



United Nations Commission for Social
Development

Topic A: Provision of Social Safety Nets

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Provision of Social Safety Nets

Introduction

Since 2003, the World Bank has defined social safety nets as “income maintenance programs that protect a person or household against two adverse outcomes: a chronic incapacity to work and earn, and a decline in this capacity caused by imperfectly predictable life-cycle events (such as the sudden death of a bread winner), sharp shortfalls in aggregate demand or expenditure shocks (through economic recession or transition), or very bad harvests.” Accordingly, safety nets “serve two important roles: redistribution (such as transfers to disadvantaged groups) and insurance (such as drought relief).”¹

The relevance of such a topic to the United Nations Commission for Social Development (UNCSD) should be obvious. It ties directly into the Commission's Priority Theme for 2009 and 2010, “Social Integration”. The United Nations Economic and Social Committee (ECOSOC), of which the UNCSD is a functional commission, has stated that policies related to this goal “should seek to reduce inequalities [and] promote access to basic social services [such as education and health care]...for all,” both of which are primary functions of social safety nets.² Additionally, the development and implementation of social safety nets are critical steps in a nation's transition from the developing to the developed world; where the poorest countries are typically unable to care even for those of their citizens who enjoy the best circumstances (let alone the disadvantaged), the world's richest governments spend enormous portions of their time and money on providing essential services to the segments of society that cannot provide for themselves. This relationship between



social safety nets and nations' exits from poverty provides another dimension to this topic's importance to the UNCSD, since the Commission's stated goals in the Copenhagen Declaration include the eradication of absolute poverty and the acceleration of the development of Africa and the Least Developed Countries (LDCs).

Your aim over the next four days should be to draft a resolution that advances toward the goal of a worldwide social safety net—that is, protecting all of the world's citizens from chronic incapacity to earn and provide for themselves, and from sudden sharp shocks in that capacity. This will be a challenging task, as many of the world's governments are either unable or unwilling (or both) to provide extensive social services to disadvantaged groups within their societies; balancing the pressing needs of the world's poor with the United Nations' mandate to respect national sovereignty will be a delicate act, to say the least. However, if you are successful, you will not only raise the standard of living worldwide considerably, you will have taken a huge step toward the successful implementation of the Copenhagen Declaration and Programme of Action, which outlines this body's guiding principles. Work hard, and good luck!



Background

The concept of social welfare systems is by no means new to humanity. Historians have found evidence of government provision for the poor and otherwise disadvantaged going back at least as far as the late Roman Empire; in the early 2nd century CE, Emperor Trajan provided formal Imperial organization and support for a program called the *Alimenta*, which used funds from the Dacian War, as well as estate taxes and private contributions from wealthy Romans, to provide food and educational subsidies to orphans and poor children in Italy.³ Though revolutionary for its time, most contemporary scholars believe that the scheme was fairly limited in scope, at best a form of random charity; historian Paul Veyne has asserted, for instance, that in the city of Veleia, only one in ten children benefited from the program.⁴ Nonetheless, social welfare programs of this type, though not comprehensive enough to be considered true safety nets, were popular and persisted in some form or another throughout the remainder of Roman history until the fall of the Empire in 476 CE.

Social welfare systems were also written into the law of the Arabian Empire by the Abbasid caliph Abu al-Mansur in the 8th century CE. Such systems, which were legally justified as being a kind of state-sanctioned *zakat* (charity, one of the Five Pillars of Islam), used taxes collected by the Islamic government to provide income for the orphans, widows, the poor, the elderly, and the disabled—one of the world's earliest examples of direct transfer payments. As in Rome, such systems were popular and tended to provide stability to the regime. More than three hundred years later, in the late 11th century, the famed Islamic scholar Abu al-Ghazali noted that the program instituted by al-Mansur had been expanded; the government was now also expected to maintain a store of food supplies in every region, so that the poor might be fed in case of natural disaster or famine.⁵



Very little is known about the extent of social welfare systems in Europe during the Early Middle Ages, if indeed such programs existed; most direct government oversight was provided not by the central monarchies (which were, by the standards of the Renaissance and later periods, quite weak at the time) but by local landowners, most of whom had neither the resources nor the desire to increase the quality of living for their serfs. Certainly, during the High Middle Ages, the Renaissance, and the Enlightenment—indeed, even well into the Industrial Revolution—most European monarchies provided little, if anything, in the way of support for the poor, and charity was almost exclusively under the purview of aristocrats and the nobility.

