of more developed countries.

The distinctive features of the systems' internal operattional logic are heavily permeated by the particular formation of the state in each type of society, by the specific characteristics of social conflict which public policies attempt to manage in each country and the ties between them, by the predominant political and economic ideology at a given moment and by the reality construct which arises out of the same. To this are added matters which make for the specific functioning of the economic system and its interrelation with social security policies. The lack of debate on these issues has favoured the adoption of models supposedly in force universally, which in some cases have been proven inoperant in the region.

Part of the explanation of this situation should be sought in the simple fact that in many countries and for a long time debate was suppressed or delimited by the dictatorial regimes in force. Paradoxically, during the period these regimes were in force, in the sixties and seventies, structural modifications of the social security system were attempted, primarily in those countries considered to be pioneers. In Brazil the entire system was practically unified, in Argentina and Uruguay an agency was created to integrate or coordinate existing institutions and in Chile reform was initiated which seeks to eliminate the public system (conserving assistancial actions), thus creating, with help from the State, conditions for the emergence of a private system of insurance and health services.

To a certain extent, the experience of the region presents various alternatives. While inertia is confirmed in the evolution of social security systems of some countries, in others there is serious bankruptcy, more as a result of regulatory policies on the part of the State than by gains of workers acting en masse. When it is suggested that the motor behind development of the system has been the action of pressure groups, one has to read corporate interest groups negotiating separately with the State, rather than the collective actions of a specific social class.

Each pressure group's space is greatly modified not only by economic and social transformations, but also by institutional bankruptcies. This explains, in part, the fragmentation typical of the systems in the region. It also helps one to understand the widespread privileged situation of groups labourally dependent on the State, which did not change substantially under the various political regimes in force. State bureaucracy has always been a stable power group in the region, and its loyalty has been greatly linked to the perquisites and privileges obtained from the social security system.

In this study we especially focus on those examples which illustrate various situations of the region. In one case, we have Argentina, where the military dictatorship exhausted reform under the formality of unifying the system's institutions, but without modifying its operational logic. When, at the beginning of the eighties, the economic crisis deepened, the democratic government was faced with a depleted system, chronically in deficit, which affected its own political legitimacy. In the case of pensions, in fact, initiatives have begun where complementary insurance is offered at the private sector's expense, tied to major financial entities. But, up to now, this has been an isolated attempt to attract demand unsatisfied by the public system - uncoordinated and without prior debate.

Another case is that of Chile. Here bankrupting occurred which bore no relation to the supposed evolutionary stages of social security systems. The Chilean experience clearly shows that the dynamics of an institution does not depend exclusively on its endogenous variables, but also on the environment which serves as its reference. The boost given to the private sector in capturing the social services market was unprecedented in the region. The financial and political assistance given by the authoritarian State leaves doubts as to the new system's autonomous capacity for development. In any event, it is unclear whether this represents a regression to old social security systems based on individual responsibility (in a political setting similar to a Bismarkian one), or will become an alternative for other countries of the region.

Costa Rica is presented here as an example of a country which jumped certain stages and which, under special political conditions, including a constitutional amendment in 1961, was surprising in its accelerated evolution of indicators over the last three decades. The motor behind the development of Costa Rica's social security system has been political consensus, which has allowed for innovative institutions to arise, as in the case of non-taxable pensions for basic amounts. At the same time, the experience of the current decade clearly shows the objective constraints imposed by the economic context, even in places where no major political contradictions are manifest.

Ecuador is another distinctive case where what is most interesting is the recent development of peasant social security, in an attempt to overcome constraints placed by the urban formal sector. Also observed are the serious problems of savings accumulation in a relatively undeveloped pensions programme, when the capital market is small and the financial crisis acute.

## 2. Social security systems and economic crisis: the search for a new paradigm

The evolution of social security systems in the eighties clearly shows how economic concerns have dominated centre stage. This aspect had been underrated to a certain extent by students of the subject, probably because social security development in pioneer countries coincided with a stage of relative economic prosperity, or at least, with less sharp cyclical swings in the economy. Nevertheless, the economic crisis which the region is experiencing has caused economic discourse to prevail over legal-political and even that it confront the latter. To a certain extent, it can be said that social security in the region has been left without a paradigm and this makes its immediate future more indeterminate.

The social security crisis in the region goes hand in hand with the crisis in economic paradigm which boosted its development. The view which Keynes popularized with regard to the functioning of the economic system claimed effective demand as the system's motor and guarantor of its stability. In practice, the consequence was that all "consumption stabilizers" turn functional for a policy which attempts to maintain income and employment levels. If current consumption and investment determined income, this meant that current expenditure, and not savings, would determine future expenditure. In this way, proposals for the accumulation of large masses of capital, as required by the capitalization systems of pensions programmes, lost all sustenance.

Social security systems were structured along two key lines of Keynesian policy: fiscal and labour market. Precisely these two areas were particularly affected by the economic crisis of the eighties and explain in part the severity with which limits to the systems' expansion have been manifested. The other aspect of the link between Keynesian policies and social security systems of the region, which it is important to highlight, has to do with an assumption or prerequisite of the conceptual paradigm: the existence of available capital to reply to demand pressure, which, among other things, conditions the inflationary or recovery impact of the fiscal deficit. The disinvestment process, the net flight of capital from 1982 onward as a result of the external debt and the cutting of international credits, the fall in price of internationally traded products, the concentration of liquid capital in large entrepreneurial groups, have all deepened the process of decapitalization and lack of liquidity of the region's economies.

The traditional practice of analyzing the social security system as an isolated system, with specific inputs and outputs, may hide certain essential issues which make for the very construct of the model of analysis. In formalizing the Latin American social security model, not only has the exogenous become endogenous, but also variables have become parameters and vice versa.

The formalized wage relationship has been the axis along which social security institutions in Latin America have been constructed, and for this reason is the main limitation to their expansion. Limits imposed by the labour market do not refer exclusively to employment levels, but are also related to its legal forms, its mobility, productivity level and the economic sector in which it is found. From the socio-political standpoint, these characteristics define specific forms of relations between the corporate power of professional groups and the State, and have also conditioned the bureacratic organizational structure of both. To a certain extent, social security's explicit objective was lost. Instead of being an income distribution mechanism for citizens as a whole, it became a mechanism for mediation between demands and the granting of perquisities.

For this reason, an initial stage has traditionally been recognized in the countries of the region, in which only certain privileged sectors obtained benefits from the system, followed by a period of "massification" of these privileges. But this massification of privileges was not universal (if it had been universal they would no longer have been privileges). For this reason too, equitable systems were not created, but rather institutions stratified by privileges. It is not surprising that State-dependent labour sectors were the first to receive coverage and are those which enjoy the best services.

Use of the wage relationship as the system's axis has conditioned fiscal treatment. Money wage has traditionally been the taxable base on which taxes for financing the system are calculated. As a result, the wage-earning mass sets precise limits on financing. The increase in unemployment and informal activities of the eighties has crudely demonstrated the sensitivity of this type of financial set-up. If to this we add declines in productivity, in real wages and in the State's power of fiscalization, we can better understand the considerable impact had by evasion on the part of both ensured and employer. This phenomenon is more evident in the case of self employed workers. Attempts to incorporate them through typical insurance system benefit-compensation schemes (whether voluntary or imposed) have failed (primarily among the lowest income groups).

In the case of pensions programmes, evasion or delays in receipt of funds or in compliance with legal regulations have increased the gap between the real and potential rate of support. In the case of health programmes, service has become fragmented, and where the market is sufficiently developed, a shift has occurred among higher income levels to the private sector. The result has been an increase in the demand placed on public infrastructure to which is added the scarcity of resources. Even those with institutional coverage go on to use services destined for those not covered due to their inability to meet additional expenses required to effectively access the service.

Identifying money wage as the source of financing for social security - a legacy from social security system schemes based on employer responsibility - has generated the idea that such programmes are self-financed and independent from the other fiscal policies. This has caused a lack of coordination between social security policies themselves and between these policies as a whole and the remainder of public policies.

## 3. Social Security and The Problem of Old Age: Pensions Programmes

The specificity of the time in one's life cycle at which one may have access to retirement benefit is what links it to the old age problem. But in reality, pensions programmes were not constructed thinking of old age as a "contingency", but rather viewing the issue of work retirement and labour market regulation as an objective of the system. For this reason, in nearly all countries of the region (Mexico and Ecuador are some exceptions) the old age programme is integrated with that of disability and death. Within the complex issue which encompasses old age, social security sought to take care of loss of income through inability (alleged or determined) to offer one's work in the labour market.

All countries in Latin America and the Caribbean have instituted old age retirement programmes (information on groups covered, sources of financing, requirements for accessing benefits and characteristics of benefits granted, are presented in the Appendix). Retirement programmes existing in the region recognize the right to old age benefits for the most part between age 60 and 65. There are a few exceptions, but always involving lower retirement ages: in Bolivia 55 (men) and 50 (women), in Ecuador 55 with 360 months of contributions or any age with 420 months of contributions and in Haiti age 55.

In some countries, primarily the pioneers, the age limit is lower for women (Argentina, Brazil, Cuba, Chile, El Salvador, Honduras, Panama, Uruguay and Venezuela). These differences are essentially based on the idea that the incorporation of women into the work force is marginal and that women work mainly in the home. Since women's life expectancy is higher (from 45 onward, there are more women than men in Latin America and the Caribbean), this has caused the receipt of double benefits by those women who receive their own pensions and simultaneously receive an annuity for surviving their insured spouses.

Benefit levels granted by the pensions system are not determined on the basis of retiree needs, but rather are linked in one way or another to working income levels: wages, income scales, contributions are the bases for benefit calculation. In very few cases are benefits granted in a uniform amount (Mexico, Costa Rica). In some cases, pensions are complemented by family allowances for wife, underage or disabled children (Argentina, Colombia, Chile, El Salvador, Guatemala. Mexico, the Dominican Republic, Nicaragua, Panama, Peru and Uruguay).

The result is a pensions system organized to reproduce for passives an income position similar that attained while working. Thus, in distributive terms, these systems are negative or regressive. The proliferation of assistance programmes is not to be wondered at, then, since these seek to meet the specific needs of senior citizens, whether or not they are covered by the social security system. But these programmes are seen as assistance policies and not as compensators by right.

In defining pension programme assistance, the concept of labour "dependence" tends to be attached to the concept of "retirement". Thus, in the majority of countries affiliation to the pensions programme is not mandatory for self-employed or "independent" workers (Argentina, Brazil, Costa Rica, Cuba and Uruguay are exceptions). In fact, whether affiliation is voluntary or mandatory, there are very few of these who incorporate themselves into the system, especially at lower income levels.

In this way the State becomes receiver for the complex demands of the non-working population, whose practices are determined to a large extent by their activities during working life. A relevant question posed regards the degree of individuality to which public policy can or should aspire. Thus, the pensions programme, in the majority of countries, seeks to guarantee a proportion of the working income of passives, whereby the same heterogeneities and fragmentation which characterize labour markets of the region are reproduced. The outcome is that, while for some groups a basic level of consumption cannot be maintained, for others even a savings capacity of beneficiaries is guaranteed.

Special pension programmes for certain categories of professionals, primarily in the public sector, are common in the region. Privileges may occur in the flexibility of requirements for access to them or in benefits received. This generates a situation of irritative inequality, above all if one considers that the cost of these priveleges is passed on to the community as a whole, whether directly through taxation or indirectly through prices or tariffs.

Only in a few countries is retirement or pension granted for old age, in some cases without previous contribution and in others with minimum contribution (Argentina, Ecuador and Uruguay). In other words, in only a few countries is age - one of the indicators of the old age situation - a "reason" for retirement. In general, age is a "requirement" for accessing retirement and those who are theoretically less old at a determined age (women) are those that have access to it before.

In Brazil and Ecuador, for example, there are pensions for years of service without age requirements. In practice, this type of benefit serves to protect those persons who lose their job at an advanced age and have serious difficulties in reentering the labour market. Theoretically, the legislation of certain countries has similar practical effects, where reduced or early pensions are offered after a set number of contributions have been paid (Colombia, the Dominican Republic, Ecuador, El Salvador, Panama and Peru).

In summary, retirement programmes cover only one aspect of old age: loss of the insured's source of income due to assumed physical disability or to obsolescence in the labour force. Retirement is conceived as coverage for loss of productive social function. For this reason, in effect, it is an instrument for labour market regulation. This idea is reinforced when one notes that, although in the majority of Latin American countries exercising the right to an old age pension is optional, in some (Argentina, Brazil) the worker can be told to retire when he meets the stipulated requirements for access to maximum retirement. In Honduras, retirement is mandatory once requirements have been met.

The majority of countries in the region possess minimum pensions (usually at very low levels) and with adjustment mecanisms for easing deterioration of purchasing power due to inflation. Adjustment criteria are varied; in some cases, according to variations in wages (Argentina, Bolivia, Colombia, Uruguay), in others as a function of cost of living (Costa Rica, Ecuador, El Salvador), of the price index (Brazil, Chile, Nicaragua), according to a combination of prices and wages (Venezuela) or by legal provision (Mexico, Panama). Nevertheless, in few cases have the legal provisions been met lately, due to the very effects of the fiscal crisis and maturation of the systems. In any case, this issue encompasses another matter which has not been clearly defined either: retirement "mobility". This is not merely a technical issue, but is greatly dependent on the very concept of retirement adopted.

In terms of financing, in the majority of countries the old age pensions programme is financed by three sources: contributors, employers and the State (whether as employer, transferring a preset amount of resources or covering occasional deficits of the system). The final impact of this type of fiscal burden is a subject for debate, but it seems logical to assert that given oligopolic markets, characteristic of the region, and the persistent fiscal deficit, a great portion of the burden is passed on to prices. More debatable is the potential effect in the selection of production techniques. In many cases there are maximum contribution ceilings, which not only reduce the systems's financing capacity, but which also generate distortions in income distribution.

Another matter concerns the method of financing. The fact that one particular method is in force is not the outcome of technical considerations, but rather results primarily from the economic situation and the system's degree of maturity. In a survey carried out on the topic, the majority of countries answered that the main cause of change in their methods of financing was the system's economic situation (Brenes, 1986). It is necessary to bear in mind that, at the time of their constitution, and independently of the financing mechanism, it is logical to suppose that all pensions systems must function with a high rate of support. Thus, they are all systems which are potentially capable of accumulating reserves. The difference lies in that a capitalization system requires maintenance of a technical reserve in order to exist, while those based on distribution can dispense with them.

In the beginning, nearly all countries used a regime of pure capitalization or stepped premiums. But the need to adopt a distribution method due to pressing economic needs, has not allowed legislation to adapt to the new reality. As a result, there are countries, mainly the pioneers, which evince an institutional hybrid: legal standards conceived in terms of a capitalization method with respect to the rights which it grants individuals, while the system is financed as a distributive one.

The distinctiveness of the pensions programmes, analyzed within the context of old age policies, is that they grant benefits in money which are not linked to the capital equity position of the beneficiary. The rest of the policies offer assistance in kind, or, if in money, it is related to a specific end use. This difference in logic is what makes it difficult to coordinate the whole.

The most important assistance in kind is that of health service. In the majority of the region's countries, pensioners are incorporated into the working population is health programme. Argentina is an interesting case where an attempt was made to institutionalize a special programme for retirees, within the general logic of the health system in force.

This situation is illustrative when it comes time to propose structural reforms. The increase in number of senior citizens, the majority of which depend on public assistance for meeting their basic needs, may be a fundamental element in confronting a modification of the costly and inefficient health systems of the region.

## II. SOME ILLUSTRATIVE CASES

### 1. Argentina: The Inertia of a Depleted System

As of the mid sixties the Argentine social security system began to manifest problems typical to pioneer countries and mature systems. Nevertheless, reform attempts which were progressively undertaken at no time substantially altered their operating logic. The eighties saw an acceleration of the crisis of the system and the democratic government was forced to declare a social security emergency. This not only affected its legitimacy but also clearly demonstrated the latent conflicts and contradictions which exist between a rigid legal set-up and a dynamic political-economic reality.