The major exception to this general rule was England, where “poor laws,” as they were known in Britain for centuries, came into existence as early as the mid-14th century and were not formally abolished in favor of more modern welfare systems until after the Second World War. However, it should be noted that the earliest of these, beginning with Edward III’s Ordinance of Labourers in 1349 and continuing through the end of the 16th century, were actually quite draconian with regards to the poor; most such statutes were primarily concerned with forcing as many “vagrants” and “beggars” into the labor force as possible and punishing those who were unable to comply.^{6,7} It was not until Parliament, under Queen Elizabeth I, passed the Act for the Relief of the Poor in 1601 that English (later British) governments formalized the provision of services for those unable to work. The “Old” or “Elizabethan” Poor Law, as the Act would eventually become known, generally divided the poor into four classes: the “impotent poor” (unable to work) were cared for in almshouses or poorhouses, which were usually administered by the local church parish; the “able-bodied poor” (able and willing to work but unable to find or keep a job) were set to work in



“Houses of Industry;” the “idle poor” (able but unwilling to work) were sent to “Houses of Correction” or prison; and children were apprenticed to local craftsmen so that they could learn skills and become productive laborers upon reaching adulthood.⁸ This system was much more humane and effective than those that had preceded it and provided much-needed social stability, but by the early 19th century, a rapidly expanding British population, greater geographic mobility of the population, and variation in the quality of services provided by the separate parishes indicated that the system needed to be adapted.⁹ This led to the 1832 Royal Commission into the Operation of the Poor Laws, which took into account the fact that the Old Poor Law system represented not only a drain on Britain’s labor force but a large burden on its taxpayers, and accordingly made two recommendations: that no person inside a workhouse should be in a better position than anyone not in one, and that workhouses be the only form of relief available to the poor.¹⁰ Parliament implemented these recommendations with the Poor Law Amendment Act two years later, in 1834.¹¹

Viewed by many as a return to the retributive character of the medieval and Tudor poor laws, the “New Poor Law” system is still a hotly-debated topic in British historiography, though there is little debate that it is one of the most “far-reaching pieces of legislation of the entire Nineteenth Century.”¹² Defenders claim that Britain’s poor were still better off than they would have otherwise been and that the new system reduced the burden on the British working classes, while critics point to conditions inside the workhouses, which can be described as degrading at best and inhumane at worst; the works of contemporary British literary figures, most notably Charles Dickens, chronicle the grim lot faced by the poor at the time. The New Poor Law was wracked by numerous scandals, but it remained reasonably popular in Britain until the end of the 19th century.^{13,14} By the early decades of the 20th century, however, private charities, funded by the donations of British middle



and upper-middle classes that were larger and richer than ever before, had almost entirely replaced the “relief” offered by workhouses; workhouses were abolished by the Local Government Act in 1929, and the last remnants of the Poor Law system in Britain were swept away by the National Assistance Act in 1948.^{15,16}

Outside of Britain, most of the major industrialized nations instituted wide-ranging social safety nets in the late 19th and early 20th century. In Germany, for instance, Otto von Bismarck established one of the world's first welfare systems for the working classes in the 1870s and 1880s. By the time Franklin Roosevelt's New Deal (which, unlike most other welfare programs in similar nations, focused more on stimulation of the economy through public labor projects than on cash payments) during the Great Depression in the 1930s, social safety nets were in place in nearly every major industrialized nation.



Current Status: Some Dimensions of Social Safety Nets

In today's world, many countries have extremely well-planned and effective social safety nets. The most successful programs are typically those that attack poverty and inability to join the labor force in multiple different ways; what follows are descriptions of several of these various strategies. (While developed nations typically employ most or all of these techniques and have extensive welfare states, certain developing countries have done relatively well implementing what methods they can given their limited resources.)

Unconditional cash transfers

Unconditional cash transfers are the simplest form of state welfare; the thinking behind them is that the most effective way of raising the real income of a nation's poorest citizens is by quite literally giving them government money. It is this simplicity which has long made unconditional cash transfers a prominent part of a social welfare system, especially in developing countries, where they often serve as a stepping stone to more sophisticated procedures. In addition, such transfers allow families the freedom to use the money for whatever uses they themselves feel will be most effective for improving their quality of life. The cost to the government of unconditional cash transfers is relatively small once the administrative infrastructure is in place, and benefits can be easily differentiated between families (based on level of need, family makeup, etc.).

However, unconditional cash transfers do have their share of challenges. Perhaps the most serious of these is that unconditional cash transfers must usually be carefully targeted to ensure that money



is not being diverted to non-needy families; such targeting almost always involves collecting large amounts of information on a family's income, working habits, etc., a task which can be difficult or impossible for the limited resources of governments in developing nations. Additionally, the freedom of choice allowed to families can be a mixed blessing; in families afflicted by drug addiction, for instance, the incentive to use the cash for purposes not intended by the government can be strong. If the transfers are large or paid to a significant enough segment of the population, they can also create substantial price distortions in markets for the goods that the transfers are used to buy. In many developing countries, as they do in almost all economic and political matters, corruption and graft can hamper the effectiveness of unconditional transfers.

Conditional cash transfers

Conditional cash transfers are similar to their unconditional counterparts in that they also involve direct payments of cash from the government to needy families; what sets conditional transfers apart is that, as the name implies, they are paid only to those families which meet certain requirements. Such requirements are typically intended to encourage families to pursue socially desirable goals; these might include enrolling children in school or seeing a doctor for preventative care. Obviously, if implemented correctly, conditional cash transfers can provide a strong incentive for families to apply their resources in societally beneficial ways. Other advantages of conditional transfers include the fact that they may be more politically acceptable than unconditional ones (the latter are often, somewhat simplistically, considered “rewarding laziness,” especially by conservative political parties in developed countries).



Conditional transfers are still prone to many of the same vagaries as unconditional ones. They are information-intensive to implement and manage, and require careful oversight by government authorities to ensure that funds are being disbursed only to those families for whom they are intended. Their effectiveness can often be limited by the extent of the local educational and medical infrastructure, and obviously they do not provide aid to those families that do not meet the criteria, even though such families may have just as much need, depending on the circumstances. Despite these drawbacks, conditional cash transfers have become one of the world's most widely used tools for combating poverty, and many developing countries, most notably in Latin America and South Asia, have instituted conditional transfer programs with considerable success; examples include Mexico's Oportunidades program, Brazil's Bolsa Familia program, Bangladesh's Primary Education Stipend Program, and Nicaragua's Social Protection Network.

Food programs

In areas where malnutrition is the primary obstacle to labor force productivity, many nations have chosen to implement food-based programs as a part of the social safety net. Such programs can provide food to the poor by either direct (handing out of rations) or indirect (distribution of cash-like instruments that can only be used to buy food, e.g. food stamps) means. The former can take many forms, including school feeding programs (which often provide breakfast, lunch, or a mid-morning snack) and so-called “food for work” systems that provide food in a direct exchange for labor (these are often used to protect the poor against periodic hunger, such as may be caused by drought or natural disaster).



Like any welfare program, food-based dimensions of a social safety net have advantages and disadvantages. Transfers of food do not have their value diminished by monetary inflation, as cash transfers do, and can be an important contributor to the education level and overall health of a population (food security correlates strongly with both scholastic aptitude and lifespan). However, food transfers are also economically disruptive (storing and transporting food is expensive for the government, and large government purchases of food can create distortions in the market), are often biased toward urban populations, and (it has been argued) may reduce a family's incentive to provide food for children at home. Additionally, even in developed countries, indirect food transfer systems, like food stamps, are prone to abuse and fraud.