In order to adequately interpret the current social security situation in Argentina, one must remember certain issues central to the constituting process and development of its institutions. The first laws basically applied to pensions programmes and the first groups covered were those linked to public services. Nevertheless, towards 1944 those affiliated to the various Funds only accounted for 7% of the working population.

In 1946 the stage of pension programme massification began, as did the start of social security in the area of medical attention. The massive incorporation of new contributors occurred simultaneously with legislation which was generous in its requirements for accessing the systems's benefits (table 3 shows the high growth rates of benefits in the fifties). In the area of health, support was given to the creation of "social works" (union social security plans), successors of mutual associations. The first to arise were linked with state unions and that part of the private sector with greatest economic power, which allowed them to create their own medical attention establishments and to offer affiliates a direct attention modality. For unions with lesser power, "indirect" attention was developed. Simultaneously, in this era, government promoted major development of public hospital infrastructure.

During the first years of establishment of the new pensions plan, the various Funds had sizeable surpluses which were used to finance other social policies. At the end of the fifties this surplus had all but disappeared yet; paradoxically, in 1958, a new law was enacted which established the obligation to pay up to 82% of the wages that had been received by pension beneficiaries in their final working stage, depending on retirement age. Thus, the system began to function, in effect, as a distributive one, and, concurrently, it institutionalized the severing of links between wage calculation and revenue. As a result, from the mid sixties onward, the system as a whole began to show systemic financial deficits (Dieguez y Petrecola, 1974).

Faced with this situation the military dictatorship which took political power in 1966 decided to implement a reform on which the current system is based. The State Secretary's Office for Social Security was created within the Ministry of Labour to regulate and supervise the system, the various Funds were merged into three (Commerce and Industry, State and Autonomous) and age requirements for accessing benefits were raised. Nevertheless, this attempt to establish a more uniform system was reverted by events. Within the very ambit of the State, a short time later, special regimes were authorized for officials of the Judicial Branch, the Presidency of the Nation and the Federal Police. Simultaneously, complementary Funds for different occupational groups became increasingly widespread.

In 1970, at a time when the military dictatorship was growing politically weaker, the Law of Social Works was approved for the purpose of disencumbering the financial problems of an important group of social works and ordering its operation. To this end the National Institute of Social Works, (I.N.O.S.) was created, which agency was given the task of coordinating and planning social works activities as a whole, in addition to controlling their resources, financing and investment. In this way, the social works subsystem was institutionalized, which, together with those of the private and public sector, from thereon formed the tripod on which Argentina's health system is structured. The original aspect of this scheme involved legally setting a minimum base for contributions calculated on money wage, from which resources were extracted, and passed over into the hands of union representatives, to whom the task of administering social works was given.

In May 1971 a special social work was created for beneficiaries of the social security system: the National Social Services Institute for Retirees and Pensioners (I.N.S.S.J.P.). To meet its objectives, the establishing of a medical attention system throughout the entire country was proposed, which was called the Integral Medical Assistance Programme (P.A.M.I.). The programme was structured into different levels of medical attention. A first level was organized around a general "head" doctor, who was responsible for a limited group of beneficiaries who chose him from a list made up by the Institute. The second level of attention was made up of specialized cross-consultation services requested by the head doctor and services for scheduled or emergency hospitilization of acutely ill patients, in addition to highly complex diagnostic or therapeutic treatments. The third level was reserved for beneficiaries who suffered from prolonged afflictions of any sort.

The payment modality of PAMI substantially modified two key practices prevailing up to that time and which were defended by medical corporations: free choice of doctor and payment by benefit. In PAMI, the head doctor received a fixed amount per beneficiary and for a set amount of time. An overall capital amount was estimated for those providing assistance at the second level, while those of the third level charged per medical service rendered.

Active resistance by the medical corporation resulted in PAMI's only being able to be developed in the Federal Capital and its conurbation. The loss of political support for the programme caused INSSJP policy to center on entering into comprehensive agreements with medical federations, social works associations or municipalities. In these cases the Institute acted only as collecting agent, transferring what was stipulated in agreements to contracted parts. In 1986, 43% of those affiliated to INSSJP were covered by the PAMI system, 32.3% by comprehensive contracts and the remainder by mixed systems, arising out of a combination of the first two (Golbert, 1988).

The pensions system structure has not undergone any modifications since the reform of 1967, and since that time, political power has faced serious difficulties in meeting what was stipulated by legislation. The process of deterioration has deepend in the last years (see table 4). In 1980, the government of the new military dictatorship, initiated in 1976, eliminated employer contribution to the pensions programme, supplanting it with a transfer of funds collected through value added tax (VAT). This transfer was calculated on the basis of collections carried out through personal contributions to the system, with which the overall amount of resources would theoretically not suffer modifications, with reform being limited to a supposed attempt to reduce labour costs and favour competition, within the framework of a political economy of indiscriminate aperture and lagging of exchange rate.

The isolated and irrational nature of this situation became manifest when in 1984 the constitutional government had to reintroduce employer contributions in the face of the system's pressing financial needs. The systematic deterioration of the financial system in 1985 became translated into Law 23270, which establishes the transfer of 25% of total collections undertaken by Family Allowance Programme, over to the social security system, thus reducing the amount of former programmes' benefits. In 1986 employer contributions were raised to 12.5%.

The financial flows were insufficient for meeting legally established obligations and so began a generalized process of lawsuits filed by beneficiaries of the system. This situation led government to decree the "social security state of emergency", establishing the stoppage of all existing lawsuits up to that moment and impeding the filing of new suits until 1988.

The political delegitimization produced by this measure is often cited as one of the causes of the official electoral defeat in parliamentary and governor elections held in late 1987. In light of this, in May 1988 the Executive Power decreed a revoking of the social security emergency, a return to the ordinary regime for pensions calculation, as provided for by law 18037 of 1967, a modification of contribution percentages, a raising of pension ceilings with regard to minimum retirement and the establishing of a new regime for judgement executions by readjustment of unfulfilled social security benefits as provided for by law. Simultaneously, a special tax was levied on fuel prices and on certain public service rates to finance recomposition of the value of social security benefits, it being estimated at the time of implementation, that the additional contribution would be 2% of GDP. Thus the systems's inability to finance itself through taxes which it has classically collected was explicitly exposed.

In health, the military dictatorship in power during 1976-1983 approved a new Social Works Law which attempted to curtail union power by eliminating them from its administration and which promoted the idea of free choice of social security scheme by citizens. In practice, the social works remained in the hands of government interventors and no disaffiliation of workers occurred, the latter continuing in social works associated with their occupation. At the end of 1988 a national health insurance law was approved which seeks to unify and rationalize the system. But because it has not been regulated as of this writing, it will not be considered here.

The social security system which results from the process described is highly fragmented. In the National Social Security System, there are Funds for public and private sector workers and one for self employed workers which seeks to attract the non-formalized labour sector. In addition, there are a set of special regimes for judicial and legislative officials, armed and police forces and various agencies within public administration itself. There are special Funds for provincial and municipal government employees and special regimes for provincial judges, legislators, and police (in 1981 there were at least 67 provincial pension Funds in existence).

At the time National Health Insurance was approved, there were around 300 social works schemes in existence, each with diverse administrative systems (unions of the private and public sector, state and "mixed" etc.). In addition to institutional diversity, social works were characterized by a great heterogeneity in number of affiliates and economic power. In 1985 it was estimated that 74% of the country's population was covered by the social works system (table 5), but 50% of total beneficiaries were affiliated to 5 of these (pensioners, business employees, metallurgical and construction workers). That year, INSSJP had around 2,070,000 nominal members plus 904,000 as dependent family members (as a whole, they accounted for 13.3% of total population covered by the various social works in the country). For 1984, it was estimated that 32% of joint social works' payouts corresponded to INSSJP, which gives an idea of the latter's importance within the social security system as a whole. The impact on expenditure resulting from the age composition of its affiliates explains, to a large extent, this situation: 25% of INSSJP affiliates were over 75 years of age (table 6).

Fragmentation is one of the main characteristics of social security in Argentina and this translates into a total lack of coordination between services. Powerful sectorial interests have modelled the Argentine social security system, transforming it into one which is inequitable, irrational and markedly stratified. While sizeable sectors enjoy very high quality services, even holding multiple institutional coverage, others are totally devoid of any coverage.

This lack of universality is accompanied by great regional inequities. Estimates carried out in 1980 exclusively on the male population over 65, showed that while in the Federal Capital there existed the phenomenon of overcoverage, in the less developed provinces coverage was estimated at 30% to 40% (table 7). Percentages are notably reduced if we take into account legal ages for access to retirement (age 60 for males and 55 for females): in 1980 it was estimated that only 60% of the potential beneficiary population had access to this type of benefit.

Institutional heterogeneity also poses inequities with regard to benefits granted for various special pensions programmes and conditions for accessing these. The various systems are characterized by differences in age requirement, years of contribution and contribution quotas. In the area of medical attention, there are major economic differences among different social works: total per capita expenditure and medical per capita expenditure vary greatly among them (see table 8).

With regard to INSSJP, although from the legal point of view all affiliates have the same right to utilization of services, in actuality additional complementary expenses and different bureacratic procedures hamper compliance with standards. Supposedly, affiliates' contributions to the Institute should cover all medical expenses without there being a need for any additional expenses; in actuality, in many cases co-insurance stipulated by agreement has to be paid, and even direct differencial fees have to be paid to the professional at the time the medical service is rendered. The same comments made on National Social Service System coverage apply in the case of INSSJP, given that the same group of beneficiaries is involved.

The financial pensions programme situation has steadily worsened in the last years, becoming transformed into an element of political delegitimization. The fall in the potential dependence rate, high evasion, the existence of privileged regimes, the decline in real wage and the wage-earning rate in the economy are determinants in the financial crisis. The situation is not the same for the various Funds: the Industry and Commerce Fund has been subsidizing the rest of the system. Simultaneously, the National Treasury has recycled funds arising out of a highly regressive taxation system, to the detriment of other programmes.

The dynamics of the financial deterioration process has been translated into an increase in the expenditure burden of the social security system as compared with public policies as a whole. Recent estimates place total expenditure of the Argentine public sector on the social security system at 9% of GDP at market prices. Out of that total, 6% would be the part destined for the national system, 1% for the special Funds which the National Treasury directly supports and the rest is for the provincial and municipal employee systems. Comparatively speaking, the Argentine public sector spends 4% of GDP on education, 5.2% on health (including social works) and around 2.5% on housing, unemployment insurance and social assistance.

Neatnesses in tax collection are reflected in the high indices of evasion. In 1983 it is estimated that the Industry, Commerce and Civil Activities Fund had a potential support rate of 2.85 to one while the actual one was 2.46. The Self-Employed Workers Fund showed the inefficiency of social security schemes for incorporating non wage-earners: while the actual rate was estimated at 1.92 the potential one was approximately 3.3. The situation in the State Fund reflects the consequences of using the social security system as an instrument for perquisites: whereas the rate of support, assuming nil evasion, was 1.4, the State Fund was the one which in 1985 paid the highest intermediate benefits and had the lowest weight of minimal wages over total wages.

The lack of serious debate regarding possible alternatives and of political consensus regarding model depletion has allowed for the arising of isolated and contradictory actions. Towards the end of May 1988 a resolution by the Insurance Superintendency was passed, authorizing the operation of insurance companies exclusively dedicated to granting retirement insurance and complementary life insurance. This type of operation began to be marketed as "private retirement" by groups of national and international financial entities and to date has had very little market penetration.

The very ambit of regulation of these activities (insurance) indicates their independence from the public pensions and retirement system. Nevertheless, if fiscal and financial benefits continue to be conceded, it may prove attractive for high income sectors and powerful entrepreneurial groups. All this may result in the anarchic development of a complementary system which could rapidly contribute to delegitimize the public one even more.

In summary, Argentina is an example of a hybrid system, depleted in its capacity for development. On one hand, a public system exists whose legislation is inspired in spirit and in mechanism by social insurance financed by capitalization methods, while in actuality it functions as a deficit-showing distributive system. The absence of political consensus on the need for modifying the systems's functional bases fosters the development of private situations which increase fragmentation, inequity and lack of coordination between policies.

## 2. Chile: Substitution of the Public System for a Private One Assisted by the State

Chile, having been a pioneer in the institutionalization of social insurance, at the beginning of the seventies had one of the most fragmented and onerous systems of the region, while its benefits were among the most generous. The bases of the Chilean social security system were established in 1924-25 during the government of Arturo Alessandri Palma. At that time the most important pensions programmes were created: Social Insurance Service (SSS) which covered workers, Social Security Fund for Private Employees (EMPART) and the Public Employees and Journalists' Fund (CANAEMPU). In the fifties, independent pensions programmes multiplied, with even the establishment of different ones for the same professional category.

From 1938 onward, development of health insurance began and new benefits were incorporated (family allowance, unemployment insurance for private, railroad and municipal workers, maternity subsidies, etc). In 1952 the National Health Service (SNS) was created, which absorbed the original Workers' Illness-maternity Programme, incorporated other services and proposed assistance for indigent persons. The system's fragmentary dynamics became apparent with the creation of a separate programme for white collar employees, Employees National Medical Service (SERMENA), together with others for the armed forces, police, banking and other groups.

The Chilean social security system, at the beginning of the seventies, was one of the most notorious examples of a fragmented and stratified system. There were multiple pension programmes: for old age, according to seniority, disability, illness-maternity, family allowance, etc. Each institution had its own legislation and administration and granted different benefits, while at the same time various public bodies existed which were responsible for supervision. On the other hand, as a whole, it had one of the most developed protection systems in Latin America: it included all typical social risks, with generous benefits and liberal access conditions. In 1973 it covered approximately 71.2% of the population and 75.9% of the working population, and in health it was outstanding for its services and coverage levels (see table 9). The cost of this system recorded an historic maximum in the early seventies: around 17% of GDP.

The military dictatorship, with the elbow room obtained by coercively eliminating the social sectors' capacity for political pressure, in 1974 began one of the boldest reform undertakings of the social security system. Thus, between 1974 and 1979 costly privileges were eliminated, uniform and universal subsidies were introduced into the unemployment insurance system, family allowance amounts were equalized for the population as a whole and a common fund was created for them, a minimum uniform amount was set for pensions, seniority pensions were eliminated and age retirement was equalized, pension adjustment methods were unified and social service benefits were extended, employer contributions to pensions programmes were suspended while at the same time the two main health programmes (blue collar workers and white collar employees) were coordinated under the Ministry of Health. The reforms did not modify the occupational hazards programme and excluded the armed forces and the police, who continued to enjoy a preferential system.

Once reforms in the State-administered systems were established, in 1981 consolidation of the new social policy strategy was completed. Thus, new pensions and health systems were created, administered by private corporations, for profit: Administrators of Pension Funds (AFP) and Institutes for Health Insurance (ISAPRE).

The new pensions system is a mandatory, private, individual savings program for all workers (except the Armed Forces), with the initial granting of a five year period to those who were under the state system, to affiliate themselves under the private system. Since 1983 all wage-earning workers who enter into the labour market are forced to affiliate themselves to the private system (where contributions are lower than those which existed under the old system), while self-employed workers can do so voluntarily on their own. In 1987, 75% of working contributors were enrolled in the private system but 98% of pensioners and retirees were being paid by the state system. The logical outcome is that, while the State supports a large deficit in its social security programme, private financial institutions earn considerable profits, which feed the financial circuit.

The old health systems (SNS and SERMENA) were unified under the Ministry of Health, and are administered by the National Health Fund (FONASA), which centralizes the public health budget. As opposed to the private pensions system, whose ultimate objective is to substitute the public system, the private health system seeks to complement the public one.

In 1987 the Social Insurance Programme (retirements and pensions) in its State segment, was assisted by 11 Social Security Funds, including those of Defense and Police, while there were 12 AFP, which administered the private system supervised by the Ministry of Labour. The Health Insurance Programme (illness-maternity) came under the National Health Fund (FONASA) and the National System for Health Benefits (SNPS), while there were 25 private ISAPRES, supervised by the Ministry of Health.

In 1984 the Social Insurance Programme accounted for 58.5% of the net Social Security Budget for administrative expenses, and confirmed a rising trend, despite privitization (table 10). Thus, the public sector began to allocate a greater portion of the social budget to support the consequences of the pensions programme transfer to the private sector. According to estimates, the social security deficit accounted for 5% of GDP for the State in 1985, while the AFP undertook financial investments equivalent to 29% of total financial system deposits, or 50% of term deposits (Frediani, 1986). In December 1986, AFP financial investments were tied up as follows: 46.7% in State financial instruments issued by the Central Bank or the National General Treasury, 25.5% in short term mortgage bonds issued by official and private banks; 23% in fixed term deposits and only 3.76% in shares issued by private companies (table 11).

In this way, a strong State presence was observed in the formation of the AFP rate of return. Although legislation sets maximum limits for each type of financial investment claim held, those used up to the maximum involved precisely public assets. Besides, the State not only guaranteed a minimum rate of return for funds, which is related to the average interest rate of the economy, but also guaranteed a minimum pension level. If to this we add the high concentration of the insured in a few AFP (2 of the 12 AFP concentrate half the number of insured) not only does the argument of market competitiveness lose ground but it accentuates the idea of prebendary capitalism as being an inescapable requirement for this type of system to function, at least with the small capital markets of Latin America.

The age structure of individuals affiliated to the state system leads one to forecast that it will continue up into the first quarter of the next century. In 1987 it had 448,000 working contributors and had to pay 655,800 beneficiaries from 9 Social Security Funds. To this one must add 60,000 passives in the National Defense Social Security Fund (Armed Forces) and 44,000 in the Police Social Security Administration which, in 1985, received pensions four times greater than the average of civilian Funds.

In general, State employees have not enrolled for AFP services because benefits obtained from the public system are better. Thus, it may be affirmed that the public social security system deficit, in particular, benefits State employees themselves. This is yet another facet of Chile's political paradox: an authoritarian and repressive State which claims to encourage private responsibility over public yet offers perquisites to its own employees and guarantees rates of return to entrepreneurs in their activities.

The impact of the reform on trends in the number of passives was significant. While in 1980 there were 1,070,000 Social Security beneficiaries (9.6% of total population), in 1987 this number had dropped to 702,300 (5.6% of total population). This reduction is complemented by a drop in coverage rate. Recent estimates place coverage in 1987 at 56.7% of total population and 50.7% of working population, while in 1980 these percentages were 67.3% and 61.3% respectively (see table 9).

These actual coverage figures contrast with the spirit of the legislation which is one of the broadest in Latin America. In effect, in Chile all wage earners are legally covered (including agricultural labourers and domestics) and self employed workers (who had mandatory coverage under the old system but voluntary under the new). Although it is probable that the statistical clearing undertaken by partially unifying the system did eliminate multiple affiliations, the magnitude of the drop evidently deserves sounder explanations.

There is a high proportion of the population without social security coverage in Chile, and the two main causes seem to be high unemployment rates and evasion of the system. In the last decade, Chile had one of the highest open unemployment rates in Latin America: despite its reduction in the last few years, in 1984-1987 it reached 14%. To this is added the majority of self-employed workers who do not enroll in the system (in early 1983, 96% of those affiliated to AFP were wage-earners) and those who are under special compensatory employment programmes for out-of-work Heads of Households.

In the case of self-employed workers, the Chilean experience demonstrates that, at least in labour markets such as those of Latin America, actual coverage of self-employed workers through a social security plan is unthinkable (whether it be mandatory or voluntary, private or state). In early 1982, it was estimated that only 21% of self employed workers were incorporated into the social security system (state and private). Those who do not join the social insurance system had the right to an assistance annuity, free health attention and special family allowance. In other words, the Chilean system institutionalized market-derived differences and fragmentation: benefits of one kind for those with the capacity to repay and assistancialism for lower income levels.

It is also interesting to note that not even privatization of the system has succeeded in eliminating evasion. In 1987, out of over 2,600,000 affiliates, only 1,600,000 regularly contributed to AFP's. All these indicators cast certain doubts as to the efficacy of the market and of private management for meeting demands. Between May 1981 and May 1986 the private system absorbed around 1,600,000 working contributors under the old system while in 1987 it paid only 35,000 benefits, out of which only 10% were for old age. (Frediani, 1986). It is not surprising that the working/passive ratio in the state system is 0.68 (without taking into account the Armed Forces and Police) while for the entire system it is 3.2. This factor, added to transfers to the private sector carried out by the State in recognition of previous contributions by those now enrolled in the private AFP's, explain the State system's deficit.

Thus, private saving has accumulated at the expense of the public deficit. The Pensions Fund accumulated up to 1987 was equivalent to 11.5% of GDP, approximately 2 years of national savings and 2.5 times the value of M1 (currency plus sight deposits). The other side of the coin is the increase in the social security deficit, which in 1981, when privitization commenced, was equivalent to 1.7% of GDP and in 1987 had risen to 5.5%. All indicators permit one to forecast that it will continue to grow.

On the other hand, the private system mechanism has been fundamental in accentuating the concentration of financial capital. Seventy percent of the Fund is accumulated in only 4 AFP, and, controlling their own insurance companies and major banks, they wield enormous power of control over the functioning of the economy. What is interesting is that while the Pensions Fund grows at an increasing rate, the limited nature of the Chilean capital market forces investment of the greater part of the Fund in public securities or in the official banking system. This should not be interpreted as an unexpected outcome, but rather as a logical effect of the system's own functioning; one could even think that it is a requirement for its own survival.

A similar transformation is taking place in the health system. The ISAPRES are absorbing those persons with higher incomes while the National Health Fund (FONASA) is undergoing capital depletion because it has to absorb lower income workers. It is interesting to note that, because affiliation is not mandatory, the evolution of ISAPRES, although significant, has been less than that of AFP. In 1987, ISAPRES had approximately 1,200,000 affiliates, of which only 300,000 were contributors and the rest dependent family members. It is not to be wondered at then that in 1986, the State SNSS dealt with around 73% of medical appointments of the entire health system and covered 90.5% of hospitalization days (Ministry of Health, 1988).

In summary, Chile is an atypical case within the region, but it undoubtedly exemplifies a possible scenario for the future. The military dicatatorship government has clearly shown, in all its crudity, the extent to which institutions are subordinate to the prevailing economic and social strategy in effect at a given moment in history.

### 3. Costa Rica: Political Consensus, Rapid Development and their Limits

Costa Rica is one of the countries that established the basic institutions of its social security system in the forties. Consequently, the system's structure was heavily influenced by the ILO and the Beveridge Report recommendations, in terms of institutional unification and centralization. Despite its late appearance and at scarcely twenty years of development, in the last three decades Costa Rica has advanced at a breakneck pace, to the part where it now shows indicators typical of more mature systems.

In the first four decades of this century, scant industrialization and lack of political participation prevented the development of social security institutions beyond certain easily granted pensions and independent pension funds for certain public servants. In 1941 the institutional bases of the current social security system were established with the creation of the Costa Rican Social Insurance Fund (CCSS), whose two main programmes, administered within the social insurance scheme, were that of illness-maternity and that of pensions. Nevertheless, the independent funds which existed at that time were not absorbed by the Fund; on the contrary, others (always linked to public services) were progressively added later .

Up until the early sixties only a small proportion of the urban labour force, concentrated in the capital, was covered by CCSS. As of that time, coverage was extended to workers in industry, construction and commerce, while at the same time the wage ceilings which had excluded workers earning medium and high wages were raised. In the seventies, wage ceilings were eliminated and coverage was extended to the remainder of agricultural workers, self-employed, and to domestics. Pensioners were incorporated into the health programme and a social services programme was introduced, which granted pensions and health services to indigent persons. Around 1980, approximately two thirds of Costa Rica's population was covered by social insurance.

The rapid extension of CCSS coverage in the seventies is distinctive in certain aspects. The high proportion of wage-earning workers as opposed to self employed workers and unpaid family workers, low open unemployment and underemployment rates, lower proportions of labour force in agriculture and the small size of the country, are some of the factors which allowed for this process. To this favourable context was added political consensus, even shaped in a constitutional amendment in 1961, which gave a definite boost to making coverage universal.

The other facet of this accelerated development is seen in the increase in social security expenditure (see table 12). In 1980 the cost of social security in Costa Rica, as a percentage of GDP, placed Costa Rica at levels similar to those of pioneer countries. But unlike the majority of these, the basic burden lay in health expenditure and not in the pensions programme: in 1980 Costa Rica headed Latin America in per capita health expenditure. Health indicators reflect the results of this process: between 1960 and 1982 health coverage of the population under CCSS grew from 15% to 77%, the infant mortality rate dropped from 69 to 18 per thousand and life expectancy increased to over 71 years of age.

In 1974-78 all Ministry of Health hospitals were placed under CCSS, with the former being left responsibility then for the administration of programmes for preventive medicine, indigent persons (both rural and urban) and child nutrition. Three quarters of CCSS expenditure in 1982 went to illness-maternity and the remainder to the pensions programme, which, nevertheless, already showed a marked tendency to increase its share in expenditures. The demographic load quotient has progressively increased in the last few years, although the situation appears to be more difficult for independent funds which have been established longer than those administered by CCSS.

The increase in the number of pensioners, a product of the system's own maturity, had already begun to be felt by the mid seventies. A large part of the reserve funds of the taxable pensions programme has been used to subsidize the illness-maternity programme and it is probable that its market value will not be regained in the future.

The social security system in Costa Rica is quite uniform and administratively unified. CCSS, an autonomous institution, administers practically all the country's curative medicine, through the illness-maternity programme and social assistance programmes attended to by public funds. Services are rendered directly by CCSS, which even has a hospital specializing in geriatrics. Some experimentation with private sector agreements has commenced, given that CCSS has been facing financial problems in the last few years and has problems in continuing to absorb the medical personnel of the country. This institution also operates the taxable (old age, disability, death) and non-taxable pensions programmes.

The sector of the population not insured for health by CCSS includes high income non-wage earners who, although they could voluntarily be insured, in practice pay for their own medical attention; wage-earners who evade their obligation of becoming affiliated to the Fund and are attended as indigents; those low resource non-wage earners who receive assisted attention or who work for a relative, although - despite their not being directly insurable - they could be insured as dependents. The uninsured can turn to Ministry of Health's services.

CCSS administers two pensions programmes: that of Disability, Old Age or Death and the Non Taxable Regime. Recent information indicates that the first programme covers approximately 46% of working population and the second slightly over 4% (Brenes, 1986). Although data sources vary and one cannot establish methodological differences, these levels of coverage are lower than those estimated by ECLAC (table 13). Non taxable pensions are subscribed to in basic amounts and are financed by transfers (a percentage from the Social Development Fund and the Family Allowance Programme).

The Mixed Institute for Social Assistance is responsible for supervising and for social welfare services aimed at senior citizens. Independent funds are administered to a large extent by the Ministry of Labour and their beneficiaries are public employees. Although they are not as marked as in countries with more fragmented regimes, major differences exist between pensions paid to different professional groups (table 14).

A contradiction arises within the State itself regarding organization principles which are supposedly adopted for the rest of the social security system. This is all the more serious if one considers that the State's contribution to independent funds, in relation to other sources of financing, is greater than that which it provides CCSS. In other words, in Costa Rica privileged regimes also co-exist, despite its having one of the most rational situations of the region.

### 4. Ecuador: The Boost by Peasant Social Insurance

A regime of benefits with typical social security characteristics was initiated in Ecuador in 1928, with the creation of the fiscal and municipal employees and teachers' Pension Fund, which was responsible for protective as well as cooperative and financial actions. In 1935 the National Social Security Institute was created for the purpose of implementing the Mandatory General Insurance regime, and from then onward, various Funds were progressively created to incorporate other occupational groups. In terms of benefit development, in 1928 the first retirement regime was established for disability, old age and survivors; in 1937 illness-maternity benefits and only recently from 1957 onward was the process of granting unemployment benefits begun.

The sixties and seventies were characterized by integration of the system, merging of Funds under the Ecuadorian Social Security Institute (IESS) as a unitary, national and obligatory model. From 1964 onward, coverage - which up until that point had only reached those with stable and formalized work - was expanded: craftsmen, domestics and construction workers, etc. were incorporated.

Although Peasant Social Security was established in 1968, only recently in 1981 was the "Law for the Extension of Peasant Social Security" enacted, where by progressive broadening was established to include all members of a peasant family, whether they belonged to communes, cooperative associations or any other form of organization, as well as those who, while not belonging to any organization, expressed the desire to affiliate themselves. As a result, in 1986, 1364 organizations and approximately 434,000 beneficiaries were covered (between 1980 and 1986 those insured by Peasant Social Insurance increased at a yearly cumulative rate of 26.11%). That year, it was estimated that 13.4% of the total population and 36.5% of working population was covered by social insurance in Ecuador (Ribadeneira et al, 1988). The coverage growth process has been slow and in the eighties was due fundamentally to the impetus of Peasant Social Insurance (table 15).

Coverage by sector of the economy approximately reproduces the working population of the country. The greater percentage of benefits is concentrated in the tertiary sector (42% of total working population), while the secondary sector has only approximately 17% coverage (table 16). Growth of primary sector coverage as a result of Peasant Social Security, has meant an increase from 10.84% in 1982 to 26.24% in 1984 (table 17).

To a certain extent, this has gone hand in hand with the intense growth of the agricultural product during the period of 1985-87. Estimates for 1988 suggest that this performance has markedly decreased, while unemployment climbed to 13%. This has been offset, to a certain extent, by the increase in oil production, after the dramatic drop registered in 1987.

The Institute grants all all types of benefits: insurance against illness, disability, old age, death, occupational hazards and unemployment. These programmes are financed through personal, employer and State contributions, the latter being equivalent to 40% of retirement benefits due to old age and death, and in addition, by profits from capital investments by IESS.

Within the Institute itself, the typical contradiction is apparent in financing of the various social policies: the health programme is financed by a simple method of distribution and pensions by capitalization. Over the last few years, there has been a major increase in medical benefit expenditures (table 18), with funding being recycled from pensions programme surplus.

In terms of investment of surplus from the capitalization fund, Ecuador provides a clear example of the parcity of avenues available for this in Latin American countries with weak capital market development. The average rate of return on investments for the period 1978-83 was a yearly 9% in the face of average inflation of 30%. In addition, a major part of investments were in securities emitted or guaranteed by the State.

Besides, the State does not meet its obligations with the system, but permanently reschedules its debt. To a certain extent, IESS became a source of cheap resources for the State. Its financial activities are multiple and range from investment in productive and service companies to land purchases and mortgage loans. Liquidity, which has characterized the Institute, is a permanent source of financing for other State agencies and, indirectly, for private capital through its investments.

Certain conclusions may be drawn from the Ecuadorian experience. The high percentage of working population in the primary sector makes extension of coverage dependent on the capacity to attract this sector of labour. To this end, various instruments must be resorted to, which link policy not only to individuals but primarily to their social organizations. On the other hand, the social security scheme, in this case applied to a system under formation and relatively undeveloped, shows the same defects as more mature ones. The inability to maintain the market value of funds accumulated, the attraction of these to other ends, the reproduction of fragmentation and inequities are characteristic of the Ecuadorian case as well.