Producer subsidies

When the major barrier to access to a particular good is a relatively high price for that good, governments may choose to subsidize producers of the good in an effort to lower the cost and widen the market to more individuals; subsidies on staple foods, energy, and other utilities are quite common. Producer subsidies are typically more common in the developed world, where governments have greater financial ability to pay large subsidies to producers, but developing countries have implemented them as well.

Governments have long favored producer subsidies for a variety of reasons, one of the most prominent being that such subsidies are typically politically popular and therefore easy to implement. Subsidy programs also benefit from a low rate of exclusion errors (that is, there are few people who need benefits who do not receive them), require less information and oversight than transfers of



food or cash, and can often be modified easily. However, subsidy programs almost always represent a major distortion to economic markets, which can have a wide range of unintended consequences beyond the scope of social safety nets. They also suffer from a high rate of inclusion errors (that is, there are many people who do *not* need benefits that *do* get them), may be biased toward urban centers in a manner similar to food programs, can become crushingly expensive for governments, and (given their usual popularity with the general public) can be very difficult to reform or eliminate if needs change.

Public works programs

In times of economic depression, governments often use public works programs for two purposes—to provide jobs for the unemployed, and (the thinking goes) to “create new goods” in the form of new or improved infrastructure.¹⁷ Since most public works projects are, at their core, construction efforts, most of the workforce involved is engaged only in manual labor and thus does not need to possess any particular skill. Such programs often include road construction, erection of public buildings, creation and maintenance of new irrigation systems, or environmental efforts such as soil conservation and pollution cleanup. Wide-scale public works programs have historically been common to both developed (e.g. the Works Progress Administration of the United States during the 1930s) and developing (e.g. Burundi’s contemporary Public Works and Employment Creation Project).

Public works programs are often beneficial because they can act as “counter-cyclical” economic inputs—that is, they can be implemented during recession and depression and scaled back during



economic growth as a means of smoothing the economic cycle (to fluctuations of which the poor are particularly vulnerable). They typically enable households to reach at least a subsistence level of consumption (assuming that at least one member can contribute to the project), and new infrastructure can provide social benefits to the community once completed. However, as welfare projects, public works programs are typically very inefficient at transferring resources to the poor (i.e. it requires a larger expenditure on behalf of the government to impart the same resources to poor families) and require significant government oversight and planning. Additionally, some critics argue that public works programs are “make-work” schemes whose outputs are not necessary.

Current Status: Design and Implementation of Social Safety Nets

Once governments decide on the aspects their social safety nets will entail, they must face three major questions of how they should be implemented. These questions are those of targeting, benefit levels, and monitoring and evaluation. The UNCSO should keep these three major questions in mind, as any plan for a comprehensive worldwide social safety net that does not address all three will ultimately fail.

Targeting

One of the most critical obstacles facing any social safety net design is how to ensure that resources are delivered to those groups for whom they are intended. Targeting itself has associated costs and benefits, and the relative ease or difficulty of targeting is often an important consideration when choosing which elements to incorporate into the safety net’s structure. It was long thought that



highly effective targeting was unduly expensive and beyond the reach of governments in developing countries, but a 2004 paper written by economists at the World Bank provides strong evidence to the contrary.¹⁸

There are various ways by which a government can target a welfare program, each of which varies in its cost, effectiveness, etc. Some examples include:

- Means testing: the government collects information on family income, and distributes resources to those with the lowest income.
- Proxy means testing: the government collects information on variables that act as a “proxy” for family income (e.g. housing quality, educational attainment, etc.) and distributes resources to those whose proxy variables correlate with low income. Similar to means testing, it is typically cheaper and easier but less precise.
- Community-based targeting: the government leaves questions of targeting up to local community leaders. Usually represents little cost to the government, but the effectiveness of such targeting can vary wildly.
- Geographic targeting: the government distributes resources to all families living within a certain defined geographic area. Frequently used in the wake of natural disaster.
- Demographic targeting: the government distributes resources to those who meet certain demographic characteristics, typically relating to age and gender.
- Self-selection: in some cases, governments can design programs such that the poor will choose to partake at a much higher rate than the non-poor; a good example is a public works



program that pays a low wage. These programs are often the most successful, but require very careful planning and oversight.