## III. THE FUTURE OF SOCIAL SECURITY AND THE PROBLEM OF OLD AGE

There is a traditional evolutionist view which sees social security systems as a road of no return towards a principled end. Solidarity, equity and universality are the organizational principles which are supposed to rule the system in its final stage. Everything is reduced to a matter of timing, inputs and outputs are perfectly defined: there is man with a determined set of contingencies and a service which satisfies them.

Nevertheless, man is a "placed" being and institutions are constructs and regulations heavily conditioned by the environment which serves as a reference for them. The actions and reactions which define the institutions do not always determine dynamics with a univocal direction: the final stage may well be indeterminate. One cannot talk of the future of social security in Latin America and the Caribbean without expressly assuming a future scenario for the societies of the region.

This does not seem to be very promising from the economic point of view. The region's aggregate GDP, which had increased more than 80% between 1970 and 1980, grew by only 8% in 1980-86, while population increased by 15%. The gross investment coefficient of the region, which was approximately 23% of GDP, on average, during the 1970's, has decreased to an average of barely over 15%. The net flow of capital vis-a-vis the rest of the world turned negative as of 1982, while the external debt continued to accumulate. In this way, the pivotal issue of the vicious circle of underdevelopment - the insufficiency of capital - continues without any avenues of solution being found in the region. Even the rise in international prices, confirmed in 1988, of numerous products which the region exports, with the exception of oil, did not translate into an improvement of the situation, because it was neutralized by an increase in transfers to the exterior.

The first estimates on performance in 1988 do not allow for optimism. Per capita output of Latin America and the Caribbean decreased for the first time since the 1981-83 recession, dropping to a value 6.5% below that of 1980. According to ECLAC, between 1980 and 1988 per capita product dropped by 39% in Trinidad and Tobago, more than 26% in Nicaragua and Bolivia, 24% in Panama, around 20% in Guatemala and Haiti, 15% in Argentina, El Salvador and Venezuela, 14% in Honduras and Peru and 11% in Mexico. After increasing by almost 4% in 1986 and 2.5% in 1987, the region's GDP grew by only 0.7% in 1988.

Stabilization plans managed to stem inflation in only a few countries. The average rate of increase of consumer prices, weighted by population, surpassed 470% in 1988, thus more than doubling the previous year's record. The effect on the personal income of wage-earners can be easily deduced.

The fiscal deficit, despite having decreased in many cases, is a constant in the region, essentially pressured by capital servicing (external to internal). From 1982 onward, a trend is perceived towards reducing public expenditure. In 1985, two thirds of the countries in Latin America and the Caribbean had decreased the participation of transfers and subsidies in the public expenditure total. On the other hand, internal revenue is the main source of financing for central governments, giving a marked regressive slant to fiscal collection. The pressing need for financing and problems in collection, have even caused a shift in the tax burden from personal income taxes to taxes on goods and services and other forms of indirect taxation.

All this provides a context for a productive sector which faces the dilemma of juxtaposing rapid expansion of production and installed capacity, with a restructuring process and the improvement of productivity. The outlook is not optimistic with a panorama of critical strangulation by the external sector, decline in terms of trade, acute unemployment, limited potential for import substitution, intensification of competition in international markets and transformation of supply and demand in them.

On the other hand, the sustained increase in life expectancy has determined the absolute and relative increase in the old age population. This is yet another fact which is added to a very complex and conflictive social reality. However, it is not a fact which is exogenous to the social security system, but rather an outcome of its own operational dynamic and of the type of social model which this institutional set up implies. The State's inability to deal with this new reality may result in a conflictive paradox. The political legitimacy implicit in a system which ensures coverage of the future can be transformed into delegitimization of the present.

This delegitimization involves the passive population itself as well as the working population, because the future of social protection systems will depend to a large extent on the transformations which the labour force is now undergoing. Worthy of mention among these are the stabilization of its agricultural component, the increase in female participation, the slowdown in growth of the labour force, the rise in unemployment (open and disguised) and the larger number of informal workers.

In a context of disinvestment, one of the major problems will continue to be the insufficient dynamism of the industrial sector to absorb labour force. Thus exerting pressure on the services labour market and on the State's employment policy. All of this will greatly hinder continuing progress in coverage and in the provision of social security system services.

The logical limit which the wage contract mechanism typical to social insurance faces in the formal labour market, becomes more acute in Latin America. The exclusionist nature of its economies, the heterogeneity and fragmentation typical of the labour market are reproduced in pensions programmes. The neutrality or regressiveness of these programmes, in terms of income distribution, are the result of both their own organization principle and the socio-economic environment in which they operate.

On one hand revenues are collected on nominal salaries which, given the imperfect structure of markets, are easily transferrable to prices or to employment levels, setting a balance point below full employment. On the other hand, financial imbalances, primarily in countries with mature systems, are dealt with by using contributions from the national treasury whose collection methods give prerogative to indirect taxes. The regressive context worsens if we consider that a significant part of the population has no coverage, yet finances the system as taxpayers.

Likewise, given the way in which pensions programmes are organized, it becomes very difficult to plan and coordinate their dynamic with that of the remainder of public policies. The latter usually function with a mechanism typical to fiscal policy: revenues are collected along "taxable bases" and expenditures are made according to politically determined priorities. On the other hand, in pensions programmes, and in social security systems in general, certain requirements are needed to access "rights". These rights are individual and their values are measurable according to established criteria, which facilitates the advance of their expenditure over the rest. But because in addition, these rights are acquired by meeting contribution quotas, the abrupt fall in personal income in broad sectors of the population has repercussions in the form of a loss of capacity to acquire them.

All of this has clouded the very objectives of social security policy and in particular, of pensions programmes. The origin of these programmes did not lie in the phenomenon of the aging of the population but rather was a mechanism for labour market regulation, as part of a social contract. But the agreement was based on the working, not the passive, labour force. With the passage of time, the system itself has created a new social category which demands, pressures and even defines policy orientations: retirees. In democratic and participative political systems, this pressure becomes more explicit and conflictive.

Political delegitimization of this new reality deepens as dependence shifts from working population to the State: to a certain extent there is a new "dependency ratio" which is determined by considering those whose incomes depend on the State (who are not necessarily non-productive, as the elderly are assumed to be, but rather encompasses those who are unemployed, underemployed, indigent, etc.). This is the logical outcome of a social agreement which shifted the conflicts linked to the mode of production, onto the State's lap.

The denouement is uncertain. The case of Chile is illustrative. A coercive attempt is made to remove conflict from the State, but paradoxically conflict returns indirectly via financial and political dependence. There is demand "induced" by the current social security system itself, which views the pensions programme service as a defferred salary, thus immediately identifying it as an individual savings system. The problem shifts to defining who is capable of guaranteeing the maintenance of market value of said savings. In certain countries, the State failed to achieve this and in others it is headed in that direction, which leaves room for attempting other results with the private sector, assisted by the State.

This is an outlet which may define the future of certain systems, but there is lack of debate as to its implications. The need for countries to be integrated into the world economy and for modernization of the productive apparatus' through mechanisms which favours obsolescence of capital equipment over ordinary wear and tear, renders the old scheme of the autonomous and competitive financial system non-functional. The new dynamic of the capitalist reproduction process needs organizations with greater power of disposal and control over the various cycles of capital valuation.

Formation of these autonomous capital valuation centres requires adequate financial conditions. In particular it is necessary to have available large masses of capital that can be circulated. In prolonged recessive periods, like those experienced lately by countries of the region, stagnation in the formation and renovation of fixed capital causes major swings in cash-flow utilization and in the formation of liquid funds which can be withdrawn from the circulatory valuation movement. The variety of securities representative of monetary capital facilitates exchanges and massive transfer operations, as well as the integration of major financial institutions integrated with major productive centres.

The boom in social security policies coincided with a Keynesian view of the economy where what was important was "to stabilize consumption". The neoclassical resurgence has inverted the problem and now it is a matter of "stabilizing saving", where centre stage is dominated by those who can save and not those who claim consumption capacity. Those who attract savings via private insurance mechanisms, such as those implemented in Chile or those rough-draughted in Argentina and Brazil, obtain long term financing and at a low cost from their own current expenditure (cost of hiring labour). This cost drops even more if one considers tax benefits which are usually granted.

With these funds, and with a reduced capital market, investment alternatives consist of title deeds of controlled companies or the public debt. In a context of great restriction of external credit and of enormous problems in fiscal collection, this form of domestic debt creation may be tempting. But the other side of the problem is presented by the onerous nature of public financing and by the control which will be obtained from future fiscal collections by those who control these funds. This will undoubtedly detract political flexibility from the State, delegitimizing its actions and fostering institutional fragmentation.

This is a reality which may appear alient to the least developed countries, but which should illuminate the debate on their near future. Broadening of social coverage is their most urgent problem, but they cannot develop without considering the link to the political and economic context. Economic development and social security are processes which are mutually connected through distinctive and shared contradictions.

The elderly population is one of the most vulnerable groups in a context such as the one described, through their very non-working condition. Few other sectors see the present being confused with the future and feel so strongly the dearth of alternatives. In summary, their problem depends greatly on the economic situation.

Nevertheless, this should not create the false image which attributes all problems of social security systems to the economic crisis. There are flaws intrinsic to their very principles of organization, which magnify the effects of the crisis. In any case, the crisis, by exposing them crudely, offers opportunities for reviewing the very bases of their foundation.

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# APPENDIX I: TABLES

Table 1

LATIN AMERICA: ORDERING AND GROUPING OF COUNTRIES ACCORDING TO SOCIAL SECURITY DEVELOPMENT: 1980

| Groups/ countries | Initial pensions law a/ | Population covered b/ | | Percentage of legal contribut. c/ | Social security expenditure as % d/ | | |
|---|---|---|---|---|---|---|---|
| | | Total | Working | | GDP | Fiscal | Pensions |
| | (1) | (2) | (3) | (4) | (5) | (6) | (7) |
| **High group** | | | | | | | |
| Uruguay g/ | 6 | 69 | 81 | 33 | 11 | 39 | 79 |
| Argentina | 6 | 79 | 69 | 46 | 10 | 38 | 55 |
| Chile | 6 | 67 | 62 | 29 | 11 | 32 | 53 |
| Cuba g/ | 6 | 100 | 93 | 10 | 9 | 13 | 44 |
| Brazil | 6 | 96 | 96 | 26 | 5 | 38 | 45 |
| Costa Rica | 4 | 78 | 68 | 27 | 9 | 36 | 21 |
| Typical range h/ | 6 | 67-100 | 62-96 | 26-46 | 9-11 | 32-39 | 44-79 |
| **Intermediate group** | | | | | | | |
| Panama | 4 | 50 | 46 | 21 | 7 | 23 | 34 |
| Mexico | 4 | 53 | 42 | 18 | 3 | 18 | 21 |
| Peru | 5 | 17 | 37 | 21 | 3 | 15 | 35 |
| Colombia i/ | 4 | 12 | 22 | 20 | 4 | 20 | 20 |
| Bolivia | 3 | 25 | 18 | 25 | 3 | 14 | 40 |
| Ecuador | 5 | 8 | 23 | 21 | 3 | 10 | 48 |
| Paraguay | 4 | 18 | 14 | 20 | 2 | 22 | 31 |
| Venezuela | 2 | 45 | 50 | 14 | 3 | 15 | 33 |
| Typical range h/ | 3-5 | 12-53 | 18-50 | 18-25 | 3-7 | 14-23 | 20-40 |
| **Low group** | | | | | | | |
| Dominican Republic | 4 | 8 | 14 | 14 | 2 | 16 | 21 |
| Guatemala g/ | 2 | 14 | 33 | 20 | 2 | 14 | 14 |
| El Salvador | 3 | 6 | 12 | 12 | 2 | 12 | 18 |
| Nicaragua | 3 | 9 | 19 | 16 | 2 | 19 | 16 |
| Honduras j/ | 3 | 7 | 13 | 14 | 3 | 12 | 7 |
| Haiti | 2 | 1 | 2 | 12 | 1 | ... | 10 |
| Typical range h/ | 2-3 | 1-9 | 2-19 | 12-16 | 1-2 | 12-16 | 7-18 |

Table 1 (cont.)

| Groups/countries | Deficit or profit as percentage of income e/ | Ratio: passive/ working. pop. f/ | Population 65 and over f/ | Life expectancy at birth (years) |
|---|---|---|---|---|
| | (8) | (9) | (10) | (11) |
| High group | | | | |
| Uruguay g/ | (60) | 0.65 | 10.4 | 70 |
| Argentina | (13) | 0.32 | 8.2 | 69 |
| Chile | 17 | 0.46 | 5.5 | 68 |
| Cuba g/ | (46) | 0.21 | 7.3 | 73 |
| Brazil | (7) | 0.18 | 4.0 | 64 |
| Costa Rica | 0 | 0.06 | 3.6 | 71 |
| Typical range h/ | 0-(60) | 0.18-0.65 | 4.0-10.4 | 68-73 |
| Intermediate group | | | | |
| Panama | (11) | 0.12 | 4.4 | 70 |
| Mexico | 17 | 0.08 | 3.6 | 64 |
| Peru | 12 | 0.09 | 3.6 | 58 |
| Colombia i/ | (8) | 0.05 | 3.5 | 62 |
| Bolivia | 8 | 0.33 | 3.2 | 51 |
| Ecuador | 36 | 0.15 | 3.5 | 60 |
| Paraguay | 15 | 0.07 | 3.4 | 64 |
| Venezuela | 26 | 0.06 | 2.8 | 66 |
| Typical Range h/ | 26-(11) | 0.05-0.15 | 3.2-4.4 | 60-70 |
| Low group | | | | |
| Dominican Republic | 4 | ... | 2.9 | 60 |
| Guatemala g/ | 3 | 0.06 | 2.9 | 58 |
| El Salvador | 23 | 0.08 | 3.4 | 62 |
| Nicaragua | 34 | 0.08 | 2.4 | 55 |
| Honduras j/ | 19 | 0.02 | 2.7 | 57 |
| Haiti | 15 | ... | 3.5 | 51 |
| Typical Range h/ | 3-34 | 0.02-0.08 | 2.4-3.4 | 51-60 |

Source: Mesa-Lago, Carmelo, "Social security development in Latin America", ECLAC Studies and Reports No. 43, Santiago, Chile, 1985. 274-275. Data prepared by ECLAC, on the basis of a survey answered by countries and/or Statistics Yearbooks, Reports and other official publications.

a/ Number of decades previous to 1980 in which the first pension law appeared.

b/ Percentage of total population covered by the sickness programme and of working population covered by the pensions programme.

c/ Total of legal percentage above nominal salary which the ensured, employers and State must contribute as such.

d/ Social security expenditure includes total health cost.

e/ Deficit or profit, resulting from subtracting expenditure from total social security revenue, as a percentage of revenue.

f/ Demographic burden quotient: number of passives insured (pensioners) divided by the number of working population insured (contributors).

g/ 1981 for Cuba and Uruguay only some figures, others correspond to 1980.

h/ Calculated subtracting an outlier maximum.

i/ 1979.

j/ 1982.

Table 2

LATIN AMERICA: TOTAL AND WORKING POPULATION COVERED BY SOCIAL SECURITY, 1980

| Country | Total population | Total insured a/ | Coverage | Distribution | Working population | Actives insured b/ | Coverage | Distribution |
|---|---|---|---|---|---|---|---|---|
| | Thousands | | % | | Thousands | | % | |
| Argentina | 28.237 | 22.278 | 78.9 | 10.3 | 10.690 | 7.391 | 69.1 | 10.5 |
| Bolivia | 5.570 | 1.412 | 25.4 | 0.7 | 1.754 | 324 | 18.5 | 0.5 |
| Brazil | 121.286 | 116.800 | 96.3 | 54.1 | 40.292 | 38.523 | 95.6 | 54.6 |
| Colombia c/ d/ | 25.247 | 2.925 | 11.6 | 1.4 | 8.477 | 1.900 | 22.4 | 2.7 |
| Costa Rica | 2.279 | 1.733 | 76.0 | 0.8 | 770 | 526 a/ | 68.3 | 0.7 |
| Cuba e/ | 9.724 | 9.724 f/ | 100.0 f/ | 4.5 | 3.618 | 3.364 f/ | 93.0 f/ | 4.8 |
| Chile | 11.104 | 7.418 | 67.3 | 3.5 | 3.788 | 2.337 | 61.7 | 3.3 |
| Ecuador | 8.021 | 636 | 7.9 | 0.3 | 2.393 | 555 | 23.2 | 0.8 |
| El Salvador | 4.797 | 300 | 6.2 | 0.1 | 1.611 | 187 | 11.6 | 0.3 |
| Guatemala e/ | 7.480 | 1.064 | 14.2 | 0.5 | 2.314 | 767 | 33.1 | 1.1 |
| Haiti | 5.809 | 44 g/ | 0.8 | - | 2.815 | 44 g/ | 1.6 | 0.1 |
| Honduras h/ | 3.955 | 288 | 7.3 | 0.1 | 1.172 | 156 | 14.4 | 0.2 |
| Mexico | 69.393 | 37.056 | 53.4 | 17.2 | 19.423 | 8.158 | 42.0 | 11.6 |
| Nicaragua | 2.771 | 253 | 9.1 | 0.1 | 773 | 146 | 18.9 | 0.2 |
| Panama | 1.956 | 985 | 50.3 | 0.4 | 701 | 319 | 45.6 | 0.4 |
| Paraguay d/ | 3.168 | 575 | 18.2 | 0.3 | 1.077 | 151 | 14.0 | 0.2 |
| Peru | 17.295 | 3.016 | 17.4 | 1.4 | 5.719 | 2.142 | 37.4 | 3.0 |
| Dominican Rep. | 5.558 | 440 g/ | 7.9 | 0.2 | 2.019 | 283 g/ | 14.0 | 0.4 |
| Uruguay | 2.908 | 1.993 | 68.5 | 1.0 | 1.123 | 912 | 81.2 | 1.3 |
| Venezuela d/ | 15.024 | 6.790 | 45.2 | 3.1 | 4.723 | 2.350 | 49.8 | 3.3 |
| Latin America | 352.774 | 215.730 | 61.2 | 100.0 | 115.252 | 70.535 | 61.2 | 100.0 |
| Excluding Brazil | 231.488 | 98.930 | 42.7 | 45.9 | 74.960 | 32 012 | 42.7 | 45.4 |

Source: Ibid. Table 1, page 270. Total & Working Population, based on CELADE, Demographic Bulletin, 15:29 January 1982 and 17:33, January 1984, except Cuba from Census 1980. Insureds: based on a survey answered by the countries and Statistics Yearbooks and Reports, with the corresponding adjustments.

a/ In the sickness-maternity programme.
b/ In the pensions programme.
c/ 1979.
d/ Excludes various groups of insureds.
e/ 1981.
f/ Estimates based on legal coverage.
g/ Gross estimate.
h/ 1982.

Table 3

BENEFITS OF THE NATIONAL SOCIAL SERVICE SYSTEM, ARGENTINA

| Years | Quantity of benefits (in thousands) | | | | % Variation observed in each year re. previous year | | | |
|---|---|---|---|---|---|---|---|---|
| | No. benefits | Industry & commerce | State & public service | Auto-nomous | Total benefits | Industry & commerce | State & public service | Auto-nomous |
| 1950 | 188.2 | 43.2 | 145.0 | - | - | - | - | - |
| 1951 | 223.9 | 68.6 | 155.3 | - | - | - | - | - |
| 1952 | 259.6 | 92.9 | 166.7 | - | 15.9 | 35.4 | 7.3 | - |
| 1953 | 300.8 | 119.3 | 181.5 | - | 15.9 | 28.4 | 8.9 | - |
| 1954 | 391.0 | 187.5 | 203.5 | - | 30.0 | 57.2 | 12.1 | - |
| 1955 | 473.0 | 247.1 | 225.9 | - | 21.0 | 31.8 | 11.0 | - |
| 1956 | 521.0 | 275.7 | 245.3 | - | 10.1 | 11.6 | 8.6 | - |
| 1957 | 565.9 | 302.0 | 263.9 | - | 8.6 | 9.5 | 7.6 | - |
| 1958 | 615.8 | 335.0 | 280.8 | - | 8.9 | 10.9 | 6.4 | - |
| 1959 | 675.3 | 385.3 | 290.0 | - | 10.0 | 15.1 | 3.3 | - |
| 1960 | 749.2 | 427.8 | 313.4 | 8.0 | 10.9 | 11.0 | 8.1 | - |
| 1961 | 821.6 | 461.2 | 341.4 | 19.0 | 9.7 | 7.8 | 8.9 | - |
| 1962 | 888.7 | 501.9 | 366.0 | 20.8 | 8.2 | 8.8 | 7.2 | 9.5 |
| 1963 | 870.2 | 547.6 | 394.9 | 27.7 | 9.2 | 9.1 | 7.9 | 33.1 |
| 1964 | 1.013.6 | 596.2 | 389.6 | 27.8 | 4.4 | 8.9 | -1.3 | 0.3 |
| 1965 | 1.086.4 | 642.2 | 408.7 | 35.5 | 7.2 | 7.7 | 4.9 | |
| 1966 | 1.132.2 | 666.2 | 408.8 | 57.2 | 4.2 | 3.7 | - | 61.1 |
| 1967 | 1.149.9 | 673.7 | 410.8 | 65.4 | 1.6 | 1.1 | 0.5 | 14.3 |
| 1968 | 1.255.7 | 711.1 | 416.4 | 128.2 | 9.2 | 5.6 | 1.4 | 96.0 |
| 1969 | 1.301.6 | 746.7 | 420.6 | 131.3 | 3.7 | 5.0 | 1.0 | 4.8 |
| 1970 | 1.390.4 | 786.6 | 439.0 | 161.8 | 6.8 | 5.3 | 4.4 | 22.7 |
| 1971 | 1.422.6 | 799.8 | 441.3 | 181.5 | 2.3 | 1.6 | 0.5 | 10.1 |
| 1972 | 1.461.2 | 815.3 | 436.0 | 209.9 | 2.7 | 1.9 | -1.2 | 15.6 |
| 1973 | 1.537.1 | 833.3 | 436.0 | 267.8 | 5.2 | 2.2 | - | 27.8 |
| 1974 | 1.596.6 | 844.8 | 436.6 | 315.2 | 3.9 | 1.4 | 0.1 | 17.7 |
| 1975 | 1.691.0 | 866.9 | 437.7 | 370.2 | 6.2 | 4.9 | 0.2 | 17.4 |
| 1976 | 1.802.6 | 915.4 | 443.5 | 443.7 | 6.4 | 3.2 | 1.3 | 19.9 |
| 1977 | 1.962.2 | 971.8 | 465.7 | 524.7 | 6.9 | 6.2 | 5.9 | 18.3 |
| 1978 | 2.111.8 | 1.012.9 | 495.9 | 603.0 | 7.6 | 4.2 | 6.5 | 14.9 |
| 1979 | 2.225.6 | 1.035.6 | 519.1 | 670.9 | 5.4 | 2.2 | 4.7 | 11.3 |
| 1980 | 2.312.4 | 1.087.6 | 511.6 | 713.2 | 5.2 | 5.0 | 4.3 | 6.3 |
| 1981 | 2.428.5 | 1.134.1 | 562.2 | 732.2 | 3.7 | 4.3 | 5.8 | 2.6 |
| 1982 | 2.524.4 | 1.179.8 | 583.5 | 761.1 | 3.9 | 4.0 | 3.8 | 3.9 |
| 1983 | 2.626.4 | 1.229.2 | 594.5 | 802.7 | 4.0 | 4.2 | 1.9 | 5.5 |
| 1984 | 2.698.1 | 1.264.4 | 601.4 | 832.3 | 2.7 | 2.9 | 1.2 | 3.7 |
| 1985 | 2.759.4 | 1.290.5 | 606.6 | 862.4 | 2.3 | 2.1 | 0.9 | 3.8 |

Source: Feldman, J., Golbert, L. & Isuani, E., 1986, page 79.

Table 4

REVENUE AND EXPENDITURE PER FUND, ARGENTINA. IN MILLIONS OF AUSTRALES FROM OCTOBER 1987.[a/]

| | Dependency ratio | | | Autonomous | | | System total | | |
|---|---|---|---|---|---|---|---|---|---|
| | Revenue | Expendit. | Balance | Revenue | Expendit. | Balance | Revenue | Expendit. | Balance |
| 1975 | 9.836 | 7.489 | 2.347 | 268 | 1.951 | -1.683 | 10.105 | 9.440 | 664 |
| 1976 | 8.545 | 5.600 | 2.945 | 110 | 1.477 | -1.367 | 8.655 | 7.077 | 1.578 |
| 1977 | 8.274 | 6.117 | 2.157 | 196 | 1.528 | -1.332 | 8.470 | 7.645 | 825 |
| 1978 | 9.942 | 7.999 | 1.243 | 441 | 2.081 | -1.641 | 9.682 | 10.081 | -398 |
| 1979 | 10.655 | 8.795 | 1.860 | 854 | 2.484 | -1.630 | 11.509 | 11.279 | 230 |
| 1980 | 11.550 | 10.926 | 625 | 1.115 | 3.181 | -2.066 | 12.666 | 14.107 | -1.441 |
| 1981 | 4.824 | 10.327 | -5.503 | 1.154 | 3.111 | -1.957 | 5.978 | 13.438 | -7.460 |
| 1982 | 3.615 | 7.170 | -3.555 | 866 | 2.460 | -1.594 | 4.481 | 9.629 | -5.148 |
| 1983 | 3.902 | 7.141 | -3.238 | 825 | 2.940 | -2.115 | 4.727 | 10.081 | -5.353 |
| 1984 | 5.714 | 7.077 | -1.364 | 799 | 2.976 | -2.177 | 6.512 | 10.053 | -3.541 |
| 1985 | 8.121 | 8.383 | -262 | 597 | 2.850 | -2.253 | 8.718 | 11.233 | -2.515 |
| 1986[b/] | 8.163 | 8.718 | -555 | 616 | 3.070 | -2.454 | 8.779 | 11.788 | -3.010 |

Source: Schultess, Walter, "Presente y Futuro del Regimen de Jubilaciones y Pensiones" (Present and Future of Retirement and Pensions Regime). Mimeo 1988.

a/ Revenue through contributions. Expenditure through services. Deflated through consumer price index.
b/ Estimate.

**Table 5**

**NATIONAL POPULATION ACCORDING TO SOCIAL WORKS COVERAGE
ARGENTINA
(December 1984)**

| Coverage | Population number | Percentage |
|---|---|---|
| Social works Law Sys. 22.269/80 (ant.18.610/71) | 17.305.918 | 57.50 |
| Provincial and municipal social works (includes M.C.B.A. - Judicial Power and the Nation's Congress) | 4.005.160 | 13.30 |
| National social works Includes Armed and Security Forces | 1.046.000 | 3.50 |
| Population covered | 22.357.078 | 74.30 |
| Population not covered | 7.739.840 | 25.70 |
| Country's total population INDEC forecast for 1984 | 30.096.918 | 100.00 |

Source: INOS. Planning Administration Office. Assistant Manager's Office for Organization and Information. Information Area. July 1985.

Table 6

ARGENTINA: DISTRIBUTION OF N.S.S.I.R.& P. BENEFICIARIES, BY AGE GROUPS
(1981-1982/1986)

| Year | Age 0-59 | % | Age 60-64 | % | Age 65-69 | % | Age 70-74 | % | Age 75 & older | % | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1981 | 562.762 | 25.32 | 325.203 | 14.63 | 422.504 | 19.01 | 391.962 | 17.63 | 519.748 | 23.38 | 2.222.181 |
| 1982 | 678.669 | 26.61 | 372.500 | 14.60 | 454.196 | 17.80 | 443.914 | 17.40 | 601.851 | 23.58 | 2.551.139 |
| 1986 | 895.000 | 28.22 | 438.000 | 13.81 | 519.000 | 16.36 | 510.000 | 16.08 | 809.000 | 25.54 | 3.171.000 |

Source: Golbert, L., 1988. Based on figures provided by the National Social Services Institute for Retirees and Pensioners (I.N.S.S.J. y P.)

Table 7

ARGENTINA: BENEFITS AND MALE POPULATION AGED 65 AND OLDER IN 1980

(In thousands)

| Jurisdictions | Benefits for males aged 65 & older (NPS & other regimes)[a/] (1) | Males aged 65 & older[b/] (2) | Rate of Retirement (1/2) |
|---|---|---|---|
| Federal Capital | 160.5 | 161.6 | 104.3 |
| Buenos Aires | 336.6 | 304.9 | 07.5 |
| Catamarca | 4.0 | 6.6 | 60.6 |
| Córdoba | 68.3 | 87.7 | 77.9 |
| Corrientes | 9.1 | 18.9 | 48.1 |
| Chaco | 8.8 | 16.8 | 52.4 |
| Chobol | 3.1 | 5.5 | 56.4 |
| Entre Ríos | 23.7 | 33.4 | 70.1 |
| Formosa | 1.8 | 6.2 | 29.0 |
| Jujuy | 4.4 | 7.7 | 57.1 |
| La Pampa | 5.7 | 7.9 | 72.2 |
| La Rioja | 3.0 | 5.0 | 60.0 |
| Mendoza | 27.0 | 34.1 | 79.4 |
| Misiones | 4.8 | 12.0 | 40.0 |
| Neuquén | 1.5 | 3.8 | 39.5 |
| Río Negro | 3.9 | 8.6 | 45.3 |
| Salta | 9.6 | 14.7 | 65.3 |
| San Juan | 8.4 | 12.3 | 68.3 |
| San Luis | 4.6 | 7.7 | 59.7 |
| Santa Cruz | 1.2 | 2.1 | 57.1 |
| Santa Fe | 94.7 | 103.7 | 91.3 |
| Santiago del Estero | 8.6 | 19.5 | 44.1 |
| Tierra del Fuego | 0.1 | 0.3 | 33.3 |
| Tucumán | 20.3 | 27.0 | 75.2 |
| Country total | 021.7 | 988.0 | 83.2 |

Source: Feldman, Golbert & Isuani, 1986, page 85.