Determining benefit levels

Governments may wish to give some families a higher level of benefits than others, on the basis of family income, family size and composition, or any number of other variables. Such differentiation can make the program more effective at lifting the poor out of poverty, but can also greatly complicate the administrative infrastructure necessary to run the program. Additionally, too low a benefit level will not have a great enough impact on poverty, relative to its cost, to be worthwhile, while too high a benefit level can be an excessive burden on the government in terms of finances and planning. The UNCSD, when crafting a plan that will allow governments to implement social safety nets, should consider very carefully the specific benefit levels that such systems should entail.

Monitoring and evaluation

Perhaps the most crucial design aspect of any social safety net is the mechanism by which its effectiveness is gauged, so that the program might be continually improved. Again, this is an area where delegates should conduct extensive independent research and generate their own ideas; some of the most successful monitoring and evaluation programs of recent times have been implemented for conditional cash transfer and public works programs in Latin America (mainly Argentina) and sub-Saharan Africa (especially Ethiopia), so examination of these programs should provide a good starting point.



Question to Consider: What follows are a list of important questions for delegates to consider when conducting their research. However, these are by no means the *only* questions you should think about when researching; they are merely here to get you started in thinking about this topic from your country's perspective.

1. What is the fundamental goal of a social safety net—that is, which economic outcome are we trying to achieve?
2. How can or should progress toward that goal be gauged?
3. How should a nation determine which social welfare programs are appropriate for it?
4. Who are the beneficiaries you are trying to reach in encouraging governments to implement social safety nets?
5. How can social safety nets be best targeted to distribute resources to those for whom they are intended?
6. What, if any, role should developed nations play in assisting developing countries to implement their social safety nets?
7. What impact does the implementation of a social safety net have on a nation's non-poor citizens? How should this impact and the needs of the poor be balanced?
8. What is the appropriate tradeoff between the administrative burden of an implementing a program and its effectiveness?
9. **What incentives and assistance can be offered to sovereign nations so that they might implement effective social safety nets, and what actions can the international community take in this regard?** (This question will form the core of any successful resolution, so give it great attention.)



Recommended Sources: In addition to the sources listed in the “Guide to Citations,” the following sources may prove useful to you in your research on this topic:

- The World Bank website, www.worldbank.org. (This could well be the best source of information on social safety nets, as they currently exist around the world, available anywhere. Use it extensively.)
- Grosh, Margaret, Carlo del Ninno, Emil Tesliuc, and Azedine Ouerghi. *For Protection and Promotion: The Design and Implementation of Effective Safety Nets*. Washington, DC: The World Bank. 2008.
- *Conditional Cash Transfers: Reducing Present and Future Poverty*. World Bank Policy Research Report. Washington, DC: The World Bank. 2009.
- Human Development Network. *Guidance for Responses from the Human Development Sector to Rising Food and Fuel Prices*. Washington, DC: The World Bank. 2006.
- Del Ninno, Carlo, Kalanidhi Subbarao, and Annamaria Milazzo. *How to Make Public Works Work: A Guide to the Experiences*. Washington, DC: The World Bank. 2009.
- The websites of the Social Security administrations of the United States (www.ssa.gov), Australia (www.centrelink.gov.au), Sweden (<http://www.forsakringskassan.se/sprak/eng>), and various other nations may be helpful to see examples of safety nets already in place.
- Delegates are strongly encouraged *not* to use Wikipedia as a primary source for factual information. However, the references sections of well-written Wikipedia articles can often provide links to excellent material sources.



Guide to Citations

1. <http://www.worldbank.org/poverty/safety/types.htm>.
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13. <http://www.victorianweb.org/history/poorlaw/andover.html>.
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16. <http://www2.rgu.ac.uk/publicpolicy/introduction/historyf.htm>.
17. <http://siteresources.worldbank.org/SOCIALPROTECTION/Resources/SP-Discussion-papers/Safety-Nets-DP/0302.pdf>.
18. <http://www.ifpri.org/sites/default/files/pubs/cp/targettoc.pdf>.