Table 8

ARGENTINA: EXPENDITURE FOR MIXED ADMINISTRATION INSTITUTES (1984)

| Mixed administr. institutes | Total expenditure millions $a at current values | Service expenditure millions $a at current values | % | Medical pharmac. service expenditure millions $a at current values | % | Admin. expenditure millions $a at current values | % | Total beneficia-ries | Total per capita expenditure thousands $a at current values | Per capita medical pharmac. service expendit. thousands $a at current values |
|---|---|---|---|---|---|---|---|---|---|---|
| | 1 | 2 | 2:1 | 3 | 3:1 | 4 | 4:1 | 5 | 1:5 | 3:5 |
| Banking | 13.081 | 10.139 | 77.5 | 7.027 | 53.7 | 754 | 5.7 | 528.244 | 24.76 | 13.30 |
| Ministry of Health | 1.656 | 1.343 | 81.1 | 1.097 | 66.2 | 174 | 10.5 | 193.903 | 8.54 | 5.65 |
| Meat & foodstuffs | 1.322 | 1.207 | 91.3 | 1.199 | 90.7 | 68 | 5.2 | 185.901 | 7.11 | 6.45 |
| Commerce | 10.021 | 8.675 | 86.6 | 8.346 | 83.3 | 885 | 8.8 | 2.171.162 | 4.61 | 3.84 |
| Teachers | 5.127 | 4.260 | 83.1 | 4.018 | 79.6 | 456 | 8.9 | 607.902 | 8.44 | 6.61 |
| Rail workers | 6.147 | 5.255 | 85.5 | 5.277 | 85.8 | 477 | 7.8 | 591.124 | 10.50 | 8.93 |
| Finance | 1.199 | 914 | 76.2 | 815 | 68.0 | 158 | 13.0 | 70.059 | 13.04 | 11.63 |
| N.S.S.I.R.& P. | 45.342 | 42.332 | 93.4 | 39.597 | 87.3 | 2.614 | 5.8 | 3.030.031 | 14.97 | 13.06 |
| Social works | 557 | 409 | 73.4 | 369 | 66.2 | 108 | 19.3 | 41.907 | 13.29 | 8.80 |
| Rural | 4.048 | 3.296 | 81.4 | 2.267 | 56.0 | 538 | 13.3 | 1.311.819 | 3.08 | 1.73 |
| Insurance | 2.459 | 1.655 | 67.3 | 1.529 | 62.2 | 96 | 3.9 | 100.961 | 24.19 | 15.14 |
| Glass | 223 | 175 | 78.3 | 175 | 78.5 | 30 | 13.5 | 48.730 | 4.58 | 3.59 |
| Total | 91.182 | 79.660 | 87.4 | 71.715 | 78.6 | 6.355 | 7.0 | 8.881.743 | 10.27 | 8.07 |

Source: Isuani, E. & Mercer, H., 1986.

Table 9

CHILE: SOCIAL SECURITY COVERAGE FOR THE POPULATION, 1960-1987

(In thousands and in percentages)

| Year | Total population | Working population | Insured population | | | | Coverage % | | Working/ passive ratio |
|---|---|---|---|---|---|---|---|---|---|
| | | | Working | Passive | Dependents | Total | Total population | Working population | |
| 1960 | 7.585 | 2.389 | 1.691 | 269 | 2.590 | 4.550 | 60.0 | 70.8 | 6.29 |
| 1965 | 8.510 | 2.660 | 1.964 | 441 | 3.064 | 5.469 | 64.3 | 73.8 | 4.44 |
| 1970 | 9.368 | 2.932 | 2.217 | 614 | 3.523 | 6.354 | 67.8 | 75.6 | 3.61 |
| 1973 | 9.861 | 3.156 | 2.404 | 713 | 3.911 | 7.028 | 71.2 | 75.9 | 3.36 |
| 1975 | 10.196 | 3.322 | 2.425 | 810 | 4.025 | 7.260 | 71.2 | 73.0 | 2.99 |
| 1980 | 11.104 | 3.788 | 2.337 | 1.071 | 4.070 | 7.478 | 67.3 | 61.3 | 2.18 |
| 1987 | 12.520 | 4.327 | 2.196 | 702 | 4.180 | 7.078 | 56.5 | 50.7 | 3.12 |

Source: Idem Table 10, p. 68. Based on ECLAC data, "Development of Social Security in Latin America", Santiago, Chile, 1985 and ODEPLAN Reports, 1986 and 1987.

Table 10

CHILE: SOCIAL SECURITY EXPENDITURE STRUCTURE, 1970-1984

(*In percentages*)

| Programme | 1970 | 1975 | 1978 | 1980 | 1982 a/ | 1984 a/ |
|---|---|---|---|---|---|---|
| 1. Social security | 43.7 | 48.1 | 46.3 | 52.8 | 56.4 | 58.5 |
| 2. Health insurance | 13.7 | 16.9 | 24.5 | 21.7 | 11.6 | 11.5 |
| 3. Family allowance | 30.8 | 25.3 | 19.7 | 14.5 | 8.6 | 8.2 |
| 4. Occupational hazards | 1.1 | 1.4 | 2.4 | 2.7 | 2.3 | 2.4 |
| 5. Unemployment insurance | 0.6 | 1.0 | 2.1 | 2.3 | 3.1 | 1.7 |
| 6. Other programmes | 10.1 | 7.3 | 5.0 | 6.0 | 9.6 | 9.5 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

Source: Frediani, R.O., 1987, p. 65. Based on data from Social Security Secretariat and ODEPLAN.

a/ 1982 and 1984 figures are net admininstrative expenditures which in those years were 8.4% and 8.2%, respectively, of total expenditure.

Table 11

CHILE: SOCIAL SECURITY FUND INVESTMENT IN THE PRIVATE SOCIAL SECURITY SYSTEM
(December 1986 - millions of pesos).

| Assets | Amount invested | Percentage |
|---|---|---|
| 1. Central Bank & mational treasury bonds | 202.585 | 46.69 |
| 2. Short-term mortgage bonds | 110.773 | 25.53 |
| 3. Term deposits | 99.405 | 22.91 |
| 4. Company stocks | 16.314 | 3.76 |
| 5. Bank debentures and bonds | 4.816 | 1.11 |
| Total | 433.893 | 100.00 |
| A) Private instruments | 214.994 | 49.55 |
| B) Public instruments | 218.899 | 50.45 |
| Total | 433.893 | 100.00 |

Source: Idem Table 10, p. 67. Based on data from the Boletín Oficial de la Asociación Gremial de las AFP (AFP Official Trade Union Bulletin) No. 23, Santiago, Chile, January 1987.

Table 12

COSTA RICA: COST OF SOCIAL SECURITY, 1960-1980

(Millions of colones at current prices and percentages)

| Years | GDP | Total expenditure by the central government | Social Security Expenditure [a/] | | |
|---|---|---|---|---|---|
| | | | Total | Percentage of | |
| | | | | GDP | Government expenditure |
| 1961 | 2.929 | 419 | 56 | 1.9 | 13.4 |
| 1965 | 3.928 | 649 | 90 | 2.3 | 13.9 |
| 1970 | 6.524 | 1.192 | 349 | 5.3 | 29.3 |
| 1975 | 16.805 | 3.544 | 1.104 | 6.6 | 31.2 |
| 1979 | 34.584 | 8.658 | 2.764 | 8.0 | 31.9 |
| 1980 | 41.405 | 10.436 | 3.716 | 9.0 | 35.6 |

Source: Idem Table 1, p. 282. Based on: GDP 1961-1975: Anuario Estadístico de Costa Rica (Statistics Yearbook for Costa Rica), 1977; 1979-1980: IMF International Financial Statistics, February, 1983. General Government Expenditure 1961-1975: Central Bank of Costa Rica, Cifra de Cuentas Nacionales de Costa Rica: 1957-1977 (Figures from National Accounts of Costa Rica: 1957-1977); 1979-1980: IMF, Government Finance Statistics Yearbook 1982. Social Security Expenditure 1961-1965:ILO, The cost of social security; 1970-1975: CCSS, Anuario Estadístico, 1970-1976 (Statistics Yearbook, 1970-1976); and Ministry of Health, Memoria 1982 (1982 Report); and 1979-1980 IMF, op.cit.

a/ Including CCSS and Ministry of Health expenditures, excluding occupational hazards expenditure.

Table 13

COSTA RICA: EXTENT OF COVERAGE FOR WORKING POPULATION BY AREA OF ECONOMIC ACTIVITY, 1973 AND 1979

(In thousands and percentages)

| Areas | 1973 | | | 1979 | | |
|---|---|---|---|---|---|---|
| | Working population | Working pop. insured[a] | % coverage | Working population | Working pop. insured[a] | % coverage |
| Agriculture, stock raising, silviculture, hunting & fishing | 213 | 49 | 23.1 | 207 | 63 | 30.4 |
| Manufacturing industries, mines and quarries | 71 | 59 | 82.3 | 122 | 84 | 68.7 |
| Construction | 39 | 20 | 51.4 | 58 | 26 | 44.5 |
| Electricity, gas, water, transportation & communications | 30 | 21 | 68.1 | 42 | 30 | 71.9 |
| Commerce & financial services | 81 | 52 | 63.3 | 131 | 87 | 66.6 |
| Community, social & personal services | 119 | 88 | 74.4 | 172 | 137 | 79.9 |
| Unspecified & searching for work | 31 | - | - | 13 | - | - |
| Total | 585 | 289 | 49.4 | 743 | 427 | 57.5 |

Source: Idem table 1, p. 280. Based on: Working population: Encuesta nacional de hogares, empleo y desempleo, 1979 (National home survey, employment and unemployment 1979). Insured: CCSS, Anuario Estadistico (Statistics Yearbook), 1979.

a/ Includes only wage earners; since coverage of self-employed workers did not begin until 1974, the first distribution includes all those insured but the second one excludes self-employed workers.

Table 14

COSTA RICA: DIFFERENCES IN YEARLY AVERAGE PENSIONS BETWEEN INSURED GROUPS, 1982

(Colones at current prices)

| Insured Groups | Average Pension (colones) | Ratio[a] |
|---|---|---|
| General (CCSS) | 33.485 | 1.0 |
| Public works & transportation | 61.494 | 1.8 |
| Education | 74.472 | 2.2 |
| Communications | 87.104 | 2.6 |
| Judicial | 89.433 | 2.7 |
| Registrar | 97.864 | 2.9 |
| Finance & Congress | 129.322 | 3.9 |

Source: Idem table 1, p. 281. Based on: Jorge Montt D., "Pensiones por jubilación en Costa Rica" (Retirement pensions in Costa Rica), Heredia, 1982; and interviews with the author in San Jose, July 1983, in the various institutions insured.

a/ Using CCSS as a basis (1.0)

Table 15

ECUADOR: INSURED IESS POPULATION 1970-1986

| Year | Affiliates | Pensioners | Peasants | Insured population |
|---|---|---|---|---|
| 1970 | 308.347 | 44.957 | 4.093 | 357.397 |
| 1971 | 328.658 | 47.918 | 4.093 | 380.669 |
| 1972 | 349.944 | 51.022 | 4.093 | 405.059 |
| 1973 | 372.205 | 54.267 | 5.419 | 431.891 |
| 1974 | 395.441 | 57.655 | 16.344 | 469.440 |
| 1975 | 419.652 | 61.185 | 44.291 | 525.128 |
| 1976 | 444.839 | 64.858 | 54.496 | 564.193 |
| 1977 | 471.000 | 67.071 | 70.495 | 608.566 |
| 1978 | 498.137 | 71.681 | 72.796 | 624.614 |
| 1979 | 526.248 | 72.966 | 78.694 | 677.908 |
| 1980 | 555.335 | 80.599 | 107.900 | 743.834 |
| 1981 | 585.397 | 87.288 | 108.522 | 781.207 |
| 1982 | 598.986 | 91.572 | 120.516 | 811.074 |
| 1983 | 623.460 | 96.373 | 202.345 | 922.178 |
| 1984 | 648.224 | 102.883 | 305.822 | 1.056.929 |
| 1985 | 715.396 | 106.452 | 389.806 | 1.211.654 |
| 1986 | 750.334 | 109.827 | 434.034 | 1.254.195 |

Source: Ribadeneira et al, 1988. Based on: IESS Boletines Estadísticos (IESS Statistics Bulletins), I, II, II, IV; Memoria Institucional 1986 (1986 Institutional Report). Prepared by UDIFOM.

Table 16

ECUADOR: INSURED POPULATION STRUCTURE AND WORKING POPULATION STRUCTURE BY SECTOR. 1984

| Sectors | Insured population | % | Working population | % |
|---|---|---|---|---|
| Primary | 319.569 | 29.31 | 1.217.686 | 39.93 |
| Secondary | 179.267 | 16.44 | 517.082 | 16.95 |
| Tertiary | 461.398 | 42.32 | 1.170.091 | 38.37 |
| Other | 27.022 | 2.49 | 144.692 | 4.75 |
| Pension | 102.883 | 9.44 | - | - |
| Total | 1.090.139 | 100.00 | 3.049.551 | 100.00 |

Source: Idem Table 15. Based on: INEC, IESS. Prepared by UDIFOM.

Table 17

ECUADOR: POPULATION PROTECTED BY IESS BY ECONOMIC SECTOR AND IN RELATION TO WORKING POPULATION
1982-1983-1984

| Sector | 1982 | | | 1983 | | | 1984 | | |
|---|---|---|---|---|---|---|---|---|---|
| | Working population | Population protected | % Working population | Working population | Population protected | % Working population | Working population | Population protected | % Working population |
| Primary | 1.225.175 | 132.917 | 10.84 | 1.224.414 | 218 338 | 17.83 | 1 217 686 | 319 569 | 26.24 |
| Secondary | 471.359 | 176.908 | 37.53 | 493.626 | 172 419 | 34.95 | 517 082 | 179 267 | 34.67 |
| Tertiary | 1.041.140 | 402.344 | 38.64 | 1.182.149 | 411 830 | 37.37 | 1 170 091 | 461 398 | 39.43 |
| Other | 129.472 | 24.781 | 19.14 | 136.013 | 25 989 | 19.11 | 144 692 | 27 022 | 18.68 |
| Pensioners | - | 87.728 | - | - | 97 980 | - | - | 102 883 | - |
| Total | 2.867.146 | 824.678 | 28.76 | 2.956.202 | 951 452 | 32.18 | 3 049 551 | 1 090 139 | 35.75 |

Source: Idem Table 15. Based on: INEC, IESS. Prepared by UDIFOM.

Table 18

ECUADOR: TRENDS IN MEDICAL SERVICE

| Years | Revenue | Expenditure | Differences | % Saving |
|---|---|---|---|---|
| 1980 | 2.418 | 2.472 | (54) | -2.23 |
| 1981 | 2.884 | 2.658 | 226 | 7.84 |
| 1982 | 3.338 | 3.424 | (86) | -2.58 |
| 1983 | 3.847 | 4.178 | (331) | -8.60 |
| 1984 | 4.999 | 5.001 | (2) | -0.04 |
| 1985 | 6.492 | 6.670 | (178) | -2.74 |
| 1986 | 8.440 | 10.679 | (2.239) | -26.53 |
| 1987 | 9.846 | 14.346 | (4.500) | -45.70 |
| Total | 42.264 | 49.428 | (7 164) | -16.95 |

Source: Idem Table 15, Annex 6. Based on: Aspectos Economicos y financieros del I.E.S.S. (I.E.S.S. Financial and economic aspects), E08.87.

# APPENDIX II:

## MAIN CHARACTERISTICS OF OLD AGE PENSIONS PROGRAMMES IN THE LATIN AMERICAN AND CARIBBEAN COUNTRIES 1/

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1/ Prepared on the basis of U.S: Department of Health and Human Services (1986)

## A. HIGH GROUP

### A.1) ARGENTINA:

Coverage: Wage earners and self-employed workers. Separate systems for private and public employees (same coverage) and self-employed workers. Voluntary affiliation for non-workers under age 55.

Source of Funds: Insured workers: 10% of wages. Self employed workers 15% over income scale. In agriculture this is replaced by a sales tax on agricultural production. Employers: 11% of nominal salary. Government: pays as employer and covers the system's deficits.

Requirements: Age 60 for men and 55 for women (65 and 60 for self employed workers), with 30 years of service and 15 years of contributions. Insured workers may substitute 2 years after retirement age, for one year of contributions. Retirement age as well as required minimum employment and contributions, is reduced by 5 years for hazardous or unhealthy occupations. Pensions reduced, age 65 (70 for self employed workers) after ten years of work of which at least 5 shall be within the last 8 years. Monthly pensions are reduced if the pensioner continues in paid employment.

Benefits: 70% of adjusted wage average, of the three years with the highest income out of the ten last years, plus extra income for differed retirement: 8% after 3 years, 10% after 4 years, 12% after 5 years, with a maximum benefit of 82%. Self employed workers, 100% of income average. Pension adjustments in general go by the wage variation index for changes of 10% or more. There is a minimum pension, with the amount set by the application authority. Service for the poor at age 70.

### A.2) BRAZIL:

Coverage: Industry and commerce, domestic service and self employed workers (in urban areas). Voluntary coverage for the clergy. Special systems for students, public employees, rural workers and employers.

Source of Funds: Insured worker: 8.5% to 10% of wage, plus 0.75% of bonus. Self employed worker: 19.2% of income. Rural workers: do not contribute. Rural employers, 1.44% of previous year's production, plus 0.72% of the value of fallow land. Employer: 10% of nominal wage, plus 1.5% of bonus. Urban employers also contribute with 2.4% of nominal wage to rural workers social security programmes and rural producers contribute 2% of the value of exploitation production. Government: various taxes, especially destined to finance administrative expenditures and to cover deficits.

Requirements: Age 65 for men and 60 for women, in addition to 60 months of contributions; age 50 if it involves between 15 and 25 years in hazardous jobs. Pensions for prolonged services: 30 years of service. Rural workers: age 65 and 3 years of contributions; rural employers, age 65 and 1 year of contributions. Retirement not mandatory. Assistance for indigents: age 70 for the poor or invalids with at least one year of remunerated employment.

Benefits: For income less than 10 times minimum wage, 70% income average in the last 36 months plus 1% of wage average for each year of contribution, up to 95% wage average. For wages equal to 10 times the minimum wage or more, 70% of the wage average for each year of contribution plus 1/30 of wage average for each year of contributions, up to 80% of wage average. For rural workers, 50% of the highest minimum of the country, for rural employers, 90% of the average of the monthly base contribution value, during the last 36 months. Pensions for prolonged service: 80% of wage average, plus 3% per year over the 30 year limit, up to 95% of wage average, with 30 years service. Minimum benefit: 90% of the regional minimum wage. Pensions are automatically adjusted biannually according to changes in prices. Indigent allotment: half of the highest minimum wage of the country.

A.3) CHILE:

Coverage: Old System: Workers, self employed workers and wage earning employees in the private sector. Special systems for railroad and maritime workers, longshoremen, public employees and 35 other occupations.

New System: Workers and wage earning employees: mandatory coverage. Self employed workers: voluntary coverage.

Source of Funds: Old System: Insured: workers, 18.89% of wage; wage earning employees, 19.94% of wage. Employers: do not contribute. Government: special subsidies necessary for financing programmes.

New System: Insured: minimum for old age pension, 10% of wage. Employer: does not contribute. Government: special subsidies for guaranteeing minimum pension.

Requirements:

Old System: Workers: for men age 65 and with 800 weeks of contributions and 50% of weeks as of initial coverage. For women aged 60 and with 500 weeks of contributions. Employer: for men age 65 and 35 years of contributions; for women age 60 and 35 years of contributions.

New System: Age 65 (men) and 60 (women), 20 years of contributions (in the transition, 12 months of contributions in the last 5 years prior to November 1980). Retirement may occur before minimum age if the pension is equal to 70% of the average of the last 10 years of wages and is at least equal to the minimum old age pension.

Benefits: Old System: Workers: 50% of basic wage (monthly average of the last 5 years, the first 2 years adjusted due to wage variation), plus 1% of wages for each 50 weeks of contributions over 500 weeks. Minimum, 85% of minimum industrial wage; maximum, 70% of basic wage. 10% increases for each 150 weeks of contributions. Wage earners: 1/35 of basic wage for each year of contribution. For women with over 19 years of contributions, increases of 1/35 of basic wage per dependent child, for women with over 19 years of contributions. 100% maximum of basic salary. Automatic annual adjustment for changes above 15% of the price index.

New System: Beneficiaries' contributions plus accrued interest. Minimum pension guaranteed by the government. Upon retiring, the insured can make withdrawals from his account, regulated to guarantee income throughout his life expectance; contract life annuities with private insurance companies.

A.4) CUBA:

Coverage: Employees, members of production cooperatives, self employed workers and liberal professionals. Special system for members of the Armed Forces.

Source of Funds: Insured: does not contribute. (Own account contribute 10% of income). Employer: 10% of nominal wage. Government: covers deficits and also contributes as employer.

Requirements: Age 60 for men or 55 for women, with 25 years of work (55 and 50, if the last 12 years or 75% of the work were in hazardous employment). Pensions reduced at age 65 for men and 60 for women with 15 years of work. Non mandatory retirement, but current income cannot exceed past income.

Benefits: 50% of income average (when it exceeds a set limit the percentage is reduced) of the 5 greatest years within the last 10, plus 1% of wage for each year of employment over 25 years (1.5% if it involved hazardous work). Increases of 1.5% to 4% of wage for each one of the 5 years for differed pension, and 1% yearly from there on in. Pensions reduced, 40% wage average, plus 1% of the wage for each year of work over 15 years. Minimum pension, depending on the wage average level and on the number of years of work. Maximum: 90% of wage salary.

A.5) URUGUAY:

Coverage: Employees and self employed workers. Separate systems for bank employees, court clerks and liberal professionals.

Source of Funds: Insured: 13% to 16% of wages in industry and commerce; rural workers, 9% of wages; public employees, 13%. Employers: 10% to 14% of nominal salary in industry and commerce; rural workers, 10% of nominal salary; public employment, 15%. Government: various taxes for financing deficits.

Requirements: Age 60 for men and 55 for women and 30 years of contributions. Additional years of service are accredited for hazardous occupations and teaching. Reduced pensions, at age 70 for men and 65 for women and 10 years of service. Early pensions exist for politicians and judges (20 years of service with the last 3 years in judicial or political office) and teachers (25 years of service or age 50 and 20 years of service).

Benefits: 60 % for men or 65% for women of wage average in the last 4 years plus 5% for each additional 5 years of work, up to 75% of wage. Minimum pension: 85% of minimum salary on retirement day. Maximum pension: 7 minimum wages. (Maximum for early pensions: 15 times minimum salary). Reduced and early pensions: 40% of wage average of the last 4 years, plus 1% of the wage for each year of service, up to 70% of wage. Teachers, 50% of wage average in the last 4 years, plus 2% of wage per year of service over 20 years, up to 70% of wage. Pensions are adjusted following variations in wages. Allowance for indigents: are paid to needy persons, 70 years and older.

A.6) COSTA RICA:

Coverage: Public and private sector employees. Voluntary coverage for self employed workers.

Source of Funds: Insured: 2.5% of wage. Self employed workers pay 7.25% of income. Employers: 4.75% of nominal salary. Government: 0.25% of total guaranteed income.

Requirements:
Age 57 for men with 408 months of contributions or 65 years with 120 months. For each month over age 57, the number of months of contribution required is reduced by 3. For women age 55 is required with 408 months of contributions, or 65 with 120 months. For each month over age 55 and up to age 58, the number of months required is reduced by 1; for each month over age 58 and up to age 65, months required are reduced by 3. Retirement from occupation covered is not mandatory.

Benefits: 40% of average of 48 highest monthly wages, within the last 10 years of contributions. Basic benefit increases by 1/8 of 1% of income average for each month of contribution. Benefits increase by 20% per wife and children; or 10% in the case that only one of these dependents exists. A 0.5% increase in pension for each month of differred retirement, over the age limit. Pensions are adjusted periodically. There is a minimum and maximum pension.

## B. INTERMEDIATE GROUP

### B.1) PANAMA

Coverage: Wage earners and domestic workers (self employed workers can be voluntarily incorporated). Public employees are covered under the general and special systems. Excluded: agricultural workers employed under 6 months of the year and family workers. Occasional and seasonal workers are covered by the subsequent regulation.

Source of Funds: Insured: 6.25% of income. Employer: 2.75% of nominal wage. Government: does not contribute.

Requirements: Age 60 for men or 55 for women. Reduced pensions up to 5 years prior. 180 months of contributions. Pensions reduced as a function of income.

Benefits: 60% income average during the highest 3 to 5 years in the last 15 years of contributions (less years are averaged for prolonged professions), plus 1.25% of income for each 12 months of contributions between 120 and 240 months, 1.5% over 240 months and 2% of income for each 12 months of contributions beyond the adequate retirement age. Supplements for dependents (at normal retirement age); monthly sums of money, per wife, children under age 18 (no age limit if they are handicapped); with a maximum limit for benefit contribution. Minimum and maximum pension, at a set sum of money. Pension plus supplements for dependents shall not exceed 100% of income used as a pension base. Reduced pension: ordinary pension, including minimum and maximum pension, being reduced by 3.5% for each year of early retirement. Old age subsidy: one month of pension for each 6 months of contributions, if ineligible for taxable pension. Pensions are adjusted on an ad hoc basis.

### B.2) MEXICO:

Coverage: Wage earners, member of production, agricultural and credit cooperatives. Coverage began to be extended gradually to rural areas. Coverage has been extended by decree to agricultural workers, small farmers, small businessmen, community farmers, silvicultivators, commercial and industrial cooperatives, self employed workers, family and domestic workers. All those not covered can affiliate themselves voluntarily. Special systems for oil workers and public employees.

Source of Funds: Insured: 1.5% of income average. Employer: 3.75% of nominal salary. Government: 20% of employer contribution (for workers affiliated through production, agricultural and credit cooperatives, the organization pays 50% and the Federal Government the remaining 50% of the employer-employee contribution). Maximum income for contribution and benefits: 10 times the minimum wage in the Federal District. Minimum: 1 minimum wage of the region. Special contribution rates for voluntary affiliates.

Requirements: Age 65 (75% to 95% of complete pension at age 60-64, if involuntarily unemployed), 500 weeks of contributions. Retirement from employment covered is not mandatory if the new work is with a different employer, and after 6 months of waiting.

Benefits: 35% of average income during the last 250 weeks of contributions, plus 1.25% of income per year of contributions beyond 500 weeks. Pensions are increased by 15% if there are no dependents. Supplement per dependent: 15% of the pension for the wife, 10% of the pension per child under age 16 (25 if he/she is a student and no age limits for handicapped). If there is no wife or kids, 10% for each dependent father or mother. Maximum pension: 100% of income with 2000 weeks of contribution or more.

B.3) PERU:

Coverage: Wage earners, including public employees, employees in cooperative or worker owned companies, artists and domestic workers. Voluntary affiliation for self employed workers and for those workers who abandon activities covered.

Requirements: General system (for men born after July 1, 1931, or women born after July 1, 1936, self employed workers and new insured workers after May 1973): age 60 (men) or 55 (women), with 15 and 13 years of contribution, respectively (pensions reduced if have less than contributions). Special system (all others insured): age 60 (men) or 55 (women) and 5 years of contributions. Complete pension: 5 years earlier for hazardous or arduous occupations. Retirement anticipated at age 55 for disbility unrelated to employment or after 30 years of contributions (men) or 50 years after 25 years of contributions (women). Mandatory retirement.

Benefits: General system: 50% of income average in the last 3, 4 or 5 years (whichever is more), plus 2% yearly over 15 years (men) or 2.5% yearly beyond 13 years (women). Special increase of 1.2% (men) or 1.5% (women) for each additional year of contributions. Minimum, 3 times the minimum salary in Lima. Maximum, 80% of ten times the minimum salary. Supplements for dependents: 2% to 10% of income per spouse and 2% to 5% per child. Maximum, 80% of total benefit. Reduced pension: 1/30 (men) or 1/25 (women) years of contribution. Automatic quarterly adjustment of pensions, according to changes in the cost of living.

B.2) COLOMBIA

Coverage: Wage earners in industry and commerce in the majority of regions and self employed workers. Excluding: agricultural and domestic workers and temporary employment. Special systems for national and local level public employees (teachers, railroad workers, military officers and national police).

Source of Funds: Insured: 1.5% of income, according to type of wage. Employer: 3% of nominal wage, according to type of nominal wage. Government: contributes to extend the system. Minimum income for contributions and benefits: minimum legal salary; maximum: 22 times minimum legal salary.

Requirements:
Age 60 for men and 55 for women; 500 weeks of contributions in the last 20 years. Early retirement in certain occupations with 750 weeks of contributions, or pensions for prolonged services if have over 1000 weeks of contributions (except if born prior to 1919/22). Pensions reduced when current income plus pension exceeds previous income.

Benefits: 45% of income average during the last 3 years, plus 1.2% income increases for each 50 weeks of contributions over 500 weeks. In the case of insufficient contribution payments is made which is equivalent to 1 month of pension for each 25 weeks of contributions (with a minimum of 100 weeks of contributions). Subsidies for dependents: wife aged 60 or handicapped, 14% of minimum pension. For each dependent child under age 16 (18 if a student and without age limit if handicapped), 7% of minimum pension. Maximum subsidy: 42% of minimum pension. Yearly minimum pension: minimum wage; maximum, 22 times minimum salary. Yearly adjustment of pensions due to changes in wage levels.

B.5) BOLIVIA

Coverage: Wage earners in industry, commerce, mining and government services. Voluntary coverage for self employed workers. Excluded: Agricultural and domestic workers, craftsmen, conductors, businessmen and occasional workers. Special systems for bank employees and military personnel. (17 funds complement the compulsory programme for individual categories of workers, administered separately by unions, under the direction and coordination of the Social Security Institute.

Source of Funds: Insured: 1.5% of income. Employer: 1.5% of nominal wage. Government: 1.5% of insured wages. There exists a maximum income amount for contributions and benefits.

Requirements: Age 55 for men or 50 for women (five years earlier for hazardous occupations), with 180 months of contributions. Reduced pensions: age 50 men or 45 women, following prolonged and involuntary unemployment.

Benefits: 30% of income average in the last 12 months of contributions plus 2% increases in guaranteed income, for each 12 months of contributions beyond 180 months. Maximum and minimum pension. Reduced old age pension, 8% for each year of early retirement. Pensions are adjusted automatically on a yearly basis due to changes in wages. Old age subsidies: 1 monthly pension for each 6 months of contributions (or fraction thereof), if have 24 months of contributions and is not eligible to obtain other pensions.

B.6) ECUADOR

Coverage: Wage earners in industry and commerce, banks, public employees, self employed workers, professionals, domestic workers and clergy. Coverage for agricultural workers has been gradually extended geographically. Excluded: temporary workers, family work and home-based workers, also foreign employees for periods not exceeding 1 year. Special programmes for craftsmen.

Source of
Funds: 5% of income, plus 1% for life insurance, 1% for 13th and 14th yearly payment combined and 0.35% per agricultural programme. Employer: 6.35% of nominal salary, including 0.35% for agricultural programme. Government: yearly subsidy. There is no maximum income limit for contributions. There is for benefits. Minimum for contributions: legal minimum salary.

Requirements:
Age 55 and 360 months of contributions or at any age with 429 months of contributions; beginning at age 60, the minimum number of monthly contributions is reduced. Reduced pensions at age 45 with 300 months of contributions and 6 months unemployed.

Benefits: 43.75% of income average during the highest 5 years (not necessarily consecutive), plus 1.25% increases in income average per year of contributions beyond 5 years. After 40 years, 100% of income average. Minimum pension same as legal minimum wage. Pensions are adjusted according to changes in cost of living.

B.7) PARAGUAY

Coverage: Wage earners. Special systems for railroad workers, bank and public employees.

Source of
Funds: Insured: 9.5% of income. Pensioners, 5% of pensions. Employer: 16.5% of nominal wage. Government: 1.5% of income. Minimum income for contributions: minimum salary. These contributions also finance benefits for sickness, maternity and work accidents.

Requirements:
Age 60 with 15 years of contributions, or age 55 with 20 years of contributions. Retirement is not mandatory. Pensions are paid abroad. Supplement for ordinary retirement: age 60 with 20 years of contributions or age 55 with 25 years of contributions.

Benefits: 42.5% of average income during the last 3 years. Pensions increased 1.5% per 50 weeks of contributions over 750 weeks. Mandatory supplement for ordinary retirement: 50% of income average during the last 3 years. The combination of pension and supplements may not exceed 100% of average income during the last 3 years.

## B.8) VENEZUELA

Coverage: Wage earners in private and public employment (members of production and service cooperatives, domestic workers and taxi drivers covered by special regulations). Excluded: temporary and occasional workers and self employed workers. Coverage for public employees has been gradually extended to different regions.

Source of Funds: Insured: 2% of income. Employer: 2.75% of nominal wage. Government: at least 1.5% of total tax revenue, to cover administrative costs (in addition to contributions as employer, for public employees). A monthly amount is fixed as maximum income for contributions and benefits.

Requirements: Age 60 for men and 55 for women; lower ages for work which is hazardous to health or arduous. 750 weeks of contributions (reduced to a minimum of 250 weeks for old workers in the new regions covered). Retirement id not obligatory.

Benefits: A sum of money is determined monthly plus 30% of income average in the last 5 or 10 years (whichever is greater). Increases of 1% of income, for each 50 weeks of contributions beyond 750 weeks. Minimum pension: 40% of income, but subject to a minimum amount of money. Increases for differed pension: 5% of the pension per year beyond pensionable age. Old age subsidy: 10% of total income guaranteed, if inelegible for pension, but with at least 100 weeks of contributions during the last 4 years. Occasional adjustments of benefits for changes in prices and salaries.

# C. LOW GROUP

## C.1) DOMINICAN REPUBLIC:

Coverage: Wage earners, domestic workers and wage earners in State companies, aged between 14-59 (64 in some cases). Excluded: service workers with incomes over a set limit, self-employed worker, family work and low income apprentices. Special system for public workers.

Source of
Funds: Insured: 2.5% of income according to 15 wage levels. Employer: 7% of nominal wage, according to type of salary. Government: 2.5% of total taxable income, and cover deficits. Maximum income for contributions and benefits. These contributions also finance sick and maternity benefits.

Requirements:
Age 60 (65 if insured after age 45) and 800 weeks of contributions (pensions reduced if between 400 and 799 weeks). Retirement from covered work is mandatory at age 65.

Benefits: 40% of income average in the last 4 years, plus 2% of income per 100 weeks of contributions (or fraction thereof) beyond 800 weeks. Additional benefits: 5% per wife, children under age 14 or dependent relatives over 60 if not receiving pension. Minimum pension. Maximum, 70% of income. Reduced pensions: percentage of total pension in proportion to weeks of contribution. Reimbursement of contributions: payment of employee contributions, plus 5% interest, if have between 1 and 399 weeks of contributions.

C.2) GUATEMALA:

Coverage: Wage earners, including agricultural workers and certain public employees. Special system for other public employees.

Source of
Funds: Insured: 1.5% of income. Employer: 3% of nominal wage. Government: 25% of cost of benefits paid, as well as contributing as employer and for pensions under transition. Voluntary continuation of coverage: 4.5%.

Requirements:
Age 65 (or 60 if unemployed for 12 months or if continuation of work is detrimental to worker's health) with 180 months of contributions. Retirement is mandatory from the last employment. Reduced pension if income plus pension exceed basic salary.

Benefits: 40% of monthly income average during the last 5 years of contributions, plus increases of 0.5% of income for every 4 months of contributions beyond 120 months. Subsidies for dependent persons: 10% of pension for wife or invalid spouse, and for each child under age 18 or handicapped. Maximum and minimum pension.

C.3) EL SALVADOR:

Coverage: Wage earners in industry and commerce. Excluded: self-employed workers, also farm, domestic and occasional workers. Special system for public employees.

Source of Funds: Insured: 1% of income. Those receiving sick, maternity and work accident benefits, contribute in addition 2% of benefits. Employer: 0.5% of income. Maximum and minimum income for contributions and benefits.

Requirements: Age 65 (men) or 60 (women) with 750 weeks of contributions. Pensions reduced up to 5 years prior to the age required, with 1,250 weeks of contributions, if unemployed during the last 12 months or 50% disabilitated due to health hazardous or psychically debilitating occupation. Mandatory retirement. Paid overseas. Old age subsidies: age 65 (men) or 60 (women), with at least 250 weeks of contributions and unemployment during the last 3 months.

Benefits: 40% monthly income average, plus 1% of income per 50 weeks of contributions beyond 150 weeks. There is a minimum benefit. 3% increase in income, for every 50 weeks beyond retirement age. Child allowance: an amount is set for every dependent child, under age 16 (21 if a student) or handicapped. Maximum pension: 90% of monthly income average. Reduced pension: 30% of monthly income average, plus 1% of income for every 50 weeks of contributions beyond 150 weeks. Old age subsidy: total sum equal to 50% of monthly income for every 50 weeks of contributions or fraction thereof. Pensions are adjusted due to variations in cost of living.

N.2) NICARAGUA:

Coverage: All persons receiving remuneration for salaried work or services. Excluded: domestic workers, temporary agricultural workers who work for employers who do not have a minimum of 5 permanent employees. Special systems for miners and those who have rendered services for the country.

Source of Funds: Insured: 1.75% of income. Employer: 3.5% of nominal wage. Government: 0.25% of income (plus contribution as employer, for public employees). There is no maximum income limit for contributions.

Requirements:
Age 60 (miners, teachers, physically and mentally handicapped, age 55), 750 weeks of contributions. Temporary pensions if have under 750 weeks of contributions. If enter after age 45, contributions are for half of weeks from initial contribution up to retirement age, with a minimum of 250 weeks. Retirement is mandatory from work covered at age 70.

Benefits: 40% (45% if less than 20 minimum salaries) of income average during the last 3 years, plus 1.36% (1.591% if income average is below 20 minimum salaries) for each additional year of contribution. In addition, 1% of income for every year of work beyond age 60. Subsidies for dependent persons: 15% of pension for wife or common-law partner, 10% for each child under age 15 (21 if a student, no limit if handicapped), 10% for non-insured relatives over age 60 or invalid. Temporary pensions: 1 month for each year of contribution, with a minimum of 4 months. Maximum pension: 80% of income if it exceeds twice minimum wage; no limit if under; 100% if have persons under one's care. Periodical adjustment of benefits for changes in prices, depending on financial conditions.

C.5) HONDURAS:

Coverage: Public and private company employees, also professionals and self employed workers. Excluded: Domestic, occasional, agricultural (except those whose employers have more than 10 permanent workers in their pay). Special systems for teachers and public employees.

Source of Funds: Insured: 1% of income. Employer: 2% of nominal salary. Minimum and maximum income amounts set for contributions.

Requirements:
Age 65 for men and 60 for women, 180 months of contributions. Retirement from employment covered by the system is mandatory.

Benefits: 40% of monthly income average, plus 1% increases of income for every 12 months of contributions beyond 60 months. Increases for work beyond age 65 for men and 60 for women: 3% of monthly basic income for each year of contribution. Minimum pension: 50% of income; maximum: 80%. Contributions reimbursed if not eligible to receive pensions.

C.6) HAITI:

Coverage: Wage earners in industry, commerce and agriculture. Excluded: non-remunerated family work, members of religious orders and foreign diplomats. Special systems for public employees.

Source of Funds: Insured: according to income level (2% for the lowest and 3%, 4% or 6% for higher incomes). Employer: idem. Government: covers deficits.

Requirements: Age 55 and 20 years of contributions.

Benefits: 1/3 of income average during the last 10 years. Reimbursement of contributions plus interest, if ineligible for pension.

## D. NON HISPANIC CARIBBEAN

D.1) ANTIGUA BARBUDA:

Coverage: Employees between age 16 and 59. Not included are family or sporadic employment with wages under a set amount.

Source of Funds: Insured: 3% of wage. Employer: 5% of nominal wage. Government: does not contribute funds. There is a maximum limit for calculatable income for benefits.

Requirements: Age 60 and 500 weeks of contributions (reduced pensions with between 156 and 500 weeks). Old age subsidy: age 60 with 26 weeks minimum contribution.

Benefits: 25% of income covered, plus 1% of income for every 50 weeks of contributions, beyond 500 weeks.

D.2) BAHAMAS:

Coverage: Employees and self employer workers.

Source of Funds: Insured: 1.7% of wages below a fixed amount, 3.4% of additional wages. Self employed workers: 8.8% (includes 2% for work accident programmes). Employer: 7.1% of nominal wage for wages under a set amount, 5.4% for the remainder, 2% of employer contribution is destined for work accident benefits. Government: does not contribute funds, except for indigent allowance in force from before October 1984. There is a maximum limit for contributions destined to obtain benefits.

Requirements:
Age 65 with 750 seeks of paid or accredited contributions. Minimum requirements: 150 weeks of paid contributions. Employees over age 35 in 1974 (self employed workers over age 35 in 1976) receive special credit of 25 weeks per year over age 35, up to a maximum of 600 credits, provided that 150 contributions are paid during the first 3 years that the Programme under operation is in effect. Mandatory retirement.

Benefits: 40% of insured salary with 750 paid or accredited contributions. 1% increase in insured salary for every 50 contributions over 750 paid or accredited, up to a maximum of 60%. Between 15% and 38% of insured salary, if have between 150 and 749 paid or accredited contributions. Indigent allowance: for retired workers, age 65 or over, who are not enrolled in the national insurance system.

D.3) BARBADOS

Coverage: Employees, including public employees and self employed workers. Excluded: temporary employment, family work and foreign diplomats.

Source of Funds: Insured: 3% of income; self employed workers, 6%. Employer: 3% of nominal wage. Government: does not allocate funds (pays total cost of subsidies). There are minimum and maximum taxable incomes.

Requirements:
Age 65, 500 weeks of accredited contributions with at least 150 weeks paid. In transition, 25 weeks accredited for every year after age 45, with a maximum of 350 weeks of accredited contributions.

Benefits: 50% of income average of 3 highest years among the last 15 (less if contributed in less years) plus 1% of total income over 500 weeks of accredited contributions. Maximum benefit: 60% of income average. Minimum: set quantity. Old age subsidy: total contribution equal to 6 weekly wages for every 50 weeks of contributions, if inelegible for pension.

D.4) BELIZE

Coverage: Wage earners between age 15 and 64, including public employees. Excluded: temporary workers, family workers, domestic employees who work under 24 hours weekly and military personnel. Voluntary coverage extension for certain workers who enter the work force as self employed workers.

Source of Funds: Insured: weekly contributions according to four wage levels. Employers: contributions according to the four wage levels. Government: as employer. Also covers deficits.

Requirements: Age 60 with 500 weeks of contributions (150 paid). Mandatory retirement.

Benefits: 30% of weekly income average, based on the 3 highest income years within the last 15, plus 2% of income for every 50 weeks of contributions over 500 weeks, up to 750 weeks and 1% of income for every 50 weeks of contributions over 750. Maximum benefit: 60% of income average.

D.5) BERMUDA

Coverage: Individual employees and workers, over age 16, except temporary or very low income workers. Excluded are: those who are not regular residents, unless occupied in salaried employment for over 13 consecutive weeks. Insurance is voluntary for ex-covered workers.

Source of Funds: Contributions differ for wage earners, self employed workers and employers. They are set as a fixed weekly amount. Government: does not contribute.

Requirements: Age 65 and 250 weeks of contributions with 50 weeks of contribution for every year of insurance (pensions reduced if have between 25 and 49 weeks). Retirement not mandatory. Pensions not taxable: age 65 and 10 consecutive years of immediate residence prior to application and not qualified for regular old age pensions.

Benefits: Stipulated in money, plus allowances for every 26 weeks of contributions over 250. Pensions reduced for cases of lower periods of contributions. Lower amounts for non-taxable pensions and minimum pension for income under a stipulated amount. One-time subsidy for persons ineligible to access pensions.

D.6) GRENADA

Coverage: Wage earners between ages 16 and 59, including public employees.

Source of Funds: Insured: 4% of income. Employer: 4% of covered salary. Government does not contribute. There is a maximum taxable income.

Requirements: Age 60, 500 weeks of contributions, with at least 150 weeks paid. Old age subsidies: age 60, must be ineligible for pensions, with at least 50 weeks paid or accredited contributions.

Benefits: 30% income average, plus 1% of income for every 50 weeks of contributions, over 500. Old age subsidies: total amount equivalent to 5 times weekly income average, for every 50 weeks of contributions.

D.7) GUYANA:

Coverage: Employees between age 16 and 59 in the public and private sector and self employed workers. Coverage voluntary for those previously insured. Excluded are: employees with wages under a weekly minimum, occasional workers and family work.

Source of Funds: Insured: 4.9% of income, according to 10 wage levels. Self employed workers: 10.5% of income. No contributions beyond age 60. Employer: 7.4% of nominal wage, in accordance with the 10 levels of wages. Workers over age 60 do not contribute. Government: does not contribute, save as employer. It gives loans to cover deficits. There is a maximum for contributions and benefits. These contributions also finance payments for sickness, maternity and work accidents (except for self employed workers).

Requirements: Age 60 with 750 weeks of paid or accredited contributions. Minimum pension with 150 weeks paid (25 weeks accredited for every year over age 35 in 1969; maximum accreditation: 600 weeks). Retirement not mandatory.

Benefits: 40% of income, in accordance with 10 levels of wages in which the greatest number of contributions have been accredited. (Increased by 1% of income for every 50 contributions over 750, up to a maximum of 60%). Old age services: 1.3 times weekly wage, for every 50 contributions paid or accredited, if ineligible for pension, but at least with 50 contributions prior to age 60.

D.8) JAMAICA:

Coverage: employees, including self employed workers and those voluntarily insured. Excluded are: occasional workers with wages below a minimum and non-remunerated family workers.

Source of Funds: Insured: Basic component, contributions set as a fixed amount, depending on which one of the following one is: employees, self employed workers, military officers, domestic workers or voluntarily insured. Extra component: set as percentage (2.5% for employees and 5% for self employed workers), over income between a set range. Employer: basic component, set as a fixed amount for employees and slightly lower for domestic workers. Extra component, 2.5% of nominal wage, for income placed within a set range. Government: contributes as employer, plus administrative expenditures. These contributions also finance subsidies for maternity and work accidents.

Requirements:
Age 65 men and 60 women, 156 weeks of paid contributions and a yearly average of 39 weeks paid or accredited. Pensions reduced for a yearly average of between 13 and 38 weeks. Total amount granted if between 52 and 155 weeks of contributions have been paid.

Benefits: Basic amount paid over which an amount is added, related to contributions paid during working life. Additional benefits per spouse. Old age subsidy: payments vary with the number of contributions for basic pensions and number of contributions related to income.

D.9) SURINAM:

Coverage: All wage earners and self employed workers not covered by special programmes. Special systems for public sector workers.

Source of Funds: Insured: 2% of income. Employer: does not contribute. Government does not contribute.

Requirements: Age 60 and 10 years of contributions.

Benefits: Monthly allowance.

D.10) TRINIDAD AND TOBAGO:

Coverage: Social Insurance: wage earners between age 16 and 64, including agricultural and domestic workers, apprentices and public employees. Insurance voluntary for senior citizens and pensions for survivors. Social assistence: for residents with scarce resources.

Source of Funds: Insured: approximately 2.8% of income, according to 8 classes of wages. Voluntary insured persons, 5.6%. Employer: approximately 5.6% of nominal wage, according to 8 levels of wages. Government: covers total cost of pensions for indigents. There is a maximum income for contributions.

Requirements: Age 60 with 750 weeks of paid or accredited contributions at the beginning of the system, in 1972, 25 weeks of contributions were accredited to workers for each year over age 35, with a maximum of 600 weeks). Retirement mandatory at age 60-65. Pensions for the poor: age 65, with 20 years of residence and incomes below a set limit.

Benefits: 25% to 75% of weekly income average (there is a minimum), according to 8 levels of wages, plus 1% for every 25 weeks of contributions, over 750 weeks. Pensions for indigents: monthly allowance. Old age subsidies: 3 times the total of contributions paid by employer-employee, if ineligible for pensions. There is minimum subsidy.